

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Finance and Resources
<b>DATE</b>	07 August 2024
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Queen Street Update
<b>REPORT NUMBER</b>	CR&E/24/217
<b>EXECUTIVE DIRECTOR</b>	Gale Beattie
<b>CHIEF OFFICER</b>	John Wilson
<b>REPORT AUTHOR</b>	Sandy Beattie
<b>TERMS OF REFERENCE</b>	1.1

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### 1. PURPOSE OF REPORT

- 1.1 This report provides Members with a progress update on the City Centre Masterplan's Queen Street project.

### 2. RECOMMENDATIONS

That Committee:

- 2.1 Note the progress made to advance the design concept for an urban park, as part of the wider City Centre Masterplan Queen Street project;
- 2.2 Instruct the Chief Officer – Capital to develop the detailed and technical design for the Urban Park and, following consultation with the Chief Officer – Commercial & Procurement Services, to proceed with the negotiation and execution of contracts for delivery of the construction programme in line with the previously approved total project budget as detailed in paragraph 4.1, reporting progress through the Chief Officer – Capital's regular capital programme monitoring reports; and
- 2.3 Note progress regarding the internal strip-out programme elsewhere on the Queen Street site, and instruct the Chief Officer– Capital to fully scope and cost the demolition of the former Police headquarters, reporting progress through the Chief Officer – Capital's regular capital programme monitoring reports.

### 3. CURRENT SITUATION

- 3.1 Council at its meeting in September 2023 agreed the Queen Street business case and instructed officers to progress with Option 5: Urban Park with landscaping to north-west of the development area and development to south-east on site of former Police headquarters.

- 3.2 Council, at their budget meeting in March 2024, included Queen Street Urban Park in the future years capital programme. In conjunction with the approvals and instructions from the September 2023 Council meeting, the Chief Officer - Capital will monitor projects through the capital planning process.
- 3.3 Officers were instructed to proceed with the design, consultation and engagement, 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. This report provides an update on progress.
- 3.4 Officers were also instructed to update the business case for the site of the former Police HQ on Queen Street to determine suitability for refurbishment, rebuild, or as Urban Park Phase 2, depending on the outcome of market testing and report back progress. Again, an update is incorporated in this report.

### **Progress Report 2024: Urban Park**

- 3.5 City Centre Masterplan Project CM02 sets the ambition for a mixed use development opportunity on Queen Street, created in part by the relocation of existing public sector land uses. The redevelopment of the street creates the opportunity to introduce new uses into the area, as well as new public spaces. The project will improve the amenity of the area and encourage economic and environmental sustainability in this key City Centre location. The Council's investment in this space should also help stimulate investment from surrounding private building and land owners.
- 3.6 The outline design for the Urban Park is presented in Appendix A of this report. The appointed design team has undertaken key stakeholder engagement to understand the various access and operational requirements and a summary report of this is included in Appendix B.
- 3.7 The Urban Park concept includes provision for outdoor seating and informal performance areas, a sensory garden, terraced garden and enhanced street greening.
- 3.8 Each space within the new urban park will perform a range of environmental and social functions. These uses can be categorised into the overarching themes of Urban Nature, Community, Heritage, and Arts and Culture.
- 3.9 The scheme will have a single recognisable identity as Queen Street Urban Park. However, within the park a series of subspaces are proposed, allowing for different uses and each with a subtly different character.
- 3.10 The next stages of the project
 

Q3 2024	Detailed and Technical Design and Stakeholder Engagement
Q2 2025	Market Testing, Financial Close and Advanced Works
Q3 2025	Site Start (Phase 1)
- 3.11 A rolling construction programme is expected to deliver phase 1 by spring 2026. The summary programme is included in Appendix C. The project will now proceed with the negotiation and execution of contracts for delivery of the construction

programme in line with the previously approved total project budget as detailed in paragraph 4.1 below, reporting progress through the Chief Officer – Capital's regular capital programme monitoring reports to Finance and Resources Committee.

### **Progress Report 2024: Former Police HQ**

- 3.12 Progress continues with the first phase of works. Internal strip out and asbestos removal is well underway and expected to be complete by Q4 2024. Contingency has been made to ensure both the Scottish Courts and Tribunal Services Civil & Commercial Court on Queen Street and the city mortuary remain operational throughout.
- 3.13 A market testing exercise has been undertaken to engage with potential development partners regarding the future development of the site. Advice received from development surveyors is that at this stage there is little interest in refurbishing the existing building.
- 3.14 Developers feedback to date has indicated a preference to demolish the current office building and prepare the site ready for future development. This is an expected position given potential holding costs, challenges of working around existing structures and potential concerns over future delivery.
- 3.15 It is recognised a new build development is likely to have a higher future investment value/investor demand, than conversion of an older office building. The existing building is restrictive in terms of floor plates, floor to ceiling heights and general arrangement.
- 3.16 Given that there are significant holding costs, together with the risk of a decaying building in a prominent city centre site, it would be considered prudent to demolish the current building and clear the site for future development whilst dialogue continues with potential development partners and potential end users.
- 3.17 Demolition of the existing building requires to be considered in the context of National Planning Framework 4 and the Council's net zero targets. There are, however, precedents for sustainable demolition and it is recommended that such an approach be taken to fully develop the scope of demolition and report back to this committee. Dialogue would also take pace with the Planning Authority. Such a process is outlined in Appendix D.
- 3.18 Pending site clearance, it is envisaged that a temporary use for the site, such as an extension to the urban park with limited landscaping and planting, be considered in order to maintain the site as a future development opportunity.
- 3.19 Such an approach will allow the site to be 'development ready' whilst continuing to engage with the market to explore future development opportunities. Should the building remain on site, there are risks around site security, annual service costs to the Council and demolition would likely still occur in future years. Expediting that process now aids in 'de-risking' the site and reducing future delivery timescales. Ideally demolition costs would be met by the existing

project budget, however this would need to be fully scoped and market tested to confirm.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The updated financial modelling approved by the Council Budget meeting in March 2024 approved a total project budget of £16.8M to year 2027/28. Project scope has been developed to reflect that budget, including optimism bias. Adjustment of phasing of the urban park for future years may allow inclusion of demolition costs, however this will require to be fully scoped before confirmation.

#### **5 LEGAL IMPLICATIONS**

- 5.1 There are several access rights to properties, lanes and pends which will require to be taken into consideration during any construction work.
- 5.2 As project proposals progress, they will be examined and managed within the professional scope of property / conveyancing industry accepted standards, ensuring all due diligence exercises and pre-contract enquiries are complete and satisfactory.
- 5.3 Any work that is recommended to a property not owned by the Council will require effective dialogue and the owner's consent before it can commence. Other local authority consents, such as planning permission and listed building consent, may also be required for works to buildings.
- 5.4 All changes to vehicular movement on the road network are subject to statutory processes.
- 5.5 All demolition work will be subject to necessary statutory consents.

#### **6 ENVIRONMENTAL IMPLICATIONS**

- 6.1. The City Centre and Beach Masterplan, from which this project emerges, 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).

#### **7 RISK**

- 7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

<b>Category</b>	<b>Risks</b>	<b>Primary Controls/Control Actions to achieve Target Risk Level</b>	<b>*Target Risk Level (L, M or H)</b>  <b>*taking into account controls/control actions</b>	<b>*Does Target Risk Level Match Appetite Set?</b>
<b>Strategic Risk</b>	Not delivering projects	Full programme of works developed, funding approvals in place at key stages	M	<b>Yes</b>
<b>Compliance</b>	Statutory consents	Manage through ongoing programme	M	<b>Yes</b>
<b>Operational</b>	Sufficient capacity of resources within Council teams to meet programme objectives	Forward planning through project delivery programme  Resource review ongoing and augmented support through the Hub NS Project Management Office	M	<b>Yes</b>
<b>Financial</b>	Budget pressures due to current market volatility	Robust budgets established. Independent monitoring process established. With PMO early supply chain mitigations action plan established across the programme	M	<b>Yes</b>
<b>Reputational</b>	Continued empty building on site	Agree demolition and temporary park use until market picks up	M	<b>Yes</b>
<b>Environment / Climate</b>	Air quality improvement Active travel Local material supply	Incorporated into project proposals. Early engagement underway with material suppliers	M	<b>Yes</b>

## 8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	Supports the delivery of Economy Policy Statement 4 – Increase city centre footfall through delivery of the City Centre Masterplan. 1. – Continue to maximise community benefit from major developments.
<u>Aberdeen City Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	Supports Outcome 1 - 10% increase in employment across priority and volume growth sectors by 2026.
Prosperous People Stretch Outcomes	Supports Outcome 7 - Child Friendly City which supports all children to prosper and engage actively with their communities by 2026.
Prosperous Place Stretch Outcomes <i>To be updated</i>	Supports Outcome 14 - Addressing climate change by reducing Aberdeen's carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate Supports Outcome 15 38% of people walking and 5% of people cycling as main mode of travel by 2026.
Regional and City Strategies <i>To be updated</i>	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.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	New Integrated Impact Assessment has been completed
<b>Data Protection Impact Assessment</b>	N/A
<b>Other</b>	Strategic Environmental Assessment

## 10. BACKGROUND PAPERS

Full Council September 2023

[http://councilcommittees/documents/s149095/RES\\_23\\_242%20Council%20Queen%20Street%20August.pdf](http://councilcommittees/documents/s149095/RES_23_242%20Council%20Queen%20Street%20August.pdf)

Budget Meeting March 2024: approved budgets

<http://councilcommittees/documents/b26553/Approved%20Budgets%2006th-Mar-2024%2010.30%20Council.pdf?T=9>

## 11. APPENDICES

Appendix A: Queen Street Urban Park Design concept

Appendix B: Engagement report

Appendix C: Delivery programme

Appendix D: Queen Street Sustainable Demolition

## 12. REPORT AUTHOR CONTACT DETAILS

<b>Name</b>	Sandy Beattie
<b>Title</b>	Masterplan Manager
<b>Email</b>	<a href="mailto:sbeattie@aberdeencity.gov.uk">sbeattie@aberdeencity.gov.uk</a>