

## ABERDEEN CITY COUNCIL

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COMMITTEE	Finance, Policy and Resources
DATE	1 December 2017
REPORT TITLE	Disposal of the Former Victoria Road School
REPORT NUMBER	CHI/17/226
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Neil Strachan

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### **1. PURPOSE OF REPORT:-**

- 1.1 This report gives background to Committee on the progress of the disposal and seeks approval for the proposed next actions in order to see the property disposed of and subsequently the site brought back into economic use.

### **2. RECOMMENDATIONS**

- 2.1 It is recommended that the Committee approves the following recommendations:-
- a) Instruct the Head of Land and Property Assets following consultation with the Head of Commercial and Procurement Services to progress with the demolition of the property by instructing the tendering of the demolition contract.
  - b) Instruct the Head of Land and Property Assets in conjunction with the Head of Commercial and Procurement Services to award the tender to the successful tenderer incorporating such appropriate clauses within any contract to protect the Council's interest.
  - c) Approve the estimated expenditure in relation to a) and b) above as detailed in appendix 1.
  - d) Instruct the Head of Land and Property Assets to formally offer the cleared site to the Shaping Aberdeen LLP. If not required by the Shaping Aberdeen LLP instruct the Head of Land and Property Assets to formally offer the cleared site to the Housing Revenue Account and if not required by the Housing Revenue Account instruct the Head of Land and Property Assets to recommence the open marketing of the site.

### **3. BACKGROUND/MAIN ISSUES**

- 3.1 The property was declared surplus to Council requirements in October 2009. The property was then initially marketed by Ryden LLP. A review of the marketing of the property was undertaken in 2012 and it was decided due to lack of interest in the property and in an attempt to reinvigorate the marketing

campaign that the agent would be changed and in July 2012 Graham and Sibbald Chartered Surveyors took on the marketing.

- 3.2 At the Finance and Resources Committee of 13 June 2013 the committee approved a recommendation to suspend marketing for 6 months to allow Torry Community Council/ Torry Development Trust time to prepare a feasibility study on the potential reuse of the property. The Property Sub Committee of 4 February 2014 extended this period of suspension to allow the community council more time.
- 3.3 The Property Sub Committee of 22 April 2014 received a report on the progress made by Torry Community Council/ Torry Development Trust along with an update that there appeared to be increased interest in the property from the open market. Committee approved the recommendation to remarket the property and set a closing date for offers. A closing date of 1 July 2014 was set and 10 offers were received at this date.
- 3.4 A report submitted to the Finance, Policy and Resources Committee of 30 September 2014 recommended the Council accept the offer submitted on behalf of BDW Trading Limited (Barratt). This offer had a gross price of £1,810,000 for the demolition of the buildings on the site and the construction of 62 residential units. The report was referred to the full Council meeting of 8 October 2014 where the recommendation was approved.
- 3.5 The successful bidder submitted their Proposal of Application Notice in November 2014 and following discussions and negotiations a conditional missive with BDW Trading Limited was completed in June 2015. An initial planning application was lodged in July 2015. Following a re-advertisement of the planning application a significant number of objections were received and in May 2016 a public hearing for the planning application was held. This initial application was withdrawing in June 2016.
- 3.6 BDW Trading Limited then approached the Council to amend the conditional missives as they believed by reducing the number of units to 56 that a new application would be successful. The missives were amended and a new application lodged in July 2016. This planning application was refused in January 2017. In line with the missives BDW Trading Limited then formally withdraw from the missives in April 2017.
- 3.7 The building is not listed and is not within a conservation area which means that the property could be demolished without a planning application. Further a building warrant for the demolition of the buildings on the site has been approved by Building Control. Further during the marketing of the property Historic Scotland were requested to list the building. Following a review of the building by Historic Scotland they concluded in September 2014:
- 3.8 *“We have considered the property against the criteria for listing and, from the information available to us, we do not find that it meets the necessarily rigorous standards for inclusion as a building of special architectural or historic interest. You will appreciate that we must maintain a high standard for the lists or we risk diluting a designation that must be defensible against legal challenge.”*

- 3.9 In the review of sites available for a potential new school in Torry the site was included in the assessment however it is not big enough to provide a modern school fit for providing the current curriculum. There continues to be no operational requirement for the asset. Further it is confirmed that Shaping Aberdeen LLP would not be looking to redevelop the existing buildings due to the excessive cost of conversion in comparison to a new build development. This was supported by the offers received at the last closing date where only two offers proposed to retain the building. The highest offer to retain the building was at a level which was approximately 65% less than the gross price which was recommended for acceptance at Committee. It should be noted that since the closing date the property market in Aberdeen has been affected by the local economic environment and therefore it would be expected that any offer to retain the building now would be even lower.
- 3.10 It is therefore appropriate for the Council to offer the site to the Shaping Aberdeen LLP if the site is not required for residential development and it is further established that there is no requirement from the Housing Revenue Account the subjects will be exposed to the open market. If required by the Shaping Aberdeen LLP the site will be sold to the LLP in accordance with the Council's objectives of the LLP Accordingly in the meantime to assist in the future development of the site either internally or via the re-marketing of the asset it is recommended that the Council progress to demolish the building.
- 3.10 The demolition of the building will reduce a burden on the Council and also its public sector partner's resources as once demolished it will not be a target for vandals. Further by removing the building this will remove an area of uncertainty for any potential developer of the site and therefore it is expected that although the recent planning application refusal will not help redevelopment for residential use that the site would still be attractive at the correct pricing level for purchase for development. It should be noted that if the Shaping Aberdeen LLP or HRA wish to progress the development of the site the Council's General Fund would still receive a capital receipt however it would be expected to be lower than the receipt that could be generated if the site was exposed to the open market for development with private residential units..

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The property has been vacant since it was declared surplus to requirements by the Education Service at the Education, Culture and Sport Committee of 8 October 2009. Since the instruction to market the property it has been marketed by two separate agents. During the time the property has been vacant it has been the subject of repeated vandalism and theft. This has result in significant damage being done to the property which has included water ingress and fire damage. The property was subject to a small fire in April 2015 which has resulted in the first floor structure being damaged.
- 4.2 Since October 2011, which is as far back as our current system allows us to interrogate, there has been approximately £21,500 spent on re-securing the property by Building Services. This is the cost of the call out and the materials used. It does not however provide the cost of Land and Property Assets staff

instructing the work, inspecting the property and responding to concerns from the local community regarding the building.

- 4.3 Further the property has been a burden on the emergency services with Police Scotland confirming that they have been called a total of 19 times in the last 12 months regarding the property and in most cases this resulting in an officer being sent to follow up the incident.
- 4.4 If the recommendation is approved by Committee, the Council's Quantity Surveyors have estimated the demolition cost to be as identified in the confidential appendix. It is intended that the cost of the demolition will be recovered from the sale proceeds.

## **5. LEGAL IMPLICATIONS**

- 5.1 The Council will seek to agree to have the demolition warrant novated from BDW Trading Limited to the Council and this may require some input from Legal in order to arrange an appropriate transfer. Building control has confirmed that the warrant was granted in March 2015 and it has a 3 year lifespan therefore work would have to commence before 17 March 2018. If not commenced before 17 March 2018 an extension of the warrant would have to be applied for.
- 5.2 In undertaking the demolition a contract with an appropriate contractor will be required however this will be progressed in line with the Council's procurement process with appropriate legal documents agreed.

## **6. MANAGEMENT OF RISK**

- 6.1 In relation to this project there are two main areas of risk, these being the risk to public safety due to the deteriorating condition of the asset and a reputational risk due to public desire to keep the building, however below is a note under the appropriate headings.
- 6.2 **Financial**  
By retaining the building on the site there will be a continuing financial burden on the Council to undertake repairs and to respond to incidents at the site. There is also a financial risk if the Council do progress with the demolition of the building regarding the costs of the demolition. The estimate provided in the appendix has been provided by the Council's Quantity Surveyors with the best information available. Further any contract that follows will be managed appropriately to ensure the lowest possible chance of a cost overrun.
- 6.3 **Employee**  
By not demolishing the building there continues to be a risk to staff who will be required to inspect the site regularly and respond to incidents at the building. If the building was not demolished then the existing procedures will continue to be followed requiring all parties entering the site to have appropriate personal protective equipment.
- 6.4 **Customer / citizen**  
As stated above the property has been the subject of repeated acts of vandalism. The site is secured by gates, walls and also heras fencing

however still access is being gained to the site. Further all window openings are already boarded at ground floor level and have to be checked regularly to ensure none are removed. While the building remains on the site it will remain a target for vandalism. If the building was removed this should reduce the desire from people to enter the site. However more importantly it will remove the risk to parties who do enter the site as the site would be left in a safe condition following the demolition.

#### 6.5 Environmental

The existence of the derelict building on the site does not benefit the environment of the surrounding properties. However it should be noted that some people would see the demolition of the building as being a negative for the local environment due to the loss of a granite building.

#### 6.6 Technological

There is not expected to be any risk under this heading.

#### 6.7 Legal

There is not expected to be any further legal issues.

#### 6.8 Reputational Risk

During the marketing of the property for sale the local community showed interest in retaining the building. To that extend they were permitted time to prepare proposals for the site. At the closing date these proposals were not acceptable to Committee. During the planning application process significant numbers of objections were received into the Planning Authority regarding the demolition of the building and loss of granite heritage. It is anticipated that there could be a significant negative public response to the demolition of the building. In order to mitigate this it could be proposed that the Community Council are provided with a briefing detailing the reasoning for the demolition.

### **7. IMPACT SECTION**

#### **7.1 Economy**

In order to improve the use of this vacant property the demolition should assist in the remarking of the site as it would remove one area of uncertainty over the future redevelopment of the site. This would hopefully ensure the site could be disposed of quicker thus allowing the site to be brought back into economic use.

#### **7.2 People**

The presence of a derelict building in a community is not desirable. Further a number of local residents have contacted the Council concerned with the vandalism and the fact that people are attracted to the site. The removal of the building should reduce the opportunity for vandalism and hopefully reduce the impact on the local residents.

#### **7.3 Place**

The removal of the building will remove the current eyesore and should allow redevelopment to commence quicker. It is anticipated that redevelopment will be with residential units which should improve the local environment.

It should be noted that some local residents will not see redevelopment as an improvement as there is a feeling that the retention of the granite building is key to maintaining the granite heritage of Torry.

#### **7.4 Technology**

It is not anticipated that this proposal will have any impact on technology.

#### **8. BACKGROUND PAPERS**

None

#### **9. APPENDICES (if applicable)**

Confidential Appendix 1

#### **10. REPORT AUTHOR DETAILS**

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