

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
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CONFIDENTIAL	No
REPORT TITLE	Union Terrace Gardens: Project Update
REPORT NUMBER	RES/19/259
DIRECTOR	Steve Whyte- Head of Resources
CHIEF OFFICER	John Wilson- Chief Officer Capital
REPORT AUTHOR	Tara Gavan- Senior Project Officer
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

The purpose of this report is to update the committee on progress of the delivery of Union Terrace Gardens project which has an anticipated completion date in Summer 2021.

2. RECOMMENDATION(S)

That the Committee :-

- 2.1 Notes the progress achieved in the procurement of Union Terrace Gardens redevelopment.
- 2.2 Instruct the Chief Officer Capital to provide a further update on progress at the next Capital Programme Committee in September 2019.

3. BACKGROUND

City Transformation

- 3.1 Aberdeen City Council is leading the most significant transformation in the city's history. The project described in this report is just one of several jewels in a new cultural crown.
- 3.2 Unprecedented levels of investment are enhancing historic venues and delivering new world-class facilities.

- 3.3 In 2019 the redeveloped Aberdeen Art Gallery – already home to work by artists such as Sir Francis Bacon and Claude Monet – will re-open and The Event Complex Aberdeen (TECA), a 12,500-capacity venue, will be launched.
- 3.4 Union Terrace Gardens is being revitalised, enriching the city’s green heart for generations to come, while the sympathetic restoration of Provost Skene’s House as a contemporary visitor attraction will celebrate the vision and ingenuity of our people and the city region’s continuing global influence.
- 3.5 The iconic Music Hall has been refurbished and the regenerated Broad Street, animated by a dancing fountain, flanked by the award-winning Marischal Square and the magnificent Marischal College, has given the city centre a new stage.
- 3.6 2019: the year of Aberdeen’s renaissance. Refer to Appendix 1

Project Introduction

- 3.7 Union Terrace Gardens (UTG) is an impressive space located in the heart of the city centre. UTG is one of 50 projects identified within the Aberdeen City Centre Masterplan and will deliver against the eight masterplan objectives by establishing the Gardens as both a key destination and the connection to a new urban quarter at the head of the Denburn Valley. The space is being regenerated to conserve the Victorian park’s heritage while enhancing access, amenity and activity.
- 3.8 Award-winning consultancy LDA Design developed plans based on the Masterplan vision, using additional feedback gathered during a public engagement exercise. There is a need to deliver an environment which can attract new types of businesses and people, stimulate cultural activity and contribute to diversification within the tourism and leisure sector itself, and the wider economy.

Features of the scheme include:

- New accessible walkway route into the gardens from Union Street
- Lift access from Union Terrace into the upper level of the gardens through a new entrance building on Union Terrace at the existing Burns Monument
- Improved disabled parking facilities on Union Terrace directly adjacent to the new accessible walkway routes into the gardens
- Retaining the central lawn space as a flexible space for large scale gathering and events, and a new entrance opposite His Majesty’s Theatre to accommodate smaller scale events
- Reinstating the ‘grand staircase’ as a central part of the new accessible route into the gardens from Rosemount Viaduct

Works Contractor Procurement

- 3.9 The procurement strategy for the construction works for UTG, proposed by the Council’s external consultants, was to use a Design and Build Contract.

- 3.10 Following a procurement process, on 5 October 2018, one tender bid was received. Following a legal review to determine compliance against the contract's terms and conditions, the bid as submitted was deemed unacceptable as it posed significant legal, procurement and financial risks to the Council.
- 3.11 The public procurement regulations allowed, in this scenario, a move to a new procurement procedure which, without any further OJEU advert, allows a negotiation with the tenderer having submitted a bid. A period of discussion with the tenderer was taken to see if the bid could be refined to achieve an acceptable envelope of price and risk.
- 3.12 A revised tender offer was received from the bidder on 12th December 2018. Thereafter, this was subsequently amended with the most recent commercial proposal being received on 1st February 2019.
- 3.13 The project budget was approved by Council in March 2019 which then allowed the project team to finalise discussions with the preferred bidder and conclude the negotiated procedure.
- 3.14 The preferred contractor to undertake the works for the regeneration of Union Terrace Gardens is Balfour Beatty. The contractor's proposed work programme is outlined below with a detailed programme to be reported to committee in September 2019 when reporting progress.

Table 1: Key Milestones

<u>Milestone</u>	<u>Indicative Timescale</u>
Site Investigations	Completed
Planning Approval	Completed
Detailed Design - Construction Drawings & Bills of Quantities	Completed
Statutory Approvals-Common Good, Scottish Water	Completed
Letter of Intent Issued	Completed
Contractor Start	Summer 2019
Construction End	Summer 2021

- 3.15 It is noted that a key element of the project is the improvement works to Union Bridge, providing an enhanced anti-suicide deterrent. This is included within the first work packages undertaken by the contractor.

4. FINANCIAL IMPLICATIONS

Capital Costs

- 4.1 The UTG project will see the development of three new buildings and walkway structures, path network, improved events space and landscaping and restoration of Union Terrace arches and Victorian toilets.

- 4.2 The capital cost for the construction phase of the scheme is £25.7m.
- 4.3 As agreed by Council in March 2019, the project will be funded by the City Centre Masterplan, Non-Housing Capital budget.
- 4.4 There is the opportunity to collaborate with Sustrans to create active travel links around UTG and apply for further funding towards the capital costs of the paths and walkways.
- 4.5 Funding opportunities have also been identified for other elements of the project, including preservation of the listed Victorian Toilets and installation of art works. Due to time restrictions associated with external funding bodies – such as projects being completed with 12 months – it is intended that these applications will be developed in 2019/20.
- 4.6 The successful award of any external funding will result in a reduction in the net capital cost of the project to the Council.

Gross Budget	Spend to date
£28.3m	£2.2m

5. LEGAL IMPLICATIONS

Network Rail

- 5.1 Aberdeen City Council (ACC) entered into a Basic Asset Protection Agreement (BAPA) with Network Rail in October 2017 to allow ACC to carry out the proposed development of Union Terrace Gardens with Network Rails resource.

Insurance

- 5.2 In order to purify one of the conditions of the contract, Aberdeen City Council have insured the arches.

Contract

- 5.3 Aberdeen City Council will enter into a contract with Balfour Beatty for the final design and construction works for the regeneration of Union Terrace Gardens in Summer 2019.

6. MANAGEMENT OF RISK

- 6.1 There is reputational risk to the Council, and wider city centre, of not delivering the key elements of the CCMP, and specifically not responding to the demand for a regenerated UTG.

6.2 The table below provides a summary of the key risks to the project.

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Final cost of the project exceeds project budgets	M	A detailed cost plan with bill of quantities has been prepared by the project's quantity surveyors (McLeod & Aitken). Development costs have been tested with key suppliers for robustness and confirmed through the tender process. External funding will be sought to support any overspend. To mitigate cost to the council.
	Revenue income assumptions are not achieved and there is a revenue cost pressure	M	Cautious assumptions have been made to date and a further market testing on the commercial space was undertaken by CBRE in March 2018 to get an independent assessment of the leisure, restaurant and cafe market and potential rental income in Aberdeen.
Legal	Legal Challenge	L	The construction contractor tender has been undertaken with procurement and legal support.
	Failure to reach agreement with Network Rail in respect of land acquisition/ title boundary	M	Regular meetings have been held with Network Rail and a draft agreement has been prepared.
	Failure to reach agreement with the planning authority in respect to Listed Building Consent	L	The contractor has identified this work package and will be responsible for concluding listed building consent

			with support from the novated design team.
Employee	None	L	Not Applicable
Customer	Poor communications with stakeholders and users of UTG	L	A detailed communication protocol will be established to keep stakeholders and users informed during the construction period. Further engagement with the community will be provided by appointing school children as a learning opportunity.
Environment	Unexpected site and ground conditions	M	Detailed site investigations have been undertaken in advance of construction works.
Technology	None	L	NA
Reputational	Delay in construction	M	This will be managed through external construction project management as well as contract management structures within the Council's capital cluster. However it is key to note the project spans over 2 winters which may impact the project with adverse weather conditions.

7. OUTCOMES

7.1 The potential impact of the UTG project has been considered in relation to its alignment to the Local Outcomes Improvement Plan process.

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	By providing a more pleasant environment, this could have a commensurate benefit on footfall and

	<p>spend in the city centre. The Council has a key role in delivering specific projects that will deliver economic impacts in their own right; and the Council's corporate role in delivering wider 'business facing' activity in supporting the competitiveness of the business environment. Supporting the implementation of the City Centre Masterplan and tourism, events and culture support are key elements of the Regional Economic Strategy.</p> <p>The project will also have a positive impact on city centre employers themselves, and those operating in the retail, tourism and leisure sector. Developers and subsequent occupants / employers base their location decisions on being able to attract the best talent and skills to work in their businesses, and they recognise the positive correlation between their business competitiveness and the quality of the public realm.</p> <p>Through the investment in UTG, School hill and the Art Gallery, as well as considering the HMT and the Music Hall, the city centre will have a vibrant cultural quarter that will promote footfall and spend within the city centre.</p>
<p>Prosperous People</p>	<p>The project will create a safer and attractive environment for all people living in and visiting Aberdeen. Residents, workers and visitors increasingly demand a high standard for the places they are in. Under the proposals, they could feel more content in a more attractive and vibrant environment; as reported in other competing cities with similar projects.</p> <p>With more people walking and cycling in the area there could be a reduction in inactivity-related illness.</p> <p>Through the community benefit requirements of the Council's procurement process, the Council has established improved supplier access to public contracts, particularly for SMEs; maximising efficiency and collaboration; and placing the local, social and economic aspects of sustainability for the UTG project.</p>
<p>Prosperous Place</p>	<p>For Aberdeen to be globally competitive, the quality of the 'place', the commercial space and the public realm around it all have a role. Stakeholder engagement revealed that the 'poor state' of the</p>

	<p>City Centre is one of a number of issues identified as a common theme 'In terms of the attractiveness and marketing of the city to attract workers, visitors and investment...' and 'A high quality of life is integral to attracting and retaining the talent and investment needed to grow the economy. This sense of place, with a key emphasis on the city centre, is crucial in underpinning economic growth and essential in underpinning the necessary infrastructure requirements.'</p> <p>One of the key goals of the project is to contribute to the improvement of the city centre and improved safety, access and atmosphere.</p>
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Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	None
Organisational Design	None
Governance	None
Workforce	None
Process Design	None
Technology	None
Partnerships and Alliances	Positive

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA undertaken
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Applicable

9. BACKGROUND PAPERS

CHI/17/048 - City Centre Masterplan Project EN10: Union Terrace Gardens – Outline Design, Business Case, Development Costs and Procurement Strategy

OCE/15/021 - Aberdeen City Centre Masterplan and Delivery Programme

CCMP and Delivery Plan

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

10. APPENDICES (if applicable)

Appendix 1: City Cultural Map

11. REPORT AUTHOR CONTACT DETAILS

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