

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Council
<b>DATE</b>	3 <sup>rd</sup> July 2024
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Aberdeen Market - July 2024 Update
<b>REPORT NUMBER</b>	F&C/24/207
<b>DIRECTOR</b>	Families and Communities
<b>CHIEF OFFICER</b>	Corporate Landlord
<b>REPORT AUTHOR</b>	Stephen Booth
<b>TERMS OF REFERENCE</b>	21

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the progress with the re-development of the site as 91 – 93 Union Street and 3 – 6 Market Street.

### 2. RECOMMENDATION

That the Council:

- 2.1 Note this report and the updated risk section in relation to progress with the Project.

### 3. CURRENT SITUATION

- 3.1 Previous Council Instruction.

At its meeting of 14 December 2022, ([RES22/290](#)) the Council noted the business case for Aberdeen Market and instructed the Director of Resources following consultation with the Chief Officer - Corporate Landlord to proceed with the negotiation and execution of contracts for delivery and report progress back to Council on a six-monthly basis. This report provides an update on the project.

#### 3.2 Operator Selection

- 3.2.1 A preferred Operator, The McGinty Group, is in place and negotiations have progressed to develop an Agreement for Lease, which is now substantially agreed between all parties.

The Operator has engaged a local marketing agent to develop naming and branding proposals for the development and a public announcement is expected in the very near future.

- 3.2.2 Engagement with the project team has continued, with the layout arrangement progressed to better reflect the operational requirements. The internal look and feel concept proposals are now at an advanced stage and are being tested against benchmarked costs to ensure alignment with the project budget in advance of developing the detailed design.
- 3.2.3 An abbreviated operating proposal from the operator is enclosed as Appendix A to follow.

### **3.3 Planning and Design Development**

- 3.3.1 Through consultation with the preferred Operator a revised Planning Application was submitted in June 2023 as previously reported. This application was referred to the Planning Development Management Committee and was approved in November 2023 ([Link to Planning Application](#)).
- 3.3.2 Applications to Building Control have also been approved, with warrant in place for the Fire Strategy, Demolition Works,
- 3.3.3 Through the ongoing engagement with the preferred Operator, some elements of the layout have evolved to reflect their operational arrangements and require minor amendments to current approvals. A Non-Material Variation has been submitted to the Planning Officer having been discussed fully in advance. Minor amendments are also required to the warrant approvals, and these are being progressed following discussions with Council insurers, Zurich.
- 3.3.4 The design solution for 91-93 Union Street was subject to further investigation works, which has now been carried out and has revealed that the existing concrete frame has been bonded directly to the adjoining masonry walls. This arrangement provides a direct link for transfer of noise and vibration to the neighbouring occupied buildings and significantly increases the Health and Safety implications of carrying out structural alteration works. An amended design has been developed that minimises the structural alterations required but maintains the glazed façade principles as previously approved by Planning. The revised design has been included in the Non-Material Variation recently submitted to the Planning Officer.
- 3.3.5 A condition of the current planning consent is to develop the design of the fritted glass to the main Market building and to the Union Street façade. This is now being progressed following a tender process to select a suitable design and artist.

### **3.4 Demolition and Site Works**

- 3.4.1 The demolition of the old Market building and associated structures has now been investigated and necessary survey works carried out to ensure accurate information is used for the design and construction of the new development.

- 3.4.2 The pre-construction programme has been developed and subsequently updated with all design team input, with the revised details now finalised and tender packages prepared for issue to the market to ensure best value is being realised.
- 3.4.3 A preferred Tier 1 Contractor is in place as we push towards commercial close, with the aim of having a DBDA in place and full construction start on site during September 2024. The constrained nature of working on this city centre site has required careful planning as there is very little room available for deliveries, storage, and safe working, with no access available directly from Union Street or Market Street and very limited working area in both Hadden Street and East Green. The Contractor has engaged with their supply chain to develop a construction programme which relies on specific elements of the build commencing at the Market Street end of the site and working towards The Green before the next element of the build can commence, with completion of the main building planned for December 2026.
- 3.4.3 The details of the internal fit-out including the kitchen equipment, retail units, bar, lighting and audio & visual are being finalised with the Operator and these elements will be installed after the main building structure is sufficiently complete. These works are expected to take X weeks to complete, with the overall development ready for handover to the Operator in XXX 2027.
- 3.4.5 The Tier 1 Contractor has already engaged with the supply chain and has tendered specific elements of work including mechanical & electrical, steelwork, roofing and external fabric. The preferred suppliers identified through this process have been working with the design team to ensure interfaces and fabrication proposals are fully understood, which helps to reduce design updates after suppliers are formally engaged.

### **3.5 Enabling Works**

- 3.5.1 The team are continuing to consider opportunity for enabling works packages, with hoarding installation, partial concrete slab removal, fill material removal and further survey works already completed.
- 3.5.2 As part of their traffic management and site establishment, the contractor proposed a phased approach that involves re-aligning sections of hoarding as the works progress. The new hoarding has been installed to the perimeter of the market site, and this will be re-aligned to suit road closures and the roads occupation permits once approved. These proposals have all been discussed and agreed in advance, with confirmation awaited from the Roads Authority before final arrangements are put in place. Some of the hoarding is currently being use for the NUART project with longer terms plan being developed to include the possibility of selling advertising space on the site.
- 3.5.3 Rainwater attenuation is required at the development and a buried storage tank will be installed as part of the main construction works. To facilitate this, a section of the existing 1.2m thick concrete slab has already been cut and removed.

- 3.5.4 As a safety measure from the original demolition works, material was retained on site and formed a temporary embankment to the retaining walls at Market Street and Hadden Street. This material has now been removed from site and further investigation work has been carried out to inform the structural design elements for the new building and to confirm the waterproofing proposals. Some further remedial works to the concrete slab have been identified and this will be carried out in the coming weeks.
- 3.5.5 The structural alteration works to 91-93 Union Street will commence as enabling works in advance of the main construction, with scaffolding being erected on Union Street and concrete alterations / repair works progressing in advance of the main construction works. These works have already been tendered, but updated proposals are being finalised with the preferred specialist contractor.
- 3.5.6 Scottish Water has indicated future plans to improve the sewerage network in the area, which if progressed is likely to require linking from East Green through to Hadden Street / Stirling Street. To avoid any future need to come through the market site, officers have progressed discussions with Scottish Water and agreements are in place to install a plastic pipe below the concrete slab utilising the section that is already open for the attenuation tank.

### 3.6 **District Heating**

- 3.6.1 As previously confirmed, the new development will be supplied from the district heating system with the infrastructure extension being carried out by Aberdeen Heating & Power. The details are being finalised, with consideration being given to longer term proposals associated with the Energy from Waste scheme.

### 3.7 **Programme**

Enabling Works	on-site
Financial close and cost certainty	August 24 (TBC)
Main Contract	(TBC)
Fit-out works	(TBC)

- 3.8 The legal section of the report highlights some risks which may in turn have a financial and time impact on the project.

## 4. **FINANCIAL IMPLICATIONS**

- 4.1 The project remains within the capital spend parameters identified in the business case for the site. Revenue income also remains within parameters of the original operator offers albeit as previously reported a number of income areas are turnover related.
- 4.2 Financial profiling will be further developed during design development and reported as part of the capital plan.

- 4.3. The project is part funded through levelling up funding although the monies allocated to the market project equate to costs in site purchasing and clearance.

## 5. LEGAL IMPLICATIONS

- 5.1 Detailed Heads of Terms have been agreed and Solicitors are now progressing the formal lease. Contract documentation will follow the normal agreed Hub style and is well progressed.
- 5.2 In order to practically deliver the project there is a requirement to have safe construction access to the site for the transport of debris and building materials. This requires the removal of an outdoor seating area currently located on the public road through the Green without Roads Authority consent. This process is being worked through although is subject to legal challenge which will likely have time and cost implications for the project.
- 5.3 External advice is being obtained to ensure that all legal implications are thoroughly addressed and mitigated.

## 6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The project has been designed to reduce lifecycle costs and meet current environmental standards and the Scottish Government's Heat in Buildings strategy.
- 6.2 As noted the building will be connected to the District Heat network and as such the project will require to have the exiting network extended from Broad Street to the site. This is consistent with the wider strategic aims of the network. Whilst this will mean that the site is in theory 'gas' powered the opportunity exists to have the network de-carbonised in future years.

## 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?
<b>Strategic Risk</b>	Risk of non-delivery and limited impact on city centre	Experienced delivery team and operator identified.	L	<b>Yes</b>
<b>Compliance</b>	n/a	n/a		<b>Yes</b>

<b>Operational</b>	Site development and operational health and safety compliance.	Risks transferred to operator/ developer.	L	<b>Yes</b>
<b>Financial</b>	Increased construction costs.  Operator failure.  Risk in being unable to gain access to site over the green.	Experienced design team appointed with early contractor engagement.  A suite of KPIs is being developed with the operator to track performance and success of venue. Council will have step in rights based on commercial performance.  There will be a programme a cost risk if access is delayed. This is being mitigated by taking legal advice and identifying solutions.	M  M  H	<b>No</b>
<b>Reputational</b>	Project not delivered or further extensions to programme.	Non-delivery of project or extended delivery period would have reputational damage to the council both with citizens and funding partners. The high-level design is now frozen to give certainty on design delivery	H	<b>No</b>
<b>Environment / Climate</b>	Enhanced carbon footprint of estates.	Designed developed to be energy efficient.	L	<b>Yes</b>

## 8. OUTCOMES

<u><a href="#">COUNCIL DELIVERY PLAN 2023-2024</a></u>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>  <u><a href="#">Working in Partnership for Aberdeen</a></u>	
<u><a href="#">Aberdeen City Local Outcome Improvement Plan 2016-26</a></u>	
Prosperous Economy Stretch Outcomes	Outcome 1: No one will suffer due to poverty by 2026: The project, through its business activities and economic initiatives, can create job opportunities and stimulate economic growth in Aberdeen. By generating employment and income opportunities for the local population, it can help uplift individuals and families out of poverty.
Prosperous People Stretch Outcomes	
Prosperous Place Stretch Outcomes	The development has been identified as a key site within the city centre masterplan in creating a 'destination' and redeveloping a key site on Union Street but also by increasing connectivity between Union Street, The Green and the station beyond.
<b>Regional and City Strategies</b>	

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	Not required
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	Not required

## 10. BACKGROUND PAPERS

None

## 11. APPENDICES

### 11.1 Operator Statement

## 12. REPORT AUTHOR CONTACT DETAILS

<b>Name</b>	Stephen Booth
<b>Title</b>	Chief officer - Corporate Landlord
<b>Email Address</b>	stbooth@aberdeencity.gov.uk
<b>Tel</b>	