

Appendix A

Project Name	Demolition of Vacant Buildings - Kincorth Academy and Torry Academy	Date	10/5/18
Author	Alastair Reid	Version	2

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1. Business Need

Both Torry Academy and Kincorth Academy will close at the end of the 2017/18 school year. Following this there will be a short period where the remaining furniture, equipment, materials, etc will be removed. It is anticipated that the buildings will be completely empty by the end of July.

There are no alternative operational requirements for the buildings. Torry Academy has been identified as the preferred site for the new Torry Primary School and Community Hub. 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.

There is no provision for the demolition of the buildings within the Lochside Academy budget. In addition the transfer of Kincorth Academy site for housing is currently based on a cleared site being provided, so no budget provision for demolition has been made there either.

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 costs. 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.

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 lead to complaints from the associated communities. A cleared site removes the majority of the holding costs and the risks associated with vacant buildings.

Although the work on the new builds will not commence immediately after demolition, there is a clear need to progress with the early demolition of both buildings. If the demolitions can be progressed in good time it may be possible to reduce the security costs.

2. Objectives

Clear sites for future development

Minimise period that buildings are empty

Minimise revenue costs

3. Options Appraisal

3.1 Option 1a Torry Academy – Do Nothing/Do minimum

Description	Secure building but do not progress demolition.
Expected Costs	<p><u>One off costs</u></p> <p>Board up building - £X</p> <p>Install security fencing - £X</p> <p>On site security - £0</p> <p>Demolition - £0</p> <p><u>Ongoing Costs</u></p> <p>Ongoing staff management time – Not possible to estimate</p> <p>Remedial works – Not possible to estimate</p> <p>Business Rates - £530k over 5 years</p> <p>Utilities Standing Charges - TBC</p> <p><u>Future Demolition</u></p> <p>Demolition - £X plus 3% per year for construction inflation</p>
Risks Specific to this Option	Theft, arson and vandalism remains a high risk. Fly tipping, pests (e.g. vermin) and invasive plants would also be significant risks.
Advantages & Disadvantages	<p><u>Advantages</u></p> <p>No immediate demolition requirement.</p> <p>No on site security costs.</p> <p><u>Disadvantages</u></p> <p>Site not made available for new Torry Primary and Community hub.</p> <p>Ongoing revenue costs would surpass the cost of demolition in approximately 5-6 years.</p> <p>Unightly building in middle of community.</p> <p>Risks of vacant building remain.</p> <p>Demolition would still be required eventually.</p>
Other Points	It is more economical to purchase fencing rather than lease, so it is a one off cost rather than ongoing.

3.2 Option 2a Torry Academy – Progress Demolition


Description	Progress demolition with funding coming from £20m budget for new Torry Primary/Hub.
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Expected Costs	<p><u>One off costs</u></p> <p>Board up building - £0</p> <p>Install security fencing - £X</p> <p>On site security - £X for 6 months</p> <p>Demolition - £X</p> <p><u>Ongoing Costs</u></p> <p>Ongoing staff management time – £ Not possible to estimate</p> <p>Remedial works – £ Not possible to estimate</p> <p>Business Rates - £45,000 for 6 months</p>
Risks Specific to this Option	There are still risks of theft, arson and vandalism, albeit on a reduced basis.
Advantages & Disadvantages	<p><u>Advantages</u></p> <p>Site made available for future development of new Torry Primary and Community hub.</p> <p>Holding costs removed.</p> <p>No requirement to board up building.</p> <p><u>Disadvantages</u></p> <p>Cost of demolition.</p>
Other Points	<p>It is more economical to purchase fencing rather than lease, so it is a one off cost rather than ongoing.</p> <p>Cost of boarding up could be £0 if Insurance Provider accepts alternative security measures.</p>


3.3 Option 3a Torry Academy – Demolition as part of new school/hub contract

Description	Include demolition as part of new School/hub contract.
Expected Costs	<p><u>One off costs</u></p> <p>Board up building - £X</p> <p>Install security fencing - £X</p> <p>On site security - £0</p> <p>Demolition - £0</p> <p><u>Ongoing Costs</u></p> <p>Ongoing staff management time – Not possible to estimate</p> <p>Remedial works – Not possible to estimate</p> <p>Business Rates - £103,000 for 12 months</p>

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	<p><u>Future Demolition as part of contract</u> Demolition - £X plus 3% per year for construction inflation</p>
Risks Specific to this Option	Theft, arson and vandalism remains a high risk.
Advantages & Disadvantages	<p><u>Advantages</u> Delay in demolition costs. Site made available for future development of new Torry Primary and Community hub. Holding costs removed but at a later date. No on site security costs.</p> <p><u>Disadvantages</u> Extended period of holding costs. Unightly building in middle of community for longer. Cost of boarding up building. Extended period of managing vacant building. Cost of demolition may increase.</p>
Other Points	<p>Demolition costs would still be applicable but would be included within the new build contract. 12 months vacant period assumed. It is more economical to purchase fencing rather than lease, so it is a one off cost rather than ongoing.</p>

3.4 Option 1b Kincorth Academy – Do Nothing/Do minimum	
Description	Secure building but do not progress demolition.
Expected Costs	<p><u>One off costs</u> Board up building - £X Install security fencing - £X On site security - £0 Demolition - £0 Utilities Standing Charges - TBC</p> <p><u>Ongoing Costs</u> Ongoing staff management time – Not possible to estimate Remedial works – Not possible to estimate</p>
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 <p>ABERDEEN CITY COUNCIL</p>	<p>Corporate Project Management Toolkit</p> <h1>Business Case</h1>	<p>Project Stage Define</p>
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	<p>Business Rates - £662,000 for 5 years.</p> <p><u>Future Demolition</u></p> <p>Demolition - £X plus 3% per year for construction inflation</p>
<p>Risks Specific to this Option</p>	<p>Theft, arson and vandalism remains a high risk. Fly tipping, pests (e.g. vermin) and invasive plants would also be significant risks.</p>
<p>Advantages & Disadvantages</p>	<p><u>Advantages</u></p> <p>No demolition costs.</p> <p><u>Disadvantages</u></p> <p>Site not made available for housing development.</p> <p>Revenue costs would surpass the cost of demolition in approximately 5-6 years.</p> <p>Unightly building in middle of community.</p> <p>Risks of vacant building remain.</p> <p>Demolition would still be required eventually.</p>
<p>Other Points</p>	<p>It is more economical to purchase fencing rather than lease, so it is a one off cost rather than ongoing.</p>

<p>3.5 Option 2b Kincorth Academy – Progress Demolition</p>	
<p>Description</p>	<p>Progress demolition with funding coming from the Condition & Suitability Programme.</p>
<p>Expected Costs</p>	<p><u>One off costs</u></p> <p>Board up building - £0</p> <p>Install security fencing - £X</p> <p>On site security - £X for 6 months</p> <p>Demolition - £700,000</p> <p><u>Ongoing Costs</u></p> <p>Ongoing staff management time – £0</p> <p>Remedial works – £0</p> <p>Business Rates - £56,000 for 6 months</p>
<p>Risks Specific to this Option</p>	<p>There are still risks of theft, arson and vandalism, albeit on a reduced basis.</p>

<p>Advantages & Disadvantages</p>	<p><u>Advantages</u> Site made available for future housing development. Holding costs removed. Less security costs.</p> <p><u>Disadvantages</u> Cost of demolition.</p>
<p>Other Points</p>	<p>It is more economical to purchase fencing rather than lease, so it is a one off cost rather than ongoing.</p> <p>Cost of boarding up could be £0 if Insurance Provider accepts alternative security measures.</p>

3.6 Option 3b Kincorth Academy – Demolition as part of new housing project

<p>Description</p>	<p>Site with buildings in place transferred to HRA and demolition progressed.</p>
<p>Expected Costs</p>	<p><u>One off costs</u> Board up building - £X Install security fencing - £X On site security - £0 Demolition - £0</p> <p><u>Ongoing Costs</u> Ongoing staff management time – Not possible to estimate Remedial works – Not possible to estimate Business Rates - £128,000 for 12 months</p>
<p>Risks Specific to this Option</p>	<p>Theft, arson and vandalism remains a high risk.</p>
<p>Advantages & Disadvantages</p>	<p><u>Advantages</u> Delay in demolition costs. Site made available for future development of new Torry Primary and Community hub. Holding costs removed but at a later date. No on site security costs.</p> <p><u>Disadvantages</u> Extended period of holding costs. Unightly building in middle of community for longer.</p>



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	<p>Delay in progressing site investigations.</p> <p>Cost of boarding up building.</p> <p>Extended period of managing vacant building.</p> <p>Cost of demolition may increase.</p>
Other Points	<p>Cost of demolition would be deducted from transfer/sale.</p> <p>It is more economical to purchase fencing rather than lease, so it is a one off cost rather than ongoing.</p> <p>Cost of boarding up could only be £0 if Insurance Provider accepts alternative security measures.</p>

3.7 Scoring of Options Against Objectives

Use the table below to score options against the objectives in order to create a shortlist of options to be considered.

Objectives	Options Scoring Against Objectives							
	1a	2a	3a	1b	2b	2c		
Clear sites for development	-1	3	3	-1	3	3	0	0
Minimise period that buildings are empty	-1	3	2	-1	3	2	0	0
Minimise revenue costs	0	3	1	0	3	1	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	-2	9	6	-2	9	6	0	0
Ranking	3	1	2	3	1	2		

Scoring

Fully Delivers = 3

Mostly Delivers = 2

Delivers to a Limited Extent = 1

Does not Deliver = 0

Will have a negative impact on objective = -1

3.8 Recommendation

It is recommended that buildings are demolished at the earliest opportunity as per option 2a – Torry and option 2b – Kincorth. These options deliver on the objectives and although there is a significant capital cost of the demolitions, it is a spend to save.

Leaving the buildings in place has significant risks and would likely create negative press. Keeping the vacant periods to a minimum is the best way to deal with these risks.

In terms of funding Torry it is proposed that the £20m budget allocated to the new school and community hub be used. For Kincorth Academy it is proposed that the Condition & Suitability Programme be updated to incorporate this project.

4. Scope

All buildings at Kincorth Academy including the swimming pool, school buildings and artificial pitch are included in the proposed demolition.

All buildings at Torry Academy and the adjacent lodge are included in the proposed demolition.

4.1 Out of Scope

The lodge adjacent to Kincorth Academy is not considered part of the development site.

The Torry Academy playing fields and pavilion which are adjacent to Tullos Primary will remain in operational use.

Grounds maintenance costs will likely be very similar for all options. On that basis the cost of that ongoing maintenance is not covered in the options appraisal.

Photovoltaic panels on both Torry & Kincorth will have to be removed and stored for all options. On that basis it is considered out of scope.

5. Benefits

5.1 Customer Benefits

Benefit	Measures	Source	Baseline	Expected Benefit	Expected Date	Measure Frequency
Availability of sites for development	Torry site cleared.	Resources	0	1	Summer 2019	One off
	Kincorth site cleared.	Resources	0	1	Summer 2019	One off
Removal of potentially unsightly buildings	Torry site cleared.	Resources	1	0	Summer 2019	One off
	Kincorth site cleared.	Resources	1	0	Summer 2019	One off

5.2 Staff Benefits

Benefit	Measures	Source	Baseline	Expected Benefit	Expected Date	Measure Frequency
No ongoing management of two vacant buildings	Torry building handed to contractor.	Resources	0	1	Feb 2018	One off
	Kincorth building handed to contractor.	Resources	0	1	Feb 2018	One off

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5.3 Resources Benefits (financial)

Benefit	Measures	Source	Capital or Revenue?	Baseline (£'000)	Saving (£'000)	Expected Date	Measure Frequency
No cost for boarding up	Cost of Torry Academy	Hard FM	Revenue	0	X	Aug 2018	One off
	Cost of Kincorth Academy	Hard FM	Revenue	0	X	Aug 2018	One off
Business rates savings	Business rates cease at Torry Academy	Resources	Revenue 2018/19	0	19	Mar 2019	One off
	Business rates cease at Torry Academy	Resources	Revenue 2019/20	0	118	Mar 2020	One off
	Business rates cease at Kincorth Academy	Resources	Revenue – 2018/19	0	24	Mar 2019	One off
	Business rates cease at Kincorth Academy	Resources	Revenue – 2019/20	0	147	Mar 2020	One off

6. Costs

Business Case

6.1 Project Capital Expenditure & Income

(£'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Staffing Resources	n/a										
Add cost items under each heading											
Land Acquisitions	n/a										
New Vehicles, Plant or Equipment	n/a										
Construction Costs											
Torry Academy demolition costs	X										
Corporate fees	X										
Kincorth Academy demolition costs	X										
Corporate fees	X										
Capital Receipts and Grants	n/a										
Sub-Total	X	0	0	0	0	0	0	0	0	0	X

6.2 Project Revenue Expenditure & Income

Business Case

Project Stage
Define

(£'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Staffing Resources	n/a										
Add cost items under each heading											
Non Staffing Resources											
Torry Academy on site security	X										
Security fencing	X										
Business rates	16										
Kincorth Academy on site security	X										
Security fencing	X										
Business rates	20										
Revenue Receipts and Grants											
Sub-Total	X	0	0	0	0	0	0	0	0	0	X

6.3 Post- Project Capital Expenditure & Income

(£'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Staffing Resources	n/a										
Add cost items under each heading											
Land Acquisitions	n/a										



Business Case

Project Stage
Define

New Vehicles, Plant or Equipment	n/a										
Construction Costs	n/a										
Capital Receipts and Grants	n/a										
Sub-Total											

6.4 Post- Project Revenue Expenditure & Income

(£'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Staffing Resources	n/a										
Add cost items under each heading											
Non Staffing Resources	n/a										
Revenue Receipts and Grants	n/a										
Sub-Total											

7. Procurement Approach

The contracts will be managed by the Council's design team. Tenders will be invited in line with the procurement regulations.

8. Key Risks

Description	Mitigation
Insurance provider insists on boarding up of building within 4 weeks of closure as per guidance.	Discuss with Insurance Team and Insurance Provider in advance of building closures.
As soon as the buildings are vacant the risks of theft, arson, vandalism, etc increase significantly.	Carry out demolition as soon as possible, following implementation of appropriate security.

9. Time

9.1 Time Constraints & Aspirations

Both Torry and Kincorth will be empty by the end of July 2018.

There is a lead in time for demolitions which covers asbestos surveys and development of tender.

There is a business rates reduction for vacant buildings of 50% for first 3 months and 10% thereafter. Therefore it would be financially beneficial if demolition started before the 3 month period ends.

9.2 Key Milestones

Description	Target Date
Asset Programme Board Approval	May 2018
Capital Programme Board Approval	May 2018
Capital Programme Committee	May 2018
Strategic Commissioning Committee	Jun 2018
Asbestos surveys	Oct 2018
Services disconnection/removal	Oct 2018
Tender development and issue	Oct 2018



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Tender return.	Nov 2018
Tender assessment and appointment of contractor.	Dec 2018
Start on site.	Feb 2018
Work completed.	Jun 2019

10. Governance	
The Corporate Landlord will manage the demolitions, working alongside Capital to deliver the project.	
Role	Name
Project Sponsor	Stephen Booth
Project Manager	David Marshall
Other Project Roles	

11. Resources			
Task	Responsible Service/Team	Start Date	End Date
Clear building including furniture reuse, recycle, sale, etc.	Soft FM	Jun 2018	Jul 2018
Tender development and issue	Design Team	May 2018	Oct 2018
Tender assessment, contractor appointment and mobilisation	Design Team	Nov 2018	Jan 2018
Contract administration	Design Team	Feb 2019	Jun 2019
Securing building	Hard FM	Aug 2018	Feb 2018

12. Environmental Management		
<p>Contractors will be required to carry out demolition works in line with relevant regulations. This will include appropriate dust suppression, water contamination control, waste disposal and asbestos control. Appropriate tendering and contract management will be in place to manage these requirements. When scoping the works consideration will be given to hours of working, maintaining access to existing open space/sports areas, nesting birds and vehicular movements.</p> <p>A process is in place for reusing, redistributing, recycling items and sale of any equipment, furniture, etc that is not required for Lochside Academy.</p> <p>Recycling of materials will be possible in some instances but due to the nature of the project some waste will be transported to landfill.</p>		
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13. Stakeholders

Local community, local members, HRA, Capital Programme Committee, Strategic Commissioning Committee and Resources Function.

14. Assumptions

Boarding up of the buildings will not be required if alternative arrangements and/or contracts for demolition are in place, which will then satisfy the insurer's requirements. That contractor would be on site at the start of February. Therefore both schools would be vacant for a period of 6 months.
That if options 3a and 3b were progressed that the buildings would be vacant for a minimum of 1 year.

15. Dependencies

Demolition contractors will be available to progress the work within the required timescales. Approvals are in place for relevant Boards and Committees.
Demolition projects is identified as a priority for the Design Team.

16. Constraints

None identified.

17. ICT Hardware, Software or Network infrastructure

Description of change to Hardware, Software or Network Infrastructure	EA Approval Required?	Date Approval Received
n/a		

18. Support Services Consulted

Service	Name	Sections Checked / Contributed	Their Comments	Date

PMO	Roddy McTaggart	Options appraisal	Comments provided on content – Changes made as required.	1/5/18
Finance	Scott Paterson		No issues with the Torry recommendation – work needs to be done, and there is a budget in place as part of the already defined use for the site which should be accessed in the first instance. In terms of Kincorth the condition & suitability budget can only be used if the demolition is expected to increase the value of the site prior to disposal, and those costs are offset or exceeded by the increase in value.	8/5/18
Estates	Neil Strachan		Minimal boarding up may still be required even if recommendation is implemented.	8/5/18
Energy Management	Mai Muhammad		Utilities standing charges would be relevant to the 'Do Nothing' options. Photovoltaic panels will require to be stored.	3/5/18
Hard FM	Ian Cowling		Supportive of recommendation.	9/5/18
Legal (Conveyancing)	Craig Veitch		No legal comments at this stage of the Business Case.	1/5/18
Legal (Procurement)	Alison Watson		Comments anticipated on procurement business case.	
Procurement	Alison Gallacher		Looks like a rational approach. A procurement business case will require to be approved.	4/5/18
Architecture and Design Team	Neil Esslemont		The timescales identified in the business case are tight but achievable, they are however dependent on the building being cleared at the earliest opportunity and the asbestos survey report being completed in good time so that the implications can be incorporated into the tender	

			package due to issued mid August.	
Grounds Maintenance	Steven Shaw		No comment from Service perspective but supportive of proposed work.	1/5/18
Environmental Policy	Amy Gray	All sections checked.	Comments provided on content – Changes made as required.	3/5/8
Planning	Gail Beattie			
Housing Programme	Paul Genoe		A delay in demolition would create a serious delay in pre-start development works as no Site Investigations (SI) can start at Kincorth until the buildings are demolished and nothing can be determined in relation to design works till the SI is complete and reported on.	

19. Document Revision History

Version	Reason	By	Date
1	Draft for consultation	A. Reid	30/4/18
2	Update following initial consultation comments	A. Reid	10/5/18