

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	20th September, 2017
REPORT TITLE	Wallace Tower, Tillydrone Road
REPORT NUMBER	CHI/17/220
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Jim Argo

1. PURPOSE OF REPORT:-

- 1.2 This report gives an update on the efforts of the Tillydrone Community Development Trust (T.C.D.T.) to source external funding support to return the Wallace Tower building to community use and suggests other options open to the Council.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee :-

- a) – note the report summary of the efforts of T.C.D.T. to source external grant funding support to bring the property back into community use as part of a wider redevelopment of the complete area.
- b) – remit it to the Head of Land & Property Assets to re-advertise the property, for sale or lease (subject to court approval, detailed in the Legal Implications section below), for any use capable of getting planning permission, on the basis that any prospective purchaser or tenant must demonstrate that their proposed development scheme is fully funded.
- c) – remit it to the Head of Land & Property Assets to report back to a future meeting of this Committee on all offers received, including any proposal by T.C.D.T.

3. BACKGROUND/MAIN ISSUES

- 3.1 The report to the Property Sub Committee meeting on 17th November, 2015 recommended and the Sub-Committee approved that it be remitted to the Head of Land & Property Assets to :-

- a) – investigate how the potential provision of Community Facilities at and around a redeveloped Wallace Tower will fit into the overall provision of Community Facilities in the Tillydrone area, as envisaged by the C.H. & I. Committee and approved at their meeting on 27 August 2015 (see paragraph 5.12 of this report).
 - b) – to report back to the meeting of this Sub-Committee on 24 May, 2016;
 - c) – to continue to monitor T.C.D.T.'s progress on developing their business plan and in their funding endeavours; and
 - d) – otherwise note the terms of this report
- 3.2 A report to the Property Sub-Committee meeting on 24 September, 2013 outlined the interest of the Tillydrone Community Development Trust (T.C.D.T.) in leasing the Wallace Tower and developing the building to form a community facility. The report recommended and the Sub-Committee approved that pending confirmation that Tillydrone Community Development Trust (TCDT) could achieve grant funding to implement their scheme, to instruct the Head of Asset Management and Operations to cease the ongoing marketing effort, for a period of 12 months from that date (see Item 7 on pages 3 & 4 of the Minutes.)
- 3.3 **Background information** - Wallace Tower on Tillydrone Road is a Category B listed building, which Historic Scotland categorise as "Buildings of regional or more than local importance, or major examples of some particular period, style or building type which may have been altered."
- 3.4 The building formerly stood in St. Nicholas Street, on part of the site presently occupied by Marks & Spencer. When that store was initially developed, in the mid-1960s, the Wallace Tower was demolished, all the stones individually numbered and the building re-erected in Seaton Park, all at the cost of Marks & Spencer. As part of the property deal, the City Council became owner of the building.
- 3.5 At present, the building is managed as a vacant property. It has been "mothballed" for several years, even before the Sub-Committee decision of 24th September, 2013, because of its deteriorating condition, the lack of sufficient repair funds and potential tenants. The potential uses of the building have always been very restricted, even before its condition deteriorated.
- 3.6 **Present position** –T.C.D.T. has been granted Detailed Planning Permission to change the use of the property from a residential dwelling to a mixed use Community Café and Office Accommodation. Please see the following link :-
- <http://planning.aberdeencity.gov.uk/PlanningDetail.asp?ref=141400>
- 3.6.1 They've also been granted Listed Building Consent to change the use and extend the building. Please see the following link :-

- 3.7 *They advise that “....progress has been slower than had been envisaged but....it has only been in the previous 6 – 9 months that the Trust has rebuilt its capacity to make further progress. The Trust’s proposals for the Tower have been widely supported in the Community, including the Old Aberdeen Community Council, The Old Aberdeen Heritage Society, the local Tillydrone Community and has received considerable expressions of support from residents across the City.”*
- 3.8 *“The Trust believes that it has not yet worked up the “clincher” that transforms the Wallace Tower from a good proposal into a scheme that becomes a major tourist attraction and visitor destination. As such the Trust has focussed on the area surrounding the building and how it could be enhanced to achieve this. It resolved to :-*
- a) *work with Timberplay Scotland to develop a masterplan of the area introducing numerous bespoke and hardwearing sensory and acoustic play features to be the first “Play for the Senses” and “Acoustic Play” playground.*
 - b) *this concept would introduce a first for the City, a play park designed and tailored to accommodate the elderly as well as people with additional support needs, while also being a new experience for families with young children.*
 - c) *Develop this plan in tandem with the Wallace Tower Business Plan”*
- 3.9 *T.C.D.T. also advise of their meetings with private Companies to build up support for the scheme and get practical advice on its implementation. They’ve met City Council officers with specialist knowledge about applying for external grant funding. They intend to work up a Business Plan, with external advice from a business planning consultant and have submitted a project enquiry form to the Heritage Lottery Fund, as the first step in a capital funding application.*
- 3.10 *Their current estimate of the total aggregate cost of their redevelopment scheme, as per the planning permission in paragraph 3.6, is circa £600,000. Even if hypothetically, they are totally successful in securing grant awards from every external funder who they’ve approached to date, there would still be a shortfall of circa £250,000 in their capital funding. If the case got to that point, they would request that the City Council consider a capital contribution of £250,000 to the project, to make the scheme happen.*
- 3.11 **Commentary** - *The Head of Land & Property Assets advises that, at present, T.C.D.T. can’t set a timescale for submitting grant bids and receiving a response. The Property Sub-Committee’s decision of 24th September, 2013 to cease marketing the property for 12 months, was to give T.C.D.T. a “free run” at producing and funding a development scheme. Four years on, although T.C.D.T. have made considerable efforts, they are not much nearer having the building brought back into use.*

3.12 Previous Committee remits set timescales for officers to monitor T.C.D.T.'s progress and to report back. This has been done via the Property Update report and periodic updates in the Committee Business Statement. The Head of Land & Property Assets advises that he's been willing to give T.C.D.T. considerable leeway in their funding/ development endeavours as since September 2013 :-

- a) – they have made some progress; and
- b) – since the property has been off the market and sitting vacant, his officers have received no indication of interest (or even the most tentative enquiry) from any third party in leasing/ developing the property.

3.13 There are various factors that make the Wallace Tower difficult and expensive to bring back into use, not just for T.C.D.T. but for any potential tenant/ developer. They are :-

- i) – **limited floorspace** – It's a small building with thick external walls and very limited floorspace. T.C.D.T. could produce a cheaper scheme if they only utilised the existing building, but the end result would be a building of very limited community use.
- ii) – **cost-v-value** – the planning permission envisages a glass extension to the building that increases the cost of the project, but potentially makes the completed building more usable. If, hypothetically, T.C.D.T. or any other potential tenant/ developer built as per the existing planning permission, it's extremely doubtful that the capital value of the completed development, if sold on the open market, would reach or exceed £600,000. It's equally unlikely that the rental value of the completed development would equate to the cost of the project and enable a tenant/ developer to get any return on their investment. If there's a strong likelihood that any tenant/ developer will lose money on their development then any marketing scheme is trying to attract interested parties on sentiment, rather than commercial return.
- iii) - **awkwardly shaped site/ location** - the building lies on an awkwardly shaped site with poor vehicular access and problematic street parking, especially as a result of creating the Third Don Crossing.
- iv) - **tenure** – if we try to attract tenant/ developers to a scheme that doesn't have an obvious commercial return, then in a new marketing exercise, it makes the offer marginally more attractive if we indicate our willingness to sell the property, rather than retain ownership under a long-term development lease. It's emphasised that, even if we advertised the property for sale or lease, there's no guarantee that we'd attract new purchasers or tenants, but on the basis of “..nothing ventured, nothing gained..”

- 3.14 The Head of Land & Property Assets would emphasise that this commentary and the report recommendations isn't intended to "shut the door" on T.C.D.T. and their development aspirations. He'd anticipate that, if the Committee approve the report recommendations, it might be many months before we attract potential purchasers, or tenant/ developers. If during that period, T.C.D.T. come forward with more definite, funded proposals, then he's happy to report on same to a future meeting of this Committee.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 The Wallace Tower has been classified as forming part of Common Good property to which a question would arise as to its disposal, which includes lease and sale. Therefore should the authority wish to dispose of the property then in terms of section 75 of the Local Government (Scotland) Act 1973 it would require consent from the Court of Session or a Sheriff.

6. MANAGEMENT OF RISK

- 6.1 As the property lies vacant, the City Council is carrying no financial, employee, environmental, technological, legal or reputational risk. There is a managed security risk to prevent unauthorised access to the property
- 6.2. Should there be market interest in the property and the TCDT were to achieve the funding they are seeking there may be disappointment from other bidders. This will be managed during the marketing period.

7. IMPACT SECTION

7.1 Economy

- 7.1.1 If the property is brought back into use, by whatever means, it's likely to have a positive effect on the local community and the local economy, in that it's potentially attracting people to use the improved building/ facility

7.2 People

- 7.2.1 The subject matter of the report is likely to be of interest to the general public in that it discusses a well-known local landmark building. If the Committee is minded to approve the report recommendations, officers would anticipate the public may be most keen to see the building brought back into use, even though it has to be sold to achieve that objective, rather than have the City Council retain ownership of an empty, unusable building.

7.2.2 There's no obvious adverse public impact of the report recommendations, so as to require an E.H.R.I.A. or a P.I.A.

7.3 Place

7.3.1 If T.C.D.T.'s proposals, as described in paragraph 3.8, could be funded and implemented, it would have a very positive effect on the local environment.

7.4 Technology

7.4.1 There are no direct technological implications arising from the recommendations of this report.

8. BACKGROUND PAPERS

None

9. APPENDICES (if applicable)

9.1 Plans of T.C.D.T.'s proposed development scheme will be on wall display at today's meeting.

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