

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources Committee
DATE	12th November 2021
EXEMPT	Yes - appendices E and F are exempt under Estimated Expenditure on Contracts exemption in terms of paragraph 8 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.
CONFIDENTIAL	No
REPORT TITLE	Queen Street Redevelopment Progress Update
REPORT NUMBER	RES/21/268
DIRECTOR	Steven Whyte
CHIEF OFFICER	-
REPORT AUTHOR	Sandy Beattie
TERMS OF REFERENCE	3.2, 3.3, 4.4

1. PURPOSE OF REPORT

- 1.1 This report provides an update on progress with regards to land assembly to facilitate the Queen Street redevelopment proposals, outlines the next stages of project delivery and seeks decisions around procurement and other actions.

2. RECOMMENDATIONS

Recommendations relating to this report are contained within the overarching covering report due to interdependencies

3. BACKGROUND

- 3.1. The Queen Street redevelopment project is identified as Project CM02 in the City Centre Masterplan. This report outlines progress since the update to this committee on 28th October 2020 (ref RES/20/158). A further update on CCMP Intervention area CM02 Queen Street was incorporated in the CCMP Review in August 2021.

Progress

- 3.2 Demolition of 29-31 Queen Street (formerly McKay's) was completed in March 2021, completing "Phase 1" site clearance of the north Queen Street area.
- 3.3 Land acquisition of the former University of Aberdeen surface car park and 6-12 Shoe Lane is complete as of May 2021. An updated land ownership plan can be viewed in Appendix A.

- 3.4 Police Scotland integration is complete as of July 2021, with Police Scotland now occupying Marischal College lower ground floor west, an integrated public sector partner area in lower ground floor north and a dedicated customer service point in the ground floor customer service area.
- 3.5 Decommissioning of the Police Scotland headquarters is currently underway with the building expected to be vacant by January 2022. Aberdeen City Council has agreed to acquire the former headquarters (Item 27, City Growth and Resources Committee 28 October 2020) with an expected handover scheduled for 31 January 2022.
- 3.6 An initial demolition programme will commence following acquisition, subject to procurement and necessary statutory consents. Indicative costs for demolition are estimated in Appendix E (exempt). It should be noted that these costs are estimated only and that full costs will only be known once procurement has concluded. It is therefore recommended that an optimism bias and contingency of 20% is included in cost estimates. This is detailed in the demolition business case, Appendix F (exempt).
- 3.7 The provisional programme of works is included in Appendix D. This will commence with site security followed by service separation, asbestos removal and internal soft strip. Given that the former headquarters lies within the City Centre Conservation Area, full demolition of the building structure will be dependent on both building warrant and conservation area consent being granted. It will therefore be necessary to develop a detailed design proposal to inform the planning authority what will replace the former headquarters to provide certainty that an unsightly gap site will not be left post demolition.
- 3.8 A risk register is included as Appendix B, which highlights programme risks including Mortuary re-provision, telecommunications masts relocation, service separation from Scottish Courts, planning consents and demolition programme (pending detailed surveys).
- 3.9 Scottish Courts and Tribunal Services (SCTS) has worked with the Council over the last year to undertake an initial design and capacity exercise to explore the opportunity to consolidate a justice centre in the Town House incorporating the Sheriff, Civil and Commercial Courts. Outline design work was undertaken before the impact of the pandemic was understood, particularly, for example, in relation to online participation in meetings and proceedings. Estimated costs for this intervention are prohibitive in the context of the wider Queen Street development and it is recommended that a further design and capacity exercise be undertaken to determine whether a more streamlined and cost-effective solution may be developed. An in-principle agreement with SCTS has been reached to develop a feasibility study for enhancing the existing Town House provision to accommodate the Civil and Commercial Courts, with the Sheriff Court remaining at Castle Street.
- 3.10 A detailed three-dimensional digital model has now been completed and will be used to support design development work. The model has been compiled utilising laser point cloud data delivering a final format that is within 5mm tolerance across the city-centre, compliant with BIM (Building Information

Management) government legislation. The model will deliver value not only throughout the design stages but also provides the opportunity to develop a digital twin service, enabling real-time data to be transformed into digital simulation.

- 3.11 Given the changes in the global economy and seismic shift in how cities operate in a post pandemic world (reference May CCMP report), it is prudent to undertake a research and analysis exercise to determine appropriate future uses for Queen Street. This exercise will be informed where possible by previous studies, consultations and options appraisal within the Queen Street development zone, considering the continuing changes in market conditions with the objective of establishing a development plan which aligns with the overarching vision and policy objectives for the City Centre. This will inform the potential uses within the development zone, market demand and capacity forecasts and the financial framework within which any arising proposals will be considered. It will also inform the methodology for a formal market engagement exercise that, ensuring solutions are of viable interest to attract appropriate and secure private sector investment, ultimately leading to the appointment of a Development Partner.
- 3.12 Market Analysis including commercial, residential, retail, civic uses, sales and rental forecasts, risks, economic forecast and demographic analysis will therefore be undertaken. This workstream will determine the appropriate mix and type of residential development appropriate. It is intended that this will be commissioned through the Council's existing contract with Hub North Scotland. The workstream will be linked to and informed by the City Living Strategy update which is currently in preparation. The full scope of work leading to the procurement of a development solution is identified in Appendix C.

Next Steps

	Task	Issues	Indicative completion*
1	Police HQ Acquisition	Police relocation Telecoms masts Service liabilities	January 2022
2	Police HQ Demolition (soft strip to commence pending acquisition)	ACC construction manager Civil Engineer to scope, cost and manage Statutory consents (eg warrant, conservation area consent) Demolition Contractor procurement Specialist asbestos survey and removal Service separation for SCTS Generator removal SSE Electricity substation removal Mortuary relocation	March 2023

3	Lease terminations	5 West North St/ 2 Shoe Lane	January 2022
4	SCTS relocation feasibility	Subject to SCTS agreement	March 2022
5	Market Analysis	Assessment of CCMP context Procurement strategy Development Appraisal Development Brief Soft market engagement	January 2022
6	Development Solution	Market engagement Screening Procurement	April 2022
7	Design Development	To be confirmed	Q3 2022
8	Planning Application(s)	To be confirmed	Q4 2022
9	Mortuary	Completion target (pending funding)	Q4 2023

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 the Beach area.
- 4.2 The last Queen Street Redevelopment Programme Update (RES/20/158) allocation provided a summary of indicative costs at that time. It is anticipated demolition costs are likely to be higher than those envisaged last year. These costs are reflected in the demolition business case.
- 4.4 In addition to the above, the Queen Street Redevelopment programme has received financial support from the Town Centre Fund (£283k) to advance the demolition of 29-31 Queen Street
- 4.5 The Queen Street Redevelopment programme has also drawn £18,964 from the City Centre Recovery Fund to support delivery of the Queen Street Digital Model.
- 4.6 The Queen Street budget approved last year currently has an available underspend of £1.7M which will require to be supplemented to cover projected demolition costs for the Police Scotland headquarters, SCTS feasibility and development partner procurement. It is recommended that £3 million from the City Centre Masterplan budget be allocated to cover the next stage of Queen Street redevelopment. This includes provision for risk and optimism bias.

5. LEGAL IMPLICATIONS

- 5.1 There are legal and conveyancing requirements for the acquisition of the Police Headquarters. Pending the outcomes of accommodation review and feasibility study, there may be legal implications for the Scottish Courts which will be confirmed following that review.
- 5.2 Police Scotland Headquarters has a number of telecommunications masts located on the rooftop. Notice was served on all three masts in October 2020 by Police Scotland following Committee's approval for Council to proceed with acquisition of Police HQ. As part of the Telecommunications Act (1996) all companies retain the right to contend the notice to remove in Court via a Lands Tribunal Case should they deem it unfair to relocate within the 18- month notice period. ACC and PS have undertaken extensive efforts to assist each mast company with finding suitable alternative sites, and whilst this has been successful with 2/3 of the companies there is a still one outstanding party. ACC continue to work alongside Police Scotland to resolve this issue, however, the risk of Lands Tribunal Action remains until legal agreements have concluded between all affected parties.

6. MANAGEMENT OF RISK

- 6.1 A Project Risk Register is included as Appendix E

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Risks inherent in not addressing the changing circumstances in the city centre will have a significant effect on the delivery of our city and regional economic strategies	H	Review update and reprioritise objectives and delivery programme as set out in this report
Compliance	Potential risks related to comms mast removal at Police HQ, handover, land title, demolition scope and statutory consents that may have an impact on cost and programme	H	Continue to monitor throughout the project delivery

Operational	Resource capacity for our staff involved in the various project workstreams, particularly client monitoring roles. There are also risks in supply chain, contractors and materials.	H	Hub North Scotland has been approached to provide project management and procurement support
Financial	There will be emerging financial implications as a result of this paper being approved, particularly around estimated increased costs for demolition and liability for non-domestic rates	H	Procurement and management of contractors through existing frameworks with endeavour to gain best value
Reputational	Not progressing with the project will leave a vacant building and would have significant reputational damage for the Council as a “place leader”	M	Undertaking the demolition in the short term will assist in building confidence in the city
Environment/Climate	Environment and climate implications may potentially be in danger of being undermined in favour of short-term economic gains.	M	Any risks will take into account the Council’s own Net Zero targets and be embedded in the programme

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 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	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	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

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equalities & Human Rights Impact Assessment	An Assessment has been carried out as an integral part of the project process. The overall rating was green, with a neutral impact on Equality Rights and no impact on Human Rights. The Assessment will be reviewed in 2022 when the Design Development stage is underway.
Data Protection Impact Assessment	Not required at this stage.

9. BACKGROUND PAPERS

CCMP report RES/21/179
Queen Street Update RES/20/158

10. APPENDICES

A - Land Ownership as of October 2021

- B - Risk Register
- C - Development Partner Phases 1 and 2
- D - Provisional Programme of works
- E - Estimated Demolition Costs (exempt)
- F - Demolition Business Case (exempt)

11. REPORT AUTHOR CONTACT DETAILS

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