

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	23 August 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Queen Street Outline Business Case
REPORT NUMBER	RES/23/242
DIRECTOR	Steve Whyte
CHIEF OFFICER	-
REPORT AUTHOR	Sandy Beattie
TERMS OF REFERENCE	21

1. PURPOSE OF REPORT

- 1.1 This report presents the Outline Business Case for the redevelopment of the Queen Street area as an urban park.

2. RECOMMENDATIONS

That Council:-

- 2.1 Note the conclusion of the Outline Business Case (OBC) and agree the recommendation to progress with Option 5: Urban Park with landscaping to north-west development area and development to south-east on site of former Police HQ.
- 2.2 Instruct the Director of Resources to:
- (i) proceed with the detailed design, consultation and engagement with stakeholders, obtain necessary consents, negotiate parking and access changes and develop a detailed cost and delivery programme required to deliver Phase 1 of the Urban Park as detailed in the OBC,
 - (ii) update the business case for the site of the former Police HQ to determine suitability for refurbishment, rebuild, or as Urban Park Phase 2, depending on the outcome of market testing, and
 - (iii) report progress to Council in December 2023.

3. CURRENT SITUATION

- 3.1 Council, at their meeting on 14 December 2022 (Item 16, report RES/22/290) agreed the Strategic Outline Case for Queen Street and instructed the Director of Resources to progress the short-listed options into an Outline Business Case which would identify a preferred option and report back to Council in August 2023.
- 3.2 The vision for Queen Street is outlined below:

- Alignment with City Centre and Beach Masterplans, Local Outcome Improvement Plan; and national alignment with the National Strategy for Economic Transformation and the Scottish Cities Alliance Transition to Net Zero Carbon Action Plan.
- To stimulate the city's economic growth, create jobs, and facilitate future business investment.
- To increase City Centre footfall and attract new visitors to Aberdeen and make a positive contribution to the six qualities of successful places identified by the Scottish Government. These are distinctive; safe & pleasant; easy to move around in; welcoming; adaptable; and resource efficient.
- To be affordable to ACC and able to secure funding to support the development.
- To be financially self-sustaining where possible without ongoing support from ACC and can be easily exited by ACC if required.
- Supports UK & Scottish Government sustainability goals and ACC's journey to Net Zero by 2045.

3.3 Queen Street redevelopment is a key component of the City Centre and Beach Masterplan and provides the opportunity to enhance both the quality and provision of urban green space in the city centre, complementary to other projects such as Union Terrace Gardens and the emerging proposals at the Beach.

3.4 The size and scale of the space, together with the surrounding historic buildings, lends itself to a potential mix of urban park and development. The Queen Street site is part of the urban realm network of public space and development proposals which will build on the principles of a connected network of green spaces in the city centre. The city centre needs a variety of spaces that contribute to improving air quality, sustainable urban drainage, biodiversity, urban food production, health and well-being, active travel and providing areas of calm.

3.5 The Strategic Outline Business Case (SOC) assessed a Long List of 11 options emerging from an Options Appraisal which was refined to a Short List of 5 assessed further in the Outline Business Case (OBC). High level summaries and capacity studies of the five Short List Options have been prepared as follows:

Option 1

Do Nothing/Minimal Intervention

Option 2

Urban Park and pavilion with landscaping to north-west and south-east development areas.



Option 3

Urban Park with housing development to north-west and refurbished/repurposed former police HQ to form residential development to south-east.



Option 4

Urban Park with housing development to north-west and new build workplace to south-east on site of former police HQ.



Option 5

Urban Park with landscaping to north-west development area and new build workplace to south-east on site of former Police HQ.



3.6 Summary of options (all costs and timescales are indicative and subject to change as proposals progress)

Option	Area of Park	Development	Capital Cost	Cost to Council	Timescale	Benefit to City	Risk	Net Commercial Impact to Council
1 Do nothing	N/A	Unknown until site sold – outwith ACC control	Minimal to market site	£6M already spent (land assembly etc)	Unknown until sites sold	Unknown	Med/High Risk - Reputational loss to ACC, continuing blight on landscape	Sites are unlikely sellable so overall impact remains at +£6M.
2 Full Urban Park	7,300m ²	None	£26M	£26M plus £6M already committed (land assembly etc)	March 2026	£44.6M, with a benefit-cost ratio of 1.51	Low Risk - Delivery risk to ACC low as ACC has full control	Modest income from Pavilion (£10k) could be achieved but unlikely to offset £26M Capital Cost and £6M commitment to date.
3 Urban Park, new Residential to NW and refurbished Police HQ to provide residential	3,466m ²	Residential	£39M	£13M plus £6M already committed (land assembly etc) (Developer costs are £25M)	March 2026	£97.3M, with a benefit-cost ratio of 2.41	Medium/ High Risk – See note below.	Income from Council Tax rates could be £260k per annum
4 Urban Park, Residential to NW and Commercial (Office) to SE	3,400m ²	Mixed used Residential and Commercial	£71M	£15.0M plus £6M already committed (land assembly etc) (Developer costs are £53.5M)	March 2026	£220.4M, with a benefit-cost ratio of 3.24	Medium/ High Risk – See note below.	Income from Council Tax rates could be £113k per annum and Business Tax rates could be £1.08M per annum
5 Urban Park and new Commercial to SE	5,200m ²	Commercial office (new or refurb) <i>(Residential option can also be considered)</i>	£61M	£8M plus £6M already committed (land assembly etc) (Developer costs are £43.0M)	Phase 1 Urban Park Q1 2026 Phase 2 Development Q1 2027	£191.2M, with a benefit-cost ratio of 3.20	Medium/ Risk – See note below.	Income from Business Tax rates could be £1.08M per annum to offset the £61M Capital Cost and £6M spent to date.

- 3.7 **Option 5 scored the highest out of all Options**, albeit the difference in scores between Options 3, 4 & 5 is very small (see Section 7 of OBC for scoring table). The Do-Nothing Option 1, as would be expected, scored significantly lower than all other Options and Option 2 the full Urban Park scored around 12% less than Options 3, 4 & 5. Full details of each option are available in the appended OBC and the table in 3.6 provides a summary comparison.
- 3.8 It is recommended that Option 5, Urban Park with landscaping to north-west development area (Phase 1) and new development to south-east on site of former police HQ (Phase 2) be taken forward as the Preferred Option.
- 3.9 This will involve taking forward detailed design and construction of an Urban Park to the Northwest of the site; undertake stakeholder consultation, obtain necessary consents, negotiate parking/access changes while also carrying out further market research and testing on the type of development best suited to the Southeast of Queen Street.
- 3.10 The design development of the urban park will follow the successful principles of engagement and co-design that have been established with the Beach projects. This will include children and young people together with local stakeholders, particularly around culture groups prominent in the area. There will also be a strong focus on making the park accessible for all whilst also exploring all options for future use to ensure the outcome is distinctive, taking advantage of the specific enclosed setting of Queen Street, yet connecting to the wider city centre projects such as Marischal Square, Broad Street, Union Street and the Castlegate. The area also provides the opportunity to enhance the active travel connections between the city centre and the beach.
- 3.11 The recommendation for the former Police HQ is to develop the business case to determine suitability for either refurbishment or rebuild, with residential and commercial office space as use options with progress to be reported to Council by December 2023.
- 3.12 The sequence of activities recommended for Option No 5 is therefore:
- 1) to proceed with detailed design and planning activities associated with the urban park per Option No 5.
 - 2) to proceed with a soft market engagement exercise to assess viable uses for the remaining part of the site under ACC's ownership, based on both full demolition and refurbishment options of the former Police HQ.

- 3) following this soft market engagement prepare an update business case which determines the most appropriate uses for the residual site which complements the proposed urban park. These options could include development in full, in part, deferred development, sale of the site or urban park in full.
- 3.11 It is considered prudent that soft market testing will necessarily include potential public sector investment and opportunity in the site for uses that may inform future development outwith the traditional development models.
 - 3.12 As the above work progresses, the internal strip out of the former Police HQ will be underway. This includes soft strip, asbestos removal and service isolation from the Scottish Courts and Tribunal Services Civil and Commercial Court on Queen Street.
 - 3.13 Tenders for the works in 3.11 have been returned and are currently being examined for best value, with an anticipated site start in September 2023 and completion by Q1 2024 (dependent on full extent of works required).
 - 3.14 Should the Full Business Case for Option No 5 Phase 2 development prove not to be viable, it would be possible to revert to Option 2 Full Urban Park, with the possibility of arranging the park in such a way as to accommodate subsequent development should future market conditions change.

4. FINANCIAL IMPLICATIONS

- 4.1 Costs for the development of detailed design, stakeholder engagement for Phase 1 of Option 5, together with development of the updated business case, including market testing, for Phase 2 are estimated to be in the region of £250k will be met from the exiting Queen Street budget.
- 4.2 The anticipated costs in relation to the soft strip and service separation programme will also be met from the existing Queen Street budget.
- 4.3 Further delivery costs will be identified and reported to Council for future consideration in the capital planning/budget process.

5. LEGAL IMPLICATIONS

- 5.1 As project proposals progress design stages, they are being examined and managed within the professional scope of construction industry accepted standards, ensuring all due diligence exercises and pre-contract enquiries are complete and satisfactory.
- 5.2 The land considered for development is in Council ownership, confirmed by title search. Cognisance and due diligence will be undertaken with regard to ensuring rights of access are maintained where appropriate in developed designs.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The City Centre and Beach Masterplan has been screened through the Strategic Environmental Assessment (SEA) process and the consultation authorities have confirmed that no Environmental Report specific to this overarching Masterplan is required. Individual plans, programmes and strategies falling out of the Masterplan will be considered individually, as will any requirements for project-specific Habitat Regulations Appraisals (HRAs),
- 6.2 The Queen Street site is included within the Queen’s Square Opportunity Site (OP81), as defined by the Aberdeen Local Development Plan 2023. The Local Development Plan has also gone through the Strategic Environmental Assessment process, with an Environmental Report available to view on the Council’s website.
- 6.3 Every effort will be made to minimise the carbon footprint of the project including undertaking a sustainability/carbon review on the design, possible re-use of existing materials and local supply of new materials wherever possible.
- 6.4 The introduction of an urban park and active travel routes supports the implementation of the Low Emission Zone by enabling people to make different choices on how they move about the city.
- 6.5 Urban green space will contribute and encourage biodiversity in the city centre, has the potential to contribute to sustainable urban drainage and also has added benefits of improving health and well-being for surrounding residents, employees and visitors.

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	Failure to proceed with project impacts on wider city commitments and economic targets	Continue to work collaboratively to achieve masterplan delivery and wider advantages.	M	Yes

Operational	Project scope changes	Seek preferred option agreement with ACC at appropriate stage and progress agreed design to avoid abortive work.	M	Yes
Financial	Inaccurate/ uncharted underground services and utility survey information leads to increased costs.	Ensure thorough & adequate surveys undertaken prior and during the development phase. Service detection, historical review / detailed desk top review undertaken. Ensure project contingencies are sufficient to cover possible unexpected costs.	H	Yes
Financial	Budget Pressures due to current market volatility.	Robust budgets established based on market intelligence. Independent budget reviews with Project Management Office and supply chain are regularly held. Appropriate inflation allowances made in cost plans.	M	Yes
Reputational	Lack of development leading to unsightly derelict building	Progression of Phased delivery plan, including market testing of site, with full urban park as fallback position	M	Yes
Environment / Climate	Implications of demolition	Potential offset with urban park	M	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	<i>Create a new urban garden for our city centre in Queen Street, with active travel routes linking in with the wider city centre and the improved links to the beachfront</i>
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	

Prosperous Place Stretch Outcomes	The project will contribute to the Prosperous Economy and Prosperous Place objectives, Address climate change (local materials, reduction in emissions, green infrastructure), increase sustainable travel: 38% of people walking and 5% of people cycling as main mode of travel by 2026
Regional and City Strategies	<p>The report supports the priorities in the Regional Economic Strategy (RES) investment in infrastructure, regenerating our city centre, unlock development potential, improve the deployment of low carbon transport, to enable Aberdeen to realise development opportunities in the City Centre Masterplan.</p> <p>Measures to introduce new green infrastructure in the City Centre will support the Air Quality Action Plan, Climate Change Plan, Net Zero Action Plan and Low Emission Zone by contributing to emissions reduction.</p>

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment (IIA)	<p>An IIA for the City Centre Masterplan was prepared to inform and support the report to Council in December 2022 (Appendix F). A project specific update IIA for the Queen Street Outline Business Case has been prepared to support this report and will be used to inform design development of the selected approach to development.</p> <p>Although high level at this stage, the IIA supports the recommendation that Option 5 be the preferred option as it affords the potential balance of urban park with accessibility and future development. Access for, and impact on, a range of stakeholders/occupiers/users will require to be addressed in the next stages and be informed by the developing IIA. The Council has engaged the services of an independent accessibility team which will work with the design team, stakeholders and Council officers to ensure the best possible outcomes from any future development proposals.</p>
Data Protection Impact Assessment	DPIA Screening Questions completed. Neither a brief DPIA or full DPIA is required at this stage
Other	N/A

10. BACKGROUND PAPERS

- 10.1 City Centre Update Report to Council, 14 December 2022
<http://councilcommittees/documents/s138824/City%20Centre%20Update%20Report%20to%20Council.pdf>

11. APPENDICES

- 11.1 Appendix 1: Queen Street Outline Business Case

12. REPORT AUTHOR CONTACT DETAILS

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