

## ABERDEEN CITY COUNCIL

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**COMMITTEE:** Enterprise Planning and Infrastructure

**DATE:** 23 February 2010

**REPORT BY:** City Chamberlain

**TITLE OF REPORT:** The Mither Kirk Project

**REPORT NUMBER:** CG/10/038

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### **1. PURPOSE OF REPORT**

1.1 The purpose of this report is to Advise Committee members of the background to a request for £200,000 to assist with the completion of Phase 1 of the Mither Kirk project.

### **2. RECOMMENDATION(S)**

2.1 It is recommended that the Committee consider and approve the request for assistance of £200,000 from the Mither Kirk Project.

### **3. FINANCIAL IMPLICATIONS**

3.1. Funding for this request can be met from unallocated elements of the budget for the development of the City Development Company.

3.2. Previously the project has been awarded and has drawn down £100,000 for design and development costs and £300,000 for archaeological excavation works funded from what was then known as the City Growth Fund.

### **4. SERVICE & COMMUNITY IMPACT**

4.1. While there are no direct implications for the Council's services, the Kirk of St Nicholas Uniting holds a unique place in the community is a schedule A listed building and is where the Kirkin of the Council services are held.

### **5. OTHER IMPLICATIONS**

5.1. Failure to provide support will most likely result in the withdrawal of the funding for Phase 1 from other sources, and probably the cancellation of the whole project.

## **6. REPORT**

### **Background**

**6.1** The Mither Kirk Project aims to transform the former East Kirk building into a multi-purpose facility named Open Space which will include a cafe and retail outlets along with other facilities. The initial design and development work was supported by the Council to the extent of £100,000 and the predevelopment archaeological excavation works received £300,000, in both cases from the then City Growth Fund.

**6.2** The intention was to complete the project in two stages following the completion of the archaeological works. Phase 1, which would make the building safe from the elements and Phase 2, which would develop Open Space. Funding of £200,000 and £300,000 from the City Growth Fund were earmarked to assist with each phase respectively, but due to delays in the project neither was provided before the Scottish Government discontinued this form of support.

### **Phase 1**

**6.3** We have been advised by members of the Mother Kirk Project Board that funding for the £1.4M of this phase to make the building wind and water tight is in place including £389,000 from Historic Scotland, and £372,000 from the Heritage Lottery Fund. However this is dependant on £200,000 being provided by the Council as was originally envisaged.

**6.4** Therefore if funding is not provided then it is likely that the project will stop leaving the building, which is a category A listed building, in a state which is likely to deteriorate over time.

**6.5** This work will still be required whether Phase 2, developing Open Space, proceeds or not

### **Phase 2**

**6.6** This is a proposal to develop the site into a multifunctional building which would include a cafe, retail units, and various other facilities. A detailed business case was produced, however this was before the recent financial downturn, and recent developments suggest that some expected funding is no longer likely to be received.

**6.7** Included in the business case were detailed income estimates based on market research. Sensitivity analysis carried out as part of this exercise suggested that an overall surplus would be generated in the first 5 years even if income levels were some 10% below projections.

- 6.8** That being said the project rated itself as a medium risk that it would not be self sufficient, and whether it is or not will ultimately depend on the accuracy or otherwise of the market research. In addition this research was completed before the significant changes in the general economic situation which could impact on income from some of the proposed developments such as retail units.
- 6.9** At this time there is no commitment by the Council to provide any funding for Phase 2 and the need for Phase 1 is not dependant on Phase 2 proceeding.

### **Funding**

- 6.10** The City Growth Fund/Energising Aberdeen ceased to receive support from the Scottish Executive with effect from 2009/10, and therefore funding for this item if approved will require to be found elsewhere.
- 6.11** The budget for the development of the City Development Company has been restricted to £1.5M over the next 3 years allowing the proposed support for this and another key project which is being dealt with in another report.

## **7. AUTHORISED SIGNATURE**

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## **9. BACKGROUND PAPERS**

Business Plan for Open Space by Indigo Project Solutions which outlines the projected operation of the Mither Kirk project is referred to in this report.