

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	City Growth and Resources Committee
<b>DATE</b>	28 October 2020
<b>EXEMPT</b>	Report not exempt.  Appendix 1 is exempt under paras 8, 9 and 10
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Queen Street Redevelopment Programme Update
<b>REPORT NUMBER</b>	RES/20/158
<b>DIRECTOR</b>	Steven Whyte
<b>CHIEF OFFICER</b>	N/A
<b>REPORT AUTHOR</b>	Sandy Beattie
<b>TERMS OF REFERENCE</b>	3.2, 3.3, 4.4

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### 1. PURPOSE OF REPORT

- 1.1. This report provides an update on progress of the redevelopment of Queen Street, seeks approval to progress with further land assembly and other workstreams.

### 2. RECOMMENDATION(S)

That the Committee: -

#### **Queen Street Redevelopment**

- 2.1. Approve the acquisition of the Police Scotland Headquarters on the main terms outlined in section 3.7.3. of this report;
- 2.2. Instruct the Chief Officer – Governance to conclude the appropriate legal agreement in relation to the Police Scotland Headquarters purchase, incorporating various qualifications as are necessary to protect the Council's interest;
- 2.3. Instruct the Chief Officer Corporate Landlord to negotiate the acquisition of remaining land parcels as identified in the report;
- 2.4. Instruct the Director of Resources to procure a development partner to develop options for the redevelopment of the area and report the results back to this Committee;
- 2.5. Instruct the Director of Resources to develop a project proposal with the Scottish Courts and Tribunal Services and report the results back to this Committee.

## North East Scotland and Northern Isles Integrated Mortuary

- 2.6. Note the progress of the Full Business Case, the results of which will be reported to the City Growth and Resources Committee on 3 February 2021.

### 3. BACKGROUND

- 3.1. The City Growth and Resources Committee approved the Queen Street Redevelopment Programme at their meeting on 5 December 2019 (Ref RES/19/434). The report outlined several workstreams which are summarised in 3.2 below. This report gives an update of progress in those workstreams and identifies key decisions required to progress to the next stage of the redevelopment project. The Council has continued to work in partnership with NHS Grampian, Police Scotland and the Scottish Courts and Tribunal Services during lockdown earlier this year, although this has inevitably had an affect on the overall programme. It should be noted that the Culture workstream is currently on hold due to the Covid-19 pandemic.

#### 3.2. Key Workstreams

- 3.2.1. The key workstreams for the Queen Street redevelopment area are highlighted in Figure 1 below.

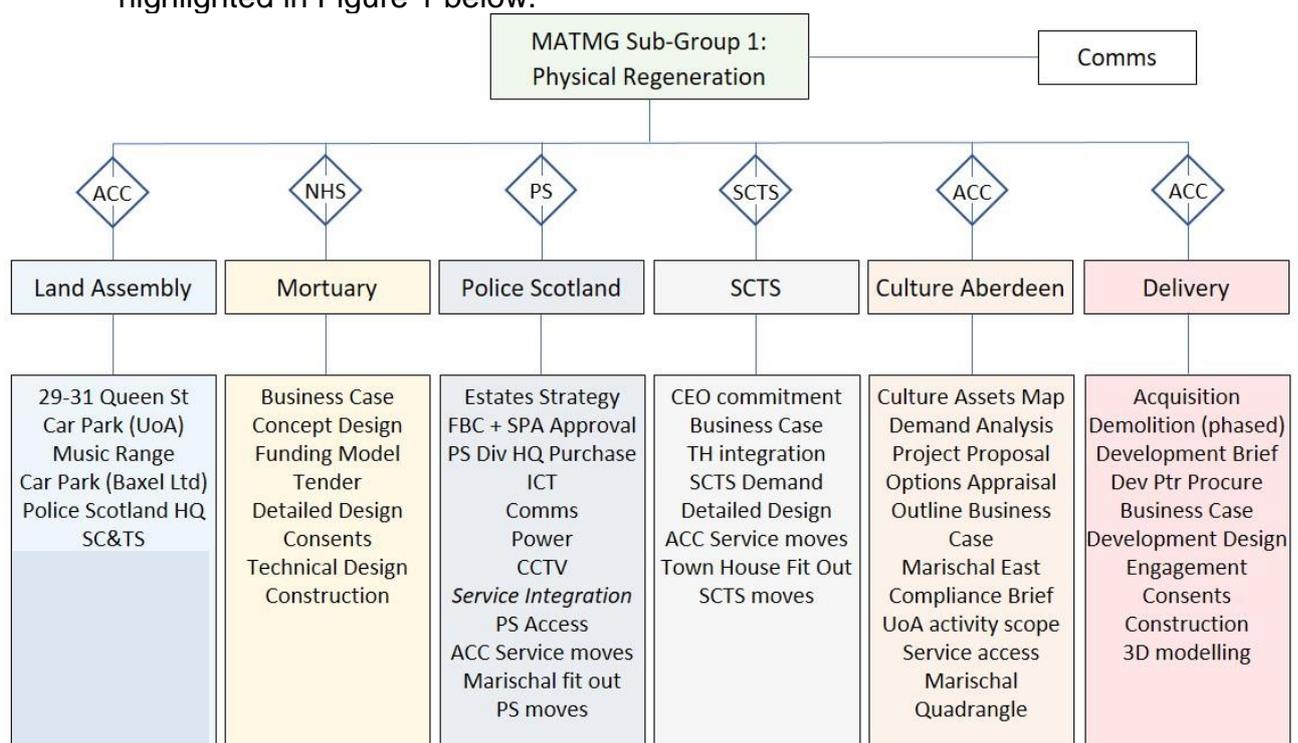


Figure 1: Key Workstreams

#### 3.3. Land Assembly

- 3.3.1. The table below summarises the land ownership in the area. The national lockdown presented some challenges to the overall programme of land assembly, but key milestones include purchasing the remaining ground lease at 29-31 Queen Street, purchasing the surface car park to the south east of

Marischal College and progressing head of terms for the purchase of the Police Scotland Headquarters.

### 3.3.2.

Site	Ownership	Status	Issues
Car Park 1 and Music Range	University of Aberdeen	ACC to secure option to purchase when required in the programme	Subject to access being maintained to Marischal East and Anatomy Rooms
Car Park 2	ACC	Purchase complete 04.02.20	
29-31 Queen Street (McKay's)	ACC	Remainder of lease purchased. Vacant possession scheduled 29.01.20	Demolition surveys underway, demolition by end March 2021
Police Scotland Divisional HQ, Queen Street	Police Scotland	Joint valuation undertaken and draft heads of terms agreed, subject to title, services and committee approval	
Civil and Commercial Courts, Queen Street	Scottish Courts and Tribunal Services	Feasibility of Court consolidation in Town House complete.	Post Covid Courts operation significantly alters scope of project

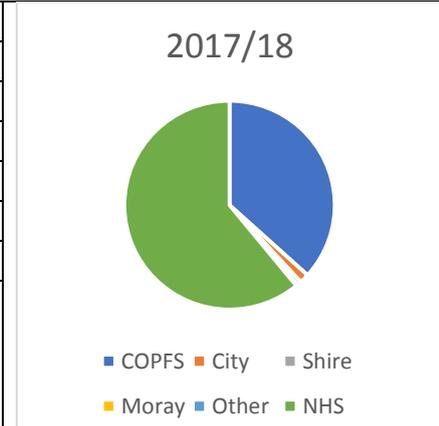
### 3.4. **North East Scotland and Northern Isles Integrated Mortuary**

3.4.1. Committee approved the Outline Business Case for the North East Scotland and Northern Isles Integrated Mortuary and instructed the Director of Resources to proceed to procurement for the development of a Full Business Case including financial modelling and detailed design.

3.4.2. Procurement for the Full Business Case took place in partnership with NHS Grampian in February/March 2020 with an effective start date of 6 April 2020. The outline design work has been undertaken, focussing on a new joint facility at Foresterhill. The anticipated costs will be finalised and reported in due course pending completion of the Full Business Case at the end of this year. The full scope of work is due to be complete by January 2021.

3.4.3. Analysis of the usage of the current mortuary facilities has also been undertaken and is highlighted below which indicates the provisional proportionate cost sharing for operation. This is to be confirmed in the latter stages of the FBC and shared with each partner for their respective approvals. These figures are based on the total number of days a body is stored in each of the two current mortuary facilities at Queen Street and NHS in Foresterhill. Crown Office Procurator Fiscal (COPFS), Aberdeen City Council (City), Aberdeenshire Council (Shire), Moray Council (Moray), Orkney and Shetland Islands Councils (Other) figures relate to the Queen Street Mortuary. The NHS figures are based on an average extrapolated from usage data.

Total number of body storage days 2017-18		
<b>COPFS</b>	<b>6,303</b>	<b>36.71%</b>
<b>City</b>	<b>251</b>	<b>1.46%</b>
<b>Shire</b>	<b>116</b>	<b>0.68%</b>
<b>Moray</b>	<b>16</b>	<b>0.09%</b>
<b>Other</b>	<b>20</b>	<b>0.12%</b>
<b>NHS</b>	<b>10,465</b>	<b>60.95%</b>
	<b>17,171</b>	<b>100.00%</b>



Total number of body storage days 2018-19		
<b>COPFS</b>	<b>4,433</b>	<b>30.28%</b>
<b>City</b>	<b>353</b>	<b>2.41%</b>
<b>Shire</b>	<b>395</b>	<b>2.70%</b>
<b>Moray</b>	<b>11</b>	<b>0.08%</b>
<b>Other</b>	<b>59</b>	<b>0.40%</b>
<b>NHS</b>	<b>9,390</b>	<b>64.13%</b>
	<b>14,641</b>	<b>100.00%</b>

2018/19

■ COPFS ■ City ■ Shire  
■ Moray ■ Other ■ NHS

Total number of body storage days 2019-20		
<b>COPFS</b>	<b>3,459</b>	<b>25.08%</b>
<b>City</b>	<b>180</b>	<b>1.31%</b>
<b>Shire</b>	<b>160</b>	<b>1.16%</b>
<b>Moray</b>	<b>8</b>	<b>0.06%</b>
<b>Other</b>	<b>33</b>	<b>0.24%</b>
<b>NHS</b>	<b>9,950</b>	<b>72.15%</b>
	<b>13,790</b>	<b>100.00%</b>

2019/20

■ COPFS ■ City ■ Shire  
■ Moray ■ Other ■ NHS

3.4.4. Details of the future operating model are currently being progressed. Engagement with prospective partners (NHS Grampian, Crown Office Procurator Fiscal, Aberdeenshire, Moray, Orkney and Shetland Islands Councils) continues throughout the development of the Full Business Case. Once the final figures are confirmed, commitment from each organisation will be established. Full details of this will be reported following the Business Case completion in early 2021.

### 3.5. Police Scotland Service Integration

3.5.1. Police Scotland Authority Board has now approved the relocation of staff from the Queen Street HQ. The Council's Corporate Landlord has agreed Heads of Terms for Police Scotland occupation of the lower ground floor in Marischal College and a presence in the customer service centre. The former will include a secure and exclusive area for Police Scotland located in lower ground floor south, together with shared occupation of the lower ground floor north adjacent to the newly refurbished CCTV hub.

3.5.2. Service integration opportunities continue to be explored. The Task & Delivery Group are considering three areas for closer integrated working between the

Council and Police: Public-facing/Customer Enquiry; Community Safety; and Offender Management. Prototypes were developed by the Group showing what key aspects of integrated working would look like, based on considering the customer journey/experience. These were presented in July 2020 following which it was agreed that the three Prototypes be handed over to 'buildings' colleagues for progression. Regular meetings have subsequently been held involving the Council and Police Scotland colleagues to take forward planning for implementation, considering people, culture, processes, data and governance, in relation to the three areas prototyped so far. Full-on implementation planning for the three areas – taking into account other ideas not yet progressed to prototype – is to commence now the Full Business Case has been agreed by the Scottish Police Authority Board.

### 3.6. **Scottish Courts & Tribunal Services Integration and Justice Centre**

3.6.1. Scottish Courts & Tribunal Services (SCTS) currently operate from three main premises in Aberdeen City Centre:

- 1 Sheriff and Justice of the Peace Court Building in the Town House, Castle Street;
- 2 Sheriff Court Annex and High Court of Justiciary, 53 Castle Street; and
- 3 Civil Justice Centre and Commercial Courts, Queen Street.

3.6.2. The latter is a key site in the Queen Street development area, along with the secure vehicle access to the sheriff court custody facilities. A first stage feasibility study to consolidate all court activity in the Town House has been completed which determines that the Town House has capacity to integrate all of the Sheriff/JP/High Court and Civil business on one site, effectively creating an Aberdeen Justice Centre.

3.6.3. The project offers an opportunity for the SCTS to integrate both the Civil Court and Mercatgait High Court within the Townhouse, interconnecting with the existing Sheriff Court and Justice of the Peace Court in Castle Street. This would meet the unique requirements of the courts, including security by design, extensive requirements for children and vulnerable witnesses, the ability to segregate different types of business and court users and provision of a secure compound for security vehicle access and custody facilities.

3.6.4. The preliminary feasibility work investigated a proposal that would see the SCTS Civil Annexe demolished along with part of the rear of the Townhouse, the latter in order to accommodate a new build extension to the Townhouse to provide sufficient accommodation to house all of the SCTS functions. This stage would therefore also require early relocation of the Civil Annexe function to an alternative leased site which would also require to be fitted out.

3.6.5. The renovated Townhouse and extension would accommodate public entry to the Sheriff Court and High Court using the existing Sheriff Court entrance, with an alternative and dedicated public entrance to the Civil Annexe further west off Castle Street. To the rear a new custody basement vehicle access would allow safe custody transfer utilising the existing Sheriff Court custody entrance whilst also incorporating a small basement car park for secure Sheriff access to the building.

3.6.6. It should be noted that this is preliminary work and that circumstances now require to be reviewed in light of Covid-19. The pandemic and lockdown have highlighted the need to review operational and system measures and regulations which will result in developing a different approach and non-traditional model of how Courts will operate in future. It is recommended that a project proposal is further developed with the Scottish Courts and Tribunal Services to determine how best to deliver new working practices, rationalise requirements and ensure deliverability through a full business case. The SCTS has agreed the principle of this approach at their estates committee in August 2020.

### 3.7. **Delivery**

3.7.1. Site acquisition and assembly is a critical component in delivering redevelopment of Queen Street as envisaged by the City Centre Masterplan. As demonstrated above there are several concurrent workstreams underway in order to achieve this.

#### 3.7.2. 29-31 Queen Street (former McKays)

The remaining ground lease was purchased in late January 2020. Due to asbestos presence and stock contamination, a controlled contaminated waste clearance was carried out. This was interrupted by lockdown and completed in August 2020. Demolition surveys have now been carried out, building warrant and conservation area consent granted, and a demolition contractor will be procured in November 2020. The site is scheduled for clearance and backfill by the end of March 2021.

#### 3.7.3. Police Scotland Queen Street Headquarters

Heads of Terms are agreed between the Council and Police Scotland for the sale, based on an independent joint valuation and subject to title, servicing and committee approval. The Heads of Terms include a "clawback" clause designed to ensure that in the event of the building not being demolished and instead being re-sold by the Council at a profit, Police Scotland would share in that profit, minus any costs incurred. Such costs would include, for example, service separation, which may be required to ensure continued operation of the mortuary and court functions once the headquarters is vacated. The purchase price, including land and buildings transaction tax, is included in Appendix 1.

3.7.4. The existing City Mortuary and Scottish Courts and Tribunal Services Queen Street Annex are currently linked to the Queen Street HQ for services and utilities. The detailed implication of separating the functions is currently underway, together with title confirmation and rates implications. Estimated costs are included under 'site preparation' in Appendix 1.

3.7.5. Once the scope of work for this is fully quantified, a procurement brief will be prepared to prepare the building for decommissioning and subsequent demolition as soon as the Council takes vacant possession, currently scheduled for April 2021.

3.7.6. Remaining Land Assembly

Given the progress with land assembly, it is now considered prudent to enter into negotiation with the University of Aberdeen to acquire the remaining surface car park and music range building. This would be expected to be concluded by the time a development partner is engaged and proposals emerge.

#### 3.7.7. Development Partner Procurement

A business case and economic viability study will be prepared to support a development brief which will follow the key principles agreed in the City Centre Masterplan. This will be prepared in partnership with a development partner to deliver a phased residential-led mixed use development. Development Partner Procurement will take place in first quarter 2021.

### 3.8. **3D Modelling**

3.8.1. Following a procurement exercise in June 2020, a 3D digital model of the Queen Street area is now complete. This digital model will provide a means to engage with the public during consultation, enables accurate construction of a physical model which will ensure accuracy in any development proposal assessment.

3.8.2. Construction of a complementary physical model is expected to be complete by end of October 2020. The physical model presents a further accessible option to interact with the Queen Street Redevelopment, especially for those who may not be digitally minded. The model has removable elements within the development site, enabling future proposals to be incorporated for discussion during the procurement, design development, consultation, planning and construction phases. The digital and physical models enable understanding of the impact of any new development.

3.8.3. The Queen Street 3D Model is a small section of Aberdeen city-centre acting as a pilot, which, if proven successful, could be developed in stages to cover the rest of the city centre.

### 3.9. **Timeline**

3.9.1. The indicative timeline for Queen Street has been updated and is illustrated in Appendix 2: Queen Street Critical Path. There are a number of dependencies that present a risk to this critical path, each of which will continue to be monitored during the development of the various workstreams. It should therefore be understood that the critical path is subject to continuous change.

## 4. **FINANCIAL IMPLICATIONS**

4.1. A budget of £500k from the General Fund Capital Programme (City Centre Masterplan) was allocated to enable detail to be developed around each of the workstreams. This covers internal staff resource, feasibility and site investigation works as well as procurement and developing business plans for the initial stages. In addition, £1.5M development funding was allocated in the capital programme in March 2020. These budgets are now consolidated to Queen Street Redevelopment budget. A breakdown of costs against that budget is contained in Appendix 1.

- 4.2. The proposed Joint Mortuary project is nearing completion of the Full Business Case, which is being met within existing budgets approved by City Growth and Resources Committee at their meeting on 5 December 2019 (Ref RES/19/434).
- 4.3. Land assembly costs are proposed to be drawn from the existing Investment in Tenanted Non-Residential Portfolio Project within the General Fund Capital Programme.
- 4.4. Financial implications of the separation of Services at Police Scotland Queen Street HQ will be met within the Queen Street development funding budget.
- 4.5. A key outcome of the service integration design work will be the potential impact on long term budget savings through more efficient service delivery, faster response times and a more co-ordinated approach which will avoid duplication.

## 5. LEGAL IMPLICATIONS

- 5.1. The agreements to be entered with Police Scotland, NHS Grampian and other public sector partners referred to in the report will be reviewed by the Chief Officer – Governance to ensure that they contain all necessary provisions in order to protect the Council’s interests.
- 5.2. Conveyancing to purchase land and conclude missives.
- 5.3. Contract(s) through procurement of delivery partner.

## 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	Delivery of City Centre Masterplan	M	Work with a delivery/development partner to ensure viability of proposals
	Covid-19 (impact on programme, material supply)	H	
	EU Exit (impact on prices, supply, procurement)	H	
<b>Compliance</b>	Mortuary non-compliant/experience poor for bereaved	H	Work with partners to develop new mortuary
<b>Operational</b>	Potential disruption to service delivery whilst co-location delivered	M	Engagement with staff and work to be commissioned

			while majority staff working from home
<b>Financial</b>	Higher than estimated costs for land purchase	L	Independent valuation to be instructed
	Mortuary construction costs	M	Manage through Full Business Case
	Police HQ demolition costs, empty building rates	M	Exit strategy dependent on Mortuary. Clear building as soon as vacant to reduce rates risk.
	EU exit materials/construction prices	H	Work with a delivery/development partner to ensure viability of proposals
<b>Reputational</b>	Stalled delivery programme "Doing nothing"?	M	Continued monitoring
<b>Environment / Climate</b>	Ground conditions	M	Early site investigation work

## 7. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN</u></b>	
	<b>Impact of Report</b>
<b>Aberdeen City Council Policy Statement</b>	<p>The proposals within this report support the delivery of Economy Policy Statement 4 – Increase city centre footfall through delivery of the City Centre Masterplan.</p> <p>The paper seeks approval to progress the next stages of land assembly, site clearance and procurement process to appoint a development partner to deliver city centre living in Queen Street.</p>
<b>Aberdeen City Local Outcome Improvement Plan</b>	
Prosperous Economy Stretch Outcomes	The proposals within this report support the delivery of the LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth sectors by 2026. This paper seeks the approval of a delivery programme which will result in increasing the number of people employed in growth sectors digital/creative and construction.
Prosperous People Stretch Outcomes	The proposals within this report promote the LOIP Stretch Outcome 7 - Child Friendly City which supports all children to prosper and engage actively with their communities by 2026. The outcome of

	<p>delivering the programme outlined within this report would result in improved public amenity space in the city-centre for all visitors and residents to enjoy, providing children with spaces for interaction and play.</p> <p>Stretch Outcome 8 - 25% fewer young people (under 18) charged with an offence by 2026;          Stretch Outcome 9 - 25% fewer people receiving a first ever Court conviction each year by 2026; and          Stretch Outcome 10 - 2% fewer people reconvicted within one year of receiving a community or custodial sentence by 2026.</p>
Prosperous Place Stretch Outcomes	<p>The proposals within this report promote the LOIP Stretch Outcome 15 - 38% of people walking and 5% of people cycling as main mode of travel by 2026. The outcome of a delivering the programme outlined in this report would result in an improved streetscape, encouraging active travel in the city-centre.</p>
<b>Regional and City Strategies</b>	<p>The proposals within this report support both the City Centre Masterplan and policies and strategies outlined in the Local Development Plan. The Queen Street Redevelopment will address housing shortage in Aberdeen (specifically in relation to affordable housing in the city-centre). The supply of new high-quality urban homes will be delivered alongside increased public amenity space in an effort to combat air quality issues in the area.</p> <p>In order to avoid undue pressure on the local road network it is proposed that the development will be car free, taking advantage of it's city-centre location and proximity to local transport hubs. Thereby the proposals in this report also support both the Strategic Development Plan and the Regional Transport Strategy.</p>

## 8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An Assessment has been carried out and concludes that this report has 'neutral impact' on Equality and 'no impact' on Human Rights.

<b>Data Protection Impact Assessment</b>	Not required at this stage but may be in future dependent on the detail of service integration design.
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## 9. BACKGROUND PAPERS

Aberdeen City Centre Masterplan

<https://aberdeencitycentremasterplan.com/>

Report to City Growth and Resources (05 December 2019)

<http://councilcommittees.acc.gov.uk/documents/s105378/RES.19.434%20-%20Report%20Queen%20Street%20Programme.pdf>

Decision sheet

<http://councilcommittees.acc.gov.uk/ieDecisionDetails.aspx?AllId=71232>

## 10. APPENDICES

Appendix 1: 2020 October estimated costs (Queen Street)

## 11. REPORT AUTHOR CONTACT DETAILS

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