

ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy and Resources Committee
DATE	16 February 2017
DIRECTOR	Bernadette Marjoram
TITLE OF REPORT	Union Street Conservation Area Regeneration Scheme (CARS) Update
REPORT NUMBER:	CHI/17/009
CHECKLIST COMPLETED	Yes

1 PURPOSE OF REPORT

- 1.1 To update the Committee on the progress of the Union Street Conservation Area Regeneration Scheme application to Historic Environment Scotland.
- 1.2 To seek approval for the management structure of the Union Street Conservation Area Regeneration Scheme.
- 1.3 To seek approval for delegated powers for the Union Street Conservation Area Regeneration Scheme Project Board.

2 RECOMMENDATIONS

- 2.1 Note grant award of £1,177,104 from Historic Environment Scotland for the Union Street Conservation Area Regeneration Scheme (please see appendix C).
- 2.2 Note the current list of priority projects as identified in section 5.6 below.
- 2.3 Approve match funding in accordance with the program set out in Appendix A.
- 2.4 Approve up to £1.2 million from the City Centre Masterplan budget for the Council contribution towards the Union Street Conservation Area Regeneration Scheme for the duration of the scheme.
- 2.5 Instruct the Head of Planning and Sustainable Development to implement the 5 year regeneration scheme.

- 2.6 Delegate authority to the Head of Planning and Sustainable Development, in consultation with the Project Board, Convenor and Vice-Convenor of this Committee, to amend the High and Medium Priority Projects should priorities change due to unforeseen circumstances during the 5 years of the scheme, with such changes to be reported to this Committee as a bulletin report.
- 2.7 Delegate authority to the Head of Planning and Sustainable Development in consultation with the Convenor and Vice-Convenor of this Committee, to allocate new projects or additional budgets, with such allocations to be reported to the Committee as a bulletin report.
 - 2.7.1 Delegate authority to Head of Planning and Sustainable Development, in connection with the Programme, to undertake or instruct tendering procedures or competitive quotes procedures as appropriate and in accordance with the Aberdeen City Council Procurement Regulations and the awarding of contracts following thereon, subject to the necessary funding being available and;
 - 2.7.2 Exempt all such procedures and contracts from the requirements of Regulation 4.1.1 of the Aberdeen City Council Procurement Regulations.
- 2.7 Approve board composition and remit as described in section 5.5.2 of this report.
- 2.8 Approve the appointment of a dedicated Project Officer as described in Appendix B
- 2.9 Approve delegated authority to the project officer for grant awards under £10,000.
- 2.10 Approve delegated authority to the project board for grant awards over £10,000.

3 FINANCIAL IMPLICATIONS

Finance Policy and Resources Committee 7 June 2016 (item 8.1) identified the need to address the condition of buildings on Union Street.

The City Centre Programme Board, at their meeting on 19 July 2016, agreed to support the submission of an application for a Conservation Area Regeneration Scheme, subject to Council approval to allocate, in principle, up to £1.5M match funding to support the project. This was approved by Council on 17 August 2016.

The funding requirement for Council over 5 years is up to £1.2M in order to secure £1.2M external funding from Historic Environment Scotland.

The range of potential projects and indicative costs can be reviewed in Appendix A to this report. Given the appendix identifies particular buildings in advance of contact with owners and gives estimated expenditure on potential future grants it is considered a restricted circulation at this stage. Priority projects will be reviewed prior to the commencement of the scheme. Minimal changes are expected.

Should the grant application be successful the project will commence 1 April 2017 and run for 5 years with an anticipated spend profile of:

	ACC	HES	Total
Year 1 (2017-18)	168,936	168,936	337,872
Year 2 (2018-19)	208,690	208,690	417,380
Year 3 (2019-20)	230,700	230,700	461,400
Year 4 (2020-21)	239,998	239,998	479,996
Year 5 (2021-22)	328,780	328,780	657,560
Total	1,177,104	1,177,104	2,354,208
<i>Figures are indicative until detail of each project is developed. ACC contribution not to exceed £1,177,104</i>			

Aberdeen City Heritage Trust and Aberdeen Inspired supported the application of a Conservation Area Regeneration Scheme bid. The Board of Aberdeen Inspired has agreed a contribution of £50,000 over the five year life of the scheme. Additionally the respective Boards will consider how best to support the delivery of the programme.

The scheme would be devised in order to be compliant with State Aid regulations and associated derogation, which make provision for grant aiding work in the historic environment.

4 OTHER IMPLICATIONS

The successful bid for funding means a new fixed term (5 years) project manager post will be established within Planning and Sustainable Development Service to support the delivery of the programme. The post will be accommodated in existing council property and require access to IT equipment. The resourcing of a project manager counts towards the Council's match funding contribution. The programme would also be supported in kind by the Council's own Masterplanning, Design and Conservation team in the Planning and Sustainable Development Service.

Legal advice will be required in relation to significant grants in order to protect the investment of public funds through standard securities and conservation burdens in favour of the grant provider. Legal advice may be required in the event of default of grant conditions.

The Conservation Area Regeneration Scheme contributes to the sustainability and usefulness of buildings, extending the life of structures that encapsulate significant embodied energy.

Processes and procedures would be developed in accordance with current health and safety requirements as appropriate to the nature of the activity.

5 BACKGROUND / MAIN ISSUES

- 5.1 Historic Environment Scotland announced £10M funding for the latest round of its Conservation Area Regeneration Scheme which encourages investment in the historic built environment as a means of achieving conservation-led regeneration. Conservation Area Regeneration Schemes are delivered over a 5 year programme.
- 5.2 Council 17th August 2016 (item 7(I)) approved the submission of a bid to Historic Environment Scotland towards a Conservation Area Regeneration scheme.
- 5.3 The Council's Finance Policy and Resources will be the parent committee to which regular updates will be presented and budget profiles for the Council's funding commitment agreed. The Conservation Area Regeneration Scheme Programme Board will also ensure that the City Centre Programme Board is kept up to date with progress and ensure synergy with other city centre projects is achieved.
- 5.4 The Conservation Area Regeneration Scheme will offer grant support towards a proportion of the costs of external repair and restoration of buildings on Union Street and Castle Street, with a focus on those properties most in need of repair.
- 5.5 Governance
 - 5.5.1 It is a condition of the grant award that an agreed scheme of monitoring be established between Historic Environment Scotland and the local authority. This is best achieved by a dedicated programme board to ensure robust governance and scrutiny of the project programme. The proposed Project Board reporting governance is set out in figure 1 below. The Conservation Area Regeneration Scheme Project Management Team will report directly to the Project Board, which will in turn provide quarterly update reports to the City Centre Programme Board and annual update reports to this Committee. Both the Project Management Team and the Planning Working Group consist of relevant officers to ensure the efficient operation of the regeneration programme. Further detail is set out below and may be refined pending the grant award conditions, which are yet to be issued. Previous experience in townscape heritage projects has demonstrated

the benefits a proactive relationship with the Planning Service, hence the identification of a Working Group from inception.

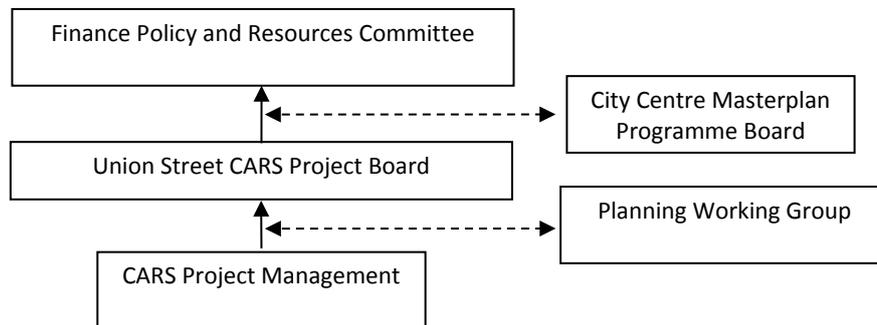


Figure 1: Proposed Governance Structure

5.5.2 The Project Board will meet quarterly and comprise of representatives from:

- Head of Planning and Sustainable Development Service (Chair).
- Director of the Aberdeen City Heritage Trust (Vice Chair) *to be confirmed by ACHT.*
- Aberdeen Inspired
- City Centre Community Council
- 2 Elected Members

The following officers will support the board:

- Project Officer (to update board and advise on the progress of the scheme)
- City Centre Programme Manager (supporting role)
- Masterplanning Design and Conservation Team Leader (supporting role)
- The Finance Service (supporting role)
- The Legal and Democratic Service (supporting role)

5.5.3 The Planning Working Group will sit under and report to the Project Board. The working group will be made up of the following:

- Project Officer
- Aberdeen City Heritage Trust Manager
- Senior Planner (Conservation)
- Planner (Masterplanning Design and Conservation)
- Trainee Planner (Conservation)
- Senior Planner (Development Management)
- City Centre Manager (representing the Council)
- Representative from Aberdeen Inspired

5.5.4 It is recommended that the Programme Board be granted delegated authority to approve grant applications within agreed constraints of the

grant award. This will provide a responsive, efficient and effective operation of the grant programme. The delegated authority requested is:

- The Project Officer to award grants under £10,000
- The Project Board to award grants over £10,000

5.5.5 The successful Green Townscape Heritage Initiative highlighted the need to ensure effective liaison with the planning service. The Planning Working Group illustrated above will meet regularly and provide integration with planning, conservation and city centre work programmes. The Planning Working Group will comprise those undertaking the Aberdeen Conservation Education programme and will draw support from other services including legal, property, finance, building standards, housing and the city centre programme management team as required. Administrative support for the programme is also under consideration.

5.5.6 Project Officer

As highlighted in last year's report to Council (CHI/16/185), a dedicated project officer will be appointed to operate with the Masterplanning, Design and Conservation Team in the Planning and Sustainable Development Service of the City Council, based at Marischal College. The project officer will be appointed for the full duration of the Conservation Area Regeneration Scheme programme and report directly to the project manager for Aberdeen City Heritage Trust (subject to approval by the Trust Board*). The appointment will be made at the Council's G13 salary grade (£30,784-£35,228) with 4 annual increments possible within the grade, subject to satisfactory performance under the Council's established annual performance, review and development programme. The Masterplanning Design and Conservation team structure to support the delivery of the Scheme will be as follows:

**if for any reason this should not be approved, the project officer will report to the Senior Conservation Planner in the structure outlined in figure 15*

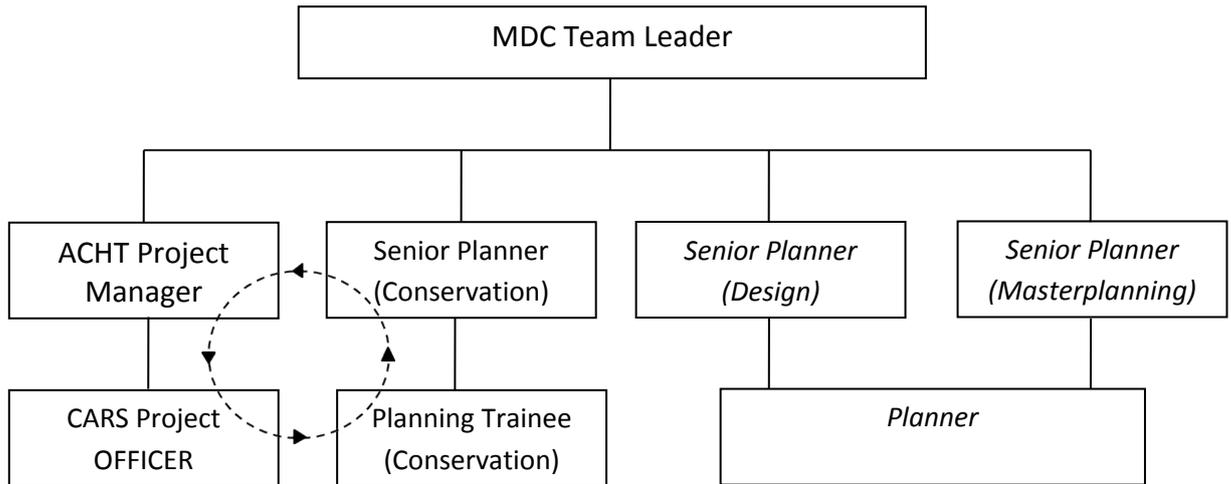


Figure 2: Proposed Masterplanning, Design and Conservation Team Structure

5.5.7 The Masterplanning Design and Conservation team is managed by an Institute of Historic Building Conservation and Royal Town Planning Institute accredited team leader. The Aberdeen City Heritage Trust project manager reports to the team leader (as well as the Trust Board) and will provide direct line management support to the Project Officer. The Senior Planner (Conservation) and the Planning Trainee (Conservation) will also provide project support and a direct link to the wider conservation work of the Council.

5.6 The current list of priority projects is set out below. This is subject to review prior to the commencement of the scheme, however no substantial changes are expected.

1.	26-30 Union Street	7.	47-49 Union Street
2.	40-42 Union Street	8.	51-53 Union Street
3.	44 Union Street	9.	67-71 Union Street
4.	82-92 Union Street	10.	107-109 Union Street
5.	100-106 Union Street	11.	171-173a Union Street
6.	154 Union Street	12.	419-421 Union Street

5.7 Estimated project costs

A breakdown of the costs of the scheme can be found on pg. 33 of Appendix A

5.8 The type of support offered under a Conservation Area Regeneration Scheme will include the following:

Building Repair

Substantive external restoration of defective parts of buildings to restore them back to a good state of repair. There is an opportunity to ensure that significant grant awards provide for adequate future maintenance by condition of grant. Priority projects will be identified, but the scheme will extend to other properties within the regeneration scheme area.

Conservation Area Regeneration Scheme funding will be used to support work that improves the appearance of buildings by reinstating lost or missing architectural detail in the context of a building being brought back into a fully repaired state.

Shopfronts/ Commercial frontages

The scheme will support substantive structural or other repair and restoration (where possible) of frontages considered to have potential to make a more positive contribution to the street scene.

Education and Training

A bespoke education and training plan centring on building maintenance will be developed to complement and emphasise sustainability in physical improvements.

Contractor Training

Contractor training with a view to maintaining and enhancing traditional building skills will be delivered with input from Historic Environment Scotland.

Operational Costs & Management

Costs, including staffing, associated with the management of the Conservation Area Regeneration Scheme.

It is considered that the Conservation Area Regeneration Scheme will make a significant and positive contribution to delivering improvements in Union Street as part of the suite of initiatives identified by the Aberdeen City Centre Masterplan. This programme represents an opportunity to seek to enhance the level of funding available for improvement works in Union Street.

5.9 Visual survey of frontages carried out in February 2016 identified properties which had repair of a type that could attract grant assistance in a Conservation Area Regeneration Scheme. Further high level and

rear repair is likely and will not be revealed until full investigation is possible pending commencement of the programme.

A process of contacting property owners commenced in 2016 through mailings issued at the launch of the Operation Union Street Rejuvenation project and is likely to continue throughout the life of the scheme leading to refinement of priorities as the full extent of repair work becomes apparent.

- 5.10 A visual evaluation of the priority projects has been completed which has given clarification on the extent of possible repair. This work has been carried out by Aberdeen City Heritage Trust and a conservation accredited Architect. This allowed for estimated costs to be prepared by the Trust commissioned Quantity Surveyors.

The following work has been completed and included with the application:

- Preparation of background information on the city centre masterplan, supporting enhancement schemes, development proposals and approvals, public realm works, strategic policy.
- Analysis of property types and vacancies.
- Analysis of Historic Environment Scotland desirable outputs for grant funding, review and development of Key Performance Indicators.
- Analysis of Scottish Index of Multiple Deprivation – local data set for Union St, residential, health, crime.
- Education/awareness and contractor training programme scoped and costed (required to support application).
- Administration and Finance costs have been estimated.
- Demonstrations of fit with strategic plans, City Deal were prepared and submitted with the application.

- 5.11 There is a significant amount of work currently underway which is necessary to support the application. This is summarised below:

1	Press and publicity for the scheme commences once the scheme has been approved by the Council and funding confirmed by Historic Environment Scotland.
2	Union Street Conservation Area Character Appraisal to be updated with mini appraisal.
3	Condition Survey (visual inspection carried out Feb-Mar 2016) Rooftop cherry picker survey of properties on Union Street.
4	Identification and liaison with Union Street property owners has commenced and is on-going.
5	A dedicated project officer to be appointed when the scheme commences.

6 IMPACT

Improving Customer Experience –

The initiative provides an opportunity to improve quality of life and pride in place in the city centre which contributes to wider economic strategic objectives.

Improving Staff Experience –

Staff experience will be improved by developing a programme of repair and restoration work, enabling staff to be proactive in managing our historic environment.

Improving our use of Resources –

Leverage of additional external resources to deal with building repair in Union Street over a five year period.

Corporate -

Smarter City vision 2012-17

- We will ensure that Union Street regains its position as the heart of the city and move cultural activity centre-stage through re-invigorated cultural leadership
- Contribution to delivery of Smarter Living (Quality of Life) by recognising the cultural contribution made by Aberdeen's architectural heritage
- Smarter Environment (Natural Resources) through sustainable repair which contributes to ...safe and attractive streetscape....

Community Plan and the Single Outcome Agreement

- Investment in property and Economic Growth, making Aberdeen more appealing as a place to invest, live, work, visit and export from
- Underlying principle to Promote Pride in Aberdeen and Environmental Sustainability.

Strategic Infrastructure Plan

Key Goals-

- The skills and labour that Aberdeen needs to thrive- make Aberdeen a more desirable location to live and visit
- A better image for Aberdeen- Boost the external appeal of the city as a place to live, visit and invest, Foster greater civic pride, Celebrate and showcase existing strengths.

Priority Projects-

- City Centre Regeneration from which flows:

Aberdeen City Centre Masterplan-

- Approved by Council 24.06.2015, Project CM11 Union Street Conservation Area Scheme is identified in the delivery plan, working in partnership with Aberdeen City Heritage Trust.

Public –

The report is likely to be of interest to the public as a successful bid for funding represents a step towards regeneration of Aberdeen city centre.

A CARS would provide benefits to residents and business in the CARS area but would have a wider city, regional and national impact by improving the condition and appearance of Aberdeen's main street for residents, visitors and investors.

CARS policies and processes will be developed to ensure that data collected from property owners is appropriately stored and processed in compliance with the requirements of data protection legislation.

7 MANAGEMENT OF RISK

There is a risk that public money could be perceived to contribute to private property development. This will be managed by a demonstrable need for grant assistance (there being no automatic entitlement to grant). Large grants awarded (over £25,000) would be subject to two forms of protection - Standard Security to recover grant funding in the event of a future property disposal and a Constitutive Deed creating appropriate burdens over the property.

There may be delivery risks in relation to a successful CARS bid that relate to economic circumstances which may impact the local property market. Full risk analysis and management will be developed as a necessary component of any grant programme. This will be in line with the Council's risk management strategy.

8 BACKGROUND PAPERS

List any papers which you consulted in the preparation of your report, if they include facts on which your report is based, and which have been relied upon to a material extent. It is a statutory requirement to list these, although you should not list papers which are confidential as defined by the Access to Information Act, or published works ie books or magazines.

Appendix A- Conservation Area Regeneration Scheme Application (as submitted to HES 31 August 2016)

Appendix B- Project Officer Job Description

Appendix C HES CARS Letter

Aberdeen – the Smarter City

<https://www.aberdeencity.gov.uk/web/files/CouncilHousing/LHSAppendix2.pdf>

Community Plan and Single Outcome Agreement

<http://www.gov.scot/Topics/Government/PublicServiceReform/CP/finalsoas/AberdeenCityFinalSOA>

Strategic Infrastructure Plan

<http://committees.aberdeencity.gov.uk/documents/s33119/Strategic%20Infrastructure%20Plan.pdf>

Aberdeen City Centre Masterplan

http://www.aberdeencity.gov.uk/council_government/shaping_aberdeen/City_Centre_Masterplan.asp

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<http://councilcommittees/documents/g3904/Printed%20minutes%2007th-Jun-2016%2014.00%20Finance%20Policy%20and%20Resources%20Committee.pdf?T=1>

Council Wednesday 17th August 2016

<http://councilcommittees/ieListDocuments.aspx?CId=122&MId=3847&Ver=4>

9 REPORT AUTHOR DETAILS

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