

# Outline/Full Business Case

<b>Project Name</b>	Queen Street Development Zone - Outline Business Case		
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<b>Sponsoring Cluster</b>	Corporate Landlord	<b>Version</b>	8.0

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[Find further guidance in the ACC Project Management Toolkit online](#)

## 1. Introduction and Project Overview

Briefly describe the basic project concept. Describe the current business situation as it relates to the problem or opportunity that gave rise to the idea, including any other drivers such as regulatory or legal compliance requirements

If taking no action may have a negative effect on the organisation, then also describe what will happen if the project is **not** undertaken.

### Introduction

This Outline Business Case (OBC) follows the instruction from Council in December 2022 in relation to the approved Strategic Outline Case for the Queen Street area. The OBC provides estimated Capital and Revenue costs and indicative programmes for delivery of an Urban Park and varying levels of supporting development on Queen Street in line with Council policy and instruction for the area.

At their meeting on 14 December 2022, Council approved the Strategic Outline Case (SOC) for Queen Street:

The SOC and covering report can be viewed at:

<https://committees.aberdeencity.gov.uk/documents/g8190/Public%20reports%20pack%2014th-Dec-2022%2010.30%20Council.pdf?T=10>

9.1 City Centre Update - RES/22/290 (Pages 41 - 264)

The decision sheet can be viewed here:

<http://councilcommittees/documents/g8190/Decisions%2014th-Dec-2022%2010.30%20Council.pdf?T=2>

**Ref item 9.1 (xi) Queen Street to agree the Strategic Outline Case for Queen Street and instruct 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)**

An Urban Park option covering the entire project area does not score the highest optimal solution for Queen Street based on the evaluation criteria used (as borne out by the Options Appraisal detailed in Section 7).

The OBC therefore also includes costs and programme implications for varying amounts of optional development that could support differing scales of Urban Park and reduce the burden to the public purse of its provision, whilst supporting placemaking and other ACC policy objectives for the city centre.

### Background

The city centre is currently undergoing major transformation and this project seeks to support this. The City Centre and Beach Masterplan provides a framework of development and

direction that demonstrates a seismic change in the way the city operates, and Queen Street is a key component of this.

### **Project Overview**

Redevelopment of Queen Street provides the opportunity to address unsightly and inefficient buildings, whilst enabling significant improvements to public realm, opportunities to increase green space and encourage well-being in the city centre, increase inclusivity and complement the established improvements to Broad Street and Marischal Square.

The surrounding area is home to key civic, commercial, and cultural assets in the city and benefits from a wonderful quality of architecture such as Marischal College and the Town House.

Queen Street has seen over £6M commitment by ACC (which has enabled land assembly, demolition, Police Scotland integration into Marischal College and a new Joint Integrated Mortuary which is now on site at Aberdeen Royal Infirmary Foresterhill) to manage public resources more effectively, whilst at the same time pump priming/de-risking the site for future development. An additional £22.5M has been secured from the Scottish Government to enable the city mortuary relocation to be complete by Summer 2024.

The Council is now the majority landowner in the area and has acquired the following properties/areas of land:

- 29 – 31 Queen Street
- Former Police Scotland HQ
- Surface Car Park
- Former University of Aberdeen surface Car Park
- 6-12 Shoe Lane (Former University of Aberdeen Music Range).

An Urban Park in Queen Street will develop a key component of the City Centre and Beach Masterplan and regenerate an important city centre site that otherwise could lie vacant and derelict. It will contribute to:

- Health & wellbeing of all residents and visitors to the city
- Attracting new visits to the City Centre, potentially through hosting events particularly in relation to the cultural centres in the immediate area
- Active travel in the City Centre and promoting walking and cycling, creating pedestrian and active travel dominated areas, taking advantage of the City Centre location and proximity to local transport hubs
- Consolidating the civic heart of the city and provide for appropriate green space and amenity which is complementary to the surrounding historic environment
- Increasing City Centre population and footfall across all age groups
- Increasing the number of people that work in the City Centre
- Creating 20-minute neighbourhoods in the City Centre
- ACCs journey to Net Zero Carbon.

## 2. Executive Summary

Provide a clear, concise summary of the key features of the business case, briefly describing what the project will deliver, any key decisions associated with it, the expected costs, and the funding position (showing any budgets already identified/ expected and the ask of Capital). Include an outline of the benefits, and any dis-benefits, what risks and assumptions are associated with the project, and summarise planned or agreed dates and time constraints. Indicate who is the project sponsor and how the project will be owned and governed and what form the project board will take.

### Key features

Queen Street is a key component of the City Centre and Beach Masterplan. The Council has acquired property at Queen Street and Marischal College from the University of Aberdeen and Police Scotland, to facilitate the co-location of a range of public services there and complement the new commercial quarter at Marischal Square creating a unique opportunity for the area to become a new transformational asset for the city.

The Council's objective is to deliver an Urban Park - this OBC explores various options to achieve that, with differing scales of park and potential for a degree of enabling development.

There are several factors that influence the evaluation of each option including:

- Revenue costs - sizeable environmental maintenance costs that cannot be offset through development
- Capital costs - variable construction costs including demolition of the former Police HQ building) and costs already incurred to date of £6M as outlined above, that cannot be offset through development on the site
- Strategic alignment - a mixed-use development offers greater employment and city centre living benefits than those realised under the full Urban Park
- Economic impact - Options with commercial elements perform much better in terms of Gross Value Add and Land Value uplift than the full Urban Park.

As well as providing the costs and programme implications of a new Urban Park in Queen Street, this Outline Business Case also allows readers to understand the potential scale of development from an Urban Park across the whole site to phased and selective forms of development with varying areas of Urban Park. It shows what types of development may support the ambition for ACC to deliver an Urban Park in Queen Street.

### Vision

Queen Street will be a focus for a new Urban Park and high-quality public realm for the city that could include, elements of contemporary urban living, commercial office floorspace and cultural activity. The development will complement Marischal Square and Broad Street, providing a new Urban Park and public realm space that will increase well-being by including active travel and green infrastructure, endeavouring to deliver a net-zero development and create the conditions for sustainable urban living.

The form and function of Queen Street will be different in future - at present it is a road with surface car parks and limited green space accessed from it. In future it will be a limited access route through a green space.

## **Strategic Fit**

As well as delivering a key part of the Council's policy, the project will contribute to the Prosperous Economy and Prosperous Place objectives of the Local Outcome Improvement Plan, and to the Changing Perceptions, Growing the City Centre Employment Base, A Metropolitan Outlook, A Living City for Everyone, Technologically Advanced and Environmentally Responsible, and Culturally Distinctive objectives of the City Centre and Beach Masterplan.

## **Options Appraised**

The following Options have been appraised:

### **Option 1**

Do Nothing/Minimal intervention (i.e., market site for sale)

### **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 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.

**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 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 8% less than Options 3, 4 & 5.

As market testing of the optimal development solution for the Southeast portion of the site (former Police HQ) will be carried out after consideration of this OBC, there will require to be some flexibility within Option 5, allowing commercial, residential and mixes of both to be tested through the process of market engagement.

## **Reason for Selection of Preferred Option No 5**

Through a comprehensive options study to inform this OBC, Option 5 has been identified as the recommended Option for the proposed regenerative development of the Queen Street site. Option 5 seeks to deliver an urban park of 5,200m<sup>2</sup> to the Northwest site area as a first phase with further work ongoing to develop a Full Business Case to identify the preferred development use of the Southeast portion of the site currently housing the former Police HQ. Whilst more detail concerning this Option 5 is provided within this OBC and supporting

appendices, in summary, the primary advantages of this option over other options considered are:

- A phased approach delivers an urban park of 5,200 m<sup>2</sup> in keeping with the instructions from Council
- The phased approach allows for a separate consideration of the best use of the remainder of the site without affecting delivery of the Urban Park
- The delivery of the Urban Park is not tied to or dependent on delivery of commercial development components (refer to Options 3 & 4), providing greater programme certainty
- Option 5 provides the highest cost-benefit ratio at 3.20
- Added GVA through the potential for the commercial development component
- Anticipated lower maintenance costs for Urban Park than estimated for Option 2 (full Urban Park)
- Lower overall risk profile (medium) than Options 3 & 4 which deliver commercial buildings on both portions of the site.

### Costs

The expected costs of the Preferred Option 5, Urban Park with landscaping to the north-west development area and new build workplace to the south-east on the site of the former Police HQ, are:

- Capital Cost of **£60.665M** (which includes allowances for, risk, inflation and professional fees but excludes committed costs of circa £6M)
- Ongoing Revenue Costs (to maintain the Urban Park element) of circa **£45,000** per annum (based on 2023 rates and dependent on final design of the park).

This cost is split down between the following:

- Phase 1 Urban Park **£20M**
- Phase 2 Development of Southeast area of the site **£40.665M.**

Note: The Capital Costs for Option 5 are based on a new build workspace on the site of the former Police HQ and thus may be subject to review / change once the FBC has identified the preferred development use of that portion of the site (this may be Commercial, Residential, a mixture of both or Urban Park Phase 2). The Capital Cost of Option 5 would not be entirely borne by ACC – see Summary Table on page 7, cost to ACC column.

A separate Police HQ Strip Out project is underway, covering the asbestos removal, soft strip and services separation elements which are common to all Options. These costs are to be met from the existing committed budget. Tenders are currently being reviewed to demonstrate best value and cost effectiveness with the estimated site start being October 2023.

An estimated forecast of the design costs to reach detailed design with consents (approx. RIBA Stage 3), for Phase 1 Urban Park are outlined below:

- Lead advisor / Architect / Masterplanner £35,000
- Town Planning £7,000
- Landscape Architect £40,000

- Cost Consultant £25,000
- Services Consultant £10,000
- Structural Consultant £15,000
- Lighting consultant, potentially art / play equipment design £30,000
- Total £162,000 excluding VAT.

The estimated forecast costs to complete an Outline Business Case for the Southeast portion of the site could be in the region of £100,000 excluding VAT (to be met from existing Queen Street budget).

## Summary

The table below is a summary of the Costs, Programme, Benefits, Development Appraisal outcomes and an indicative risk assessment to ACC in delivery of each Option.

Option	Area of Urban Park	Development	Capital Cost to deliver	Cost to ACC	Timescale	Benefit to City	Risk	Net Commercial impact to ACC
1 Do nothing	N/A	Unknown until site sold – out with ACC control	Minimal to market site	£6M already committed (land assembly etc)	Unknown until site 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	7,300 m2	None	£26M	£26M plus £6M already committed (land assembly etc)	Complete by March 2026	£44.6M, with a benefit-cost ratio of 1.51	Low Risk - Delivery risk to ACC low as ACC has full control	Income from Pavilion could be £10k per annum but unlikely to offset £26M Capital Cost and £6M spent to date.
3 Urban Park, new Residential to NW and refurbished Police HQ to provide residential	3,466 m2	Residential	£39M	£13M plus £6M already committed (land assembly etc) (Developer costs are £25M)	Complete by 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 to offset the £39M Capital Cost and £6M spent to date.
4 Urban Park, new Residential	3,400 m2	Mixed used Residential and Commercial	£71M	£15M plus £6M already	Complete by March 2026	£220.4M, with a benefit-	Medium/High Risk – See	Income from Council Tax rates could be £113k per

Development to NW and new Commercial (Office) to SE				committed (land assembly etc) (Developer costs are £53.5M)		cost ratio of 3.24	note below.	annum and Business Tax rates could be £1.08M per annum to offset the £71M Capital Cost and £6M spent to date.
5 Urban Park and new Commercial to SE	5,200 m <sup>2</sup>	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)	Complete Phase 1 Urban Park Q1 2026 and 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.

**Table 1 – Summary for all Options**

**NOTE:**

OPTION 1 - until the site is sold, ACC will continue to incur revenue costs for Statutory Maintenance, Rates, and Health & Safety compliance in the former Police HQ building. These costs are estimated to be circa £390,000 per annum. Police Scotland continues to pay 50% of monthly running costs until such time as the Telecoms Masts on the roof are decommissioned, which is expected to be towards the end of 2023.

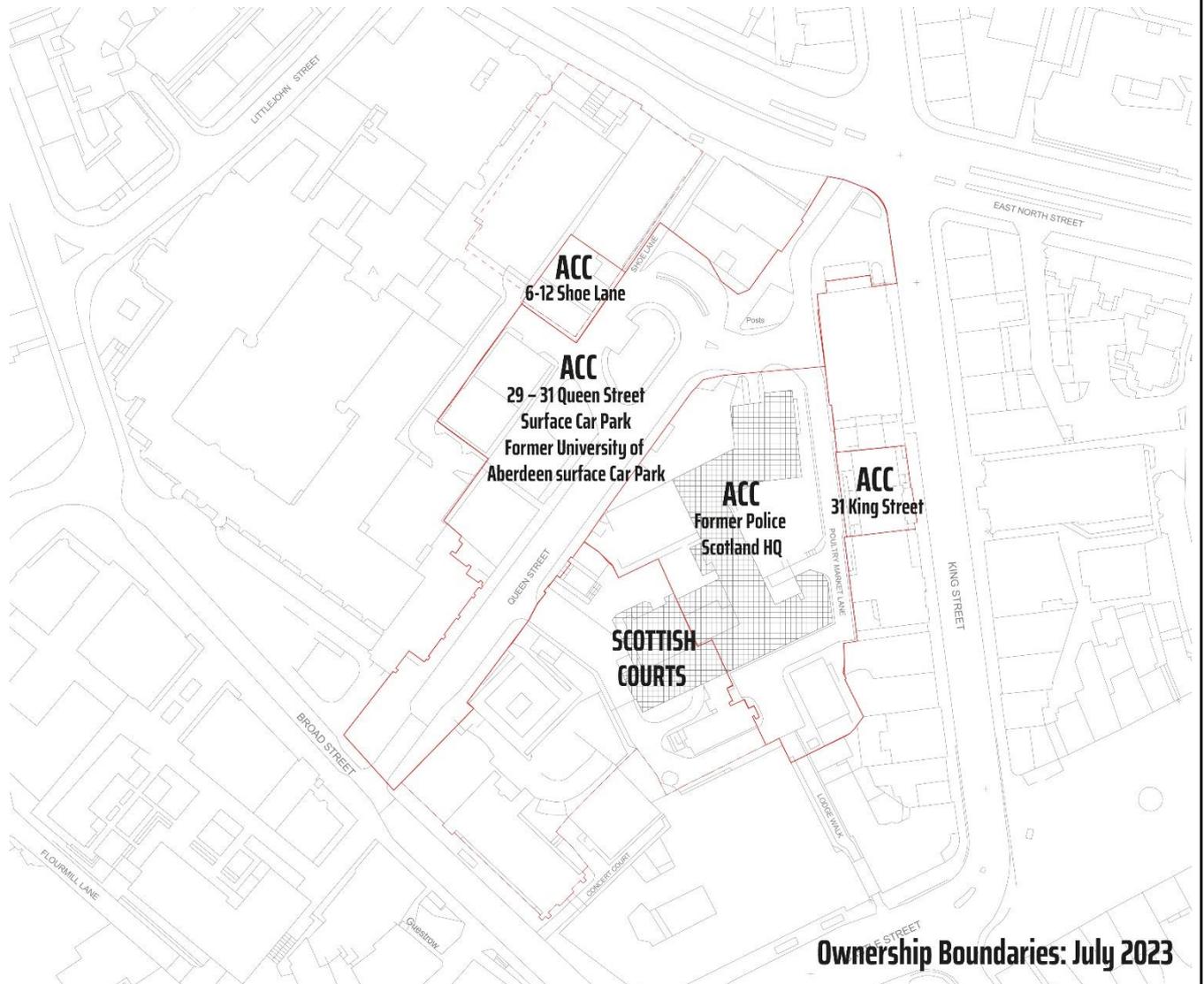
OPTION 3 - ACC secure planning consent, prepare site for development, deliver Urban Park, and sell prepared sites to a build to rent developer / investor OR ACC work with a development partner and carry the cost of the Urban Park works.

OPTION 4 – Medium Risk – ACC secure planning consent, prepare the site for development (including demolition), deliver the urban park and either sell the residential development parcel and the former Police HQ site to a developer(s) or work in partnership with them AND offer a 'lease wrap' over the office building for 40 years at 80% of the rental value. Adopting this scenario offsets, the Council's costs by c.£2.5m, reducing to c. £15m. This contribution is minimal and any minor changes to build costs or the design could put this at risk.

OPTION 5 - ACC secure planning consent, prepare the site for development (including demolition), deliver the urban park and either sell the residential development parcel and the former Police HQ site to a developer(s) or work in partnership with them AND offer a 'lease wrap' over the office building for 40 years at 80% of the rental value. Adopting this scenario offsets, the Council's costs by £10m, reducing from £18M to £8m. This Option delivers on the Urban Park as per ACC policy but also allows ACC to take stock and consider options for the rest of the site at a future point. This still has risk but less risk than committing now to a development option which is more rigid in approach (such as Options 3 and 4).

## Site Ownership

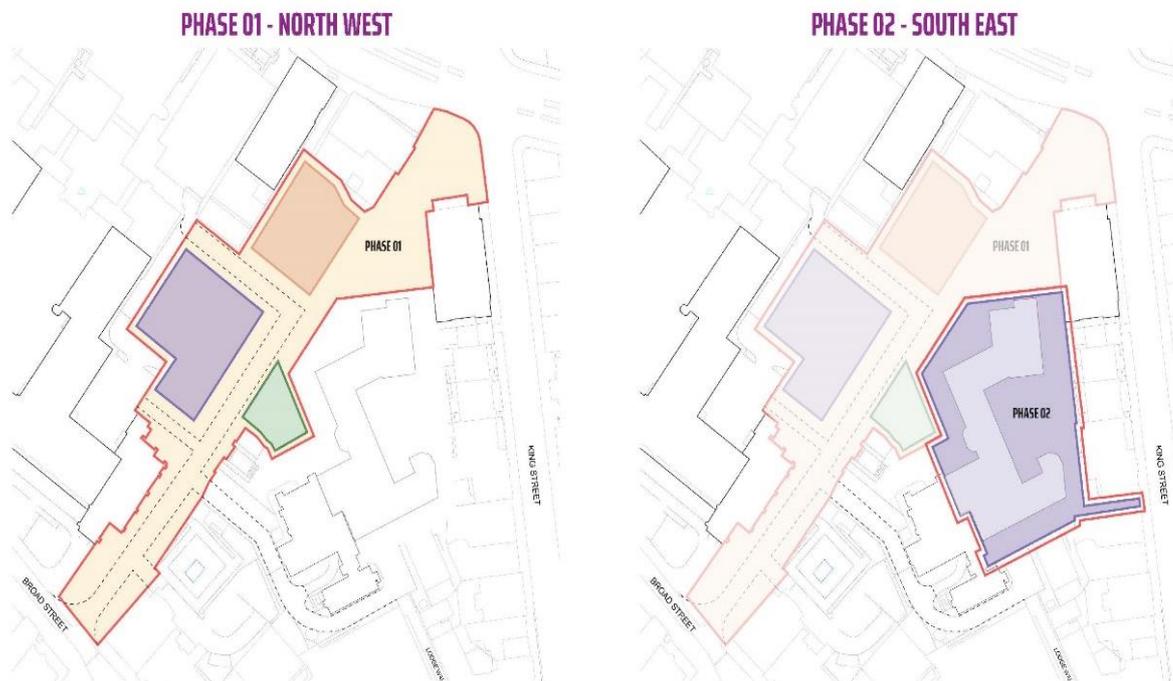
The plan below shows the Queen Street site ownership boundaries.



*Figure 2 – Queen Street site ownership*

## Site zones

The site is split into two distinct zones as shown in the diagram below.



*Diagram 1 – Site Zones*

### Note:

#### Phase 01:

Phase 01 outlines the creation of a new urban park and streetscape through the urban plot with a potential development zone to the north. The central area highlighted remains consistent in all design variations allowing the urban park to progress at an earlier stage. The northern area (purple) will be transformed into an extension of the urban park or a new build residential block.

#### Phase 02:

Phase 02 will complete the Queen Street redevelopment scheme and urban plot. The area is home to the former Police HQ and the existing 7 storey tower (GF + 6) remains in the centre of the plot. This will either be retained and developed into a retrofit residential block or demolished to make way for a new build office.

Given that ACC own all the land in the northwest portion of the site, with little demolition work required, it is recommended that this area be the first to be developed as an Urban Park, followed by the southeast portion of the site once it is clear from the Full Business Case and market testing, how the former Police HQ is to be redeveloped.

## Programme

Indicative programme durations for all Options appraised in this OBC are shown below.

Option	Start date	Completion date
<b>Option 1</b> – Do Nothing (ACC sells the site and has no control over any future development - the former Police HQ building would not be demolished).	N/A	N/A
<b>Option 2</b> – Full Urban Park (Full demolition will be approx. 6-9 months then build period for the Urban Park).	Nov 2024	Mar 2026
<b>Option 3</b> - Urban Park with housing development to north-west and refurbished/repurposed Police HQ to form residential development to south-east (Development on northwest site will require more consultation and design development. Assumed single phase as Urban Park is tied to development of northwest buildings).	Feb 2025	Feb 2027
<b>Option 4</b> - Urban Park with housing development to northwest and new build workplace to south-east on site of former Police HQ (Assumed single phase as per Option 3).	Feb 2025	Aug 2027
<b>Option 5</b> - Urban Park with landscaping to north-west development area and new build workplace to south-east on site of former police HQ (Assumed phased basis, Phase 1 Urban Park to Northwest of site and Phase 2 Development to Southeast of site. Phase 2 dates subject to market engagement).	Phase 1 - Oct 2024  Phase 2 – Feb 2025	Phase 1 – Q1 2026  Phase 2 – Q1 2027

*Table 2 – Programme durations for all options*

## Funding position

There is no identified budget for this project at the moment (other than the £6M already committed). The project costs will require to be referred to the Council's Budget Process and Capital Programme for approval.

## Benefits/Dis-benefits

The total present value economic impact of the Preferred Option No 5, Urban Park with landscaping to the north-west development area and new build commercial office/residential to the south-east on site of former police HQ is an estimated **£191.2 million** with a benefit-cost ratio of **3.20** (equal to the total benefits figure, divided by the present value cost of this Option). This is broken down below:

- **GVA from new commercial workspace: £146.6 million:** 60% occupancy assumption and 12 sqm per FTE density assumption (*Housing & Communities Agency*) assumed to derive employment impact. £96,667 GVA per head (*Scottish Government*) assumptions applied to derive gross GVA impact. 80% displacement, 15% leakage and 1.23 multiplier (*Scottish Government*) applied to retail jobs, and 70% displacement, 15% leakage and 1.29 multiplier (*Scottish Government*) applied to office jobs to derive net GVA impact.

- **Construction GVA benefits: £24.4 million** [equal to total construction spend; multiplied by a GVA to turnover ratio of 44% (*Scottish Government*); adjusted to account for displacement (20%), leakage (10%) and indirect & induced multipliers 1.44 (*Scottish Government*); discounted at rate of 3.5% (*HM Treasury Guidance*)]
- **Land value uplift benefits from proximity to green space: £20.2 million** [assumes 3% uplift (*Cabespace impact study*) applied to all properties within a 0.25-mile radius (*CoStar*)].

## **Risks**

Based on the work done to date in preparing this OBC, the top key strategic risks are:

- Doing nothing could lead to the site remaining vacant and being a blight on the city centre landscape
- Insufficient budget or inability to generate appropriate developer receipts, thereby delaying/stalling the development and potentially resulting in blight on the City Centre landscape and vacancy of site
- Changes in the market demand (Phase 2) which may result in the redundancy of the OBC, and the project being deemed as unviable. This would result in abortive work and blight on the City Centre landscape
- Neighbouring properties and businesses object to development proposals resulting in programme delays and reputational loss to ACC and negative publicity for the project
- Failure to secure statutory consents including conservation area consent, planning consent(s), and building warrant(s), leading to the project being delayed, amended, or cancelled and not meeting optimal solution for Queen Street
- Delivery of new mortuary facility is delayed resulting in delay to developing proposals and demolition of Police HQ building and sequencing of development
- Planning restrictions impact on the level of development that could potentially help financially support an Urban Park.

Note: The risks above are strategic project risks regardless of Option. Top key risks specific to each Option are outlined in Section 7 (Options Appraisal).

The full Project Risk Register is available if readers of this OBC require to view it. Project risks will be managed through a structured risk management process should the project proceed beyond this stage of reporting.

## **Assumptions**

The key assumptions for developing Queen Street are:

- ACC wishes to deliver an Urban Park to either the whole or part of the site area
- ACC wishes to adopt as little commercial risk as possible
- ACC intends to retain control of the land for future City Centre needs

- ACC has already made significant investment in land acquisition and demolitions (29-31 Queen Street) which can be viewed as pump priming/ de-risking
- Queen Street is an adopted road and likely to continue as such. It is likely that any lanes / side streets or urban green spaces associated with the development will be adopted
- The form and function of Queen Street at present is a road with surface car parks and limited green space accessed from it. In future it will be a limited access route through a green space
- ACC will prepare a Roads and Car Parking Strategy prior to developing the northwest side of Queen Street. This will be negotiated by Corporate Landlord with the University of Aberdeen and Police Scotland (as the two users outside ACC).

### **Governance**

ACC is the sponsoring organisation and Governance will be through the Council's Capital Programme.

### **Project Delivery**

The project is expected to be procured through the Hub model as this will accelerate the procurement process and help to secure best value by providing access to Hub North Scotland Limited's (HNSL) supply chain network and project management resources.

### **Preparation of this OBC**

The following consultant disciplines were engaged by HNSL in preparing this OBC:

- Masterplan Architect
- Landscape Architect
- Property Advisor
- Economic Consultant
- Structural Engineer
- Services Engineer
- Cost Manager
- Business Case Author.

### **Sequence of activities and key decisions**

Key decisions:

- A recommendation to approve the principle of Option 5, Urban Park with landscaping to northwest development area (Phase 1) and new build development (residential or commercial or a mix of both) to the southeast on the site of the former Police HQ (Phase 2) as the Preferred Option

- Taking forward detailed design and construction of an Urban Park to the northwest of the site; undertake stakeholder consultation (including public); 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 the site based on ACC's risk appetite for development.

The recommendation for the former Police HQ is to move to Full Business Case to determine suitability for either refurbishment or rebuild, with residential and commercial office space as use options to come back to Council by December 2023.

There is a sequence of activities which could ultimately change the configuration of Option No 5:

- 1) To proceed with all soft strip and demolition activities as approved which do not trigger a planning application due to it being a conservation zone
- 2) To immediately proceed with detailed design and planning activities associated with the Urban Park per Option No 5
- 3) To immediately proceed with a soft market engagement exercise to assess viable uses for the remaining part site under ACC's ownership, based on both full demolition and refurbishment options of the former Police HQ
- 4) Following this soft market engagement an update to be provided examining uses for the residual site which complements the planned Urban Park. These options could include development in full, in part, deferred development or sale and Urban Park in full.

### 3. Strategic Fit

This section will consider how the project fits with the list of projects identified in the Local Outcome Improvement Plan). Firstly, state if the project is identified within the LOIP. If it is not, how does it work with the Council's strategic objectives such as:

- Prosperous Economy
- Prosperous People (Children & Young People)
- Prosperous People (Adults)
- Prosperous Place

The project is not formally identified within the Local Outcome Improvement Plan (LOIP) but is a key component of the City Centre and Beach Masterplan. The project sits within the Queen's Square Opportunity Site (OP81), as defined by the Aberdeen Local Development Plan 2023.

As well as being a key component of Council policy, the project aligns with the Council's Strategic Objectives as outlined below.

### **Prosperous People (Children & Young People)**

This Business Case promotes 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 delivering the programme outlined within this report would result in improved public amenity space in the city centre for all visitors to enjoy, providing children with safe and attractive spaces for interaction and play.

**Stretch Outcome 9** – 30% fewer young people (under 18) charged with an offence by 2026. This Business Case promotes the redevelopment of Queen Street, with an active focus on public sector redesign to enable the civic heart of the city to work more efficiently. Public sector redesign and co-location will enable more joined up working across our city, leading to early intervention and improved support for the young people of Aberdeen.

The proposals identified within this Business Case as the Preferred Option support **Stretch Outcome 5** – 90% of children and young people will report that their experiences of mental health and wellbeing have been listened to by 2026. This is reflected in interactions, activities, support, and services. Queen Street will deliver quality public realm to increase well-being of both residents and visitors in the city, with an opportunity to provide the local community with places for play and outdoor learning.

### **Prosperous People (Adults)**

**Stretch Outcome 10** – 25% fewer people receiving a first ever Court conviction and 2% fewer people reconvicted within one year by 2026. This Business Case supports the aforementioned outcome as per the reasons stated for Stretch Outcome 9.

**Stretch Outcome 11** – Healthy life expectancy (time lived in good health) is five years longer by 2026. The redevelopment of Queen Street will deliver high quality urban realm from which visitors and tourists will benefit from the greenspace, providing an oasis in the heart of the city for rest and repose.

### **Prosperous Place**

The proposals identified within this Business Case as the Preferred Option promote **Stretch Outcome 15** - 38% of people walking and 5% of people cycling as main mode of travel by 2026. The outcome of delivering the programme would result in additional green space within the city centre, improved streetscape, connectivity and encourage active travel in the city centre.

The project will improve accessibility and support the Council's commitment to **accessibility and inclusive design** by providing spaces that all visitors and residents can use safely, with dignity, comfort, convenience, and confidence.

### **Access for all**

Any future designs should enable all users to make effective, independent choices about how they use new spaces in Queen Street without experiencing undue effort or separation and

particularly in relation to public realm, must recognise and address the barriers experienced by people with disabilities including (but not limited to)

- Learning difficulties,
- People who are deaf,
- Deafened and hard-of-hearing
- People who are blind or partially sighted
- Are neurodivergent.

The Council will develop operational policy mechanisms and active management plans to ensure that these accessibility improvements do not diminish over time.

The project will be based around inclusive design principles to ensure it reflects the different faiths, disabilities, genders & hidden conditions, and addresses important issues that affect a neurodiverse population. People should be able to make effective, independent choices about how they use places and spaces without experiencing undue effort or separation and be able to participate equally in the activities the area offers. Inclusive design is the essence of good design, but it goes beyond 'accessibility' and incorporates a broad range of design considerations. Inclusive Design is a critical component of delivering inclusive, user-centred environments that cater for the needs of all. This will be embedded into all aspects of the design including, for example, lighting and security.

It is important to acknowledge that an inclusive project/space does not attempt to meet every need of every person, but by considering the diversity of our cities it can break down barriers and exclusion which can often lead to a more effective and sustainable outcome. By designing all environments for as broad a demographic as possible, buildings and spaces can become more flexible and able to adapt to change without the need for costly and time-consuming adaptations. The overall aim is to design spaces and places that are comfortable for everyone to use, visit and enjoy.

#### **4. Business Aims, Needs & Constraints**

Provide an overview of the sponsoring organisation and explain how the project supports the existing policies and strategies, and how it will assist in achieving the business goals, aims and business plans of the organisation. Include any relevant information about the current business situation, such as the organisational structures, business model, buildings, processes, teams, and technology currently in place.

##### **Sponsoring Organisation**

Aberdeen City Council is the local authority responsible for leading the redevelopment of Queen Street as part of the City Centre and Beach Masterplan.

##### **Alignment with Policies & Strategies**

The Queen Street project supports Council policy, delivery of the Aberdeen City Centre and Beach Masterplan 2022, its 2023 update and numerous other policies and strategies including:

- Aberdeen Local Development Plan 2023 (ALDP) – Queen Square (OP81) is designated as a mixed-use area.
- Local Transport Strategy (new development to be car free where possible, increased active travel links)
- LOIP (increase employment)
- Net Zero Aberdeen Route map – Towards Becoming a Net Zero Emissions City by 2045.

The Scottish Government's National Planning Framework (NPF) 4 includes policy on development proposals for the reuse of existing buildings, considering their suitability for conversion to other uses and the need to conserve embodied energy. This has been considered in the range of options appraised in this OBC through specific scoring criteria on embedded carbon in construction and operational carbon.

### **Vision**

Queen Street will be a focus for a new Urban Park and high-quality public realm for the city that could also include opportunities for contemporary urban living and cultural activity. The development of an Urban Park will complement Marischal Square and Broad Street.

New Urban Park and public realm space will increase well-being by including active travel and green infrastructure, endeavouring to deliver a net-zero development and create the conditions to support sustainable urban living.

The development area also includes the opportunity to rethink how the Council's property interacts with King Street, the Lemon Tree and Marischal East as well as the Scottish Courts Annexe.

### **Business goals, aims and business plans**

ACC's goals and aims for Queen Street are to:

- Retain control of the land for the benefit of the Council and as a long-term legacy for Aberdeen City Centre
- Complement and support other existing and proposed strategic projects being taken forward by the Council
- Build on the "Aberdeen" Brand, highlighting renewed purpose of the City Centre, delivering Council themes being both inclusive and progressive
- Align with the SMART Objectives for the overall City Vision Programme:
  - More people living, working, and using City Centre facilities
  - Increased GVA for the City Centre
  - Offences and crime figures in a downward trend in the City Centre
  - More locals, visitors and tourists visiting Aberdeen throughout the year
  - More active travel across all demographics
  - Fewer cars in the City Centre
  - Ongoing reductions in CO2 emissions in the City Centre

- Improved perception of City Centre from residents and visitors
- New businesses attracted to the City Centre
- Increase in construction jobs
- New jobs created in the City Centre.

### **Current Business Situation – where are we now?**

ACC has undertaken an extensive programme of land assembly resulting in most of the land in Queen Street now being in Council ownership, apart from:

- Trinity Church
- Greyfriars Church
- Scottish Courts and Tribunal Services Civil Annex
- Marischal East.

The Strategic Outline Case (SOC) prepared in late 2022 was approved at Council in December 2022, which instructed that an Outline Business Case (OBC) be presented to Council in August 2023.

Whilst this OBC has been in preparation, tender packages for the former Police HQ asbestos removal, soft strip and services separation have been issued to the market and appointments will be made for this work to commence in Q3 2023.

Positive engagement is continuing with other stakeholders and arts venues in and around Queen Street. The final designs for Queen Street will aim, where possible, to support the ambitions of stakeholders in Queen Street.

Discussions with the Scottish Courts and Tribunals Service (SCTS) have confirmed that the civil and commercial court service will remain in operation in its current facilities in Queen Street and will not form part of the development.

Recent discussions with the Lemon Tree performing arts venue have confirmed that their own project to improve this venue is on hold due to lack of funding. They have developed a more modest proposal which follows similar principles to the original and this should still work well with the urban space proposed in all Options in this OBC.

At this time, the Town House extension (Council) and Marischal East (University of Aberdeen) are not included in this OBC but can be considered as later phases in the future. The Options explored in this OBC are formulated in such a way as to accommodate future development of these two sites if necessary.

Describe the purpose of the project, why it is needed, establishing a compelling case for change based on business needs, e.g., demand for services, deficiencies in existing provision etc. Where are we now and where do we need to get to.

### **Why is the project needed?**

Queen Street is one of the key projects included in the City Centre and Beach Masterplan and sits within the Queen's Square Opportunity Site (OP81), as defined by the Aberdeen Local Development Plan 2023. The site partially consists of vacant and derelict land as well as the

now empty former Police HQ building. Without intervention by ACC, there is a risk that the overall site will not be turned into an asset for the city and its residents in the short to medium term and will blight the city centre.

Its position adjacent to the civic hub of Marischal College, the Town House and Marischal Square offers the opportunity to develop a new Urban Park in this key area of the city with access for all to high quality green spaces using high-quality materials and design. The project will also enable opportunities to increase well-being in the city centre and has the potential to provide active travel links between King Street and Broad Street.

The Queen Street development also complements and supports other strategic public realm projects being taken forward by the Council, particularly Union Street East, Castlegate and links to the Beach.

### **Outcomes - where do we want to get to?**

As well as delivering a major key component of the City Centre and Beach Masterplan, the site's proximity to several major arts venues creates a unique opportunity to also turn Queen Street into a landmark city centre destination. This could include complementary outdoor space, arts, music, heritage, and culture offerings, building on its proximity to the adjacent Aberdeen Arts Centre, Lemon Tree, and Marischal East venues. Both the Arts Centre and Lemon Tree are owned by ACC and leased to these organisations. Both will benefit from a high-quality Urban Park development including green space, allowing events to spill out into the open areas as appropriate, creating opportunities to activate and animate the Urban Park.

Identify any constraints, e.g., timing issues, legal requirements, professional standards, planning constraints. What assumptions have been made, and any linkages and interdependencies with other programmes and projects should be explained, especially where the proposed project is intended to contribute to shared outcomes across multiple Clusters.

### **Constraints**

- Conservation Area Consent is required for any demolition works
- New Mortuary facility at Foresterhill needs to be complete (by Summer 2024) before work can take place on the southeast part of the site
- Asbestos removal, soft strip and services separation in the former Police HQ building requires to be complete before work can take place on the southeast part of the site
- Removal of Telecom masts on the roof of the former Police HQ building. A new mast is proposed on Marischal Square prior to de-commissioning the last old one. This is currently pending approval, but it is expected to be removed by the end of 2023
- The existing Police HQ has extensive underground structures, supporting adjacent roads and buildings. There will be constraints and challenges to remove elements of existing structure so as not to overly impact the future development of the site with legacy, underground structures.

### **Costs**

Tender price growth is beginning to converge with construction costs as demand falls and some input costs decrease. Cost reduction and competitive tendering are still not market

mainstays, though. Contractors may withhold savings as an aftermath of Covid-19 and due to concerns regarding future cash flow.

The backdrop of falling commodity prices will undoubtedly ease pressure on industry pricing, coupled with softening demand. However, there are two important factors to play that are expected to keep tender prices high - ongoing labour shortages and contractors going out of business.

Appropriate inflation allowances have been included within the outline budget costs prepared by Cost Consultants; 8.12% has been allowed based on a mid-point of construction projected to Q1 2026. This is based on market analysis and construction industry benchmarks current at the date of this OBC.

The expected Capital Cost for the Preferred Option No 5, Urban Park with landscaping to the northwest development area and new build workplace to the southeast on the site of the former police HQ, is **£60.665M** (which includes allowances for, risk, inflation, and professional fees).

This cost is split down between the following:

- Phase 1 Urban Park **£20M**
- Phase 2 Development of Southeast area of the site **£40.665M.**

### **Procurement**

The project is expected to be procured through the Hub model, using Hub North Scotland Ltd who are ACC's strategic development partner for the planning, procurement, and delivery of infrastructure projects across the north of Scotland. HNSL comprises of 16 public sector organisations, the Scottish Futures Trust and private sector partners in a joint venture company.

This model will help accelerate the procurement process and secure best value by providing access to HNSL's supply chain network and project management resources.

### **Planning**

Any Queen Street redevelopment proposal will be assessed against the relevant development plan and associated planning context at the time of any planning or associated applications. As of the 19th of June 2023, the 'development plan' now consists of the National Planning Framework 4 (itself adopted by Scottish Government in February 2023) and the newly adopted Aberdeen Local Development Plan 2023. While this represents a formal change from the development plan position that was in place at the time of the SOC in December 2022, both documents had previously been considered in draft, and therefore the policy position concerning the Queen Street development project remains largely the same. In any instances of potential or perceived incompatibility between NPF4 and the LDP, whichever of them is the later in date is to prevail; in such an instance, the provisions of the Aberdeen LDP 2023 will prevail. A fuller narrative on Planning is included in Section 20 of this OBC.

### **Linkages and interdependencies with other programmes and projects**

Queen Street is a key component of the City Centre and Beach Masterplan. The project is dependent on the current Mortuary facility at Poultry Market Lane to the rear of the former Police HQ being relocated to Foresterhill by Summer 2024.

Development of an Urban Park to the Northwest side of the site area will require negotiation with both University of Aberdeen and Police Scotland to refine and relocate their respective parking provisions in the area.

There is the opportunity to link into Aberdeen Heat and Power District Heating network (if an element of residential/commercial is decided upon) and this is further explained in Section 6.

State what impact the project will have on business as usual, e.g., temporarily reduce capacity or divert resources.

There will be an impact for ACC on business as usual. Internal resource will be required to manage the project and there will be an impact on access to existing surrounding businesses (e.g., ACC car park, SCTS access to be maintained around the site, access to Marischal East, Lemon Tree, and Aberdeen Arts Centre servicing).

Furthermore, consideration must be made to ensure there is no degradation to emergency service operational response times, noting that blue-light access/egress must always be maintained from Marischal College.

There will also be noise impact on businesses, residents, the SCTS and ACC that will require to be managed.

Internal resource will be required to manage the project with support from HNSL.

## 5. Objectives

List the project's objectives. Make these tangible and clear as they will influence which option is recommended and will be used to monitor project progress and success.

Provide an Urban Park in Queen Street with green infrastructure to complement other public spaces in the city

Reimagine the streetscape, encouraging active travel in the City Centre and promote walking and cycling within the City Centre

Provide public amenity space in the City Centre for all visitors and residents to enjoy, providing children with inclusive and accessible spaces for interaction and play

Introduce complementary mixed arts/cultural and residential/contemporary urban living uses as appropriate within this zone of the city, creating a sense of place.

Consolidate the civic heart of the city and provide for appropriate green space and amenity which is complementary to the surrounding historic environment

Increase City Centre population and footfall across all age groups

Increase the amount of the City Centre population that work in the City Centre

Address the housing shortage in Aberdeen (specifically in relation to affordable housing in the City Centre and dependent on the option selected)

Create pedestrian and active travel dominated area, taking advantage of the City Centre location and proximity to local transport hubs

Support creation of 20-minute neighbourhoods in the City Centre

Support ACCs journey to Net Zero Carbon

## 6. Scope

What will the project produce? What are its outputs?

Consider what business services, processes, people, and environments will be delivered, affected, or changed by the project.

Also define the work the project will carry out to make the transition from the project to 'business as usual' – the handover period.

State the project success criteria.

### Overview

This project involves creating a new city centre Urban Park that could vary from a full park across the whole site to different areas of park complimented by various levels of residential and commercial development.

### Project success criteria

A successful development of Queen Street will help support the realisation of the following City Vision SMART Objectives (which have also helped inform the Options Appraisal criteria used in this OBC):

- More people living, working, and using City Centre facilities
- Increased GVA for the City Centre
- Offences and crime figures in a downward trend in the City Centre
- More locals, visitors and tourists visiting Aberdeen throughout the year
- More active travel across all demographics
- Fewer cars in the City Centre
- Ongoing reductions in CO2 emissions in the City Centre
- Improved perception of City Centre from residents and visitors
- New businesses attracted to the City Centre
- Increase in construction jobs
- New jobs created in the City Centre.

### Project outputs and outcomes

At a time of energy transition for Aberdeen and considering the current climate and ecological crises, Queen Street will offer the potential to deliver a carbon neutral development, which

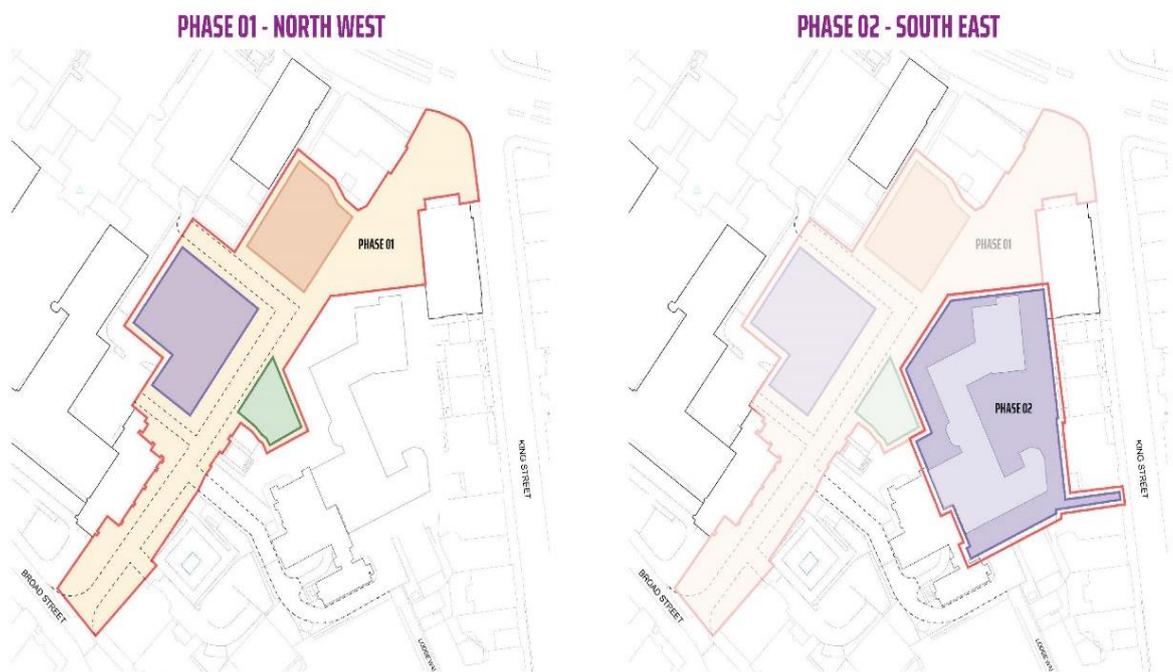
could be BREEAM excellent throughout, and will be supported by green infrastructure providing space to enhance well-being whilst managing microclimate and water.

The enhanced public realm and landscaped areas will provide opportunities to bring people together and create a sense of place, whilst an emphasis on green infrastructure benefits both mental and physical well-being. Proposed active frontages to Queen Street will provide pedestrians with a safe and well-lit environment, with activity from the ground floor amenity, cafe and co-working spaces contributing to vibrant street life. A potential mix-use development would increase activity outside working hours, enhancing security and surveillance within the Urban Park. The heritage of the site will be respected in the design, through material choices, wayfinding, and artwork.

Green pockets of public realm and private resident's gardens will create a more relaxed and intimate space. These areas will be developed with community and socialising in mind to create a sense of belonging and ownership. There is the opportunity for a variety of spaces to accommodate play, breakout social areas, external seating and dining options, wildflower planting, open lawn, SUDS, allotments etc.

## **Phasing**

The Queen Street site could be developed in two distinct phases as shown in the diagram below.



***Diagram 2 – Queen Street Site Phasing***

Note:

Phase 01:

Phase 01 outlines the creation of a new urban park and streetscape through the urban plot with a potential development zone to the north. The central area highlighted remains consistent in all design variations allowing the urban park to progress at an earlier stage. The northern area (purple) will be transformed into an extension of the urban park or a new build residential block.

**Phase 02:**

Phase 02 will complete the Queen Street redevelopment scheme and urban plot. The area is home to the former Police HQ and the existing 7 storey tower (GF + 6) remains in the centre of the plot. This will either be retained and developed into a retrofit residential block or demolished to make way for a new build office.

**Areas of Urban Park per Option**

Within each option the percentage of Urban Park varies depending on both the strategy and level of development.

The following diagrams highlight the percentage of Urban Park that could be provided for each Option.

**TOTAL SITE = 11,770 M2**

Within each option the percentage of urban park varies depending on both the strategy and level of development. The following diagrams highlight the percentage of urban park offered including both hard and soft landscaping.



*Diagram 3 – Queen Street areas of Urban Park per Option*

## **Scale Comparison**

The Diagram below shows the area of the Queen Street Urban Park in relation to other greenspaces within the city.



***Diagram 4 – Queen Street Urban Park scale comparison***

As can be seen by comparison to other examples of green spaces in the city, the full Urban Park would offer a considerable open, green space within the city although an Urban Park to the northwest of the site with development to the southeast (the Preferred Option Nr 5) still provides significant space for a city centre location.

As can be seen, an Urban Park to the northwest of the site with development to the southeast still provides considerable space for a city centre location. An Urban Park across the full site area would be comparable with UTG in terms of the amount of space available and may not be appropriate for the urban context in this location.

## **District Heating**

Aberdeen Heat & Power operate a District Heating network that supplies different areas within the city. Aberdeen Heat & Power have been approached, and potential indicative heat loads

have been advised to them, to try and obtain conformation that their system would have sufficient capacity to feed this development if residential/commercial space was provided. No formal feedback has been received yet, but from previous discussions with them, concerning potentially supplying the existing Courts building, it is known that they have significant existing infrastructure within the area, including main pipework below Queen Street. This network currently serves the adjacent Marischal College (ACC HQ) and the Town House buildings. On that basis it is anticipated that the proposed development Options 3, 4 & 5 should be able to be served via the District Heating network.

## 6.1 Out of Scope

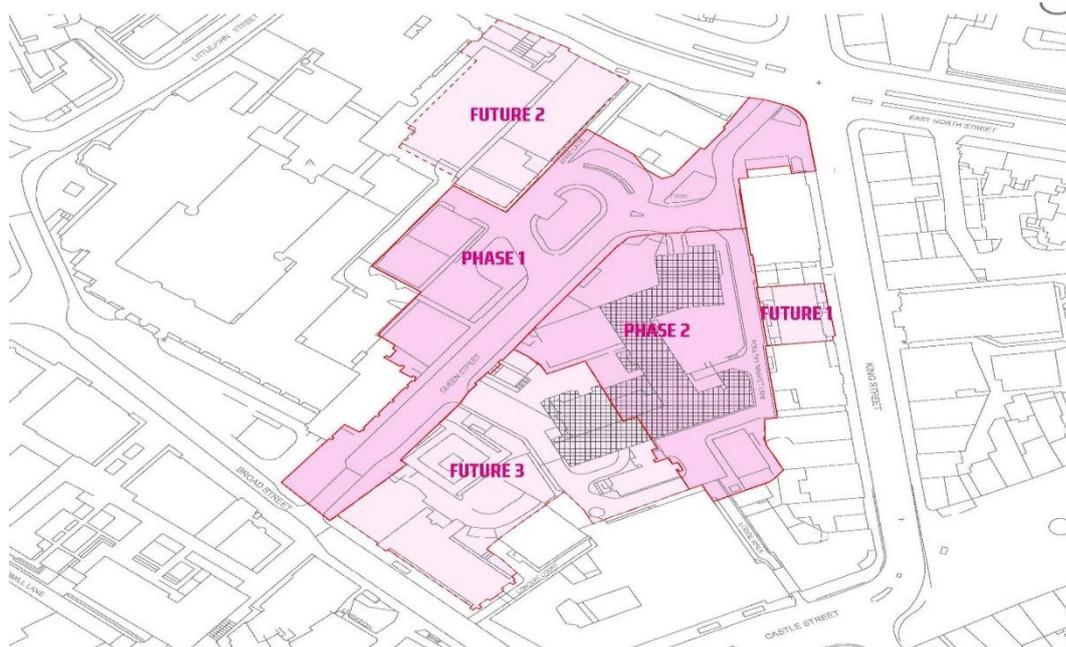
List any notable exclusions, those areas that may be viewed as associated with the project or the affected business area, but which are excluded from the scope of the project.

The following are excluded from this OBC:

- Provision of new Mortuary facility at Foresterhill, Aberdeen
- Improvements to the Aberdeen Arts Centre in King Street (ACC in discussion with AAC but no formal project yet)
- Extension to The Lemon Tree - Aberdeen Performing Arts (ACC in discussion with The Lemon Tree but no formal project yet).
- Any work on the Scottish Courts and Tribunals site (SCTS have confirmed they will be continuing to use this site for the foreseeable future)
- Works out with the proposed development area or on any land not currently under ACC ownership.

The Development Zone area in Queen Street also offers future opportunities to develop three more Future Phases (excluded from this OBC) as shown in Diagram 5 below.

- Future Phase 1 - Archibald Simpson house (currently occupied by Nestrans) could be re-purposed
- Future Phase 2 - redevelop or re-purpose multi storey car park
- Future Phase 3 - relocate and redevelop/re-purpose City Council Support Service, Civil Justice Centre/Commercial Court, cells, and associated car parking.



**Diagram 5 – Future Phases excluded from OBC**

These additional phases are not included within this OBC but could be considered for future development subject to suitable market conditions.

## 7. Options Appraisal

The SOC which was approved at the ACC Committee in December 2022 outlined five Options which have been further developed and aligned with current market demand and ACC's objectives for the site. These have now been appraised in more detail as part of this OBC.

### Option 1

Do Nothing/Minimal intervention.

### Option 2

Urban Park (7,300m<sup>2</sup>) and pavilion with landscaping to northwest and southeast development areas.

### Option 3

Urban Park (3,466m<sup>2</sup>) with housing development to northwest and refurbished/repurposed Police HQ to form residential development to southeast.

### Option 4

Urban Park (3,400m<sup>2</sup>) with housing development to northwest and new build workplace to southeast on site of former Police HQ.

**Option 5**

Urban Park (5,200m<sup>2</sup>) with landscaping to northwest development area and new build workplace to southeast on site of former Police HQ.

An Options Appraisal Workshop was held on 10 May 2023 with the Design Team and key ACC Stakeholders. Following on from this, the Design Team scored the various Options and reviewed/moderated/agreed the final scores at a Workshop on 8 June 2023. Final agreement on the make-up of the Options appraised in this OBC was reached at a joint ACC/Design Team Workshop on 22 June 2023.

The Options Appraisal output report from the above process, prepared by Economic Consultants Stantec, is available as Appendix No 1 to this report, covering the process followed, scoring criteria and weightings and commentary on the Options on why they were either taken forward for appraisal or discounted.

**7.1 Option 1 – Do Nothing/Minimal intervention.**

<b>Description</b>	<p>ACC sells the site and has no control over any future development. The former Police HQ building would not be demolished. Discussions with the SCTS on their relocation have confirmed that SCTS will remain in their current premises for the foreseeable future.</p> <p>ACC would however carry out asbestos removal, soft strip, and services separation (to the SCTS building) to de rate the building and negate these costs prior to selling the site.</p>
<b>Expected Costs</b>	<p>In addition to the <b>£6.1m</b> budget committed to date on land assembly, minor demolition work and developing the Joint Integrated Mortuary project, there would be costs of circa £25,000 to market and sell the site. A separate Police HQ Strip Out project is covering the asbestos removal, soft strip, and services separation (these costs are excluded from this OBC).</p>
<b>Expected Benefits</b>	<p>There are no real benefits to this Option other that ACC would not need to invest any further capital.</p> <p>There are disbenefits in terms of sunk costs (ACC has committed <b>£6.1m</b> to the area), major reputational loss to ACC in pulling out of this key component of the City Centre and Beach Masterplan, not delivering on Council policy and if a buyer cannot be found, leaving a partial vacant and derelict site within the City Centre causing a major blight on the landscape of the city.</p>

<p><b>Risks Specific to this Option</b></p>	<ul style="list-style-type: none"> <li>• ACC fails to find a Developer for the site, and it lies vacant and derelict for the foreseeable future</li> <li>• If a Developer can be found the site may still lie vacant for many years</li> <li>• ACC has little or no control over what will be put on the site if a buyer/Developer can be found, leading to a sub optimal solution for the site</li> <li>• Opportunity to involve and include surrounding arts/cultural groups into a cultural quarter is lost.</li> </ul> <p>While it is conceivable that a private Developer may take on responsibility for the site at a future date, this cannot be predicted with any certainty. There is also a risk of any future development being socially sub-optimal given the reduced degree of control that ACC would have over the nature of any future investment.</p> <p><b>ACC Risk Appetite</b></p> <p>In terms of the commercial risk to ACC of taking forward this Option, it is low as the Capital and Revenue costs are reasonably well defined and ACC is not relying on outside parties such as a Developer to deliver the project or market volatility around yields and values.</p> <p>The commercial risk of this Option has therefore been assessed as <b>Green</b> (low).</p>
<p><b>Advantages &amp; Disadvantages</b></p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Saves any future investment costs from ACC</li> <li>• Negates need to pay for Statutory Requirement costs and rates for the former Police HQ building (if it can be sold as part of the overall site).</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Fails to deliver on ACC's objectives for the site</li> <li>• Is not aligned with the City Centre &amp; Beach Masterplan and Council policy</li> <li>• Misses the opportunity to deliver major improvements to Queen Street under the control and influence of ACC.</li> <li>• On-going financial liabilities for the site &amp; former Police HQ until it is disposed of.</li> </ul>

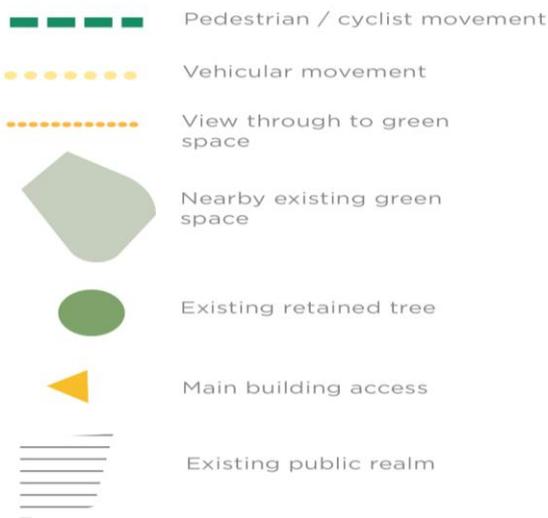
<b>Viability</b>	<p>In respect of the do-nothing option then it is likely that the northern site would remain as surface car parking and a derelict brownfield site. The Police HQ which is now vacant will continue to fall into disrepair which will limit any future opportunity to refurbish it.</p> <p>The sites, as they exist, without any intervention are unlikely to be sellable in the current market. The sites do not have planning consent for re-development and there are significant liabilities, such as existing buildings requiring demolition or retrofit and site clearance. If the sites were introduced to the market as exists, demands expected to be very limited as land values are negative.</p>
<b>Other Points</b>	<p>Until the site is sold, ACC will continue to incur revenue costs for Statutory Maintenance, Rates, and Health &amp; Safety compliance in the former Police HQ building. These costs are estimated to be circa £390,000 per annum. Police Scotland continues to pay 50% of monthly running costs until such time as the Telecoms Masts on the roof are decommissioned, which is expected to be towards the end of 2023.</p>

## 7.2 Option 2 – Urban Park (7,300m<sup>2</sup>) and pavilion with landscaping to northwest and southeast development areas

<b>Description</b>	<p>Full Urban Park offer with a new linear park and streetscape through the centre of the site linking Broad Street and West North Street. Hard civic square created next to the Lemon Tree and pavilion adjacent containing a Food and Beverage offer to activate the space. The northern quarter of the park contains a walled terraced garden with a community orchard and open green space to the south.</p> <p>A pedestrian led street is animated by a series of community facilities and urban rooms, providing opportunities for food and beverage break out and improved health and well-being of residents and visitors. There is the opportunity for landscaped public realm, green space, play park, allotments, multi-use games area etc. A pavilion sits at the Northeast of the site to activate the public realm adjacent to the proposed new entrances.</p> <p>The layout below highlights what an Urban Park could look like under Option 2. Existing vehicular access and servicing points will require to be managed as part of the detailed design.</p>
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**Figure 3: Option 2 Urban Park Landscaping Layouts**





Total area of open space:  
approx 11,770m<sup>2</sup>



Area of public green  
space:  
approx 7,300m<sup>2</sup>

#### Option 2 - Landscaping features:

- A linear linking pedestrian and cyclist route connecting Broad Street to King Street.
- A pavilion and informal natural play area set within an open public lawn.
- Formal terraced gardens, incorporating existing stone walls, providing a setting to the adjacent historic buildings, and creating intimate space for seating and socialising.

	<ul style="list-style-type: none"> <li>• A pocket park and flexible events space which can host spill out from the Lemon Tree and Trinity Church.</li> <li>• Provision of spill-out space for Greyfriars Church.</li> <li>• Community orchard/growing space.</li> </ul> <p>Option 2 - Landscape Opportunities</p> <ul style="list-style-type: none"> <li>• Creation of accessible green space within the city for the local community.</li> <li>• Highest amount of open public space provision out of all the options.</li> <li>• Opportunity to create new physical and visual connections from King Street towards the park(s).</li> <li>• Formal walled garden would be sympathetic to adjacent Marischal College buildings and would provide outdoor space for local students and professionals.</li> <li>• Greater retention of existing trees.</li> </ul> <p>Option 2 - Landscape Constraints</p> <ul style="list-style-type: none"> <li>• Existing buildings provide limited active frontage and passive surveillance of the main park space.</li> <li>• Potential anti-social behaviour problems because of the above.</li> <li>• Potential lack of sense of ownership.</li> <li>• Maintenance burden of large public space.</li> </ul>
<p><b>Expected Costs</b></p>	<p>As well as the <b>£6.1m</b> already committed to Queen Street by ACC, the Capital Cost of clearing the site, demolitions and laying out a new Urban Park would be in the region of <b>£25.674m</b>, which includes allowances for, risk, inflation, and professional fees (a breakdown of this cost and assumptions is included in Appendix 2 – Cost Estimate Report).</p> <p>There will be an ongoing revenue cost to ACC for as long as it owns this new park. Indicative costs could be up to <b>£100,000 per annum</b>, depending on the final layout and activities proposed.</p> <p>Income from rental of the Pavilion could be around <b>£10,000 per annum</b>.</p>
<p><b>Expected Benefits</b></p>	<p>Based on an assessment by economists at Stantec UK Ltd, the total present value economic impact of this option is an estimated <b>£44.6 million</b>, with a benefit-cost ratio of <b>1.51</b>. This is broken down below:</p> <ul style="list-style-type: none"> <li>• Gross value added from construction activity: £10.2 million</li> <li>• Land value uplift benefits from proximity to green space: £34.4 million.</li> </ul> <p>In addition to these monetisable benefits, this Option will also deliver the following impacts:</p> <ul style="list-style-type: none"> <li>• Health &amp; wellbeing benefits associated with improved access to green space</li> </ul>

	<ul style="list-style-type: none"> <li>• Potential to attract new visits to the City Centre through hosting events particularly in relation to the cultural centres in the immediate area.</li> </ul>
<p><b>Risks Specific to this Option</b></p>	<ul style="list-style-type: none"> <li>• Clearing the site for a new Urban Park, could result in large cost increases due to unforeseen problems with demolition of the existing Police HQ building, services relocations, removal of basements and complex ground conditions</li> <li>• Additional costs could be incurred dealing with associated high-quality finishes to rear facades and exposed gable ends of surrounding buildings</li> <li>• Additional costs could be incurred to install screening to ensure privacy of the SCTS Courts operations, alongside surveillance costs to minimise security risks associated with this business</li> <li>• Delivery of new mortuary facility is delayed resulting in delay to developing proposals and demolition of Police HQ building and sequencing of development</li> <li>• Construction cost inflation remains a significant risk to all projects in the foreseeable future, especially complex ones in city centres</li> <li>• A larger park with no regular user interface through development of housing or office space may present or be seen to present safety issues to users and become less attractive to use over time.</li> </ul> <p><b>ACC Risk Appetite</b></p> <p>In terms of the commercial risk to ACC of taking forward this Option, it is low as the Capital and Revenue costs are reasonably well defined and ACC is not relying on outside parties such as a Developer to generate a capital receipt which is subject to the variabilities of market conditions. The commercial risk of this Option has therefore been assessed as <b>Green</b> (low).</p>
<p><b>Advantages &amp; Disadvantages</b></p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• No need to engage a Development Partner</li> <li>• ACC has full control over what this Option delivers</li> <li>• Improved connectivity &amp; permeability</li> <li>• Connection from Broad Street to West North Street</li> <li>• Pedestrian led scheme</li> <li>• New setting and breakout space to Lemon Tree, Arts Centre and Marischal East</li> <li>• Potentially activated by central pavilion</li> <li>• Child friendly environment</li> <li>• Park framed by historic façades</li> <li>• Makes the most significant contribution to urban green space, biodiversity, air quality and health and well-being of all Options</li> <li>• Formal walled garden would be sympathetic to adjacent Marischal College buildings and would provide outdoor space for all</li> <li>• Contributes to City “Greening” and urban drainage.</li> </ul>

	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Single use proposal with no major opportunity to generate revenue income</li> <li>• ACC needs to maintain a large park in perpetuity at considerable revenue costs</li> <li>• Potential for lack of sense of ownership</li> <li>• Already provision of large urban park, Union Terrace Gardens nearby within the city centre. New development may not prove to be as popular a space as UTG</li> <li>• Existing buildings provide limited active frontage and passive surveillance of the main park space</li> <li>• Potential anti-social behaviour problems because of the above</li> <li>• Lack of security and surveillance after hours</li> <li>• Screening required to existing façade to courts.</li> </ul>
<p><b>Viability</b></p>	<p>An Urban Park does not create a standard 'development value' as it does not produce income or a capital receipt. The park does produce a social, public value including benefits to health and wellbeing to the people of Aberdeen but does not create a 'viable development' that can be sold on the open market in the traditional sense.</p>
<p><b>Other Points</b></p>	<p>An Urban Park does not preclude the potential for development to be introduced to the site in future and could be planned in such a way as to facilitate this.</p>

<p><b>7.3 Option 3 – Urban Park with housing development to northwest and refurbished/repurposed Police HQ to form residential development to southeast.</b></p>	
<p><b>Description</b></p>	<p>Linear Urban Park and streetscape located through the centre of the site linking Broad Street and West North Street. Hard civic square with green space created next to the Lemon Tree. A community orchard is integrated to the south of the main street.</p> <p>Development to the north to include a new build residential block offering 98 flats. Amenity at ground floor with terraced gardens offering outdoor amenity space.</p> <p>Development to the south to include a hybrid proposal retaining the existing Police HQ tower and creating a new podium offering 127 flats. Amenity at ground floor with terraced gardens offering outdoor amenity space.</p> <p>The refurbishment would be very extensive with only the main structure of the existing building being retained and reused.</p> <p>The primary structure of the existing Police HQ is however in good condition and from a purely structural point of view, could be re-used.</p>

The layout below highlights what an Urban Park could look like under Option 3.



Figure 4: Option 3 Urban Park Landscaping Layouts

-  Pedestrian / cyclist movement
-  Vehicular movement
-  View through to green space
-  Nearby existing green space
-  Existing retained tree
-  Main building access
-  Existing public realm





Total area of open space  
(full site excl. building  
footprint):  
approx 9,546.93m<sup>2</sup>



Area of public green space:  
approx 3,466m<sup>2</sup>



Area of private green  
space (roof terraces and  
private courtyards):  
approx 2,895m<sup>2</sup>

### Option 3 - Landscaping features:

- A linear park including pedestrian and cyclist routes.
- Accessible roof terraces for residents.
- Ground floor courtyard gardens allowing for residential and community space with natural play opportunities.
- A pocket park and flexible events space which can host spill out from the Lemon Tree, Trinity Church, and Arts Centre.
- Provision of external seating space for Greyfriars Church.
- Community orchard/growing space.
- Green residential streets with incidental play and rain gardens.

### Option 3 - Landscape Opportunities

- Provision of a range of green spaces to cater to the needs of different user groups.
- Potential to mitigate footprint of development through use of green roofs which would also help to provide a more diverse range of habitats.
- Green streets and pocket parks could be linked to city-wide strategies to improve local well-being, biodiversity, and sustainable drainage.
- Defined hierarchy of pedestrian focused streets and spaces.
- Potential to foster an increased sense of ownership of green spaces from residents.
- Better definition and enclosure of pocket park / events space.

### Option 3 - Landscape Constraints

- Less public open space provision than full urban park option.
- Greater loss of existing trees.

### Expected Costs

The Capital Cost of this Option would be in the region of **£38.616m**, which includes allowances for, risk, inflation, and professional fees (a breakdown of this cost is included in Appendix 2 – Cost Estimate Report).

	<p>Revenue Costs to ACC for the area of Linear Park would be circa <b>£35,000</b> per annum at 2023 rates.</p> <p>Income from Council Tax could be circa <b>£260,630</b> per annum, or a cumulative total of <b>£2,616,000</b> over 20 years.</p>
<p><b>Expected Benefits</b></p>	<p>Based on an assessment by economists at Stantec UK Ltd, the total present value economic impact of this option is an estimated <b>£97.3 million</b>, with a benefit-cost ratio of <b>2.41</b>. This is broken down below:</p> <ul style="list-style-type: none"> <li>• Construction GVA benefits: £15.5 million</li> <li>• Land value uplift benefits from proximity to green space: £20.5 million</li> <li>• New resident expenditure: £48.7 million</li> <li>• Land value uplift on housing land: £12.6 million</li> </ul> <p>As with all other options, there are likely to be further placemaking and health &amp; wellbeing benefits associated with the development of a new city centre green space, however the potential for these will be lower for this option than for the more comprehensive green space investment offered by Option 2.</p>
<p><b>Risks Specific to this Option</b></p>	<ul style="list-style-type: none"> <li>• Clearing the site, could result in large cost increases due to unforeseen problems with demolition of the existing Police HQ building, services relocations, removal of basements and complex ground conditions</li> <li>• Insufficient budget or inability to provide appropriate developer receipts, thereby delaying/stalling the development and potentially resulting in blight on the City Centre landscape and vacancy of site</li> <li>• Neighbouring properties and businesses object to development proposals resulting in programme delays and reputational loss to ACC and negative publicity for the project</li> <li>• Delivery of new mortuary facility is delayed resulting in delay to developing proposals and demolition of Police HQ building and sequencing of development</li> <li>• Failure to secure statutory consents including conservation area consent, building warrant and planning consent, leading to the project being delayed or cancelled/amended</li> <li>• Planning restrictions may impact on the level of development (height of proposed buildings) that could potentially help financially support an Urban Park</li> <li>• Additional costs could be incurred dealing with associated high-quality finishes to rear facades and exposed gable ends of surrounding buildings</li> <li>• Construction cost inflation remains a significant risk to all projects in the foreseeable future, especially complex ones in city centres (specification and design of Urban Park may be compromised if costs increase for commercial development)</li> <li>• Programme risk around development of Urban Park portion as it is heavily dependent on commercial development in both parts of the site.</li> </ul>

	<p><b>ACC Risk Appetite</b></p> <p>In terms of the commercial risk to ACC of taking forward this Option, it is relatively high as ACC is relying on outside parties such as a Developer to deliver the project and ACC is exposed to the variabilities of market conditions.</p> <p>The commercial risk of this Option has therefore been assessed as <b>Amber</b> (medium to high).</p>
<p><b>Advantages &amp; Disadvantages</b></p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Improved connectivity &amp; permeability</li> <li>• Connection from Broad Street to West North Street</li> <li>• Urban Framework</li> <li>• Retro-first approach</li> <li>• New setting and breakout space to Lemon Tree and Arts Centre</li> <li>• Active ground floor</li> <li>• Child friendly environment</li> <li>• Park framed by historic façades</li> <li>• Mixed use proposal</li> <li>• Increased security and surveillance after hours</li> <li>• Terraced gardens.</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Screening required to existing façade to courts</li> <li>• Technical difficulty involved in partially demolishing the Police HQ, including concerns about the continuity of the neighbouring court</li> <li>• Less Green space than Option 2 and Option 5 and possible dilution of what constitutes an “Urban Park”</li> <li>• Less flexibility than Option 5 around advance programme delivery for Urban Park as site is heavily dependent on commercial development.</li> </ul>
<p><b>Viability</b></p>	<p>There are a number of sectors than can fall into the use of ‘residential’, summarised as Build to Sell (BTS), Build to Rent (BTR) or Student accommodation.</p> <p>The residential market in Aberdeen City Centre is unique and typically categorised by an oversupply of flatted accommodation. However, most of this accommodation is of poor quality or comprises older stock and does not offer modern and high-quality apartments that are typically in demand from young professionals, students and downsizers seeking a city centre lifestyle. This has curtailed demand for residential development. The Point, a 342 unit Build to Rent development on the site of the former Triple Kirks, performs very well consistently achieving high occupancy rates over 95% and impressive rents for studios and 1-bedroom apartments at over £700 pcm.</p> <p>Despite this, it has been difficult to encourage developers and investors within the BTS, BTR and Student Accommodation sectors to look North to the Aberdeen market. BTR investors and developers typically require projects to be over 150 – 200 units to achieve scale and it has been difficult to achieve this scale in Aberdeen City Centre due to fragmented ownership of buildings and sites.</p>

Option 3 would in theory, suit the Build to Rent investors and student accommodation providers. However, stakeholder interviews including discussions with student accommodation developers and the local universities highlighted that in the view of the educational “occupier” there is limited demand for student accommodation of this type in Aberdeen. Developers are however still looking for projects and will consider Queen Street as a prime, city centre location for Purpose Built Student Accommodation and Build to Rent use. There is a high degree of caution, however given the relatively low students rents achievable in Aberdeen versus current elevated build costs.

To consider the viability of Option 3, two scenarios have been considered:

1. *A developer purchases the land as exists (but with planning consent), prepares the site for development, delivers the urban park and the two residential blocks.*

**As outlined in the Development Appraisals undertaken by the Property Consultant, this option is considered as not financially viable.** The revenue that could be secured from the sale of the residential blocks upon completion equates to approximately £25m while the capital cost is over £38million (excluding the £6M ACC has already committed). **The appraisal therefore produces a negative land value of approximately £19million after taking into consideration finance, sales, and marketing costs.**

2. *ACC secure planning consent, prepare the site for development, deliver the Urban Park, and sell the prepared sites to a build to rent developer / investor OR ACC work with a development partner and carry the cost of the urban park works.*

The key assumption of this scenario is that ACC either carry out or fund the work to prepare the site for development and deliver the Urban Park and either sell the development parcels at the Northwest and Former Police HQ to a developer or work with them as a development partner. As stated above, the key assumption is that ACC carry out this work and then sell the developable land or structure a deal as such that they secure income to cover the cost of the work. However, due to the high build costs of a new facility and retrofit in an urban location, the costs of the project continue to outweigh the estimated revenue, **resulting in a negative land value of approximately £3.8million.**

It is believed that Local Authorities cannot offer long term leases over residential accommodation, and it may be that a shorter term “top up” facility might be agreed to cover any rental income gap. The concept has been discussed with developers, but further discussions would need to go into more detail at the next stage of the process. Without this sort of mechanism, **it is not considered Option 3 to present a viable option.**

The appraisals for Option 3 are based on the residential development being completed to a high specification in line with typical BTR developments and finished to an EPC A rating standard.

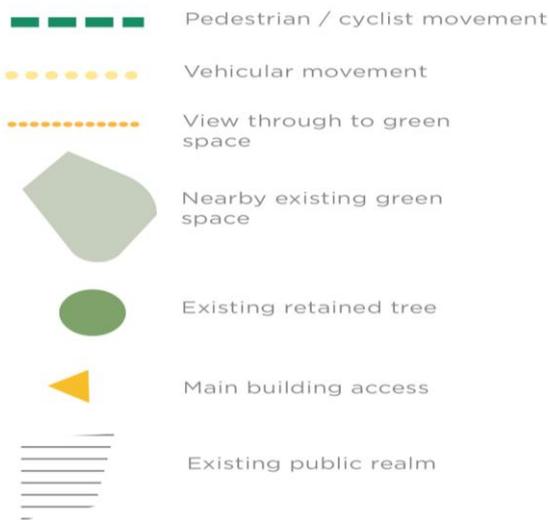
<b>Other Points</b>	<p>Modelling by services engineers suggests a refurbished Police HQ building to be less efficient in energy use than a new build with the anticipated regulated energy use per square metre for a new build equating to around 73% of the energy use per square metre of a refurbished building.</p> <p>In addition, annual carbon emissions for a refurbished Police HQ building would be circa 3.84 kgCO<sub>2</sub>/m<sup>2</sup> compared to 2.62kgCO<sub>2</sub>/m<sup>2</sup> with a new build option.</p> <p>The refurbished Option performs significantly less well than the new build in terms of energy consumption and hence carbon emissions.</p> <p>As part of the demolition of the Police HQ building, the existing concrete structure could be re-cycled, however, space on site is limited and the process of crushing material is both noisy and potentially dust generating. It is therefore likely that the demolished material will require to be removed from site and re-processed off site, for possible use elsewhere.</p>
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#### **7.4 Option 4 – Urban Park with housing development to northwest and new build workplace to southeast on site of former Police HQ.**

<b>Description</b>	<p>Linear Urban Park and streetscape located through the centre of the site linking Broad Street and West North Street. Hard civic square with green space created next to the Lemon Tree. A community orchard is integrated to the south of the main street.</p> <p>Development to the north to include a new build residential block offering 98 flats. Amenity at ground floor with terraced gardens offering outdoor amenity space.</p> <p>Development to the south to include a new build office with 100,000 sqft lettable space and commercial activity at ground floor. Roof terraces at lower levels to provide outdoor breakout (potentially green) space.</p> <p>The layouts below highlight what an Urban Park could look like under Option 4.</p>
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Figure 5: Option 4 Urban Park Landscaping Layouts





Total area of open space (full site excl. building footprint):  
**approx 8,740.58m<sup>2</sup>**



Area of public green space:  
**approx 3,400m<sup>2</sup>**



Area of private green space (roof terraces and private courtyards):  
**approx 2,100m<sup>2</sup>**

	<p>Option 4 - Landscaping features:</p> <ul style="list-style-type: none"> <li>• A linear linking pedestrian and cyclist route.</li> <li>• Accessible roof terraces for residents and professionals.</li> <li>• Residential courtyard garden adjacent to building.</li> <li>• Community orchards/growing spaces.</li> <li>• A pocket park and flexible events space which can host spill out from the Lemon Tree and Trinity Church.</li> <li>• Provision of spill-out space for Greyfriars Church.</li> <li>• Green streets with rain gardens.</li> </ul> <p>Option 4 - Landscape Opportunities</p> <ul style="list-style-type: none"> <li>• Provision of a range of green spaces to cater to the needs of different user groups.</li> <li>• Potential to mitigate footprint of development through use of green roofs which would help to provide a more diverse range of habitats.</li> <li>• Green streets and pocket parks could be linked to city-wide strategies to improve local well-being, biodiversity, and sustainable drainage.</li> <li>• Defined hierarchy of pedestrian focused streets and spaces.</li> <li>• Potential to foster an increased sense of ownership of green spaces from residents.</li> <li>• Better definition and enclosure of pocket park / events space.</li> <li>• Public realm connection between proposed retail units and existing retail offer along Upperkirkgate.</li> <li>• Opportunity to use green streets to increase footfall adjacent to retail units.</li> </ul> <p>Option 4 - Landscape Constraints</p> <ul style="list-style-type: none"> <li>• Less public open space provision than full urban park option.</li> <li>• Greater loss of existing trees.</li> <li>• Loss of ground floor community courtyard to the southeast shown in Option 3.</li> <li>• Less space for residential green streets shown in Option 3.</li> </ul>
<p><b>Expected Costs</b></p>	<p>The Capital Cost of this Option would be in the region of <b>£71.247m</b>, which includes allowances for, risk, inflation, and professional fees.</p> <p>Revenue Costs to ACC for the area of Linear Park would be circa <b>£35,000</b> per annum at 2023 rates.</p> <p>Income through Council Tax for residential space could be circa <b>£113,000</b> per annum and Business Rates for Commercial space could be circa <b>£1,077,000</b> per annum. This represents a cumulative total of <b>£11,949,000</b> over 20 years.</p>

<p><b>Expected Benefits</b></p>	<p>Based on an assessment by economists at Stantec UK Ltd, the total present value economic impact of this option is an estimated <b>£220.4 million</b>, with a benefit-cost ratio of <b>3.24</b>. This is broken down below:</p> <ul style="list-style-type: none"> <li>• Construction GVA benefits: £28.3 million</li> <li>• Land value uplift benefits from proximity to green space: £20.4 million</li> <li>• New resident expenditure: £20.8 million</li> <li>• Land value uplift on housing land: £4.3 million</li> <li>• GVA from new commercial workspace: £146.6 million.</li> </ul> <p>As with all other options, there are likely to be further placemaking and health &amp; wellbeing benefits associated with the development of a new city centre green space, however the potential for these will be lower for this option than for the more comprehensive green space investment offered by Option 2.</p>
<p><b>Risks Specific to this Option</b></p>	<ul style="list-style-type: none"> <li>• Clearing the site, could result in large cost increases due to unforeseen problems with demolition of the existing Police HQ building, services relocations, removal of basements and complex ground conditions</li> <li>• Insufficient budget or inability to provide appropriate developer receipts, thereby delaying/stalling the development and potentially resulting in blight on the City Centre landscape and vacancy of site</li> <li>• Neighbouring properties and businesses object to development proposals resulting in programme delays and reputational loss to ACC and negative publicity for the project</li> <li>• Failure to secure statutory consents including conservation area consent, building warrant and planning consent, leading to the project being delayed or cancelled/amended</li> <li>• Delivery of new mortuary facility is delayed resulting in delay to developing proposals and demolition of Police HQ building and sequencing of development</li> <li>• Planning restrictions may impact on the level of development (height of proposed buildings) that could potentially help financially support an Urban Park</li> <li>• Additional costs could be incurred dealing with associated high-quality finishes to rear facades and exposed gable ends of surrounding buildings</li> <li>• Construction cost inflation remains a significant risk to all projects in the foreseeable future, especially complex ones in city centres (specification and design of Urban Park may be compromised if costs increase for commercial development)</li> <li>• Programme risk around development of Urban Park portion as it is heavily dependent on commercial development in both parts of the site.</li> </ul> <p><b>ACC Risk Appetite</b></p> <p>In terms of the commercial risk to ACC of taking forward this Option, it is relatively high as ACC is relying on outside parties such as a Developer to</p>

	<p>deliver the project and ACC is exposed to the variabilities of market conditions.</p> <p>The commercial risk of this Option has therefore been assessed as <b>Amber</b> (medium to high).</p>
<p><b>Advantages &amp; Disadvantages</b></p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Improved connectivity &amp; permeability</li> <li>• Connection from Broad Street to West North Street</li> <li>• Urban Framework</li> <li>• Efficient floorplates</li> <li>• New setting and breakout space to Lemon Tree and Arts Centre</li> <li>• Active ground floor</li> <li>• Child friendly environment</li> <li>• Park framed by historic façades</li> <li>• Mixed use proposal</li> <li>• Terraced gardens.</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Screening required to existing façade to Scottish Courts and Tribunals Service</li> <li>• Former Police HQ is demolished (embodied carbon impacts)</li> <li>• Less Green space than Option 2 and Option 5 and possible dilution of what constitutes an “Urban Park”</li> <li>• Less flexibility than Option 5 around advance programme delivery for Urban Park as site is heavily dependent on commercial development.</li> </ul>
<p><b>Viability</b></p>	<p>Option 4 provides a truly mixed-use development site providing an Urban Park alongside a new build residential block to the Northwest and new build Commercial on the site of the former Police HQ. Unlike Option 3, the residential development for Option 4 is better suited to the Build to Sell market because it provides fewer units. The Build to Rent market typically looks at developments of 150-200 units and therefore the residential accommodation provided for Option 4 would be too small to attract demand for this sector.</p> <p>The Build to Sell market is typically housebuilders who are active in the local market. They deliver larger units such as 2- and 3-bedroom apartments rather than studio’s and 1 beds. The residential units have therefore been valued in a different way to Option 3. The property advisor has taken the total net developable area and applied a sale rate in line with modern apartments sold in the city centre (approx. £290 psf), rather than considering a rental income and applying a yield.</p> <p>As is discussed in the soft market testing commentary, there are a small number of large developers who would deliver mixed use developments. However, if the residential is being delivered as a ‘Build to Sell’ they would usually partner with a housebuilder to deliver and sell the final product.</p> <p>Considering the above, to consider the viability of Option 4, three potential scenarios have been considered:</p>

1. *A development partnership (comprising a housebuilder and commercial developer) purchases the land as exists (but with planning consent), prepares the site for development, delivers the urban park, the residential and commercial accommodation.*

**As outlined in the Development Appraisals undertaken by the Property Consultant, this option is considered as not financially viable.** Combined, the parties can secure a capital value (or Gross Development Value) for the residential and commercial buildings in the region of £50million, however capital costs are approximately £71million. **The appraisal produces a negative land value of approximately £35million** after allowances for finance costs, sales, and marketing fees.

2. *ACC secure planning consent, prepare the site for development, deliver the urban park, and sell the prepared sites to developer(s) OR ACC work with a development partner and carry the cost of the urban park works*

This appraisal assumes a scenario where ACC complete the site preparation, demolition of the former Police HQ and delivery of the Urban Park. They then sell the former Police HQ and North Block site to receive a capital receipt and cover some of the expenditure of creating an urban park or work in partnership with a developer and agree a mutually agreeable structure.

The assumption is that ACC would receive a capital receipt and reduce the overall cost of creating an urban park. However, with the rise in build costs and additional allowances for inflation, risk etc. **the proposed development would not be viable for a developer even with ACC covering the costs of the site preparation and demolition. The appraisal produces a negative land value of £12million.** In practice, the land sale would not provide a positive capital receipt.

3. *ACC secure planning consent, prepare the site for development (including demolition), deliver the urban park and either sell the residential development parcel and the former Police HQ site to a developer(s) or work in partnership with them AND offer a 'lease wrap' over the office building for 40 years at 80% of the rental value.*

Despite Scenario 2 not offering a viable solution, the theory of creating value from development land to help reduce the overall cost to ACC is still possible. ACC could consider pump priming the proposed scheme and reduce the risk for a developer by providing a rental income guarantee also known as a lease wrap or income strip on the office building.

This is similar to the deal structure adopted to encourage the delivery of Marischal Square. In summary, ACC sign a c. 40-year lease over the proposed building at a % of the market rent, and at the end of the lease they have the right to buy back the building for £1. The main purpose is to reduce the risk, create a viable project and encourage a developer to

proceed with the project knowing that they will get a return from their investment. In return, ACC will retain ownership of a key city centre site at the end of the lease and could benefit from a 'profit rent' throughout the term should they achieve lettings over the rent that they are contracted to pay

Valuing this structure is difficult at the current time due to volatility in the gilt markets upon which the pricing of income strip deals is based.

To assess how this structure might produce a land value for ACC, and therefore help towards the cost of the park, the property advisor produced an appraisal over the commercial development land as follows:

- Aberdeen City Council agree to 'guarantee' 80% of full rental value (£2,535,553)
- The income stream is valued at 3.75% producing a revenue of approximately £67.5million. Gilts are currently changing rapidly, and the Council should be aware that this is likely to change between now and the investment being released to the market
- Less Build Costs
- Less Profit @ 20% of build costs
- Less Finance, marketing, and acquisition fees.

Due to the provisions of the Housing Scotland Act (1974) residential tenancies of longer than 20 years are prohibited and therefore income strip structures can only be adopted for the commercial block.

As such, adopting this strategy, in June 2023, produces a land value of approximately £2.5million based on a profit on cost of 20%. If the building was pre-let to the Council and pre-funded, then there is a strong argument that a developer would deliver the office building for reduced profit and therefore more value would accrue to the land.

**While this offers a positive capital receipt to ACC and reduces their total cost including the park to approximately £15million, it is a relatively modest sum compared to the overall scale of the project.**

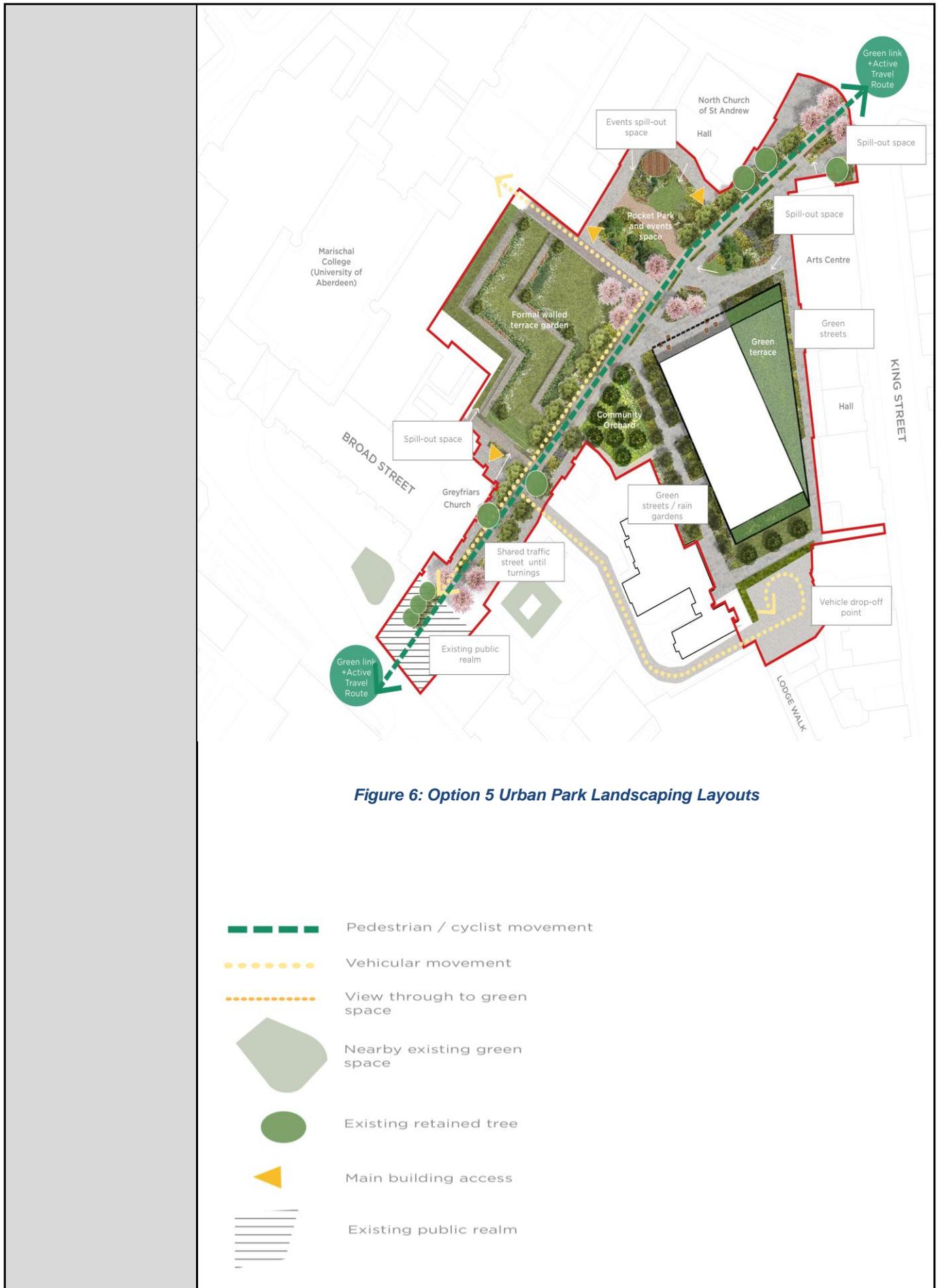
In addition, gilt yields are constantly fluctuating as inflation expectations remain more entrenched in the UK economy. Yields are therefore very likely to change between now and the resulting agreed investment being released to the market. The yield profile would have to be monitored closely to accurately price the investment if this route was going to be considered.

**In summary, this strategy is intended to provide ACC with an initial cash injection or contribution towards the cost of the urban park.** It allows new Grade A Office development to be delivered in the city centre encouraging footfall and economic growth, creates a Central Business District around Marischal Square and Marischal College, and creates a 'limited risk' option to encourage a developer to deliver the project. The deal structure also allows ACC to own the asset at the end of the 40-year lease. However, there is risk of additional costs, and the contribution or cash injection is small because the residential development parcel continues to make a loss and reduces the value created from the structure.

	For the avoidance of doubt, the above assumes that the office is completed to a BREEAM Excellent / EPC A standard to meet current market demands. The residential development should be completed to a high standard in line with typically housebuilder specifications.
<b>Other Points</b>	N/A.

### **7.5 Option 5 – Urban Park with landscaping to northwest development area and new build workplace to southeast on site of former police HQ.**

<b>Description</b>	<p>Linear Urban Park and streetscape located through the centre of the site linking Broad Street and West North Street. Hard civic square with green space created next to the Lemon Tree. A community orchard is integrated to the south of the main street. The northern quarter of the park contains a walled terraced garden.</p> <p>Urban Park to the north, development to the south which could include a new build office with 100,000 sqft lettable space and commercial activity at ground floor or residential space dependent on the results of market engagement. Roof terraces at lower levels to provide outdoor breakout (potentially green) space.</p> <p>Alternatively, the existing Police HQ could be retained and converted into a retro first workspace or residential development depending on market preference at the time of preparing an FBC.</p> <p>The layouts below highlight what an Urban Park could look like under Option 5.</p>
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Total area of open space  
(full site excl. building  
footprint):  
**approx 9772.77m<sup>2</sup>**



Area of public green  
space:  
**approx 5,200m<sup>2</sup>**



Area of private  
green space (roof  
terraces and private  
courtyards):  
**approx 710m<sup>2</sup>**

	<p>Option 5 - Landscaping features:</p> <ul style="list-style-type: none"> <li>• A linear linking pedestrian and cyclist route.</li> <li>• Formal terraced gardens, incorporating existing stone walls, providing a setting to the adjacent historic buildings, and creating intimate space for seating and socialising.</li> <li>• Accessible roof terraces for professionals.</li> <li>• Community orchards/growing spaces.</li> <li>• A pocket park and flexible events space which can host spill out from the Lemon Tree and Trinity Church.</li> <li>• Provision of spill-out space for Greyfriars Church.</li> <li>• Green streets with incidental play spaces and rain gardens.</li> </ul> <p>Option 5 - Landscape Opportunities</p> <ul style="list-style-type: none"> <li>• Provision of a range of green spaces to cater to the needs of different user groups.</li> <li>• Potential to mitigate footprint of development through use of green roofs which would also help to provide a more diverse range of habitats.</li> <li>• Green streets and pocket parks could be linked to city-wide strategies to improve local well-being, biodiversity, and sustainable drainage.</li> <li>• Defined hierarchy of pedestrian focused streets and spaces.</li> <li>• Better definition and enclosure of pocket park / events space.</li> <li>• Public realm connection between proposed retail units and existing retail offer along Upperkirkgate.</li> <li>• Formal walled garden would be sympathetic to adjacent Marischal College buildings and would provide outdoor space for all</li> <li>• More public open space than Options 3 and 4.</li> <li>• Greater retention of existing trees.</li> </ul> <p>Option 5 - Landscape Constraints</p> <ul style="list-style-type: none"> <li>• Less public open space provision than full urban park option.</li> <li>• Less space for residential green streets shown in Option 3.</li> </ul>
<p><b>Expected Costs</b></p>	<p>The Capital Cost of this Option would be in the region of <b>£60.665m</b>, which includes allowances for, risk, inflation, and professional fees.</p> <p>This cost is split down between the following:</p> <ul style="list-style-type: none"> <li>• Phase 1 Urban Park <b>£20M</b></li> <li>• Phase 2 Development of Southeast area of the site <b>£40.665M.</b></li> </ul> <p>Revenue Costs to ACC for the area of Linear and Urban Park would be circa <b>£45,000</b> per annum at 2023 rates.</p>

	<p>Income through Business Rates for Commercial space could be circa <b>£1,077,000</b> per annum or a cumulative total of <b>£10,809,000</b> over 20 years.</p>
<p><b>Expected Benefits</b></p>	<p>Based on an assessment by economists at Stantec UK Ltd, the total present value economic impact of this option is an estimated <b>£191.2 million</b>, with a benefit-cost ratio of <b>3.20</b>. This is broken down below:</p> <ul style="list-style-type: none"> <li>• Construction GVA benefits: £24.4million</li> <li>• Land value uplift benefits from proximity to green space: £20.2 million</li> <li>• GVA from new commercial workspace: £146.6 million.</li> </ul> <p>As with all other options, there are likely to be further placemaking and health &amp; wellbeing benefits associated with the development of a new city centre green space, however the potential for these will be lower for this option than for the more comprehensive green space investment offered by Option 2.</p> <p>These expected benefits may differ should the FBC for the development of the former Police HQ portion of the site recommend an alternative development option for that portion.</p>
<p><b>Risks Specific to this Option</b></p>	<ul style="list-style-type: none"> <li>• Clearing the site, could result in large cost increases due to unforeseen problems with demolition of the existing Police HQ building, services relocations, removal of basements and complex ground conditions</li> <li>• Insufficient budget or inability to provide appropriate developer receipts, thereby delaying/stalling the development and potentially resulting in blight on the City Centre landscape and vacancy of site</li> <li>• Neighbouring properties and businesses object to development proposals resulting in programme delays and reputational loss to ACC and negative publicity for the project</li> <li>• Failure to secure statutory consents including conservation area consent, building warrant and planning consents, leading to the project being delayed or cancelled/amended</li> <li>• Delivery of new mortuary facility is delayed resulting in delay to developing proposals and demolition of Police HQ building and sequencing of development</li> <li>• Planning restrictions impact on the level of development (height of proposed buildings) that could potentially help financially support an Urban Park</li> <li>• Additional costs could be incurred dealing with associated high-quality finishes to rear facades and exposed gable ends of surrounding buildings</li> <li>• Construction cost inflation remains a significant risk to all projects in the foreseeable future, especially complex ones in city centres.</li> </ul> <p><b>ACC Risk Appetite</b></p> <p>In terms of the commercial risk to ACC of taking forward this Option, it is relatively high as ACC is relying on outside parties such as a Developer to</p>

	<p>deliver the project and ACC is exposed to the variabilities of market conditions.</p> <p>The commercial risk of this Option has therefore been assessed as <b>Amber</b> (medium) based on being lower than Options 3 &amp; 4 given the Urban Park can be delivered independently of the commercial developments and ACC has more flexibility around reviewing Options for the Police HQ site.</p>
<p><b>Advantages &amp; Disadvantages</b></p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Improved connectivity &amp; permeability</li> <li>• Connection from Broad Street to West North Street</li> <li>• Urban Framework</li> <li>• Efficient floorplates</li> <li>• New setting and breakout space to Lemon Tree and Arts Centre</li> <li>• Active ground floor</li> <li>• Child friendly environment</li> <li>• Park framed by historic façades</li> <li>• Mixed use proposal</li> <li>• Increased green space over Options 3 &amp; 4</li> <li>• Terraced gardens</li> <li>• Programme delivery for Urban Park independent of commercial development and can be carried out as a first phase.</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Screening required to existing façade to Scottish Courts and Tribunals Service</li> <li>• Former Police HQ is demolished (embodied carbon impacts)</li> <li>• Lack of security and surveillance after hours</li> <li>• Less green space than Option 2.</li> </ul>
<p><b>Viability</b></p>	<p>To consider the viability of Option 5, three potential scenarios have been considered.</p> <p>1. <i>A developer purchases the land as exists (but with planning consent), prepares the site for development, delivers the urban park and the commercial office</i></p> <p><b>As outlined in the Development Appraisals undertaken by the Property Consultant, this option is considered as not financially viable.</b> Despite the significant capital receipt that could be realised from a fully let commercial development (est. £42million), the cost of preparing the site for development, demolition, delivering the urban park and building the office is very high at over £60million. <b>The appraisal produces a negative land value of £30million</b>, after taking into consideration finance, sales, and marketing costs. All parties spoken to have confirmed that they would not consider a speculative office development at the current time.</p>

2. *ACC secure planning consent, prepare the site for development, deliver the urban park, and sell the prepared sites to a build to rent developer / investor OR ACC work with a development partner and carry the cost of the urban park works*

This appraisal assumes a scenario where ACC completes the delivery of the Urban Park and that the studies on future development of the former Police HQ site will result in the demolition, site clearance and disposal of the site to a commercial development partner or work to develop the site in partnership under a mutually agreed structure, with the future capital receipts used to offset the front funding of the Urban Park. Estimated capital receipts for Option 5 will be heavily reliant on the chosen outcome for the development of the former Police HQ portion of the site.

The assumption is that ACC would receive a capital receipt and reduce the overall cost of creating an Urban Park (of 5,200m<sup>2</sup> for this Option). However, with the rise in build costs and additional allowances for inflation, risk etc. **the proposed development would not be viable** for a developer even with ACC covering the costs of the site preparation and demolition. **The appraisal produces a negative land value of approximately £6million.** In practice, the land sale would not provide a positive capital receipt for ACC.

3. *ACC secure planning consent, prepare the site for development (including demolition), deliver the urban park and either sell the residential development parcel and the former Police HQ site to a developer(s) or work in partnership with them AND offer a 'lease wrap' over the office building for 40 years at 80% of the rental value.*

Despite Scenario 2 not offering a viable solution, the theory of creating value from development land to help reduce the overall cost to ACC is still possible. ACC could consider pump priming the proposed scheme and reduce the risk for a developer by providing a rental income guarantee also known as a lease wrap or income strip on the office building.

This is similar to the deal structure adopted to encourage the delivery of Marischal Square. In summary, ACC sign a c. 40-year lease over the proposed building at a % of the market rent, and at the end of the lease they have the right to buy back the building for £1. The main purpose is to reduce the risk, create a viable project and encourage a developer to proceed with the project knowing that they will get a return from their investment. In return, ACC will retain ownership of a key city centre site at the end of the lease and could benefit from a 'profit rent' throughout the term should they achieve lettings over the rent that they are contracted to pay.

Valuing this structure is difficult at the current time due to volatility in the gilt markets upon which the pricing of income strip deals is based.

To assess how this structure might produce a land value for ACC, and therefore help towards the cost of the park, an appraisal has been prepared over the commercial development land as follows:

	<ul style="list-style-type: none"> <li>• Aberdeen City Council agree to ‘guarantee’ 80% of full rental value (£2,535,553)</li> <li>• The income stream is valued at 3.75% producing a revenue of approximately £67.5million. Gilts are currently changing rapidly, and the Council should be aware that this is likely to change between now and the investment being released to the market</li> <li>• Less Build Costs</li> <li>• Less Profit @ 20% of build costs</li> <li>• Less Finance, marketing, and acquisition fees</li> </ul> <p><b>Adopting this strategy, in June 2023, produces a land value of approximately £10million, which reduces the cost of the project to ACC to approximately £8million.</b> However, gilt yields are constantly fluctuating as inflation expectations remain more entrenched in the UK economy. Yields are therefore very likely to change between now and the resulting agreed investment being released to the market. The yield profile would have to be monitored closely to accurately price the investment if this route was going to be considered.</p> <p><b>In summary, this strategy is intended to provide ACC with an initial cash injection or contribution towards the cost of the urban park.</b> It allows new Grade A Office development to be delivered in the city centre encouraging footfall and economic growth, creates a Central Business District around Marischal Square and Marischal College, and creates a ‘limited risk’ option to encourage a developer to deliver the project. The deal structure also allows ACC to own the asset at the end of the 40-year lease. The ideal scenario is that the building is fully let at current market levels (or higher) by the time the build work is complete, thus leading to ACC’s potential rental costs being fully covered. However, there is a risk that the building will have vacancies which ACC will need to cover and, further, that rental values fall, and ACC have to cover the difference in rental value paid.</p> <p>The above assumes that the office is completed to a BREEAM Excellent / EPC A standard to meet current market demands.</p>
<b>Other Points</b>	N/A.

## 7.6 Scoring of Options Against Objectives

The Option Appraisal exercise consisted of two elements:

- **Defining the scoring criteria:** the Design Team met with ACC to develop a robust set of scoring criteria to assess the options against. The scoring criteria consisted of 7 overarching categories with several subcategories for each. Weightings were also given to each category and subcategory to align with ACC and the Steering Group's perceptions of importance.
- **Scoring the shortlisted options:** once a final set of scoring criteria was agreed, members of the team scored each option.
  - Options were scored on a scale from 0 to 5. Zero means that the option does not address the criterion at all, five means that it addresses the criterion in full.
  - The options were initially scored independently by Design Team members, the average across the group was carried forward. The scores for each option were then reviewed in turn in subsequent workshops.
  - The scores were then normalised so that the scores corresponded to the overall criteria percentage weighting. For example, if an option scored 5/5 for the Instruction to Council criteria, which has a weighting of 16%, it received a score of 16.

The table below is from Economic Consultant Stantec's Options Appraisal Summary report of June 2023.

Option Appraisal		Option 1	Option 2	Option 3	Option 4	Option 5
Criteria	Weighting	<i>Do Minimum/Minimal Intervention</i>	<i>Urban Park (7,300m2) and pavilion with landscaping to northwest and southeast development areas</i>	<i>Urban Park (3,466m2) with housing development to northwest and refurbished/repurposed Police HQ to form residential development to southeast.</i>	<i>Urban Park (3,400m2) with housing development to northwest and new build workplace to southeast on site of former Police HQ.</i>	<i>Urban Park (5,200m2) with landscaping to northwest development area and new build workplace to southeast on site of former Police HQ.</i>
Instruction to Council	16%	0.0	16.0	8.3	8.3	9.9
Strategic alignment	20%	0.0	9.3	15.2	13.6	13.5
Estimated Impact on Economic Growth	12%	0.0	3.0	8.0	10.0	9.0
Impact on Placemaking	12%	0.0	8.3	8.9	9.1	9.0
Affordability to ACC	12%	6.0	2.9	6.9	6.6	6.2
Deliverability and Financial Sustainability	15%	9.0	9.5	10.3	10.3	10.5
Community and Wellbeing	13%	0.0	12.6	8.1	8.0	8.7
<b>Total Weighted Score (/100)</b>	<b>100%</b>	<b>15.00</b>	<b>61.55</b>	<b>65.66</b>	<b>65.77</b>	<b>66.77</b>
<b>Rank</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>

## Summary of scores

Option 5 scored the highest out of all Options, albeit the difference in scores between Options 3, 4 & 5 is very small. 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 8% less than Options 3, 4 & 5.

## Development Appraisals

In support of the above, property consultants have summarised the viability of each option below through preparation of Development Appraisals for each Option.

Option 2: A Full Urban Park is estimated to cost in the region of £25.674million (a breakdown of this cost and assumptions is included in Appendix 2 – Cost Estimate Report). The alternative Options have been considered as a means to support the delivery of the Urban Park and ideally offset the high cost for ACC. However, due to the increase in build costs over the last 24 months, the costs to deliver the proposed residential and commercial buildings outweighs the potential revenue and therefore does not offset the cost of the Urban Park as intended.

Notwithstanding the above, various scenarios have been considered which look at interventions from ACC that would help to create a viable scheme, encourage delivery of the Urban Park, and help to offset the costs of doing so.

These scenarios (which are described in fuller detail in the Options Appraisals in Sections 7.1 to 7.5), and their outcomes are summarised below:

Option	Description	Area of Urban Park	Scenario	Estimated Cost to Developer	Estimated Cost to ACC	Ability to Offset ACC Costs	Comments
1	Do nothing	None	N/A	Minimal to market site	Minimal to market and sell site	N/A	£6M committed by ACC on land assembly etc.
2	Full Urban Park	7,300m <sup>2</sup>	N/A	N/A	£26m	N/A	
3	Urban Park, new Residential to	3,466m <sup>2</sup>	1*	£39m	Minimal to market and sell site	N/A	Cost to deliver considerably outweighs potential revenue for Developer so development is not viable.

	NW and refurbished Police HQ to provide residential		2**	£26m	£13m	No	Cost to deliver considerably outweighs potential revenue for Developer so development does not offset cost to deliver the Urban Park.
4	Urban Park, new Residential to NW and new Commercial (Office) to SE	3,400m <sup>2</sup>	1*	£71m	Minimal to market and sell site	N/A	Cost to deliver considerably outweighs potential revenue for Developer so development is not viable.
			2**	£53.5m	£17.5m	No	Cost to deliver considerably outweighs potential revenue for Developer so development does not offset cost to deliver the Urban Park.
			3**	£53.5m	£17.5m	Yes – est. £2.5million	Adopting this scenario offsets, the Council's costs by c.£2.5m, <b>reducing to c. £15m</b> . This contribution is minimal and any minor changes to build costs or the design could put this at risk.
5	Urban Park and new Commercial or Residential to SE	5,200m <sup>2</sup>	1*	£61m	Minimal to market and sell site	No	Cost to deliver considerably outweighs potential revenue for Developer so development is not viable.
			2**	£43m	£18m	No	Cost to deliver considerably outweighs potential revenue for Developer so development does not offset cost to deliver the Urban Park.
			3***	£43m	£18m	Yes – est. £10million	Adopting this scenario offsets, the Council's costs by £10m, <b>reducing to £8m</b> .

\*Scenario 1: A Developer delivers 100% of the scheme including Urban Park

\*\*Scenario 2: ACC secure planning consent, prepare the site for development, deliver the urban park and either sell the prepared sites to a developer / investor OR ACC work with a development partner and carry the cost of the urban park works.

\*\*\* Scenario 3: ACC secure planning consent, prepare the site for development (including demolition), deliver the urban park and either sell the residential development parcel and the former Police HQ site to a developer(s) or work in partnership with them AND offer a 'lease wrap' over the office building for 40 years at 80% of the rental value.

In summary, Options 4 & 5 could help to offset the costs of delivering an Urban Park for ACC. However, this is only possible if ACC choose to intervene and agree a 'lease wrap' on the proposed commercial buildings. A similar model of this approach was adopted at Marischal Square. Soft market testing has confirmed that Developer's appetite for this project significantly reduces without this support from ACC.

## 7.7 Recommendation

Using evidence based on the options appraisal and the objectives scoring, clearly articulate the recommended option, showing the best fit against the project's stated objectives, and balancing cost, benefits, and risk. Note, if an option fails to deliver any essential objective, then it must be discounted as unsuitable. The recommendation should not be made on objectives scoring alone but the table can be used to eliminate those options that score poorly as a first stage, with the second stage being a more detailed analysis of the remaining options. Bear in mind:

- Investment Appraisal
- Assumptions
- Constraints
- Dependencies

### **Sequence of activities and key decisions**

Key decisions:

- A recommendation to approve the principle of Option 5, Urban Park with landscaping to northwest development area (Phase 1) and new build development (residential or commercial or a mix of both) to the southeast on the site of the former Police HQ (Phase 2) as the Preferred Option
- Taking forward detailed design and construction of an Urban Park to the northwest of the site; undertake stakeholder consultation (including public); 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 the site based on ACC's risk appetite for development.

The recommendation for the former Police HQ is to move to Full Business Case to determine suitability for either refurbishment or rebuild, with residential and commercial office space as use options to come back to Council by December 2023.

There is a sequence of activities which could ultimately change the mix in Option No 5:

- 1) To proceed with all soft strip and demolition activities as approved which do not trigger a planning application due to it being a conservation zone

- 2) To immediately proceed with detailed design and planning activities associated with the Urban Park per Option No 5
- 3) To immediately proceed with a soft market engagement exercise to assess viable uses for the remaining part site under ACC's ownership, based on both full demolition and refurbishment options of the former Police HQ
- 4) Following this soft market engagement an update to be provided examining uses for the residual site which complements the planned Urban Park. These options could include development in full, in part, deferred development or sale and Urban Park in full.

## 8. Benefits

In the tables below, identify the key benefits the project will deliver.

All benefits need to be measurable, realistic and have a baseline or comparable starting point. These benefits will be monitored during and after the project close to gauge project success and value for money. If a benefit is more subjective, then that should be supported by, for example, staff or customer surveys taken **before and after** the project.

Give an idea of the total financial benefits if these exist.

List any dis-benefits where appropriate, e.g., the loss of a disposal receipt where it is proposed to utilise a surplus building instead of selling it.

### Note:

The Benefits outlined below relate to the Preferred Option Nr 5 – Urban Park with landscaping to northwest development area and new build workplace to southeast on site of former police HQ.

8.1 Customer Benefits						
Benefit	Measures	Source	Baseline	Expected Benefit	Expected Date	Measure Frequency
Economic impacts	GVA from construction activity	Stantec Economic Impact Assessment	0	£24.4M	2024-2027	Post project evaluation
	Land value uplift benefits from proximity to green space	Stantec Economic Impact Assessment	0	£20.2M	2027 onwards	Post project evaluation
	GVA from new commercial workspace	Stantec Economic Impact Assessment	0	£146.6M	2027 onwards	Post project evaluation
Non-monetisable impacts	Number of people accessing green space at Queen Street	N/A	0	Not assessed	2026 onwards	Post project evaluation
	Number of visitors attending events at Queen Street	N/A	0	Not assessed	2026 onwards	Post project evaluation

8.2 Staff Benefits						
Benefit	Measures	Source	Baseline	Expected Benefit	Expected Date	Measure Frequency
Quality of life and health and wellbeing benefits from access to Green Space	Number of Council staff accessing green space	N/A	0	Not assessed	2026 onwards	Post project evaluation

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8.3 Resources Benefits (Financial)							
Benefit	Measures	Source	Capital or Revenue?	Baseline (£'000)	Saving (£'000)	Expected Date	Measure Frequency
N/A							

9. Costs
<p>Use the tables below to provide cost information. Costs must include capital investment and where relevant any ongoing revenue costs incurred by the project or as a result of the project.</p> <p>The source/basis of any estimates should be clearly identified.</p> <p>Refer to the Government Green Book and the Supplementary Guidance on Optimism Bias for information on determining costs. Outline any assumptions in estimating costs in Section 17 and confirm in the Checklist that you have followed this guidance.</p> <p><a href="#">Green Book Supplementary Guidance Optimism Bias</a></p> <p><a href="#">The Green Book 2022 (HM Treasury Guidance)</a></p> <p>To improve the design development process for capital projects there is a need to consider full life cycle costs, including maintenance. Therefore, costs should be considered at least over a 5-year period. It is an estimate of the resources and capabilities (people, physical resources, and funding) needed to deliver the project and sustain the benefits. The estimates need to cover both the direct project costs and the ongoing (business as usual) costs for the lifetime over which the benefits are to be considered.</p> <p>Include information on where the budget will come from.</p> <p>Full costs breakdown to be included.</p>

Any impact on business as usual or service delivery.

**Note:**

Capital Costs have been prepared by Turner & Townsend Cost Management as part of their Stage 1 Cost Estimate Report of 27 June 2023 (See Appendix No 2).

The figures in Section 9.1 below relate to the Preferred Option No 5 – Urban Park with landscaping to northwest development area and new build workplace to southeast on site of former Police HQ.

Year 1 has been assumed as 2024.

<b>9.1 Project Capital Expenditure &amp; Income</b>											
(£'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
<b>Staffing Resources</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Land Acquisitions (sunk costs already incurred by ACC excluded)</b>	0	0	0	0	0	0	0	0	0	0	0
<b>New Vehicles, Plant or Equipment</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Construction Costs for Option Nr 5 – Urban Park with landscaping to northwest development area and new build workplace to southeast on site of former Police HQ.</b>	£2.890m	£44.474m	£13.300m	0	0	0	0	0	0	0	£60.665m

<b>Note: The capital costs included in this section could change depending on the optimal solution for the former Police HQ building and the southeast portion of the site.</b>											
<b>Capital Receipts and Grants</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>	£2.890m	£44.474m	£13.300m	0	0	0	0	0	0	0	£60.665m

<b>9.2 Project Revenue Expenditure &amp; Income (to be developed)</b>											
<b>(£'000)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Total</b>
<b>Staffing Resources</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Non-Staffing Resources</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Revenue Receipts and Grants</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>	0	0	0	0	0	0	0	0	0	0	0

<b>9.3 Post- Project Capital Expenditure &amp; Income (to be developed)</b>											
<b>(£'000)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Total</b>

<b>Staffing Resources</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Land Acquisitions</b>	0	0	0	0	0	0	0	0	0	0	0
<b>New Vehicles, Plant or Equipment</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Construction Costs</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Capital Receipts and Grants</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>	0	0	0	0	0	0	0	0	0	0	0

<b>9.4 Post- Project Revenue Expenditure &amp; Income (to be developed)</b>											
<b>(£'000)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Total</b>
<b>Staffing Resources</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Non-Staffing Resources</b>											
Expenditure - maintenance and upkeep of Urban Park and Public Realm areas, Option No 5 (2023 figures)	0	0	0	-45	-45	-45	-45	-45	-45	-45	-315
<b>Revenue Receipts and Grants</b>											
Income from Commercial Development on southeast portion of site (2023 figures)	0	0	0	1,077	1,077	1,077	1,077	1,077	1,077	1,077	7,539

Income from Urban Park Pavilion (2023 figures)	0	0	10	10	10	10	10	10	10	10	80
<b>Sub-Total</b>											

<b>10. Key Risks</b>	
<b>Description</b>	<b>Mitigation</b>
<p>Fully explain any significant risks to the project that you are aware of, especially those which could affect the decision on whether and in what form the project goes ahead.</p> <p>Append your full Risk Log if available.</p>	<p>Details of any mitigating action already taken or suggested.</p>
<p>A full Project Risk Register is available if readers of this OBC wish to view it. Please contact Sandy Beattie for this document.</p>	
<p><b>The significant risks to the project are summarised below.</b></p>	
<p>Insufficient budget or inability to provide appropriate developer receipts, thereby delaying/stalling the development and potentially resulting in blight on the City Centre landscape</p>	<p>Prepare robust development appraisals and carry out market research</p>
<p>Changes in the market demand which may result in the redundancy of the OBC, and scheme being deemed as inviable. This would again result in abortive work and blight on the City Centre landscape</p>	<p>Continuously monitor market trends, provided by property consultants</p>
<p>Neighbouring properties and businesses object to development proposals resulting in Programme delays and reputational loss to ACC and negative publicity for the project</p>	<p>Prepare Communications and Stakeholder Engagement Plan for neighbouring properties and businesses and engage with stakeholders</p>
<p>Failure to secure statutory consents including conservation area consent, building warrant and planning consents, leading to the project being delayed or cancelled/amended and not meeting optimal solution for Queen Street</p>	<p>Ongoing engagement and consultation with ACC Strategic Place Planning to understand any key issues and address development as a result.</p>
<p>Delivery of new mortuary facility is delayed resulting in delay to developing proposals and demolition of Police HQ building and sequencing of development</p>	<p>Construction of new facility at Foresterhill now underway – continue to monitor Programme. ACC have a responsibility to maintain mortuary services. To be open by Summer 2024</p>
<p>Scale, massing, materiality and setting in the context of surrounding listed buildings and townscape will have an impact on the Planning Authority's assessment of the proposals</p>	<p>Early discussions with Strategic Place Planning to understand what level of development could be permitted.</p>
<p>Construction cost inflation remains a significant risk to all projects in the foreseeable future, especially complex ones in city centres.</p>	<p>Cost Manager to monitor closely and include robust inflation and contingency allowances within Cost Estimates.</p>

## 11. Procurement Approach

If this project will involve the procurement of products or services, describe the approach that will be taken based upon the recommended option.

The Design Teams must conduct a check on the Health & Safety track record on tender documentation and submission prior to award and confirm this has been done.

### Procurement

The Council will directly appoint a partner to develop the urban park element of the proposals, and the Council will retain ownership of these land parcels. The delivery mechanism for any other project elements is still to be determined, however options include:

- **A call for open market proposals between ACC and a private investor/developer:** with the two parties remunerated either through a profit share or a through a ground lease arrangement; or
- **A restricted call for proposals between ACC and Hub North Scotland Ltd through its Territory Partnering Agreement:** with the two parties again remunerated through either of the above mechanisms.

The team considered two further delivery mechanisms, which they discounted following consultations with ACC officials:

- **Direct sale of Land / Assets between ACC and Private Investor(s)/Developer(s):** the team and Council officials discounted this option due to concerns that the degree of associated risk would make the proposition unattractive to developers and investors; and that it would diminish the level of strategic control that ACC could exert over the site.

### Soft Market Testing

A high-level soft market testing exercise was carried out by property consultants late in June 2023 to support the market commentary and viability assessments for Options 3, 4 and 5.

This involved discussing the proposed developments with a range of local and national developers who are actively delivering mixed use, residential and/or commercial development opportunities. Options 1 & 2 were excluded from these discussions as there would be no market involvement.

Outlined below are the key messages from various parties however the main take away is that the market fully supports a development of this site to provide high quality accommodation in the city centre. There is support from local and national developers to find a structure that works for both parties and to be involved in an iconic city centre scheme.

However, due to market conditions and current finance costs then demand from local and national developers is not on a speculative basis for the office element at the current time. All developers would need ACC to de-risk the project through a rental guarantee or pre-let agreement to make it viable.

There is also a degree of nervousness with regards to the residential development particularly where construction costs currently are for new and refurbished projects relative to developer returns. One residential developer that was contacted suggested that they would require an extended ACC rental guarantee for the development whilst another was more relaxed and

commented that as long as all numbers stacked up (for a hybrid PBSA / BtR scheme) then they were in principle interested.

Their key messages are:

### **Office / Commercial Development**

- There is demand to deliver a high quality, Grade A office however all developers would need a lead from ACC to de-risk the project by offering rental guarantees or a pre-let (developer's positions are that they need the support at the back end of the process, upon completion of the development. They are not willing to building speculatively regardless of Council input upfront and will not build without a guaranteed exit strategy)
- There is no demand for a speculative development scheme. One developer commented that they would not deliver a speculative office development anywhere in the UK currently
- The design will be paramount. Offices will need to be completed to a Grade A specification with BREEAM Excellent rating and EPC A
- Car parking is essential for office space
- Some developers would be happy to build the Urban Park, but it would need to be supported by ACC either through a capital payment or rental and would need to have an agreed exit to attract a funding partner
- Positive response on the impact an office scheme could have on this area of Aberdeen and there is an expectation of demand from office occupiers of various scale.

### **Residential Development**

- Concern about the viability and costs relative to developer returns / Capital values
- Interest in both Purpose Built Student Accommodation (PBSA) and BtR and a potential hybrid
- No interest in a private for sale scheme
- Potential requirement for some form of long-term income guarantee
- Edinburgh & Glasgow are the key focus for developers currently as there is greater depth in the funding market. They would look at Aberdeen if it was viable and investor appetite to forward fund could be evidenced.

## **12. Time**

### **12.1 Time Constraints & Aspirations**

Detail any planned or agreed dates, any time constraints on the project or the affected business areas and any other known timescales.

- New Mortuary at Foresterhill to be complete by Summer 2024 to allow the existing Mortuary in the basement of the former Police HQ building to relocate
- Existing Telecoms masts on the roof of the former Police HQ building to be removed by the end of 2023

- Asbestos removal, soft strip and services separation in the former Police HQ building requires to be completed by early 2024 before work can take place on the southeast part of the site
- Securing Conservation Area Consent (It should be noted that a full Urban Park option will likely, or significant elements of it at least, be deemed as 'permitted development' and will not require planning permission. See Section 20 for fuller details).

### 12.2 Key Milestones for Option 5 – Urban Park with landscaping to northwest development area and development to southeast on site of former Police HQ.

Description	Target Date
Approval of OBC	August 2023
Soft Market Engagement exercise for Southeast site (based on full demolition of the former Police HQ building)	October 2023 (Soft Market Engagement)
Service update (FBC) which will identify a preferred development use for the Southeast site	December 2023
Service update (FBC) based on Preferred Option for Southeast portion of the site	August 2024
Take forward detailed design and construction of the Urban Park to the Northwest of the site; undertaking stakeholder consultation (including public); obtaining necessary consents and negotiating parking/access changes	By end Q3 2025
Soft strip and demolition activities at the former Police HQ building as approved which do not trigger a planning application due to it being a conservation zone	Complete during Q1 2024
Selection of Tier 1 Contractor and design up to reach Financial Close	October 2023
Phase 1 Construction (Urban Park to Northwest of site and Central Spine)	October 2024
Phase 1 Handover	Complete during Q1 2026
Phase 1 Defects liability period (12 months after handover)	Q1 2027
Phase 2 Construction (Development to Southeast of site)	Feb 2025
Phase 2 Handover	Q1 2027
Phase 2 Defects liability period (12 months after handover)	Q1 2028

**13. Governance**

Include any plans around the ownership and governance of the project and identify the people in the key project roles in the table below.

<b>Role</b>	<b>Name</b>	<b>Service</b>
<b>Project Sponsor</b>	Steve Whyte	Resources
<b>ACC Project Manager</b>	Sandy Beattie	Resources

**14. Resources**

List the staff resources and expertise required to implement the project. Ensure support services are included, such as Project Management, Legal, Procurement and Communications.

<b>Task</b>	<b>Responsible Service/Team</b>	<b>Start Date</b>	<b>End Date</b>
ACC Project Sponsor - Steve Whyte	Resources	August 2023	January 2027
ACC Project Manager - Sandy Beattie	Resources	August 2023	January 2027
Project Manager	HNSL	August 2023	January 2027
Architect	HNSL	August 2023	January 2027
Landscape Architect	HNSL	August 2023	January 2027
Property Consultant	HNSL	August 2023	January 2027
M&E Engineer	HNSL	August 2023	January 2027
Structural Engineer	HNSL	August 2023	January 2027
Cost Consultant	HNSL	August 2023	January 2027
FBC Authoring	HNSL	August 2023	January 2027
Legal	ACC	August 2023	January 2027

Is a Buildings Checklist being completed for this project?		Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>If No, what is the reason for this?</b>			
The project is not at the stage where a Buildings Checklist can be completed. This will be undertaken if appropriate at FBC stage.			
Procurement	ACC	August 2023	January 2027
Stakeholder Engagement	HNSL	August 2023	January 2027
Communications	HNSL	August 2023	January 2027

## 15. Environmental Management

Fully explain any impacts the project will have on the environment (this could include, e.g., carbon dioxide emissions, waste, water, natural environment, air quality and adaptation). Include both positive and negative effects and how these will be managed. Include details on how this has been assessed, giving an idea of the cost implication if this exists.

The project aims to contribute towards the Council's carbon reduction objectives.

While the project is unlikely to be deliverable and affordable in a completely carbon neutral way, and if development other than a full Urban Park is taken forward, some energy from the grid may be needed to heat and power the residential units. It should be possible to provide all the heating required for the commercial buildings (if decided by ACC to include in the development mix) by connecting them to a local district heating network.

The project offers the potential to reuse and reinvent the existing Police HQ, seeking to implement architectural solutions that preserve the high embodied carbon materials. Retaining the reinforced concrete shell of the building and converting the Police HQ into a commercial or housing scheme will provide essential office space or homes, populating the city centre whilst creating job opportunities. This approach will further enhance the surrounding Urban Park.

The project will be developed based on 20-minute neighbourhood principles to minimise the need for vehicular transport.

## 16. Preserving Our Heritage

Describe fully any impacts the project will have on the heritage of the city or more widely in the region or nationally. This could include but is not exclusive to the following examples:

- Specific historical items of interest;
- Features of significant local or regional importance/interest;
- Granite elements of existing structures.

Include both positive and negative effects and how these will be managed.

Include details on how this has been assessed, giving an idea of the cost implication if this exists.

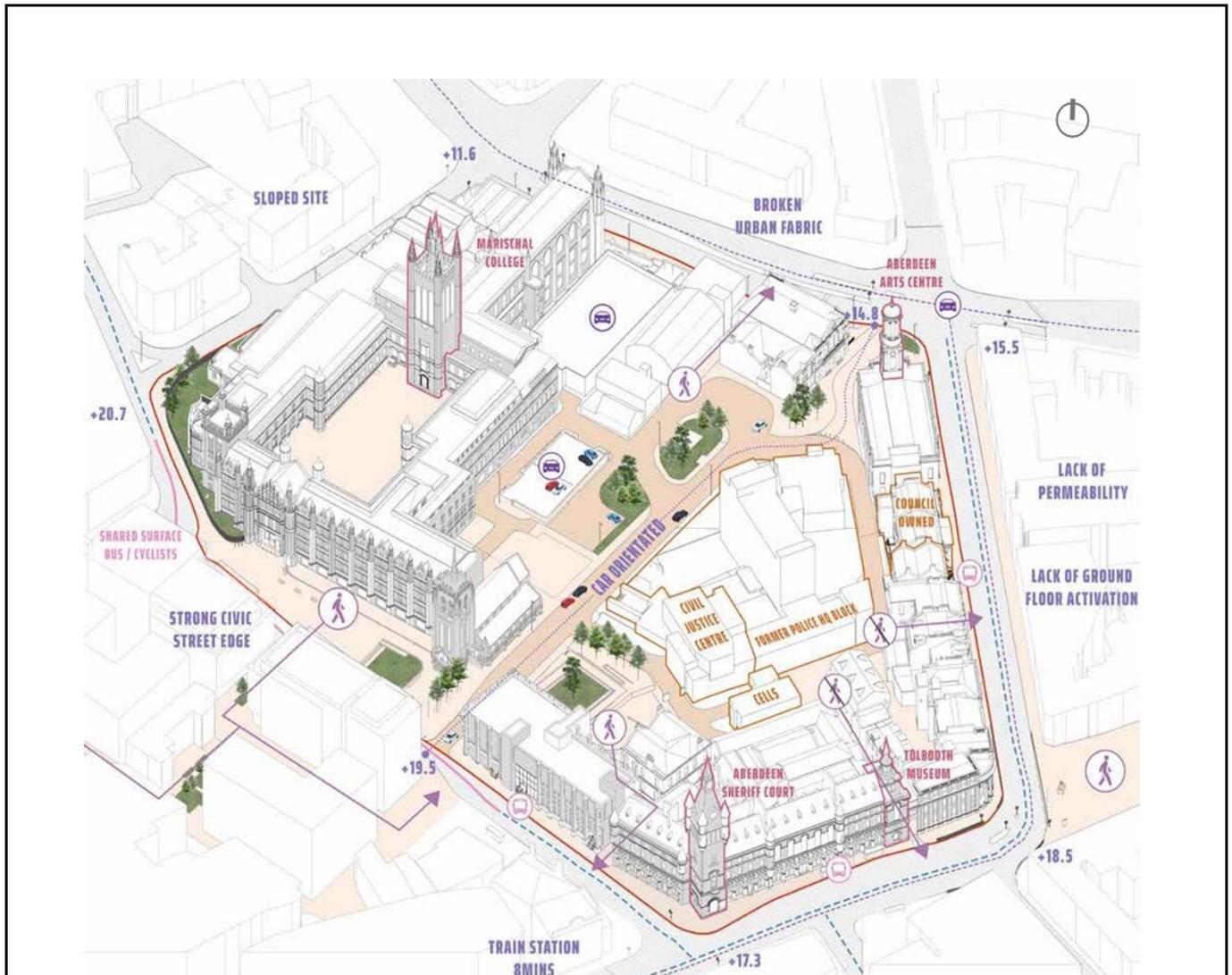
There are several listed buildings and structures in the study area, as well as conservation area designation to consider. Rather than be seen as constraints, the civic and other built heritage can be considered assets that contribute to creating a sense of place that Aberdeen must develop to differentiate from its competitors.

There is the opportunity to incorporate the Arts Centre, Archibald Simpson House on King Street, and the Lemon Tree redevelopment (pending Business Case outcomes of these buildings).

Architectural expression and urban form are critical to the perceived success of the new development. This brief will not be prescriptive about materials and specific finishes, those will emerge as the design develops and be appropriate to the proposed urban form. It is essential that key vistas and landmarks are respected and celebrated in proposals for Queen Street.

The potential to retain and reuse the existing Police HQ will positively contribute to the surrounding heritage as well as the embodied carbon within the project, contributing to a low carbon future. This strategy will improve placemaking, strengthening connections for city users.

The illustration below shows the existing Queen Street Development Zone site and key adjoining buildings of significant architectural interest.



## 17. Stakeholders

List the key interested individuals, teams, groups, or parties that may be affected by the project or have an interest in it, including those external to the organisation. Show what their interest would be and their level of responsibility. Also note any plans for how they will be engaged including the use of any existing communication channels, forums, or mechanisms already in place.

In the event the Business Case projects a total capital expenditure of more than £10 Million, stakeholders should include “ACC Bond Investors” who may require to be communicated with through the London Stock Exchange.

As part of the wider City Centre and Beach Masterplan engagement, the Council is undertaking an engagement exercise involving residents and businesses. As business cases are developed this will include the newly established Stakeholder Forum and Disability Equity Partnership at the appropriate stages.

Ongoing engagement regarding Queen Street has been undertaken both formally and informally with Scottish Courts and Tribunal Services, Aberdeen Performing Arts, Police Scotland, Castlegate Arts, University of Aberdeen, Robert Gordons University and Greyfriars and Trinity Churches.

Discussions with Estates Departments at Robert Gordons University and the University of Aberdeen resulted in similar messages that there is no real additional demand for one and two bed student accommodation that cannot be met with existing properties. There is however a demand from overseas students for family accommodation although both Universities advised that due to Home Office rules, it is very difficult to predict this in advance of students arriving in Aberdeen.

Recent discussions with the Lemon Tree performing arts venue have confirmed that their own project to improve this venue is on hold due to lack of funding. They have developed a more modest proposal which follows similar principles to the original and this should still work well with the urban space proposed in all Options in this OBC.

## 18. Assumptions

Document the high-level assumptions that have been made during the development of the Business Case and any other unanswered questions that may be significant. Refer to the Supplementary Guidance on Optimism Bias and detail the assumptions you have made in constructing the costs and business case.

[Green Book Supplementary Guidance Optimism Bias](#)

### Assumptions

- Design work undertaken to date is at feasibility level, not detailed design and Capital Cost allowances are as a result high level in nature
- Capital Costs are exclusive of land acquisition, finance costs etc
- Capital Costs incorporate Preliminaries and Overheads & Profit at 15%
- Capital Costs incorporate project risk at 15% based on the project being RIBA Stage 1
- Design team fees have been included at 10%
- A budgetary general allowance has been included for diversion of existing major services running through the site
- A budgetary general allowance has been included within each of the costed options for street furniture and children's play areas
- A budgetary general allowance has been included for phased delivery of the project
- Current costs are not inclusive of a defined embodied carbon target

- Any fees or costs associated with abnormal works including but not limited to ground decontamination, remediation works to bring site to a condition suitable for the intended use including removal of contaminated land or material are excluded
- Works outside of the site boundary including upgrading and reconfiguration of surrounding infrastructure and transport connections are excluded.

## 19. Dependencies

Document any projects, initiatives, policies, key decisions, or other activities outside the control of the project that need to be considered or which may present a risk to the project's success, or on which this project depends.

The former Police Scotland HQ, now in Council ownership, is a key component of the Queen Street intervention zone and delivery of the City Centre and Beach Masterplan.

Tender packages for the former Police HQ asbestos removal, soft strip and services separation are in the process of being issued to the market and appointments will be made for this work in Q3 2023. Site starts for this work should follow on shortly after.

Proposals are dependent on the relocation of the City Mortuary proceeding as planned, which started on site at Aberdeen Royal Infirmary in October 2022. The City Mortuary, located in the former Police HQ at Poultry Market Lane, will require to be kept operational until practical completion of new premises at ARI in Foresterhill (expected by Summer 2024).

Removal of Telecom masts on the roof of the former Police HQ building is required before any demolition work can take place. A new mast is proposed on Marischal Square prior to decommissioning the last old one. This is still waiting approval, but it is expected will be removed by the end of 2023.

SCTS have confirmed that they will not be vacating their current building in Queen Street and therefore this OBC is based on their operation remaining in situ and continuing as is.

## 20. Constraints

Document any known pressures, limits or restrictions associated with the project.

Services and utilities are currently integrated between the former Police HQ, City Mortuary and the Scottish Courts and Tribunal Services (SCTS). A strategy is under development to separate services enabling independent re-use or demolition of the former Police HQ, leaving the SCTS building to continue current operation.

Development must also work around existing Scottish Courts and Tribunal Services Court buildings and reduce any impact upon the Court Service's ability to carry out its duties. Access must also be maintained for the other buildings on Queen Street and a through-route must be maintained for emergency vehicles. The Council remains in dialogue with stakeholders regarding future operations and activities in the Queen Street Annexe.

The following key considerations are intrinsic to delivering the project.

## **Mortuary**

The City Mortuary is in the basement of the former Police HQ building and needs to remain operational throughout demolition of the building. When a new facility is completed at ARI Foresterhill (scheduled for Summer 2024) comprehensive redevelopment can take place on the southeast portion of the site, though any delays to this relocation could impact on the pace at which the site can be redeveloped.

## **Demolition of the former Police HQ building**

Options 2, 4 & 5 would require the existing Police HQ building to be either partially or fully demolished. A separate design team, under the management of HNSL, is progressing the design of this project along with the required services separation to allow the SCTS to continue business as usual indefinitely. The programme of necessary asbestos removal and soft strip will commence before the end of 2023 to limit ACC's exposure to holding costs.

The existing Police HQ has extensive underground structures, supporting adjacent roads and buildings. There will be constraints and challenges to remove elements of existing structure so as not to overly impact the future development of the site with legacy, underground structures.

## **Planning Constraints**

Any Queen Street redevelopment proposal will be assessed against the relevant development plan and associated planning context at the time of any planning or associated applications. As of the 19th of June 2023, the 'development plan' now consists of the National Planning Framework 4 (itself adopted by Scottish Government in February 2023) and the newly adopted Aberdeen Local Development Plan 2023. While this represents a formal change in the development plan position that was in place at the time of the SOC for Queen Street, both documents had previously been considered in draft, and therefore the policy position concerning the Queen Street development project remains largely the same. In any instances of potential or perceived incompatibility between NPF4 and the LDP, whichever of them is the later in date is to prevail; in such an instance, the provisions of the Aberdeen LDP 2023 will prevail and is considered first below.

The Aberdeen Local Development Plan 2023 notes the site as being located within a Mixed-Use Area (under Policy H2), specifically identified as Opportunity "OP81 Queen's Square – City Centre Masterplan Intervention Area". This identifies appropriate uses within the site as including Class 1 (Retail), Class 2 (Service), Class 3 (Food and Drink), Class 4 (Offices), Class 7 (Hotels), Class 9 (Houses), Class 10 (Non-residential Institutions) and Class 11 (Assembly and Leisure).

As such, all 5 options being considered would be consistent with the uses referred to in the LDP.

National Planning Framework 4 includes Spatial Principles, and Priorities for the Northeast which are relevant to the Queen Street site, with more detailed specific Policies which would need to be applied to the assessment of any future planning applications for redevelopment. The Spatial Principles relevant to the project include Just transition; Conserving and recycling assets; Local living; and Compact urban growth. NPF4 notes that the application of these Spatial Principles will support the delivery of sustainable places; liveable places; and productive places. In addition, one of the identified key Priorities for the Northeast is to focus

on “continued regeneration through the principles of local living and 20-minute neighbourhoods to sustain the skilled workforce and improve local liveability”, to which the Queen Street proposals can contribute.

Aligning with these Spatial Principles and key Priorities are the specific national planning policies stated within NPF4. While these will need to be considered in more detail as development proposals mature, but of particular relevance are likely to be: Policy 1 - Tackling the climate and nature crises; Policy 2 - Climate mitigation and adaptation; Policy 7 - Historic assets and places; Policy 9 - Brownfield, vacant and derelict land and empty buildings; Policy 14 - Design, quality and place; Policy 15 - Local Living and 20 minute neighbourhoods; Policy 16 - Quality homes; and, Policy 27 - City, town, local and commercial centres.

Specifically in relation to the existing Police HQ building, Conservation Area Consent will be required to demolish an unlisted building within the City Centre Conservation Area (CAC), and any new building(s) to replace the Police HQ would require planning permission. The consideration of any such CAC application for demolition will need to consider both the built heritage impacts of the loss, but also the loss of embodied carbon and the NPF4 support for the re-use of existing buildings. In addition, Historic Environment Scotland’s guidance indicates that consent to demolish should in general be given only where there are acceptable redevelopment proposals, and typically a condition would be attached to any consent requiring confirmation that a contract is in place for the redevelopment proposals prior to demolition commencing. The redevelopment options that are being considered in this OBC are considered to be compliant with the LDP, and therefore will likely be acceptable to the planning authority. While a condition restricting the demolition of a building until contracts for its replacement are in place is typical, this will need to be discussed with the planning authority, in that, given the Council commitment to the project through the business cases, the risk of redevelopment proposals not proceeding is low. This is a similar position to that reached in relation to the demolition of the Aberdeen Market in advance of contracts being in place for its redevelopment, and this can be considered further with planning officers at a future stage. It should be noted that, while significant elements of the Urban Park option could be deemed as ‘permitted development’, there will be elements that will likely require a ‘change of use’ planning application (e.g., to change from car park to urban park/open space). Once a ‘change of use’ permission is in place, then it is anticipated that ‘permitted development’ rights would then apply, and this would cover the detailed public realm/landscaping design and interventions proposed within any Urban Park

In summary, following the selection of a Preferred Option, future planning considerations for the project will include:

- Police HQ retention/demolition considerations and justification in relation to both built heritage and embodied/net zero carbon considerations
- Consenting processes and justification required for any proposed demolition (or part demolition) of unlisted buildings within the Conservation Area
- Consenting process in relation to the degree of comfort in relation to redevelopment proposals being agreed in advance of any demolition being allowed
- Any Urban Park, or elements of Urban Park, will likely be considered ‘permitted development’ and therefore not require planning permission (consistent with the City Centre Streetscape projects)
- Design impacts within the context of the Conservation Area and adjacent Listed Buildings, particularly any proximity to Marischal College

- Detailed design in relation to placemaking, scale, form, massing, and materiality
- Technical considerations including drainage, site conditions and both vehicular and active travel access.

### **Site constraints**

A number of key site constraints/aspirations have been assumed for the purpose of the study as follows:

- Service access to Marischal College to be maintained.
- Access via Queen Street to Marischal College accessible/blue light parking to be maintained. This is to be located to the rear of Greyfriars Church.
- Access via Queen Street to multi storey car park to be maintained.
- Managed access for special events could be allowed into Marischal College quad.
- Emergency vehicle/service access to be maintained on Queen Street.
- Potential Lemon Tree extension to be considered and accommodated.
- Potential North Church of St Andrew extension to be considered and accommodated.
- Allowance for external seating at the rear of Greyfriars Church.
- Arts Centre to be maintained as is.
- Building on Poultry Market Lane/Lodge Walk to be demolished.
- Existing vehicle access/egress to cells on Poultry Market Lane/Lodge Walk to be maintained, or more efficient route established.
- New development to minimise vehicular movements to priorities active travel and public realm.
- Potential opening and incorporation of historic permeable routes where possible.
- Ability for vehicle access along Queen Street exiting on East North Street to be confirmed.
- Demolition split between Civil Justice Centre/Commercial Court and Police HQ to be confirmed.
- Conservation statement potentially beneficial to set out importance of surrounding built fabric, identifying keys landmarks, views etc.

**21. ICT Hardware, Software or Network infrastructure**

List any new ICT systems or changes likely as a result of the project. If there are no ICT changes, then record as 'none'.

Description of change to Hardware, Software or Network Infrastructure	Approval Required?	Date Approval Received
None.	N/A	N/A

**22. Change Controls Issued by the Project**

Date	Change Ref ID	Approval Route	Change Description
	None at present		

**23. Support Services Consulted**

The minimum **consultation period for Outline/Full Business Cases is 10 working days** unless the Programme Board Chair agrees there are exceptional circumstances that require a shorter turnaround time.

**Note:**

- **It is mandatory for Capital projects to consult with the full list below.**
- If any services are not consulted, this should be indicated in the Comments section, along with the reason why. All comments received should also be noted, or reasons given for discounting them.
- It is a legal requirement for the Council to carry out an [Equality and Human Rights Impact Assessment \(EHRIA\)](#) to evaluate the impact our decisions have on our customers.

**Note:** There is a copy and paste version of the consultation list below which you can use for circulating your Business Case – [Support Services Consulted Circulation List](#)

Service	Consultee	Comments	Date
Resources	Chief Officer, Finance <a href="mailto:jbelford@aberdeencity.gov.uk">jbelford@aberdeencity.gov.uk</a>		
Resources	Chief Officer, Corporate Landlord		

Service	Consultee	Comments	Date
	<a href="mailto:stbooth@aberdeencity.gov.uk">stbooth@aberdeencity.gov.uk</a>		
Governance	Chief Officer, Governance (tbc)		
Place	Chief Officer, Strategic Place Planning <a href="mailto:DDunne@aberdeencity.gov.uk">DDunne@aberdeencity.gov.uk</a>		
Place	Chief Officer, City Growth <a href="mailto:rsweetnam@aberdeencity.gov.uk">rsweetnam@aberdeencity.gov.uk</a>		
Operations	Chief Officer, Operations and Protective Services <a href="mailto:mareilly@aberdeencity.gov.uk">mareilly@aberdeencity.gov.uk</a>		
Operations (Facilities)	Andy Campbell, Facilities Manager <a href="mailto:AnCampbell@aberdeencity.gov.uk">AnCampbell@aberdeencity.gov.uk</a>		
PMO	PMO Programme Manager <a href="mailto:RMacTaggart@aberdeencity.gov.uk">RMacTaggart@aberdeencity.gov.uk</a>		
Finance	Scott Paterson, Finance Partner <a href="mailto:spaterson@aberdeencity.gov.uk">spaterson@aberdeencity.gov.uk</a>		
Asset Management	Alastair Reid, Team Manager <a href="mailto:alareid@aberdeencity.gov.uk">alareid@aberdeencity.gov.uk</a>		
Legal (Property/ Planning & Environment)	Ross Campbell <a href="mailto:roscampbell@aberdeencity.gov.uk">roscampbell@aberdeencity.gov.uk</a>  (for <b>Capital Board consultations</b> only)		
Legal (Property/ Planning & Environment)	Alan Thomson <a href="mailto:alathomson@aberdeencity.gov.uk">alathomson@aberdeencity.gov.uk</a>  (for <b>Transportation Board consultations</b> only)		
Legal (Commercial & Procurement)	Michele Pittendreigh, Team Leader <a href="mailto:MPittendreigh@aberdeencity.gov.uk">MPittendreigh@aberdeencity.gov.uk</a>		
Legal	Elena Plews <a href="mailto:EPlews@aberdeencity.gov.uk">EPlews@aberdeencity.gov.uk</a>		
Legal	Fiona Closs <a href="mailto:FCloss@aberdeencity.gov.uk">FCloss@aberdeencity.gov.uk</a>		
Procurement	Boguslawa Symonowicz <a href="mailto:BSymonowicz@aberdeencity.gov.uk">BSymonowicz@aberdeencity.gov.uk</a>		
ICT – Digital & Technology	Steve Robertson, Digital & Transformation Manager <a href="mailto:sterobertson@aberdeencity.gov.uk">sterobertson@aberdeencity.gov.uk</a>		
Design – Public Buildings	Neil Esslemont, Team Leader <a href="mailto:nesslemont@aberdeencity.gov.uk">nesslemont@aberdeencity.gov.uk</a>		
Grounds Maintenance	Steven Shaw, Environmental Manager <a href="mailto:stevens@aberdeencity.gov.uk">stevens@aberdeencity.gov.uk</a>		
Communications	tbc		
HR	Lindsay MacInnes, People & OD Manager <a href="mailto:lmacinnnes@aberdeencity.gov.uk">lmacinnnes@aberdeencity.gov.uk</a>		
Transportation Strategy and Programmes	Joanna Murray, Team Leader <a href="mailto:joannamurray@aberdeencity.gov.uk">joannamurray@aberdeencity.gov.uk</a>		
Place – TSAP	Nicola Laird, Senior Project Officer		

Service	Consultee	Comments	Date
	<a href="mailto:NLaird@aberdeencity.gov.uk">NLaird@aberdeencity.gov.uk</a>		
Roads Management	Stuart Allan, Team Leader Technical <a href="mailto:StuAllan@aberdeencity.gov.uk">StuAllan@aberdeencity.gov.uk</a> Vycki Ritson, Team Leader Engineering <a href="mailto:vritson@aberdeencity.gov.uk">vritson@aberdeencity.gov.uk</a>		
Roads Projects	Alan McKay, Team Leader <a href="mailto:AlanMcKay@aberdeencity.gov.uk">AlanMcKay@aberdeencity.gov.uk</a>		
Emergency Planning Officer	Fiona Mann <a href="mailto:FioMann@aberdeencity.gov.uk">FioMann@aberdeencity.gov.uk</a>		

You can attach a link to your document to the list above but will need to attach **a copy of your document** to the consultees below as the link function doesn't work for generic addresses:

Service	Consultee	Comments	Date
Estates	Property Estates Manager <a href="mailto:Estates@aberdeencity.gov.uk">Estates@aberdeencity.gov.uk</a>		
Environmental Policy	<a href="mailto:EPConsultations@aberdeencity.gov.uk">EPConsultations@aberdeencity.gov.uk</a>		
Equalities	Baldeep McGarry/ Faiza Nacef <a href="mailto:equality_and_diversity@aberdeencity.gov.uk">equality_and_diversity@aberdeencity.gov.uk</a>		
Planning	Local Development Plan Team <a href="mailto:LDP@aberdeencity.gov.uk">LDP@aberdeencity.gov.uk</a> Development Management <a href="mailto:PI@aberdeencity.gov.uk">PI@aberdeencity.gov.uk</a>		

## 24. Document Revision History

Version	Reason	By	Date
1.0	First draft OBC	Peter McKinlay, HNSL	30 May 2023
2.0	Second draft OBC	Peter McKinlay, HNSL	19 June 2023
3.0	Third draft OBC	Peter McKinlay, HNSL	3 July 2023
4.0	Fourth draft OBC incorporating ACC feedback	Peter McKinlay, HNSL	14 July 2023
5.0	Fifth draft incorporating ACC feedback	Peter McKinlay, HNSL	17 July 2023
6.0	Sixth draft incorporating ACC further feedback	Peter McKinlay, HNSL	19 July 2023
7.0	Seventh draft incorporating ACC further feedback	Peter McKinlay, HNSL	27 July 2023
8.0	Eighth draft incorporating HNSL review feedback	Peter McKinlay, HNSL	2 August 2023

<b>25. Decision by Capital Board</b>	<b>Date</b>
* Approved/Not Approved to:	

\* Insert approval decision from Capital Board.

## APPENDICIES

Appendix Nr 1 – Stantec Options Appraisal Report June 2023

Appendix Nr 2 - Turner & Townsend Cost Management Stage 1 Cost Estimate Report June 2023.