

## ABERDEEN CITY COUNCIL

---

COMMITTEE:	Council
DATE:	19 May 2010
REPORT BY:	Chief Executive and Corporate Management Team
TITLE OF REPORT:	Aberdeen City Centre – Developing a Vision for the future
REPORT NUMBER:	OCE/10/010

---

### **PURPOSE OF REPORT**

The purpose of this report is to present a vision for the future development of Aberdeen City Centre. The structure of the report is as follows:

1. The background and economic context.
2. A summary of the City Centre Development Framework.
3. Union Terrace Gardens and Denburn Valley.
4. Recommendations.

### **1. BACKGROUND AND ECONOMIC CONTEXT**

- 1.1 In developing a strategic vision for the future it is useful to reflect on the past to help inform future decisions. Aberdeen City has an outstanding and well chronicled history, known by the Romans as Devana and referred to in the Norse Chronicles as Apardion. There is evidence of organised Local Government dating back to 1272 and by the end of the thirteenth century Aberdeen was an established trading centre. In gratitude for the support given to Robert the Bruce in his defeat of the English Garrison, he granted several charters of rights to Aberdeen, not the least of which is the Great Charter of 1319 which established Aberdeen's political existence and originated the funds which have become the Common Good.
- 1.2 This brief reference to Aberdeen's great history is a signpost to the elements which represent our heritage but which will also influence City Centre development in the future.

- 1.3 The dilemmas which face elected members now in determining how best to respect Aberdeen's heritage whilst ensuring that the city is a place for the future are not new.
- 1.4 A reference point is the 1952 'Granite City – A plan for Aberdeen' in which the former Secretary of State for Scotland and Freeman of the City and Royal Burgh of Aberdeen, the Rt Hon. Thomas Johnston wrote on his foreword " The alternative to planning is no planning: it is chaos and waste"...Aberdeen is the cleanest of our Scots cities – cleanest in appearance because of its situation and its atmosphere, and because of its granite stone buildings." "... her City Council is approaching its planning problems with zeal and vision and now there is laid before us a master plan, to which this and succeeding generations can align their changes and improvements, so that in the days that are to be there will not only emerge the City Beautiful, but the city with its resources, not sprawled over and wasted, but utilised to the full for the common good."
- 1.5 More recently, in 2009, Scottish Ministers approved the Aberdeen City and Shire Structure Plan which sets out an ambitious vision for a successful and sustainable future for the north east. That vision is for Aberdeen City and Shire by 2030 to "be an even more attractive, prosperous and sustainable European city region and an excellent place to live, visit and do business. We will be recognised for: our enterprise and inventiveness, particularly in the knowledge economy and high-value markets; the unique qualities of our environment; and our high quality of life." Importantly the vision states that we will have acted confidently and taken courageous decisions necessary to further develop a robust and resilient economy and to lead the way towards development being sustainable. The Structure Plan identifies a range of projects that are essential to helping to achieve that vision, including the need for a city centre masterplan.
- 1.6 The Local Development Plan sets out how the Council will implement the Structure Plan and the Proposed Plan to be presented to Members in September will include a number of challenging decisions for the future development of the City. The Main Issues Report recognises that access to an attractive and vibrant city centre is vital to achieving a sustainable economic future for the City and region and refers to the role of the emerging City Centre Development Framework in setting out the principles to guide and co-ordinate development and investment.
- 1.7 This report is the first stage in the process of developing that Framework. It emphasises the relevance of a renewed vision for the city centre and highlights the necessity of understanding our heritage whilst meeting the needs and aspirations for our citizens to live, work and visit the city centre in the 21<sup>st</sup> century.

- 1.8 This report brings forward for consideration the development of a modern strategic vision for the City Centre and of a Development Framework for the City Centre to facilitate the delivery of the vision.
- 1.9 There now exists an opportunity to develop a seminal Vision and Development Framework for the City Centre which could endorse Aberdeen's heritage and its place as a global commercial hub.
- 1.10 The oil and gas Industry has put Aberdeen in a privileged position since the discovery of the first North Sea oil field in 1969. Aberdeen has seen itself as a leading City in a truly global industry and its businesses have increasingly seen opportunities to export their innovative products and services around the world. But peak oil production is now in the distant past and current predictions suggest that as much as 25 billion barrels of oil might still be able to be produced with most of that being in the next 10 years. The current position is that there are 6 years of proven reserves.
- 1.11 If there are favourable fiscal conditions going forward then we may see all of that 25 billion barrels produced. If, on the other hand, a future Government decides to develop a less favourable fiscal regime, then many operators could well transfer their future investments into lower cost development areas overseas.
- 1.12 The position is clear, we have only a short time, whatever happens, to try and anchor many of our international service companies here in Aberdeen and make it a world energy hub for the future. The Structure Plan is ambitious and focuses on development but recognises that the area's future is heavily dependent on investment in infrastructure.
- 1.13 Yet we find ourselves in the midst of worldwide economic difficulties. Cash for investment is at a low ebb just at the time when it is needed most to support the areas ambitions to prolong the oil and gas industry's life here and diversify into new industries. Indeed, Aberdeen finds itself in a position where it will have to compete with Cities worldwide like never before for prominence as an International centre able to retain and attract the best companies and jobs.
- 1.14 Critical to all of this and recognised throughout the world as such is the success of a competing City's central area.
- 1.15 The purpose of this paper is to examine the role of our City Centre in ensuring that Aberdeen is seen as a competitive and attractive place to people who use it to live, work or visit.

- 1.16 The ensuing section is a summary of the proposed City Centre Development Framework which will help guide the future economic wealth of our City Centre.

## 2. SUMMARY OF THE CITY CENTRE DEVELOPMENT FRAMEWORK

- 2.1 As stated previously, both the Structure Plan and emerging Local Development Plan make reference to the need for a City Centre Development Framework to help achieve the vision for the future of the city and the north east. The purpose of the Framework (which is included in full in Appendix I) is to set out the development principles to guide and co-ordinate development and investment in the city centre. It identifies key projects and opportunities and will set out a programme to monitor the delivery of agreed priorities for the city centre.
- 2.2 The Framework is informed by a number of national, regional and local documents, including Scottish Government's "Designing Places - A Policy Statement for Scotland". This states that successful spaces have a distinct identity and are also safe, pleasant, easy to move around and welcoming to visitors. Added to this, successful places must be adaptable and sustainable. These themes underpin the Development Framework.
- 2.3 The Development Framework seeks to:
- Complement and enhance Aberdeen's unique identity
  - Develop clearly defined character areas
  - Ensure future development understands the existing context
  - Complement the wealth of existing urban design qualities
  - Celebrate the quality of architecture present in the city centre
  - Ensure a co-ordinated and integrated approach to the future development of the city centre.
- 2.4 In doing that the Framework is consistent with the guiding principles of the Council's Masterplanning Process (adopted in November 2008). These concentrate on understanding the key themes of context, identity and connection.
- 2.4.1 **Context** - is about understanding of the historic development of the city centre, appreciating what is valuable and identifying opportunities to enhance that. This includes consideration of the medieval street pattern, the development of Union Street, the topography of the city centre, the variety of building periods and styles, the existence of landmarks, the relationship with the sea and the rivers. But context is also about the policy framework, including the Development Plan, the Union Street Conservation Area Appraisal, the Urban Realm Strategy and the Local Transport

Strategy, all of which have informed the principles of the Development Framework.

2.4.2 **Identity** - explores what makes the city centre definable and recognisable. This includes a wide range of factors such as the planning and design principles, visual references through landmarks and the character of the spaces (public squares, streets, gardens) between buildings and gateways and approaches to the city centre, materials (specifically for Aberdeen the use of granite), the importance of corners, lighting, street furniture, signage and trees and landscape.

2.4.3 **Connection** - underpins many of the themes within context and identity in terms of the emphasis on the importance of the quality of the public realm and connections within the city centre, but is it also about transportation and as such will be informed by the Council's Local Transport Strategy. Connection includes issues relating to the role of the city centre as a transport hub, reducing the need to travel, promoting pedestrian priority, ensuring an accessible urban core (including consideration of car parking, cycle paths, desire lines) and servicing requirements for city centre homes and businesses.

2.5 Based on an analysis of the factors outlined above, the Development Framework is founded on five key objectives. These are that:

- The principal focus of the Framework is Union Street; as the most important and identifiable street in the city it should be promoted as the commercial, vibrant heart of the city centre
- Character areas and urban quarters are developed to capitalise on the distinctive merits of their surroundings and to reinforce Aberdeen's unique identity
- Legible transport hubs are introduced to the central area with car parks on the approaches to ensure an efficient and understandable relationship between character areas, Union Street and public access to facilities in the city centre
- Street surfaces are of a high quality at first points of contact with the city centre (public transport hubs, rail station, car parks and around important public and historic buildings)
- A range of vibrant connected squares are developed to ensure the best use of space to enhance city life

- 2.6 Whilst very much focused on planning and urban design principles it is important that the City Centre Development Framework embraces the Council's wider vision for the future of the city and for the Council. As such the Framework considers a number of other issues including the need for a retail strategy to deal with the relationship between certain types of retail use, the potential grouping of similar retail providers and the relationship of the type of retail or commercial activity appropriate to the setting of urban spaces. It is proposed that this be developed for inclusion as part of the final draft Framework. The contribution of other Council Services will be incorporated in due course.
- 2.7 As stated above, the Framework proposes that the unique identity of the city centre be enhanced and reinforced through the clear definition of a number of urban quarters and character areas. Each of these has a distinct character and purpose and the Framework explores the context, identity, connections and opportunities for each. The key characteristics of each area are summarised below.
- 2.7.1 **Union Street** - the city's principle thoroughfare and the grandest street in Scotland plays a major strategic role in the future development of the city centre, including potentially through pedestrianisation which will enhance the retail opportunity of Union Street as well as improving the quality of the public realm and air quality.
- 2.7.2 **Civic Quarter** - relates to the area around Broad Street, the St Nicholas and Bon Accord shopping centres and St Nicholas Kirk. The strategy for the future development of this area is based on the Bon Accord Masterplan approved by the Council in 2006. The Council's occupation of Marischal College, the redevelopment of St Nicholas House and the creation of a civic square with linkages to the shopping centres and green space at St Nicholas Kirk is fundamental to reinforcing the character of this area.
- 2.7.3 **The Green** - is of national importance as it evidences the development of Aberdeen from its earliest origins. The historic streetscape is a major element of the character of this area and it plays an important role as a gateway from the bus and rail stations to the rest of the city centre. The Townscape Heritage Initiative is a conservation led programme to protect and enhance the unique character of this area.
- 2.7.4 **Castlegate Quarter** - this area currently acts as the termination of a grand procession through the city from east to west. It is a prime urban space with a key strategic position in the city. Its future development should enhance its historical character and the public

realm of the area and maximise the opportunities arising from adjacent development sites and the benefits of its location as a potential transportation hub to encourage its role as a gathering point in the City. Proposals in the Draft Beach Masterplan suggested that Union Street and the Beach Boulevard be physically reconnected via the Castlegate and Justice Street.

2.7.5 **Crown Street** - is a predominantly residential area which presents an austere architectural image in the City. There is scope for general upgrading and enhancement of the public realm in this area, retaining its inherent character, but no major development opportunities are envisaged.

2.7.6 **The West End** - relates to the area north of Union Street from Huntly Street west. This is a transitional zone between business and retail and currently offers a variety of uses, including speciality retail, housing, business, hotel and entertainment. Many of the streets have their own distinct character and uses contributing to their success and this should continue to be enhanced in line with The West End Study and Chapel Street Car Park brief.

2.7.7 **Bon Accord** – this area currently functions as an entertainment zone. Its future development should build on recent high quality developments in the area as well as addressing the vehicle-pedestrian conflict on Justice Mill Lane.

2.7.8 **Riverside** – embraces the south Dee area and has recently been the focus for new business and commercial development. This area should exploit and enhance its riverside location, its close proximity to the city centre and its excellent public transport links to build on its role as a central business district. Links to the Harbour will be significant for this area.

2.7.9 The urban quarter of particular relevance to the decision that members are asked to take in relation to the next section of this report is the Cultural Quarter, which relates to the Denburn Valley and its surroundings. Section 5.3 of the Development Framework has been reproduced in full in section 2.7.10 of this report for ease of reference.

#### 2.7.10 **The Cultural Quarter (5.3)**

The Cultural Quarter relates to the Denburn Valley and its surroundings. A wealth of cultural activity exists with His Majesty's Theatre, Central Library, Art Gallery, Belmont Cinema and Music Hall all within a short distance of Union Terrace Gardens, the main landscaped green space focus of the City Centre.

Union Terrace Gardens and its surroundings provide key elements of the City Centre, providing valuable green space and marking the extent of the medieval core of the City. Bridges, buildings and balustraded terraces are significant, and, together with the topography of the area, are important in terms of the legibility of the City.

### ***Union Terrace Gardens (5.3.1)***

The Gardens are currently the subject of much debate on the principles of appropriate development. A 3,200 m<sup>2</sup> centre for contemporary arts was granted planning consent in 2008 through the statutory planning process. Shortly afterwards, an announcement was made that a donation of £50m from Sir Ian Wood may contribute to a proposal that could raise the level of the Gardens to that of the surrounding streets. Aberdeen City and Shire Economic Future (ACSEF) undertook a City wide consultation on that concept. The results indicated that the majority (55%) of those consulted were against the concept.

Intervention with the Gardens has been under discussion since the Dobson, Chapman and Riley Granite City Plan of 1952, which proposed extending the Gardens to cover the railway line. There has been much iteration since, including the unsuccessful Millennium Square project of the late 1990s. Many earlier proposals regarded Union Terrace Gardens as a development site and failed to appreciate its positive characteristics and its very special role in the City Centre. Union Terrace Gardens should be used as a focus for broader regeneration of the surrounding area and implementation of the Development Framework.

### ***Perceptions (5.3.2)***

There are negative issues related to the Denburn Valley. The lack of focussed cultural activity reduces the number of potential users. Access to the Gardens is challenging with no obvious or enticing link from the main pedestrian flow on Union Street. The historic setting, quality and drama of many of the buildings to the rear of Belmont Street are diluted by the continued dereliction of the Triple Kirks site.

Despite its key strategic location in the heart of the City, Union Terrace Gardens lacks some connectivity linking the area to its surrounding urban fabric. What is clear is that in any proposal for Union Terrace Gardens and the Denburn Valley, there are several key themes that must be addressed. These are discussed in the following sections.



### ***Future of the Denburn Valley (5.3.3)***

Prior to any proposal being developed for the Denburn Valley a detailed assessment of the historic environment is necessary to determine its contribution to townscape, proposed interaction of buildings and space and to ensure that key views and vistas are identified to inform the design stage.

Triple Kirks is an essential component of any future proposals for the area. Failure to imaginatively develop this site will detract from the ambition to develop quality urban space in the area. Triple Kirks, and Archibald Simpson's spire particularly, is an important landmark in the City Centre and must be incorporated into any new development.

#### ***Context***

The Denburn Valley and the wider Cultural Quarter provides the setting for a number of important public buildings in the City.

Union Terrace Gardens has many qualities to be exploited and enhanced including:

- topography which provides a unique and dramatic setting for the surrounding historic townscape and bridges and an essential component of the identity of the City Centre
- character of buildings to the rear of Belmont Street
- setting for His Majesty's Theatre, St Mark's and the Central Library
- Denburn Viaduct and Union Bridge
- green space and mature trees
- one of the last locations where the historic relationship of Union Street to the old city can be appreciated

#### ***Identity***

Any proposal for Denburn Valley must ensure a sense of place in the City Centre. This will be achieved by:

- ensuring the Gardens themselves are a destination with purpose
- addressing dereliction, particularly at Triple Kirks
- delivering a clearly defined "green" urban park
- providing a cultural focus in the central gardens area

#### ***Connection***

Connection to and from the Gardens and the opportunity to link to the surrounding urban fabric at a variety of levels is as important as the Gardens themselves. By linking the valley to a wider network of enhanced squares and spaces, particularly around key public

buildings, the full potential of this considerable asset can be achieved. The key principles to be addressed are:

- accessibility from major thoroughfares
- multi-level connection
- direct link from Union Street
- relationship to collegiate Aberdeen
- development of and from the rear of the buildings of Belmont Street.

### *Opportunities*

Buildings and terraces could be added to the rear of Belmont Street which could exploit the proximity and views of the Gardens. Terraces could extend over the Denburn dual carriageway and one or more pedestrian bridges could directly link Belmont Street to the Gardens.

From the west, Union Terrace Gardens should be seen as the culmination of a series of squares and spaces that comprise the essential urban fabric of the City.

From the north, the approach from Schoolhill should be incorporated within any proposal to redevelop the Triple Kirks site. In addition, linking to the urban space to the north of His Majesty's Theatre, St Mark's and the Central Library is desirable. This would allow the Denburn and Woolmanhill opportunity sites to be integrated with the central area. From the south, consideration should be given to direct access from Union Street. The opportunity also exists to connect at lower levels to the Green and the rail station. All the approaches should form part of the experience of City life and movement.

Proposals are under development to extend the Art Gallery to house the combined collections of the Museums and Galleries Service and propose an integrated solution, which will deliver greater potential benefits to the City.

Work is ongoing to discuss and secure funding opportunities to redevelop the Music Hall into a centre for excellence in music practice in the North East. The proposal includes new rehearsal space, recital space, space for composers and community orchestras.

### *Sustainability*

It is essential that sustainability is a key consideration in the future of the Denburn Valley and Union Terrace Gardens. The cultural and social needs of the City need to be clearly understood along

with the implications of construction, maintenance and life time costs.

The variety of cultural uses around the Denburn Valley demands that Union Terrace Gardens provides a focus of cultural activity that enhances that vibrancy. A proposal for a contemporary arts centre is welcome, but it must not be seen as the solution to all the perceived problems of the Gardens. There are still issues relating to access, safety and connection to the wider urban fabric of the City.

The pocket park in front of His Majesty's should be incorporated into the Gardens. This makes use of the elevated topography available to capture sunlight.

#### Key Issues for the Cultural Quarter

- create a sense of place
- use topography to add interest and character
- enhance urban green environment
- undertake more landscaping
- improve connectivity
- ensure access and safety
- enhance multi level connections
- redevelop Triple Kirks
- attract visitors
- cultural focus
- improve streetscape and access around key public buildings

2.7.11 Any proposal for development within these urban quarters and character areas must appreciate the positive characteristics of the site and its special role within the city centre. The six principal qualities of any successful place set out above, namely distinct identity, safe and pleasant environment, easy to move around, welcoming, adaptable and sustainable must be applied in the preparation and consideration of such proposals.

### **3 UNION TERRACE GARDENS AND DENBURN VALLEY**

- 3.1 The purpose of this part of the report is to ask Members to consider a proposal to raise Union Terrace Gardens and take them to an international design competition and onwards to a full planning application.
- 3.2 The initial proposals set out in relation to raising the gardens together with the revised position developed in December 2009, can be seen at Appendix 2. The history of the reports relating to both Peacock Visual Arts and the Sir Ian Wood/ACSEF Proposals can be seen at Appendix 3.
- 3.3 Members will recall that proposals for the redevelopment of Union Terrace Gardens stretch back at least until the early 1950s and in the 1990s there were two separate proposals to raise the gardens to street level. In November 2008 Sir Ian Wood approached the Council with regard to a new proposal in relation to Union Terrace Gardens. An engineering feasibility study was carried out and in June 2009 the Council agreed that the project continue to the next stage that being a public consultation to gauge what level of support there might be for the project and also be canvass views on what might be incorporated into any new space created should the project go ahead.
- 3.4 Weber Shandwick, an international communications consultancy with a specialism in community consultation including, locally in Aberdeen, the consultation process for the Bon Accord Masterplan in 2006, were appointed by Scottish Enterprise to design, develop and deliver the public consultation programme into ACSEF's City Square Proposals.
- 3.5 Subsequently an eight week public consultation programme was delivered by Weber Shandwick ran from 11 January 2010 to 5 March 2010 and consisted of six major elements, namely:
- Promotion and information;
  - Feedback opportunities;
  - Focus groups;
  - Opinion polling;
  - Engagement with schools and young people; and,
  - Publication of the consultation report outcomes.
- 3.6 The results of the consultation were published on 13<sup>th</sup> April 2010. The results clearly indicated a wish for change and, in particular, identified green space and culture as the two main areas of interest of the public in any future use of the space. The results also indicated that 55% of those that voted were against the proposal and 44% were for it, with 11,943 formal submissions received during the period of the consultation.

- 3.7 In response, Sir Ian Wood has requested that Aberdeen City Council consider whether or not to support his plans.

### **PEACOCK VISUAL ARTS LTD**

- 3.8 Peacock Visual Arts is a long established print making and Arts Centre widely considered to be the main contemporary visual arts organisation in Aberdeen and the North-east of Scotland. Peacock has been trying to establish itself in new premises for over 10 years and have developed a number of proposals before receiving planning permission for new premises in Union Terrace Gardens for a 3,200 m<sup>2</sup> public Centre for Contemporary Arts on 5<sup>th</sup> March 2008.
- 3.9 Peacock Visual Arts whilst having planning permission have yet to enter into negotiations for a lease and require to produce a finalised business plan demonstrating the ongoing viability of the organisation before commencing work on the site.
- 3.10 It is understood that Peacocks' landlord has indicated a long term desire to redevelop the site currently occupied but, there are no imminent plans to do so.

### **PROPOSED PROJECT FUNDING – SIR IAN WOOD/ACSEF**

- 3.11 As outlined by Sir Ian Wood in his public statement of 11th November 2008, a figure of £50M is available as a personal contribution towards the creation of a new civic heart for Aberdeen City. This leaves a balance estimated at £90M to be realised to achieve the fullest extent of the options under consideration.
- 3.12 The report to Elected Members of Aberdeen City Council's Policy & Strategy Committee of 9th June 2009 clearly stated that Aberdeen City Council, in common with many other Scottish local authorities, that to contribute funding through conventional routes would be challenging given public sector financial constraints in the current economic climate.
- 3.13 Nevertheless, the past year has demonstrated that there is an appetite for greater use of public/private partnerships and innovative local funding mechanisms or tools to provide new ways of raising finance for capital infrastructure developments, notably for those projects which require significant related investment in enabling infrastructure such as the proposals mooted for Union Terrace Gardens and Denburn Valley.
- 3.14 Examples of innovative funding mechanisms include Business Improvement Districts (BIDs), Accelerated Development Zones (ADZs) utilising Tax Increment Finance (TIF) funding principles and Local Asset

Backed Vehicles (LABV) alongside hypothecation of localised revenue streams for infrastructure development. Examination by officers has determined that an Accelerated Development Zone (ADZ) utilising Tax Increment Finance (TIF) funding principles forms the most appropriate local funding mechanism in this instance.

- 3.15 Tax Increment Financing (TIF), pioneered in the United States, is designed to allow cities to 'participate in the growth dividend' – or, in other words, allow local authorities to capture incremental value in the form of tax revenues generated from new development.
- 3.16 TIF works on the principle that the supply of new or improved infrastructure usually leads both to new development and to an increase in the value of surrounding property, both of which serve to increase the level of property taxation in the area. Within a designated TIF district (in UK parlance, an Accelerated Development Zone or ADZ), this anticipated increased taxation (the 'tax increment') is captured and used to fund the infrastructure that has been provided.
- 3.17 In order to do this, local authorities require the power, which they currently do not enjoy, to retain over a long term period local tax revenues such as business rates allowing funds to be raised for investment through securitisation of those revenues. Financing debt issued to pay for the project by utilising increased tax revenues can take up to 20-25 years, but in some cases the timeframe can be much shorter. TIF therefore creates funding for public infrastructure projects within defined Accelerated Development Zones that are otherwise unaffordable to local authorities in the current economic climate.
- 3.18 Aberdeen City Council alongside other Scottish Cities, notably Edinburgh, Glasgow and North Lanarkshire, is actively engaging with The Scottish Government and Scottish Enterprise with a view to establishing a pathfinder project using Tax Increment Financing principles for the Union Terrace Gardens and Denburn Valley project.
- 3.19 A part of this engagement process has included the commissioning by Scottish Enterprise in February 2010 of a feasibility study to be undertaken by Pricewaterhouse Coopers (PwC) and CBRE. The purpose of the commission was to investigate whether the Union Terrace Gardens project would be suitable for a Tax Increment Financial project and how much it might reasonably be able to support by way of capital borrowing with any uplift in non domestic rates being 'captured' by the Council and use it to service borrowings against the costs of prudential borrowing.
- 3.20 The feasibility study indicated a cost of between £120m and £140m for the project with the Wood Family Trust providing £50m, other private sector

partners providing £20m and the balance of £70m being provided through a Tax Increment Financing (TIF) pathfinder project. The interim findings of PwC/CBRE's work are shown at Appendix 4. The interim findings do however suggest that the beneficial effects of the project on non-domestic rates would cover the £70m of borrowings required.

<b><u>Funding Statement</u></b>		£	£
		m	m
Total Project Cost			<u>140</u>
To be funded by			
-	Sir Ian Wood	50	
-	Private Sector donations	20	
-	Tax Increment Funding	<u>70</u>	<u>140</u>

### **PROPOSED PROJECT FUNDING – PEACOCK VISUAL ARTS**

3.21 As reported to Elected Members of the Policy & Strategy Committee of 9th June 2009, Peacock Visual Arts Ltd has secured £9.3m against a total project cost of £13.5m. There is, however, some doubt over the £4.3m of funding committed by the Scottish Arts Council who have given a date in June 2010 to review the commitment to the project. In addition, there has been an erosion of the amount approved by Scottish Enterprise for the project, due to ongoing interim support.

<b><u>Funding Statement</u></b>		£	£
		m	m
Total Project Cost			<u>13.5</u>
To be funded by			
-	Scottish Arts Council	4.5	
-	Aberdeen City Council	3.0	
-	Scottish Enterprise	2.0	
-	GAP	<u>4.0</u>	<u>13.5</u>

### **POSITION OF SCOTTISH ENTERPRISE**

3.22 Scottish Enterprise has supported the City Square Project throughout the initial stages by providing funding and project management for the technical feasibility study, public consultation and the Tax Increment Financing feasibility work.

- 3.23 Scottish Enterprise believes that this project will be a catalyst for further city centre redevelopment within Aberdeen and it will have a major role to play in achieving the region's ambition to be a global energy hub.
- 3.24 Scottish Enterprise will continue its commitment to this major project should Aberdeen City Council agree to provide the leadership and support to take it forward alongside other ACSEF partners and Sir Ian Wood.

### **ROLE AND POSITION OF ACSEF**

- 3.25 As Members will be aware, ACSEF (Aberdeen City and Shire Economic Futures) is the economic development partnership for Aberdeen City and Shire developed from the Economic Forum network created by the Scottish Government in 2001, jointly funded and supported by Aberdeen City and Aberdeenshire Councils and Scottish Enterprise.
- 3.26 ACSEF brings together the public and private sectors to realise the ambition for the future of the Region and to shape delivery of economic development in Aberdeen City and Shire, in partnership with the business community, community planning partners and the voluntary sector to ensure there is a shared vision for creating the right conditions in which businesses can flourish and people can enjoy a high quality of life.
- 3.27 The ACSEF Economic Action Plan - launched in June 2008 – following consultation with 1,600 representatives of business community, community planning partners and others identified seven strategic priorities for sustainable economic growth which have been accepted by the ACSEF partners, approved by Committee at Aberdeen City Council and Aberdeenshire Council and now adopted in the ACSEF as outlined below:-
- Deliver a fully integrated transport network
  - Maximise our intellectual capital
  - Deliver city centre re-development
  - Anchor the oil and gas industry
  - Attract and develop skilled people
  - Improve the efficiency of planning decision making
  - Aberdeen City and Shire as the location of choice for company headquarters.
- 3.28 In particular, ACSEF stated that The City Square Project offers an opportunity to significantly improve the city centre as a fundamental plank of what needs to be delivered to transform the economy over the next five to ten years, thus delivering what the public private partnership describes as “more jobs, more business and more tourists.”



- 3.29 Following the publication of the consultation programme's findings on 13th April 2010 ACSEF has urged Aberdeen City Council to "take leadership of the project" by providing the necessary support and commitment to take it to an international design competition, incorporating the public's responses to ACSEF's consultation.
- 3.30 Whilst acknowledging the lack of agreement in public opinion over the relative merits of the two current proposals for Union Terrace Gardens and Denburn Valley, ACSEF believes there is, nevertheless, support for major transformation in Aberdeen city centre – making it safer and greener, with a contemporary arts or cultural hub at its heart.
- 3.31 ACSEF chairman, Tom Smith, said in a press release dated 13th April 2010 that: "The public have said they want change. They believe the gardens are under-used and inaccessible. Significant new green space and a cultural centre must be part of this change that would give us a more attractive and safer city centre and kick-start the wider regeneration of the city centre."
- 3.32 Members will be aware that much has been made of the competition between two projects especially in the press. It is clear however that there is a much bigger prize to be won or lost. Strenuous efforts have been made to deliver a proposal whereby both projects can proceed and produce a "win/win" scenario, and this will continue until all options have been rendered impossible.

#### **4 RECOMMENDATIONS**

- 4.1 A structure for a development framework for the City Centre has been presented in Part 2 of this overall paper. Against that background, the Council is asked to debate a proposal from Sir Ian Wood and ACSEF to deliver what they believe to be a transformational project that can help take a first big step to achieving the kind of city centre required to help Aberdeen's ambitions as set out in the recently approved structure plan.
- 4.2 The recommendations which follow relate to three aspects of the report:
- i) The approval of the principles of the City Centre Development Framework
  - ii) The approval in principle of the Union Terrace Gardens and Denburn Valley development proposal and the related conditions
  - iii) The implications and next steps with respect to the proposal being refused

## RECOMMENDATIONS

It should be stressed that any decisions related to this report are made without prejudice to the Council's consideration of any potential future planning application.

4.3 It is recommended that the Council:

- (a) Approve the key planning and design principles contained in section 5.3 of the City Centre Development Framework and highlighted in paragraphs 2.5 and 2.7.10 of this report as the basis for the Framework
- (b) Agree that the final draft City Centre Development Framework be reported to the Enterprise, Planning and Infrastructure Committee for approval for public consultation as Supplementary Planning Guidance to the new Local Development Plan
- (c) It is recommended that members approve Sir Ian Wood's offer of £50m based on ACSEF proposals, to go to the next steps in the process, subject to the following conditions being met:
  - (i) That the costs of an international design competition be met up to 50% by Sir Ian Wood up to a maximum of £400,000, with the balance of the resource required to be met by the private sector through ACSEF.
  - (ii) That the design brief for the competition take account of the following:
    - Feedback from the consultation process
    - The engineering feasibility study
    - Be able to deliver a project between £120-140m
    - That the design brief take account of, but not be constrained by, the existing planning permission
    - Include walk on/walk off access from all sides
    - Demonstrate how the project complies with the principals of the City Centre Framework
  - (iii) That the project provides at least £15m for a new cultural arts centre for Peacock Visual Arts (including £8.2m from the Project Funding, £4.3m from the Scottish Arts Council and £3m from Aberdeen City

Council), to be incorporated as part of the overall development in an iconic building.

- 4.4 Should Members vote against ACSEF's proposals and Sir Ian Wood's offer of £50m then to instruct Officers to do the following:-

To enter into discussions with Peacock Visual Arts to:-

- (a) negotiate a lease for a site for their proposed development
- (b) seek the development and presentation of a business plan and a project plan by Peacock Visual Arts indicating
  - (i) sources of the funding required to deliver their proposals and that these are in place
  - (ii) cash flow forecasts and profit and loss forecasts proving that a viable business can be established on an ongoing basis
  - (iii) professional delivery of their new build project

- 4.5 In either case a further report should be brought back to the next Council meeting, clearly setting out the detailed next steps as soon as possible.

#### REPORT AUTHOR DETAILS

Sue Bruce  
Chief Executive  
52(2500)  
[chiefexecutive@aberdeencity.gov.uk](mailto:chiefexecutive@aberdeencity.gov.uk)

Stewart Carruth  
Director of Corporate Governance  
52(2550)  
[scarruth@aberdeencity.gov.uk](mailto:scarruth@aberdeencity.gov.uk)

Gordon McIntosh  
Director of Enterprise, Planning and Infrastructure  
52(2941)  
[gmcintosh@aberdeencity.gov.uk](mailto:gmcintosh@aberdeencity.gov.uk)

Margaret Bochel  
Head of Planning and Sustainable Development  
52 (3133)  
[mbochel@aberdeencity.gov.uk](mailto:mbochel@aberdeencity.gov.uk)

Sandy Beattie  
Team Leader, Planning  
52(2155)  
[sbeattie@aberdeencity.gov.uk](mailto:sbeattie@aberdeencity.gov.uk)

Alun Williams  
Acting Team Leader Strategic Programmes  
52(3932)  
[awilliams@aberdeencity.gov.uk](mailto:awilliams@aberdeencity.gov.uk)

## BACKGROUND PAPERS

Appendix 1 – City Centre Development Framework  
Appendix 2 – Parameters from Sir Ian Wood  
Appendix 3 – History of Committee decisions  
Appendix 4 – PwC/CBRE Tax Increment Financing (TIF) study