

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	13 March 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Union Street Empty Shops Action Plan – Progress Update
REPORT NUMBER	COM/24/066
DIRECTOR	Gale Beattie
CHIEF OFFICER	Julie Richards-Wood
REPORT AUTHOR	Jen Lawie
TERMS OF REFERENCE	1.1.17

1. PURPOSE OF REPORT

- 1.1 In December 2022, Council approved the Union Street Empty Shops Action Plan and instructed the Chief Officer – City Growth to report back on progress in early 2024. This report provides Members with an update on this basis, including the improved figures for vacant units and footfall against the 2022 benchmarks.

2. RECOMMENDATION(S)

That Committee:

- 2.1 Notes the progress made over the last 12 months in forming partnerships with city centre stakeholders to deliver activity in line with the Action Plan, as set out in Sections 3.2 to 3.3; and Section 3.10 to 3.13;
- 2.2 Notes the progress made since the launch of the Union Street Empty Shops Grant Scheme in July 2023 as set out in Sections 3.14 to 3.19;
- 2.3 Notes that Aberdeen City Council approved an additional £500,000 towards the Grant Scheme at its Budget meeting on 6 March 2024;
- 2.4 Approves the updates to Union Street Empty Shops Grant Scheme Guidance as outlined in Section 3.20;
- 2.5 Notes the progress made over the last 12 months in supporting repopulation of empty units on Union Street in line with the Action Plan, as set out in Section 3.6; and Sections 3.21 to 3.26;
- 2.6 Instructs the Chief Officer – City Development & Regeneration to progress the priority activities set out in Section 3.27 over the next 12 months; and
- 2.7 Instructs the Chief Officer – City Development & Regeneration to provide an annual update on progress.

3. CURRENT SITUATION

- 3.1 Aberdeen City Council, at its meeting in December 2022, approved the Union Street Empty Shops Action Plan aimed at repopulating vacant units on Union Street. The Action Plan was based on five development principles drawn from consultation and identified six themed programme areas with potential interventions under each proposed for consideration. It is intended as a shared resource for all city centre stakeholders and partners to support and take leadership on.
- 3.2 Along a similar timescale, the Business Improvement District, Aberdeen Inspired, hosted a 'Union Street Summit' in November 2022, with feedback informing a report by consultant company The Vacant Shops Academy. One of the 'next steps' of this report called for the creation of a stakeholder group, leading to the incorporation of a not-for-profit company 'Union Street Partnership Ltd', which launched as Our Union Street in March 2023.
- 3.3 Given the Action Plan's call for stakeholder collaboration and contribution, approval was granted at the Finance and Resources Committee in July 2023 to appoint an Elected Member as a Board Observer to Our Union Street, and to allocate £100,000 from the Council's General Fund Revenue Budget over the next three financial years (2023/24 to 2025/26) to Our Union Street for specified activity in fulfilment of regeneration objectives. Aberdeen Inspired, Aberdeen and Grampian Chamber of Commerce, Opportunity North East, AB15 and Shell are also making financial contributions to Our Union Street and are on the Board.
- 3.4 Following the devolution of Non-Domestic (Business) Rates – Empty Property Relief to local authorities from 1 April 2023, Aberdeen City Council took the decision to amend relief to one single award of "50% for 3 months followed by 10% thereafter" across all relief categories (except Insolvency). Despite this change having the most impact on the 395 'historic/listed' buildings in Aberdeen (254 of these being within the city centre) who were previously in receipt of 100% relief for an unlimited period, little negative feedback was received by Business Rates at the time of implementation, and anecdotally it has been reported as a useful tool in negotiations between letting agents, landlords and new tenants.
- 3.5 These changes within the city centre context since the inception of the Empty Shops Action Plan have naturally impacted on how the proposed interventions are prioritised. Through 2023 therefore focus has been on building stakeholder connections and aligning planned activity to ensure best use of resources and avoid duplication, and the promotion and launch of the Union Street Empty Shops Grant Scheme.

Progress Report 2023 **Union Street Benchmarks**

- 3.6 Data at the time of writing the Union Street Empty Shops Plan (from September 2022) revealed 47 vacant ground floor units on Union Street from a total of 189,

representing a vacancy rate of almost 25%. From March 2023 onwards, monthly walkabout surveys have been undertaken to monitor the number of units becoming visually occupied and those becoming visually vacant. The lowest number of vacant units on Union Street during this period was recorded in October 2023, when there were 36 vacant units. As at 29 February 2024, the number of vacant units stands at 37.

- 3.7 From the same period (September 2022), monthly data revealed city centre footfall in Aberdeen had reached its highest level since the pandemic, over 2 million for the first time since February 2020. Through 2023, footfall in Aberdeen city centre has increased by 17.8%, showing continued recovery although still lagging behind 2019 levels.
- 3.8 Aberdeen's cultural offering and events programme has continued to have a positive impact on city centre footfall levels through 2023. Spectra and the Christmas Market boosted average weekend footfall figures of 156,835 and 125,694 respectively, compared to the average weekend footfall in 2023 of 117,409. This programme is enhanced by activity by partners, including Aberdeen Inspired's Foodie Fortnight twice annually and NuArt event and the Chamber's Masterclass series.
- 3.9 Port of Aberdeen welcomed 43 cruise ship arrivals through 2023. While not all passengers will visit the city centre, an average increase of around 6% in city centre footfall was recorded on the dates of the cruise ship visits compared with the same day the previous week.

Our Union Street

- 3.10 Following extensive public consultation, Our Union Street published its first White Paper identifying 17 key areas for volunteer teams to research and make recommendations around in June 2023. From these, the second White Paper assimilated the key areas into 5 priority action areas:
- Brighten the street – getting the street clean then bring extra colour and interest to it;
 - Fill the units – create and market a compelling offer then attract great businesses to occupy them and bring them back to life;
 - Use the space – use empty shop windows as a fascinating and changing street gallery to attract people to the street and brighten up empty retail units;
 - Tell the story – create a single reliable source of information about what's happening in the city centre and create lots of attractions and events; and,
 - Engage the people – recruit and deploy the volunteers needed to deliver the four action areas.
- 3.11 Given the synergy between these action areas and the development principles of the Union Street Empty Shops Action Plan, introductions and meetings between Our Union Street and officers from many Council services including City Development, Archives, Gallery & Museums, City Events, Strategic Place Planning and Environment have been facilitated to enable collaboration on activity.

- 3.12 Examples of such activity through 2023 include Environment supporting Our Union Street and a team of volunteers with a clean-up of St Nicholas Kirkyard; Archives, Gallery & Museums offering access to resources, images, research information and items from our collection to support 'use the space' and 'tell the story' efforts; and City Development collaborating on regular 'mapping' exercises of Union Street to gather data which will support the creation of a dedicated webpage for vacant commercial units and promote the relevant reliefs, incentives and grants available.
- 3.13 In September 2023, Scottish Government announced £400,000 funding to Our Union Street over the 2024/25 and 2025/26 financial years. The funding will be based on a project proposal, and is intended to maximise the impact of activity already being developed and contributions pledged. Officers will continue to work closely with Our Union Street to ensure the funding proposal aligns with ongoing city centre strategy and policy; enables wider learning and potential for implementation across the city centre area more broadly; and is sustainable.

Union Street Empty Shops Grant Scheme

- 3.14 Following budget setting at 1 March 2023, and approval of Scheme governance at Finance and Resources committee in July 2023, the Union Street Empty Shops Grant Scheme was launched. The £500,000 fund was initially planned to run over the 2023/24 and 2024/25 financial years, offering match-funded grant awards of up to £35,000 to new tenants or landlords, with core objectives to:
- Reduce the number of vacant shops on Union Street through supporting eligible physical works required for internal reconfiguration for new uses – be that retail, cultural, hospitality or office space.
 - Leverage private investment in vacant shops on Union Street to bring them back into use.
 - Support new business start-ups and entrepreneurs, and create new employment opportunities, through enabling the provision of suitable premises on Union Street.
- 3.15 The parameters of the Grant Scheme were devised in consultation with internal and external stakeholders including City Growth, Strategic Place Planning, Operations and Protective Services, Corporate Landlord, Legal, Finance, letting agents, property specialists, Our Union Street, Federation of Small Businesses, Creative Services Scotland and Peacock Visual Arts.
- 3.16 Press releases to support the Grant Scheme launch were issued by Aberdeen City Council, Invest Aberdeen, Aberdeen Inspired and Our Union Street, achieving coverage in the Press and Journal, BBC News and the Aberdeen Grampian Chamber of Commerce daily bulletin. Direct engagement to raise awareness has also taken place with commercial letting agents, Business Gateway advisers, Federation of Small Businesses, Regional Inward Investment Forum, Regional Property Working Group and with local architects. FG Burnett are including information about the Grant Scheme in the property marketing brochures of all eligible units.

- 3.17 Interest in the Grant Scheme has been high with around 65 enquiries received and being tracked. The Review Panel has approved and issued grant agreements to four applicants – supporting a fashion boutique at 226 Union Street, a coffee takeaway at 474 Union Street, a watch retailer at 132 Union Street and a restaurant and takeaway at 118 Union Street. This represents a total allocation of £140,000 from the Grant Scheme to date, which has leveraged £1.07m in additional private investment. Supporting media activity is planned with a number of grant recipients once works are completed.
- 3.18 Since the start of 2024, momentum has continued to build and a further 9 applications have been received. Subject to all supporting documentation being submitted, these applications should be ready for consideration at Review Panel meetings in March and May. If approved, total allocation will rise to circa £455,000. Once open and trading, the units awarded grants as detailed at 3.17, and those pending approval, should further reduce the number of vacant units reported at 3.6.
- 3.19 Reflecting the demand and success of the scheme to date, Council approved an additional £500,000 for the Grant Scheme and an extended duration into 2025/26, at its Budget meeting on 6 March 2024 to support further applications and progress.
- 3.20 Based on enquiries and applications received, and experience in managing the Grant Scheme to date, the following modifications to the Application Guidance are proposed by the Review Panel for approval:
- Pre-engagement from potential applicants to be made essential rather than advised;
 - Eligible project costs to include business equipment where it is specific and integral to the new business operations; and
 - Eligible project costs to include works at basement/first floor levels, as long as the application pertains to a unit with ground floor frontage which is being activated, and renovation of upper/lower floors supports the unit becoming reoccupied for a new use. For example where a restaurant is opening on the ground floor, with the kitchen facilities being situated on the first floor, a claim for flooring costs throughout could be included.

Union Street Empty Shops Action Plan – Programme Areas

- 3.21 The Union Street Empty Shops Action Plan structured interventions for consideration around 6 programme areas. The last of these referred to Funding and has been considered above in Sections 3.14 to 3.18. Interventions which have been explored and/or delivered, aligning with the other 5 areas are detailed here.
- 3.22 Supporting Programme 1 - Distinctive Aberdeen:
- Pop-up use of vacant units has been explored with Non-Domestic (Business) Rates Policy team at the Scottish Government. While filling units on a temporary basis undoubtedly improves city centre vibrancy, such tenancy impacts on Scottish Government's eligibility criteria for 'Fresh Start Relief' which states a unit must be unoccupied for a continuous period of at least 6 months. Thus the commercial attractiveness of a unit to a long-term

tenant is negatively affected when pop-up activity takes place. Provision for pop-up traders has been facilitated by the Trinity Centre, now under local ownership. During the pre-Christmas period 2023, the Centre hosted two pop-up shops; a 'WeToo!' Makers Market which attracted 22 local and Scottish traders; and supported 20 businesses with display and gallery space and linked QR codes to e-commerce sites. One of the pop-up shops has continued trading with a view to a permanent lease and, due to popularity, the market space is set to continue at weekends going forward.

- To realise the economic opportunities of Offshore Europe 2023 for the city centre, a free shuttle bus service was provided between TECA and the city centre (part-funded by the Council); airport taxi operators were granted an exemption to work within the city centre; and local restaurants, bars and pubs were provided with promotional material to display to acknowledge and welcome Offshore Europe delegates.
- Discussions have been had with a number of e-commerce software companies about the potential for a local platform for Aberdeen retailers however given costs, and with the success of the Aberdeen Gift Card (below), these have been paused for now.
- Aberdeen Inspired has led on the considerable growth of the Aberdeen Gift Card, through a corporate campaign and partnership with Shopping Centres. This has driven sales and positioned the Aberdeen Gift Card as top in the UK, with 55% growth in 2023 and £590,000 local spend delivered, all while supporting place-based marketing through raising awareness of city retailers and hospitality venues.

3.23 Supporting Programme 2 - Culture and Heritage:

- Due to the synergies between these proposed interventions and Our Union Street's 'use the space' and 'tell the story' activities, officers from Archives, Gallery and Museums are working with Our Union Street volunteers, sharing access to resources, images, research information and items from our collections to create engaging displays in vacant shop frontages.
- Local artists enquiring in relation to city centre units have been signposted to Outer Spaces who take on empty units on a temporary basis and offer the space to artists and art organisations. On Union Street, Outer Spaces have had temporary occupation of 252a since Spring 2022, and 105 since May 2023. 252a is occupied by Peacock Visual Arts, who use the space to host exhibitions, workshops and shows year-round. This included an exhibition of over 300 print works by students from International School Aberdeen in February 2024. 105 is occupied by a Gray's School of Art Masters student, who holds workshops, drawing classes and regular exhibitions in the space.
- Officers have engaged with Deemouth Artist Studios who retailed the work of around 30 North East artists and crafters at a unit on Upper Kirkgate until December 2023. A new unit is being sought and viewing has been facilitated on Union Street and will continue, if an appropriate space becomes available.

3.24 Supporting Programme 3 – Net Zero Union Street:

- As part of a 3-year project with Nestrans, experience has been gained installing green roof bus shelters at 5 sites throughout the city, with a further 10 due for installation by mid-March 2024. In line with the City Centre and

Beach Masterplan improvement works on Union Street Central, green roof bus shelters have been identified as suitable for installation, commencing in 2025.

- Aberdeen Inspired, part-funded by the Local Authority Covid Economic Recovery Fund (LACER), led on the return of night bus provision with operator Stagecoach Bluebird between October 2023 – January 2024 to boost the night-time economy for city centre businesses.
- Temporary pedestrianisation of Union Street has supported the success of a number of popular city celebrations through 2023, including Armed Forces Parade, Celebrate Aberdeen and the Christmas Light Parade and Switch-On.
- The challenges associated with Living Walls were recognised in the original report, and while a recent Building Standards application was submitted for installation of a living wall with support frame on Union Street, this had to be withdrawn due to structural challenges.
- Together with Our Union Street, the potential for a city centre unit showcasing the energy transition and offering engagement opportunities with the community and young people is being explored, with early discussions being undertaken with the Net Zero Technology Centre, ETZ Ltd and Shell.

3.25 Supporting Programme 4 – Enterprising Union Street:

- Business Gateway has been supported to view units on Union Street to enable a high street presence for its services and workshops. Consideration is being given to a unit on Union Street versus a shared space within Skills Development Scotland's office, also on Union Street.

3.26 Supporting Programme 5 – Enabling Delivery:

- Internally, a Union Street Cross-Service Working Group has been established to facilitate knowledge-sharing and enable a 'bigger picture' to be built of the situation on Union Street in terms of vacancy rates, property conditions, ongoing and planned works and developer interests. This should result in efficient, streamlined enquiry response to individuals, potential investors and developers and city centre partners as well as the converging of economic policy with current practice and process.
- Externally, we continue to participate in Scottish Cities Alliance. In January 2024 Aberdeen City Council attended Scottish Cities Week in London, inviting additional city stakeholders, in order to promote investment opportunities in North East Scotland and strengthen relationships with potential investors from the UK and abroad.

Next 12 months

3.27 To continue delivery of the Programme Themes of the Union Street Empty Shops Action Plan, and address the objective of reducing the number of vacant units, the below actions will be prioritised over the next 12 months:

- Recruitment of an additional Project Officer to support city centre interventions and project development in line with the Action Plan and Grant Scheme. External funding from the UK Shared Prosperity Fund has been secured for this role and recruitment is underway.

- Following the discussion with Scottish Government on the eligibility conditions for Fresh Start Relief, alternative options of how pop-up/meanwhile use activity can be supported in the city centre will be considered. Once demand is explored, an application to the UK Shared Prosperity Fund may be brought forward to Finance and Resources Committee in May 2024 to seek funding for a targeted scheme, focused on provision of pop-up pilot retail space for entrepreneurs and SMEs to test products, market demand and develop business skills and resilience.
- Building on the establishment of the Union Street Cross-Service Working Group, a project-based 'best practice' approach will be explored between dedicated officers within City Development, Planning and Building Warrants and related services, to respond to enquiries relating to Union Street vacant units and ensure a consistent, supportive and pro-active approach.
- Exploration of potential funding sources to enable delivery of the Empty Shops Grant Scheme beyond the original £500,000 provided, possibly widening geographic scope within the city centre.
- Securing a new tenant for 81 Union Street, an Aberdeen City Council property.
- Working closely with Marks and Spencer to explore options and secure a buyer/alternative use for the St Nicholas store they are vacating.
- Supporting Aberdeen Inspired with their work on upper floors. In January 2024 Aberdeen Inspired made a successful bid to UK Shared Prosperity Fund for funding to commission a feasibility study which will create a snapshot of upper floor unused or underused spaces on Union Street, consult on potential uses and outline barriers and challenges.
- Continued collaboration with city centre stakeholders to dovetail policy and actions to avoid duplicating resource and maximise impact.
- Continued monitoring of Union Street benchmarks – vacancy rates and footfall figures.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no new financial implications to the Council arising from this report. This assumes that the commitments of £500,000 from the Council's General Fund Capital Programme to fund the Empty Shops Grant Scheme, and £100,000 from the Council's General Fund Revenue Account to support Our Union Street over the 2023/24, 2024/25 and 2025/26 financial years are to be upheld.
- 4.2 The additional Officer resource required to deliver activity over the next 12 months will be funded in full by the UK Shared Prosperity Fund, as was approved at Finance and Resources Committee on 22 November 2023.
- 4.3 Where any proposal of activity over the next 12 months require investment, officers will work with the External Funding Team and stakeholders to identify new sources of suitable funding through national business support or place-based programmes.

5. LEGAL IMPLICATIONS

- 5.1 Any legal implications arising from the application of the Grant Scheme and/or ensuring compliance with subsidy control regime will be addressed as part of the application process.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 Progress related to the Union Street Empty Shops Action Plan programme theme of 'Net Zero Union Street', and energy efficiency improvements made to units supported by funding from the Union Street Empty Shops Grant Scheme, will have a positive environmental impact on the city centre.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Negatively impacting delivery of the Council's wider city strategies eg. CCMP, and Partnership Priorities relating to the city centre.	Continued collaboration and engagement with the CCMP Board to ensure alignment.	L	Yes
		Coordination of project and activities with all city centre stakeholders.	L	Yes
Compliance	In relation to the Grant Scheme, non-compliance with Grant Agreement which would required grant repayment.	The Project Team, with support from CPS Legal, will advise and monitor applicants and spend throughout project duration to ensure compliance.	L	Yes
			L	Yes

	Subsidy Control.	Process implemented to ensure all grants allocated are compliant. Grant Scheme entered on the UK Subsidy Control Database.		
Operational	Resource capacity for Council staff leading on these strands of activity.	Continued promotion of Action Plan as a shared resource for Union Street actors; effective engagement with all city centre stakeholders. Recruitment of additional officer with external funding.	L	Yes
Financial	Under-utilisation of Grant Scheme funds within the project period.	Continued internal and external engagement to promote Fund and identify and support potential applicants. Effective enquiry tracking.	L	Yes
	Our Union Street funding not being utilised in line with agreed objectives.	Regular meetings with Our Union Street representatives, Elected Member attendance as observer to the Board and the submission of progress reports.	L	Yes
	Success in securing relevant external sources of funding.	Proactive horizon scanning for suitable current and new funding sources by the External Funding Team.	M	Yes
Reputational	Risk of reputational damage if Council not seen to be leading action to address vacancy rate on	Effective working relationships between the Council and Union Street stakeholders, particularly partners leading actions. Promotion of successfully implemented activity.	M	Yes

	Union Street.			
Environment / Climate	None identified	None	L	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
	Impact of Report
<p>Aberdeen City Council Policy Statement</p> <p><u>Working in Partnership for Aberdeen</u></p>	<p>The activity in this report supports the delivery of the following from the Policy Statement:</p> <p>A Vibrant City</p> <ul style="list-style-type: none"> • Establish a task force to identify disused and derelict land and buildings and help bring them back into use, including investigating the purchase and conversion of upper floors along Union Street • Aim to make Aberdeen a premier destination for festivals, productions, conferences, bands and events • Support Aberdeen Performing Arts and other cultural providers to offer the widest possible arts programme for all across our communities • Work with partners to explore opportunities to develop heritage, museum and online services with a special emphasis on local history and stories of our heritage <p>Greener Transport, Safer Streets, Real Choices</p> <ul style="list-style-type: none"> • Improving the provision of bus services across the city, through investment in new supported services, to enable bus services to be provided to areas and at times which are not economically viable • Installing new bus shelters to meet local needs
<u>Local Outcome Improvement Plan</u>	
<p>Prosperous Economy Stretch Outcomes</p>	<p>The activity within this report related to the Union Street Empty Shops Grant Scheme supporting units back into use aligns with the delivery of:</p> <p>SO2. 400 unemployed Aberdeen city residents supported into Fair Work by 2026.</p>

Prosperous Place Stretch Outcomes	<p>The activity within this report related to the Union Street Empty Shops Grant Scheme supporting units back into use aligns with the delivery of:</p> <p>SO13. Addressing climate change by reducing Aberdeen’s carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate</p>
Regional and City Strategies	<p>The activity within this report supports the Regional Economic Strategy and the economic challenge identified of redeveloping town centres and the city centre post pandemic. It also supports the work programme of creating a strong community and cultural identity.</p> <p>It also supports the Council’s City Centre and Beach Masterplan.</p>

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Previous Integrated Impact Assessment relating to Vacant Units on Union Street – Action Plan (COM/22/287), from Council on 14 December 2022, has been reviewed and no changes required.
Data Protection Impact Assessment	Not required
Other	N/A

10. BACKGROUND PAPERS

- 10.1 Vacant Units on Union Street – Action Plan (COM/22/287) – Council, 14 December 2022
- 10.2 Union Street Empty Shops Grant Scheme (COM/23/192) – Finance and Resources Committee, 5 July 2023
- 10.3 Union Street Partnership Ltd (COM/23/222) – Finance and Resources Committee, 5 July 2023
- 10.4 Budget Meeting – Council, 1 March 2023

11. APPENDICES

11.1 None

12. REPORT AUTHOR CONTACT DETAILS

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