

**PERTH AND KINROSS COUNCIL**  
**PERTH COMMON GOOD COMMITTEE**

**18 December 2019**

**DISPOSAL OF 1-5 HIGH STREET, PERTH**

**Report by Depute Chief Executive (Chief Operating Officer) (Report No. 19/373)**

**PURPOSE OF REPORT**

This report seeks approval from the Perth Common Good Committee to complete a marketing exercise and statutory consultation, then further consider the disposal (by way of sale or long lease) of 1-5 High Street, Perth to facilitate the private sector development of a new hotel.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 1-5 High Street, Perth occupies a prominent site on the corner of High Street and Tay Street and is part of a larger complex of Council office buildings which contain the Council Chambers dating from 1879 and former District Court. The entire complex is Category B Listed. Part of the complex facing Tay Street was previously sold in the 1980s for residential conversion and the remainder was used by a variety of services until early 2011 when the District Court was relocated to the Sheriff Court building and Economic Development Service to Pullar House. Since then only the ground floor has remained in use by the Registrar of Births, Deaths and Marriages, the Unison trade union and the Royal Voluntary Service. The latter two organisations pay a commercial rent and are on very short-term leases. Alternative accommodation will be provided for the Registrar's Service within 2 High Street.
- 1.2 The Council incurs an annual average cost of £140,000 to maintain the building. The upper floors are managed on a care and maintenance basis and parts of the building are in a poor condition with evidence of water ingress.
- 1.3 In order to secure an economic future for the property and to protect the heritage assets for future generations, the building has been declared surplus with a view to securing a hotel developer for conversion into boutique hotel accommodation. This is regarded by officers as the only viable use for it, and one which will also allow greater public access.
- 1.4 Whilst the various titles to the 1-5 High Street properties do not specifically refer to them as Common Good, Legal Services advise that some of these may be regarded as being held on Common Good Title and some appear to have been acquired historically for statutory purposes and do not therefore fall within Common Good. However, it is the view of Legal services that those held on Common Good are alienable i.e. are eligible for disposal by way of sale or lease given their non-use for a substantial period of years. Legal

Services also advise that it is impossible to rule out absolutely any challenge to that view in which case a petition would require to be presented to the Sheriff Court seeking the authority to alienate. In the event of an opposed petition that process could take several months at least before a determination could be made by the court.

- 1.5 A number of parties have already expressed an interest in acquiring the property. Given the scale of investment required to repair and convert the property it is unlikely disposal will generate a receipt to the Council but it would remove a maintenance liability. Should the Perth Common Good Committee be minded to agree to disposal, a further report will be presented following submission of bids at a closing date. At that time the agreement of the Property Sub Committee to the terms of an offer will also be required.

## **2. Community Empowerment (Scotland) Act 2015**

- 2.1 Part 8 of the Community Empowerment (Scotland) Act 2015 came in to force in 2018. This introduced a new consultation duty which has to be carried out before any decision is taken to dispose of common good property. This is a duty which applies to all common good property and it therefore includes any property which can be disposed of without approval from a Sheriff. The Council is required to publish details of the proposed disposal and consult on this proposal. In determining whether or not to dispose of the property, the Council must first have regard to any representations received from any person in response to the publication of the proposal.
- 2.2 The legislation obliges the Council to have regard to the Scottish Ministers' published guidance on Common Good disposal consultations. This guidance requires that the consultation is publicised on the Council's website and through social media and that appropriate notice of the consultation is displayed on the affected property. The consultation must extend for a period of 8 weeks. The guidance further directs that the authority should then aim to take a final decision within 8 weeks of receipt of any representations.

## **3. PROPOSAL**

- 3.1 It is proposed to consult on a proposal to dispose of 1-5 High Street (sale or long lease) should an interested party come forward with a credible proposal for hotel conversion. Market evidence prepared by the Council's advisors and promotional work undertaken by the Council's Enterprise & Investment Team (Invest in Perth) suggests there is demand for additional quality hotel accommodation in the City. However, this demand and the appetite of developers to address it can only be quantified following completion of marketing. A closing date of 17 January 2020 has been set for the submission of offers. Officers will then be able to finalise a proposal and commence an appropriate consultation process in accordance with the Community Empowerment (Scotland) Act 2015 and report back to the Committee in respect of the representations received.

#### **4. BEST VALUE**

- 4.1 The Local Government in Scotland Act 2003 requires the Council to make the best use of public resources, including land and property, and to be open and transparent in transactions.
- 4.2 The Council is required to demonstrate responsiveness to the needs of communities, citizens, customers and the other stakeholders where relevant in its assessment of best value. The aspects of this duty which are relevant to the proposal in this report are as follows:
- making the best use of land and property
  - being open and transparent in transactions
  - insuring sound financial controls are in place to minimise the risk of fraud and error
  - assessing the full financial consequences of decisions at an appropriate level before major financial decisions are taken or commitments entered into
  - demonstrating responsiveness to the needs of communities, citizens, customers and other stakeholders, where relevant
- 4.3 The implementation of the recommendation in this report is considered to comply with the Council's requirement to fulfil its statutory duties in respect of Best Value and meet the Council's Corporate Plan 2018-22 strategic objectives of creating a prosperous, inclusive and sustainable economy.

#### **5. CONCLUSION AND RECOMMENDATION**

- 5.1 There appears to be a real prospect of a viable new use for 1-5 High Street which will contribute to Perth's economic growth, secure the long-term future of a heritage building and remove the Council's ongoing maintenance cost.
- 5.2 It is therefore recommended that the Committee:
- i) Requests a further report following completion of (a) the marketing exercise and (b) the statutory consultation to consider the representations received and further consider the disposal (by sale or long lease) of 1-5 High Street.

##### **Author**

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##### **Approved**

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Jim Valentine	Depute Chief Executive (Chief Operating Officer)	10 December 2019

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>Yes</b>
Corporate Plan	<b>Yes</b>
<b>Resource Implications</b>	
Financial	<b>Yes</b>
Workforce	<b>No</b>
Asset Management (land, property, IST)	<b>Yes</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>Yes</b>
Strategic Environmental Assessment	<b>Yes</b>
Sustainability (community, economic, environmental)	<b>No</b>
Legal and Governance	<b>Yes</b>
Risk	<b>No</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>No</b>
<b>Communication</b>	
Communications Plan	<b>No</b>

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 The Council's Community Plan / Single Outcomes Improvement Plan 2017-2027 lays out five outcomes focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate land service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

- 1.2 This report relates to (iii) above.

#### Corporate Plan

The Council's Corporate Plan 2018-2022 lays out five outcomes focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate land service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.4 This report relates to (iv) above.

## 2. Resource Implications

### Financial

#### Capital

2.1 There are no capital resource implications arising from this report.

#### Revenue

2.2 There are no revenue implications arising from this report.

#### Asset Management (land, property, IT)

2.3 There are no direct asset management implications arising from this report.

## 3. Assessments

### Equality Impact Assessment

3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

3.2 This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- (i) Assessed as **not relevant** for the purposes of EqIA

### Strategic Environmental Assessment

3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.4 The proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

#### **4. Consultation**

##### Internal

- 4.1 The Head of Legal & Governance Services and the Head of Finance have been consulted in the preparation of this report.

#### **2. BACKGROUND PAPERS**

No background papers, as defined by section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.