

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	23 May 2018
REPORT TITLE	Demolition of Torry Academy and Kincorth Academy
REPORT NUMBER	RES/18/025
DIRECTOR	Steven Whyte
CHIEF OFFICER	Stephen Booth
REPORT AUTHOR	Alastair Reid
TERMS OF REFERENCE	1.1 scrutinise and approve outline and full business cases for supporting new capital investments, ensuring that all appropriate consultation has been undertaken.

1. PURPOSE OF REPORT

To highlight the business need for the demolition of Torry Academy and Kincorth Academy. In addition to seek approval of the associated business cases, the recommended procurement route and use of the identified budgets.

2. RECOMMENDATION(S)

That the Capital Programme Committee:-

- 2.1 Approve the business case for the demolition of Torry Academy and Kincorth Academy.
- 2.2 Approve the use of the Condition & Suitability Programme budget to fund the Kincorth Academy Demolition.
- 2.3 Approve the use of the capital budget for the new Torry Primary School and Community Hub to fund the Torry Academy Demolition.

That the Strategic Commissioning Committee:-

- 2.4 Approve the procurement business case including the estimated expenditure as outlined and instruct officers to enter into a competitive tendering process for demolitions in accordance with the Council's Procurement Regulations.

3. BACKGROUND

- 3.1 Torry Academy and Kincorth Academy will close at the end of the 2017/18 school year. It is anticipated that the buildings will be completely empty by the end of July.

- 3.2 There are no alternative operational requirements for the buildings. The Torry Academy site has been identified as the preferred site for the new Torry Primary School and Community Hub. In addition, Kincorth Academy has been identified as a site to be developed for housing by the Council. As such all buildings will need to be demolished to facilitate the progression of these projects. The lodge adjacent to Torry Academy has been vacant since July 2015 and will also require to be demolished.
- 3.3 Although these schools will no longer be operational there are still costs of holding these properties. The single biggest cost is business rates which is still payable even though the buildings are vacant. There will also be costs for keeping the premises safe and secure, along with some continued grounds maintenance requirements. If the buildings are likely to remain in place for some time after July then they will be boarded up in line with our insurers requirements. The cost of this is significant.
- 3.4 Vacant buildings are also targets for theft, vandalism and arson. This can have direct costs in terms of remedial work with staff time being considerable to manage such issues. There are risks of injury to anyone entering the building both legally and illegally, particularly as the buildings deteriorate. Large disused buildings are unsightly and likely to lead to complaints from the associated communities.
- 3.5 For consideration by the Capital Programme Committee is **Appendix A**, which outlines the business case for the demolitions. This supports recommendations 2.1, 2.2 and 2.3. The objectives set out in the business case are:-
- Clear sites for future development
 - Minimise period that buildings are empty
 - Minimise revenue costs
- 3.6 The key points to consider from the business case are:-
- The buildings will have to be demolished to enable future development.
 - Business rates costs apply even when the buildings are vacant.
 - Security costs are significant but can be minimised by early demolition.
 - There are significant risks of holding vacant buildings.
 - Only a cleared site removes the majority of the holding costs and the risks associated with vacant buildings.
- 3.7 From the options appraisal it is recommended that demolition be progressed at the earliest opportunity, rather than looking to include the demolition within the new build contracts for the respective sites.
- 3.8 Should the report recommendations be approved the initial programme indicates that the demolition work could commence in November 2018, at the earliest. This would mean the buildings being vacant for around three months. Security arrangements will have to be put in place during that period, which satisfy the requirements of the Council's insurance provider.

- 3.9 The business case was approved by the Asset Programme Board on 9 May 2018 and will be considered by the Capital Programme Board on 16 May. Readers of the report can assume that the Capital Programme Board also approved the business case if this report is included in the final committee papers.
- 3.10 For consideration by the Strategic Commissioning Committee is **Appendix B**, which outlines the procurement business case and supports recommendation 2.4.
- 3.11 Confidential versions of the appendices are included within today's confidential reports, which include the estimated costs for the demolitions and security.

4. FINANCIAL IMPLICATIONS

- 4.1 There are currently no specific budgets in place for the demolition. It is recommended that the capital budgets identified below are used to fund the work.
- 4.2 The Condition & Suitability Programme has five years of funding totalling £41.593m within the capital programme. A three year programme identifying specific projects is in place which accounts for the financial years 2016/17, 2017/18, 2018/19 and 2019/20. It will be updated in September to cover 2018/19, 2019/20 and 2021/20. The demolition of Kincorth can be funded from the unallocated budget and incorporated into the three year programme in due course. The estimated cost for Kincorth is shown in the confidential versions of the appendices.
- 4.3 There is £20m allocated in the Capital programme for the new Torry Primary and Community Hub project. Approval of the recommendations would see the budget reduced by the cost of the demolition. The estimated cost for Kincorth is shown in the confidential versions of the appendices.
- 4.4 As a minimum, security fencing will have to be installed. If boarding up the buildings is required there would be a further revenue cost. If boarding up is not required then on site security would be necessary until the buildings are handed over to a contractor. Estimated costs for security are shown in the confidential version of Appendix A.
- 4.5 There is a business rates reduction for vacant buildings of 50% for first 3 months and 10% thereafter. The projected costs based on the period the buildings remain vacant are as follows:-

Timeline	Years/Months	Projected Cost
Aug 2018 – Oct 2018	3 months	£36,000
Aug 2018 – Mar 2018	8 months	£144,000
Aug 2018 – Mar 2019	1 year and 8 months	£409,000
Aug 2018 – Mar 2020	2 years and 8 months	£679,000
Aug 2018 – Mar 2021	3 years and 8 months	£955,000
Aug 2018 – Mar 2022	4 years and 8 months	£1,236,000

4.6 Use of a capital budget for the demolition of Kincorth will be subject to the site value being enhanced. This is demonstrated by the completion of a valuation which provides an estimate of the value of the site with buildings in place and then an estimate of the value post demolition. The demolition costs should be offset or exceeded by the increase in value. At the time of writing the valuation had not been finalised but is anticipated that it will support the use of capital. Should this not be confirmed this Committee will be advised.

5. LEGAL IMPLICATIONS

5.1 Demolition contracts will be tendered in accordance with the ACC Procurement Regulations and the relevant legislation.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	<p>Prolonged vacant period would have significant cost and there would be the unknown risk of ongoing repairs (e.g. re-securing building).</p> <p>Construction inflation would see the cost of demolition increase if a decision was made to defer the demolition.</p>	<p>H</p> <p>H</p>	<p>Put in appropriate security arrangements and inspection schedules in consultation with insurance provider.</p> <p>Carry out demolition at the earliest opportunity, as per recommended in the business case.</p>
Legal	None identified.		
Employee	Risk of injury to staff when visiting vacant buildings.	L	Follow established procedures for visiting vacant buildings.
Customer	Risk of injury to members of public through unauthorised access to vacant buildings.	M	Put in appropriate security arrangements and inspection schedules in consultation with insurance provider.

Environment	Demolition is not carried out in an environmentally responsible way.	L	Tenders include appropriate conditions and quality questionnaire included as part of process. Progress checks carried out.
Technology	None identified.		
Reputational	Potential complaints from local communities if buildings remain in place for a prolonged period. Fire breaks out in vacant building. Cleared sites remain vacant for long period.	H M L	Carry out demolition at the earliest opportunity, as per recommended in the business case. Put in appropriate security arrangements and inspection schedules in consultation with insurance provider. New developments to be progressed as per current programmes.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The demolition of the buildings is a key step in delivering significant capital investment in infrastructure.
Prosperous Place	The demolition of the buildings is a key step in delivering a new school and community hub in Torry. In addition, it paves the way for a significant residential development in Kincorth.

Design Principles of Target Operating Model	
	Impact of Report
Partnerships and Alliances	The demolition of Torry is a step towards the creation of the Torry Community Hub, which will be used by the Council and a variety of parties.

8. IMPACT ASSESSMENTS

Assessment	Outcome
-------------------	----------------

Equality & Human Rights Impact Assessment	n/a
Privacy Impact Assessment	n/a
Duty of Due Regard / Fairer Scotland Duty	n/a n/a

9. BACKGROUND PAPERS

Condition & Suitability three year programme report to Finance Policy & Resources Committee 20 September 2017 (item 10.4)

10. APPENDICES

Appendix A – Demolition of Torry Academy and Kincorth Academy business case.

Appendix B - Demolition of Torry Academy and Kincorth Academy procurement business case.

11. REPORT AUTHOR CONTACT DETAILS

Alastair Reid
Team Leader – Asset Management
alareid@aberdeencity.gov.uk
01224 52(2627)