

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources Committee
DATE	11 May 2021
EXEMPT	No (Appendix is exempt under Para(s) 6, 8 and 9 of the Act)
CONFIDENTIAL	No (Yes Appendix)
REPORT TITLE	Aberdeen Market and Union Street Central
REPORT NUMBER	RES/21/127
DIRECTOR	Resources
CHIEF OFFICER	Corporate Landlord
REPORT AUTHOR	Stephen Booth
TERMS OF REFERENCE	2.1.5, 3.2, 3.3

1. PURPOSE OF REPORT

- 1.1. This report is complementary to the City Centre Masterplan Review (Ref RES/21/115) and sets out potential options for the purchase and redevelopment of Aberdeen Market and former BHS retail unit, together with reimagining public realm in the associated central section of Union Street.

2. RECOMMENDATION(S)

That the Committee: -

- 2.1. Agree the outline business case for the former site of the Aberdeen Market and former BHS retail unit and agree that this progress to Full Business Case, considering all options to deliver the development including delivery with a development partner and operator and to report the outcome of this to this committee at the earliest opportunity.
- 2.2. Instruct the Chief Officer – Corporate Landlord in consultation with Chief Officer City Growth to submit funding applications to support the wider project to the Levelling Up Fund, Neustrans, Sustrans and such other organisations that could support the development;
- 2.3. Instruct the Head of Commercial and Procurement to procure any necessary consultancy, design or implementation work necessary to complete the business case through Hub North Scotland, as identified in the Outline Business Case (OBC);
- 2.4. Instruct the Chief Officer – Corporate Landlord in consultation with the Chief Officer – Governance to proceed with the purchase of the property and thereafter to enter into a contract to demolish the building, either directly or with a development partner all as identified in the OBC;

- 2.5. Agree the review and visioning of the central section of Union Street, including stakeholder consultation, and instruct the Director of Resources to report the outcomes to City Growth and Resources Committee in August 2021;

3. BACKGROUND

- 3.1. In February 2021, the Council's City Growth & Resources Committee agreed to review the City Centre Masterplan (CCMP) and instructed the Director of Resources and the Head of Commercial and Procurement to develop a specification for a review of the Masterplan to incorporate appropriate surrounding areas, including the area known as the Beach, in consultation with the Co-Leaders and the Convener of the Capital Programme Committee, reporting back to the committee on 11 May 2021.
- 3.2. This report identifies an emerging opportunity for early action in supporting that review. In recovery terms, it is essential that projects are considered in parallel with the CCMP review. The City cannot afford to wait until the results of the review are known in full. It is therefore recommended that a limited series of projects are given priority to be further developed and delivered in order to rebuild confidence. This report presents the emerging opportunity to purchase and redevelop the Aberdeen Market and former BHS retail unit, combined with associated public realm works on Union Street and to the south that will bring transformational change to the heart of the City Centre.
- 3.3. The central section of Union Street and Aberdeen Market are critical components in the "Heart of the City" Area of Intervention identified in the approved CCMP, which has the key objective to reinstate the central role of Union Street in the life of the City, establishing stronger linkages north and south and creating a destination not just for shopping but for many city activities.
- 3.4. Aberdeen Indoor Market is identified as project CM06 in the CCMP which states:
"Project CM06 Aberdeen Indoor Market: The Brutalist design of the market building is not in keeping with the historic Merchant Quarter and this building is becoming increasingly tired through lack of investment. The site presents a significant opportunity to introduce a mix of uses including retail that better addresses The Green and enhances the overall vibrancy and attractiveness of this area. Redevelopment of the Aberdeen Indoor Market to be replaced by a more contextually appropriate development of buildings and spaces. Key criteria for any redevelopment of the market includes:
- *Enhanced active frontages on Union Street, Market Street, Hadden Street and The Green.*
 - *Continued retail use at Union Street level and a mix of retail, food and drink and leisure use at Hadden Street level.*
 - *Appropriate scale and quality of design given the site's conservation area setting and Union Street setting".*
- 3.5. Union Street is identified as project EN06 in the CCMP which states:

“Removal of vehicular traffic from the section of Union Street between Bridge Street and the Castlegate brings the focus back on to the people of Aberdeen with wider pavements, improved air quality and fewer obstacles to movement”.

- 3.6. In addition, Union Street is an Air Quality Management Area and a key component in developing a Low Emissions Zone in the City Centre. The plan in figure 1 (below) identifies both the Market and the associated area of Union Street, with key links to the south highlighted. Both opportunities identified in this report would deliver key objectives identified in the approved CCMP.

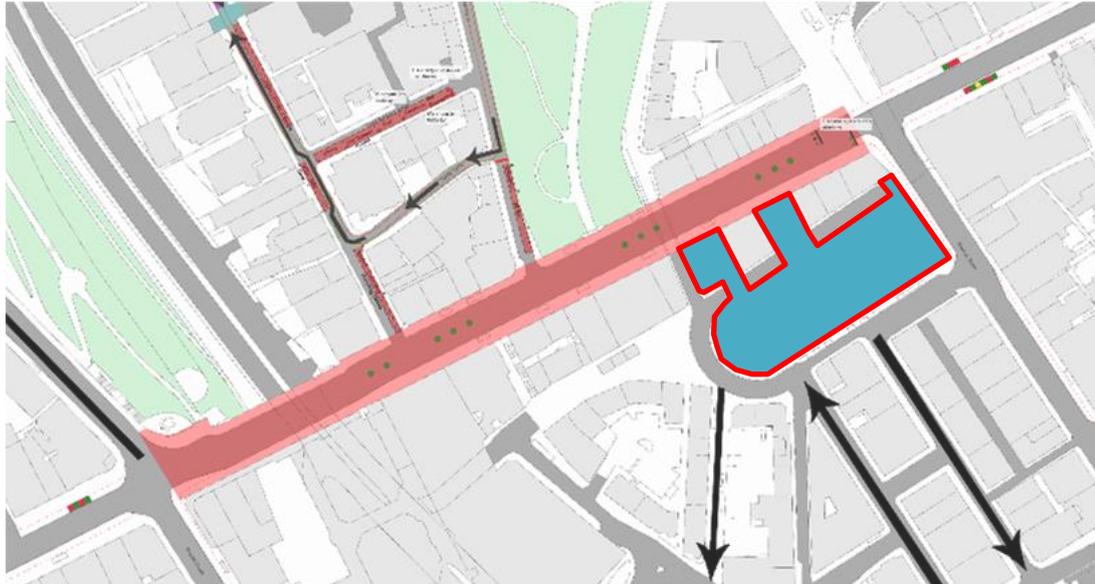


Figure 1: Union Street central and Aberdeen Market

3.7. **Aberdeen Market (incl former BHS) and Union Street**

- 3.7.1. The current owners of Aberdeen Market are seeking to sell the building and associated properties on Union Street and Market Street. The former BHS building has been vacant for approximately 7 years and has planning consent for a major office development which has not proved to be deliverable.
- 3.7.2. The Council has received options to purchase the heritable title, for the site these are outlined in the Outline Business Case (OBC) Confidential Appendix 1.
- 3.7.3. The OBC highlights the options and benefits in progressing a project at this time. The market building is a critical site in the heart of the city centre, identified as Project CM06 in the 2015 City Centre Masterplan and provides the opportunity to achieve several objectives including:
- Creating an ‘active’ frontage to Union Street
 - Linking with active travel and pedestrian priorities for the City Centre
 - Increasing footfall within the City Centre
 - Occupation of hitherto vacant retail units

- Maximising financial benefit, costs and risks along with the return on investment to the council
- Resilient recovery from COVID-19
- Holistic planning between economic and social infrastructure
- Creation of a new retail 'destination' for the city centre
- Creation of a 'pilot' project for city centre retail redevelopment post-COVID-19
- Enlivening Hadden Street and Market Street with urban realm improvements in and around The Green
- Creating pedestrian connectivity between Union Street and the bus and railway stations via The Green.

- 3.7.4. The proposal identified in the OBC is to develop the site with attractive market-style floorspace to create a destination venue featuring 'International style' food & drink outlets. It is envisioned that commercial marketplace elements would promote local produce and goods alongside continental style delicatessen, cafes and food outlets. The design will feature a mixture of fixed units of various sizes alongside space for temporary and pop-up facilities which would allow for increased variety and be flexible to seasonal requirements. At this early stage of the design phase a range of potential use options are being considered to complement the market floorspace. These options will be considered in the context of Aberdeen City Council's strategic economic development objectives and will respond to identified need within the City Centre property market. This is also consistent with 'Independent Aberdeen' ambitions in the CCMP by creating space for local and regional businesses to grow and develop.
- 3.7.5. In addition to the interior elements, it is intended that the space around the redevelopment will be utilised to provide attractive outdoor spaces which enhance and integrate with proposed urban realm improvements. These exterior improvements will create an attractive link between the Green and the retail offer on Union Street, supporting increased accessibility, improved navigability.
- 3.7.6. The public realm improvements will include links and coordination with current proposals for the infrastructure and street scape works of Union Street (from Market Street to Bridge Street), with the Market Building acting as a focal point and exchange for people moving between districts.
- 3.7.7. The creation of a market style exchange at the Market Building location presents numerous opportunities for linking with local sectors and businesses to support growth. These linkages will highlight local and regional production and craft and create a new point of contact for interfacing with customers.
- 3.7.8. The transformation of the Market Building will disrupt the status quo and breathe new life into a desirable city centre location. The current retail offer on-site lacks cohesion and integration with key growth industries such as food and drink.

- 3.7.9. The City Growth and Resources Committee considered a Report on the site on 9th March 2017.
<http://councilcommittees.acc.gov.uk/documents/s67638/CHI.17.027%20-%20Aberdeen%20Market%20Report.pdf>

The committee agreed to the following. :-

a) Note the risk and financial profiles against the model proposed. It is further recommended that the Head of Land and Property Assets is instructed to do the following

a) Advise the site owners that the investment ground lease model is one the Council are not prepared to take forward at this stage.

b) Continue dialogue with the owners to identify alternative mechanisms to allow a redevelopment of the site to be progressed, including a purchase by the Council, to meet the wider objectives of the city centre masterplan. The outcome of these discussions should be brought to a future meeting of this committee.

Since this time the owner has looked at a variety of redevelopment options including leasing the building as is for a variety of uses and an office redevelopment scheme. None of these have so far proved deliverable. The asking price has reduced significantly during this period. The proposals at this time was for a significantly higher density of development than current proposals.

3.8. Union Street Public Realm Works

- 3.8.1. Covid-19 has had a significant effect on our City Centre, necessitating a major culture change implemented in a short space of time. Driven by health and safety needs, significant and necessary changes to the way we access and use our city centre have been introduced to support business activity, with changes to public realm implemented quickly to support the need for increased pedestrian space and create the opportunity for external business activity.
- 3.8.2. We are now at a crucial review point in the delivery of our City Centre Masterplan: one where the city requires significant change, moving toward a permanent solution that balances traffic management in favour of pedestrians, public transport, improved air quality and, importantly, provides the necessary space for people to be comfortably accessing the city centre. The central section of Union Street (between Bridge Street and Market Street) should be a proud destination in the City Centre, with Union Terrace Gardens to the west and Aberdeen Market/former BHS to the east. Strategically this section of Union Street is a focal point in the heart of the City Centre, linking major retail and pedestrian connections and the Gardens.



3.8.3. There is now the opportunity to test the long-term intervention accessibility whilst balancing the additional space requirements to encourage pedestrian activity, grow confidence in a safe city centre environment and in turn stimulate the economy. The objective is to deliver a permanent streetscape in Union Street that will:

- Transform Union Street to a “destination” rather than a through-route
- Enable transformational uses and activities around vacant units, with particular reference to major sites such as Aberdeen Market/former BHS
- Maximise pedestrian space
- Encourage active travel
- Improve air quality
- Accommodate events, parades, marches etc
- Include appropriate urban greenery

- Maximise the potential of commercial units
- Create permanent space for on street activities such as events in our 365 programme, parades, on street cafes, occasional licenced premises, pop-up shops, markets, street trading
- Appropriately controlled servicing
- Assess and accommodate public transport options to most benefit the space
- Restrict vehicle access otherwise
- Allow emergency service access to all areas

3.8.4. The scope of work will include the development of a Vision, Detailed Design (pre-construction) and Cost Estimates and consultation through the wider CCMP Review engagement process. The output from this work package will include:

- Technical note, with recommendations, detailing options for delivery
- Streetscape vision and design
- Detailed specification
- Schedule of consents required
- Programme of implementation
- Risk assessment and mitigation
- Road Safety Audit

3.9. **Connectivity Improvements – The Green to Union Square/ Bus Station and Railway Station.**



3.9.1. Both the CCMP (2015) and the Station Gateway Development Brief (2016) identify the need to enhance the connectivity between Union Street and the

city centre south area, particularly the bus and rail stations and Union Square. This is to encourage pedestrian movement, comfort and safety.

3.9.2. Such improvement could be achieved through the Aberdeen Market site, with an opportunity to connect directly from Union Street through a covered area to the Green, linking with Carmelite Street and Carmelite Lane and on to Guild Street.

3.9.3. This would likely involve a series of streetscape interventions including public realm works such as increasing footway widths, identifying areas for cover, enhanced lighting, signage and wayfinding. The latter could be achieved by way of an integrated public art design that not only welcomes visitors from the station area, but also guides them through to the market site and Union Street, thereby helping to fulfil the objective of Union Street as a destination with additional benefits being increased public safety, footfall through the area and a welcoming introduction to Aberdeen for those arriving from the stations..

3.10. **Procurement Strategy**

3.10.1. The Union Street design work package has been developed in partnership with Nestrans. Nestrans has commissioned Jacobs to develop a Union Street public realm vision, funded by the Council. Full business case will be developed in partnership with Hub.

4. **FINANCIAL IMPLICATIONS**

4.1. The 2021 Budget meeting on 10 March outlined a funding commitment totalling £150M from the General Fund Capital Programme over financial years 2021/22 to 2025/26 to ensure the Council transforms the city centre and beach area.

4.2. The cost to the Council in relation to acquisition and demolition of the Aberdeen Market and BHS Retail site are stated in the OBC, attached at Appendix 1. This has been assessed to be part of project to enhance the city infrastructure for the benefit of its citizens and visitors, rather than for the purposes of commercial return. It is a key piece of what is required to bring about change and access identified benefits, also described in the OBC.

4.3. The council will seek to mitigate the cost of the project through applying for various Funds and organisations where grant funding is available in line with the objectives of the project.

4.4. At this stage costs incurred will be consultancy costs to take forward the site acquisition and demolition, associated professional fees and the design development fees for the Full Business case. These are identified in the OBC.

- 4.5. The long-term revenue consequences of any development will be identified in the FBC. At this stage there will only be limited holding costs for the site, given the structures are to be demolished.
- 4.6. Costs for the Union Street central visioning work package are £50,000 to be met from the city centre workstream of the General Fund Capital Programme. Indicative costs to develop detailed design for this section of Union Street leading on from the visioning exercise, including detailed civils design, bridge assessment, landscape design and stakeholder engagement, are estimated to be £500,000.
- 4.7. Estimated cost for implementing public realm and wayfinding improvements to the south is £1M, although this work package will require to be developed in association with the Market FBC.

5. LEGAL IMPLICATIONS

- 5.1. Legal resource will be required to undertake the full due diligence around land acquisition and entering into demolition and design contract, along with support in negotiations with development partners.
- 5.2. Further legal input will be identified in the FBC.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	The site occupies a key site in Union street. Without intervention it may remain vacant for some time with detrimental effect on the City centre.	M	Proposal to acquire and redevelop the site are being proposed.
Compliance	The proposal involves the Council entering into a range of development contracts. There is a potential procurement risk in so far as the council are entering into contract with a full procurement exercise.	M H	Appropriate legal advice will be taken when discussing and entering into any contract. The Council are dealing with parties who have a 'position' in relation to the site which occupies a unique position in the city centre.
Operational	There is no operational risk at this time, although this will require to be considered in the full business case.	L	This will be fully considered in the FBC
Financial	The costs involved in acquisition and demolition of	H	Wider consideration of financial and non-

	Aberdeen Market and BHS Retail properties may be more than future valuations for the land.		financial public benefit will be included in the FBC addressing the best value aspects of the acquisition. Statutory mitigation means that there is no valuation impairment risk on the General Fund. Capital financing costs will have to be met if grant applications are unsuccessful.
Reputational	The FBC may identify that a proposal is more difficult to deliver and the site remains vacant.	M	By demolishing the existing building future development becomes more likely. The OBC identifies a range of opportunities.
Environment/Climate	Consideration will be given to green demolition methods. Any new building will be constructed to high environmental standards.	L	The intention to bring the site back into economic use will revitalise the asset that is the city centre.

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	Supports the delivery of Economy Policy Statement 4 – Increase city centre footfall through delivery of the City Centre Masterplan. 7 – Continue to maximise community benefit from major developments.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	Supports LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth sectors by 2026
Prosperous People Stretch Outcomes	14. Addressing climate change by reducing Aberdeen's carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate. 15. 38% of people walking and 5% of people cycling as main mode of travel by 2026.
Prosperous Place Stretch Outcomes	
Regional and City Strategies	The report supports the priorities in the Regional Economic Strategy (RES) investment in infrastructure, regenerating our city centre, unlock development potential, to enable Aberdeen to realise

	development opportunities in the City Centre Masterplan
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8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An Assessment will be carried out as integral components of the OBC and design work packages
Data Protection Impact Assessment	Not required at this stage.

9. BACKGROUND PAPERS

Aberdeen City Centre Masterplan

<https://www.aberdeencity.gov.uk/services/strategy-performance-and-statistics/city-centre-masterplan>

10. APPENDICES

1. Aberdeen Market Outline Business Case *Confidential and Exempt
2. Concept Images

11. REPORT AUTHOR CONTACT DETAILS

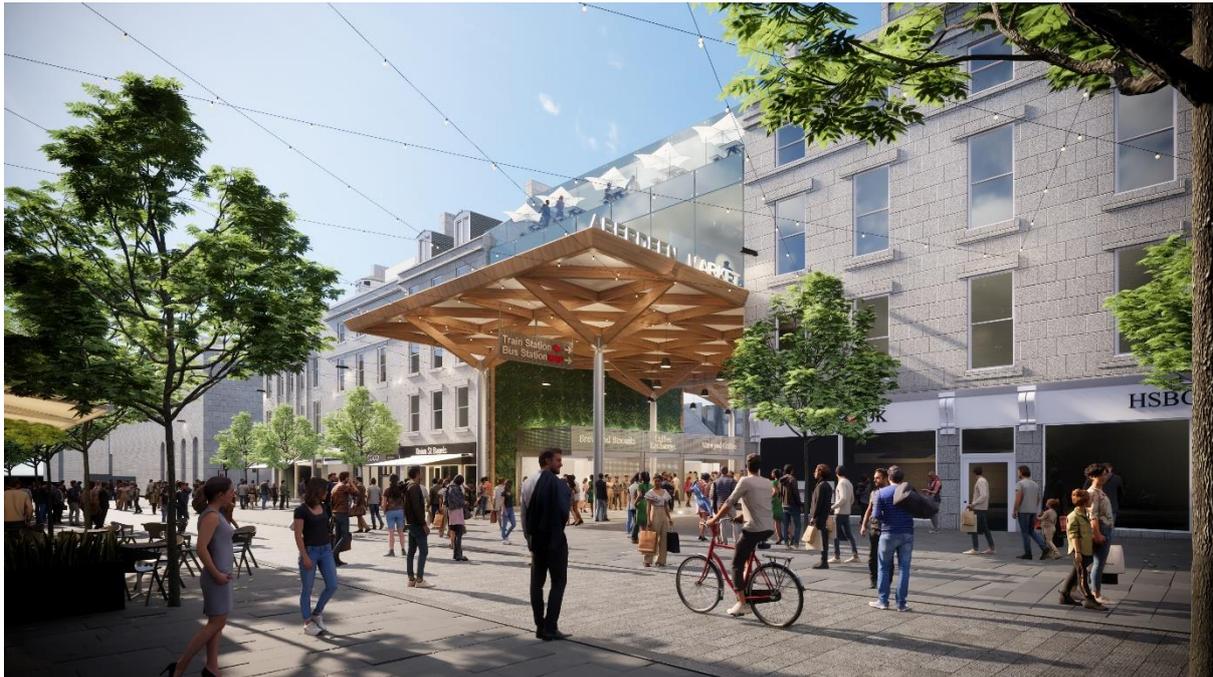
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Appendix 2

Site connectivity from transport hub to Union Street



Concept of the entrance from Union Street



Concept of the Internal Aspect



Concept of the internal space showing escalator connection from Union Street to Hadden Street



Concept design viewed from The Green



Concept design of entrance from Market Street