

PERTH AND KINROSS COUNCIL

16 August 2017

**DEVELOPING THE CULTURAL OFFER IN PERTH AND KINROSS:
PERTH CITY HALL PROJECT****Report by Depute Chief Executive and Chief Operating Officer****PURPOSE OF REPORT**

This report updates Council on progress with the Perth City Hall project as part of the cultural transformation of Perth and Kinross. Following evaluation of 5 shortlisted designs from an international competition, it recommends the Council supports HubCo in appointing Mecanoo as the architect for City Hall.

1. BACKGROUND/MAIN ISSUES

- 1.1 In June 2016, the Council approved a set of key recommendations designed to support the most radical transformation of Perth city centre for nearly 200 years. (Articles 16/510 & 16/511 / Report No 16/278 & 16/279 refer). Drivers for these decisions included:
 - 1.1.1 Recognition that lack of a strong contemporary identity for Perth was limiting its performance as a tourism destination and undermining local civic pride and identity.
 - 1.1.2 Major changes in visitor expectations.
 - 1.1.3 Independent visitor market appraisal demonstrating significant decline in visitor numbers to cultural attractions in Perth but also significant growth potential from the day visitor and overseas visitor markets
- 1.2 Report 14/438 set out the key findings from the independent market appraisal of Perth which are guiding future cultural strategy, including capital investment priorities.
- 1.3 Report 15/293 set out our long term strategy to respond to the opportunities and challenges set out in 1.1, specifically the current underperformance of Perth city as a cultural tourism destination. It highlighted that no single new attraction could address current underperformance and maximise currently untapped market growth potential. Two cultural attractions were therefore proposed to respond to market opportunity and failure: the transformation of Perth Museum and Art Gallery (PMAG) and a major new attraction elsewhere in the city centre. In total these are projected to generate an extra 218,000-272,000 visitors to Perth by 2023.

- 1.4 Report 16/279 in June 2016 recommended City Hall as the preferred location for the new attraction following site options appraisal. Report 16/278 presented outline business cases for it and for PMAG. A new museum store for the nationally recognised collections of Perth and Kinross was also recommended as current storage conditions are not ideal.
- 1.5 The Council approved all recommendations in June 2016 and allocated £20M from the capital programme to deliver the 3 projects towards an overall budget of £30M: £20M for City Hall and £10M for PMAG and the new collections store. £10M is being sought from the Tay Cities Deal and Heritage Lottery Fund (HLF) in addition to the £20M committed by the Council. The Tay Cities Deal assessment is ongoing and an application for £5M to HLF will be submitted in December 2017.
- 1.6 Report 16/444 (Article No 16/712 refers) in October 2016 recommended HubCo as the procurement route for City Hall. HubCo is a framework within which the Council and other public authorities in Scotland may procure capital projects; recent appointments under this arrangement have included Perth Theatre. HubCo resources the project, through their own supply chain on behalf of the Council. HubCo manages the design team including the architect, main contractor (the builder) and all other services. A fixed contract fee is agreed before work starts, which cannot be varied unless the Council makes changes to the design brief. This reduces the risk of cost overrun.
- 1.7 Report 16/444 recommended that the Council engage HubCo to undertake an openly advertised design competition for City Hall to develop innovative proposals for this key attraction. This mechanism for opening up the HubCo supply chain to further competition was deemed appropriate to raise the public profile of the project and to engage with local communities on the use and proposals for this key building in Perth. This decision was reached through consideration of the various options available. By utilising Hubco and their supply chain, there is increased flexibility compared to a procurement process undertaken by the Council which would be subject to the full effect of the Public Contracts (Scotland) Regulations 2015. HubCo was established by a regulated procurement exercise but the adoption of further entities (such as architects, consultants or construction companies) onto HubCo's own supply chain is subject to their own governance. HubCo are able to engage with construction firms early in their process which ensures that the final design is developed to be affordable. HubCo provides a 'design envelope' for the selected architects to work within, in conjunction with the main contractor overseeing the construction project as a whole.
- 1.8 Hoskins Architects were appointed in autumn 2016 for the PMAG and collections store projects. Main contractors for all 3 projects have also been appointed. A Senior Officer Group (SOG) comprising officers from Perth and Kinross Council and Culture Perth and Kinross is responsible for delivering the capital projects.

- 1.9 It is recommended that a Project Board is established to oversee the three projects, to which the SOG will report from October 2017, operating on a similar basis to the Perth Theatre Project Board. Previously, the SOG reported to the UK City of Culture Programme Board. This will now be replaced by a Capital Culture Programme Board, which will be chaired by the Leader of the Council with 3 Elected Member representatives and 3 Trustees of Culture Perth and Kinross. Sir Mark Jones, former Director of National Museums of Scotland, has agreed to act as independent adviser to the Board.
- 1.10 All 3 projects are scheduled for completion in 2021.
- 1.11 Alongside the capital programme, work continues to bring the Stone of Destiny to Perth to feature in the Ancient Roots attraction. The preferred location for Ancient Roots is City Hall because it is of a size and scale which can accommodate the major display areas required, plus temporary exhibition space for touring shows from across the UK and internationally. Modelling suggests that the Stone of Destiny could attract an additional 21,000 annual visitors to Perth; the figure could be higher not least because the Council's stated position is that there would be free admission to see the Stone. It is currently housed in Edinburgh Castle which levies an entrance charge ranging from £17.00-£13.60.
- 1.12 This report now focusses on the evaluation process for the architectural appointment for the City Hall project. The evaluation process is described in section 2 below.

2. EVALUATION PROCESS

- 2.1 Paragraph 1.6 above explains the rationale for the appointment of HubCo and the relevant governance arrangements.
- 2.2 The project brief for City Hall has 3 core requirements:
- A building which fully meets the operational needs of a major museum attraction
 - A building which responds sensitively to the surrounding public realm
 - A building which is affordable and deliverable within the £20M budget.
- 2.3 The Royal Incorporation of Architects in Scotland (RIAS) was appointed by HubCo to engage with architectural practices. Initially there were over 70 expressions of interest received from around the world. This resulted in 14 pre-qualification questionnaires (PQQ) being received. Following evaluation of the PQQs, 5 practices were shortlisted for full evaluation:
- Austin Smith-Lord
 - Hoskins Architects
 - LDN
 - Mecanoo
 - Richard Murphy Architects

- 2.4 Detailed evaluation of the shortlisted entries was carried out by a panel of senior officers from Perth and Kinross Council, Culture Perth and Kinross and HubCo. RIAS provided independent advice to the panel on the evaluation and scoring process, and also provided an independent architect as part of the panel.
- 2.5 Independent cost plans for each design were prepared by HubCo. A Pre Planning Enquiry (PPE) was submitted to Perth and Kinross Council as the planning authority, who in turn consulted with Historic Environment Scotland as a statutory consultee on the listed aspects of the building and its relationship to the wider historic public realm.
- 2.6 Concept designs were sought from the 5 practices to allow each of them to demonstrate their understanding of the project brief. All practices demonstrated different approaches to the brief that were considered by the evaluation panel. The concepts were independently costed by HubCo.
- 2.7 Technical workshops were held with the 5 practices in mid May 2017, before they submitted their final concepts on 31 May. These workshops allowed each practice to get some feedback on their initial ideas, the brief and to clarify any factual points. The main construction contractor was involved in the workshops to provide information on the 'buildability' of each design.
- 2.8 Scoring criteria to assess the shortlisted entries against the brief were developed by RIAS and agreed with Council officers. These were weighted:
- 80% of the scoring criteria attributable to architectural quality
 - 20% to the fee price.
- 2.8.1 This ratio of quality to price is relatively high and was agreed to reflect the importance of the design concept to the Council.
- 2.8.2 The 5 shortlisted practices were scored on the basis of their design concepts and supporting information, their performance at formal interview and their fee proposals.
- 2.8.3 The table below summarises the quality scores and fee scores from the evaluation process. It also includes the estimated construction costs as independently assessed by HubCo.

Table 1.

Practice	Quality Score	Fee Score	Quality/Fee Score	Estimated construction cost	Ranking
Practice A	66.5	20.0	86.5	£14.7M	1
Practice B	68.7	17.0	85.7	£16.9M	2
Practice C	80	4.6	84.6	£11.4M	3
Practice D	65.1	16.8	81.9	£14.6M	4
Practice E	62.7	16.1	78.8	£16.5M	5

- 2.8.4 The evaluation panel scored quality based on the proposals received from each practice. The fee price scoring was undertaken by RIAS.
- 2.8.5 As shown in Table 1, Practice A were ranked highest on the basis of quality and fee scoring.
- 2.8.6 The application of fee scoring has diluted the quality weighting. This was not what was anticipated or intended in this procurement process.
- 2.8.7 A key element of project delivery is the estimated construction cost. The estimated cost of £11M was included in the project brief which was issued to all participating bidders. Following the independent costing exercise, which was undertaken in consultation with each bidder, it became evident that only one practice presented a design concept which was deemed to be deliverable without making significant and material change, this practice was Mecanoo (Practice C in the table above).
- 2.8.8 The fee bid submitted by Mecanoo included the highest percentage fee. This is reflected in the low fee score allocated through the RIAS scoring methodology shown in Table 1 above.
- 2.8.9 Although this was the highest fee bid received, this proposal has the lowest estimated construction cost. When the fee percentage proposed is applied to the proposed build cost (including costs associated with site set up) the difference between Mecanoo and the next bidder narrows to £25,000.
- 2.8.10 It is the view of officers that the higher fee is not excessive for a complex construction project of this type and is appropriate given the high quality score which this practice received. Most importantly, their design concept is the only one which, on the basis of the estimated construction cost, can be delivered for the available project budget.

The views of Historic Environment Scotland

- 2.9 Historic Environment Scotland (HES) is a statutory consultee because of the architectural significance of the building and its B listed status. The shortlisted designs were discussed with HES as part of a Pre Planning Enquiry (PPE) and HES provided comments on the impact of each scheme on the character of City Hall as a listed building. This has been published on the Council's website and can be found at www.pkc.gov.uk/CityHallConcepts.

- 2.10 The Mecanoo design was considered by HES as most sympathetic to the listed building status, whilst also making a clear statement about the re-use and new purpose of the building albeit with minimal intervention to the building fabric. Designs by Richard Murphy Architects and LDN were viewed as within the scope of alteration needed to a listed building to give it a new use and purpose, albeit with significant interventions to the building fabric. Designs by Austin Smith Lord and Hoskins were viewed as requiring a stronger case for the scale of intervention proposed to the building fabric.

Public, Business and Stakeholder Engagement

- 2.11 A public engagement exercise on the shortlisted designs ran from 12 to 24 June 2017, including an exhibition in the Civic Hall. Local residents and businesses, together with the wider business community and cultural and heritage organisations, were contacted directly to secure their views. Public information was available online, in local media and on public display, which explained the evaluation process for the shortlisted entries. The Council sought to encourage as many local people, businesses and representative organisations as possible to submit views. Over 800 responses were received. A summary of the responses has been published on the Council website and can be found at www.pkc.gov.uk/CityHallConcepts.
- 2.12 The design which received the largest number of favourable comments was Austin-Smith Lord, however, the Mecanoo design received the most favourable response from local residents, businesses and other local organisations.
- 2.13 The recommendation to Council is that HubCo is supported in appointing Mecanoo as the architect for City Hall. This is on the basis of:
- Overall affordability
 - The extent to which each shortlisted design met the 3 key requirements of the project brief
 - Our assessment of the deliverability of the proposed design to our required timescale including likely planning requirements
 - Views expressed by the public, businesses and other organisations through the engagement exercise
- 2.14 The remaining 4 designs, whilst each of high quality, did not, in the opinion of officers, fully meet the requirement of the brief in that they did not:
- meet the project budget based on the independent cost plans which were developed for each scheme and/or
 - reduce key project risks such as viability/deliverability, for example, the likelihood of securing planning consent within the required timescale
- 2.15 The time and input of all 5 architectural practices and by RIAS is acknowledged and respected by the Council. Full feedback will be offered to all practices.

2.16 Following Council approval, the successful team will be added to the HubCo supply chain and formally appointed by BAM as the main contractor for the project.

2.17 Next steps to enable the building to open on schedule in 2021:

- To appoint the exhibition designer who will develop the internal museum displays for City Hall and PMAG, working closely with the architects
- To develop the architectural design to the next stage and sufficient for a Heritage Lottery Fund application for £5M towards the project cost to be submitted by 7 December 2017
- To submit a final proposal by December 2017 for the Stone of Destiny to be included in the City Hall displays, for which the Scottish Government requires detailed information about the architectural design, conservation and security plans

3. CONCLUSION AND RECOMMENDATIONS

3.1 It is recommended that the Council:

- (i) Approves Mecanoo as HubCo's architect for the City Hall project.
- (ii) Notes the wider progress on delivery of the capital programme to transform the cultural offer in Perth and Kinross.
- (iii) Nominates 3 elected representatives to serve on the Project Board for Perth City Hall, Perth Museum and Art Gallery and the collections store.
- (iv) Instructs the Depute Chief Executive and Chief Operating Officer to bring an update to Council in February 2018.

Author

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Approved

Name	Designation	Date
Jim Valentine	Depute Chief Executive, Environment and Chief Operating Officer	9 August 2017

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Community Plan / Single Outcome Agreement

1.1 This report relates to the delivery of the Perth and Kinross Community Plan / Single Outcome Agreement in terms of the following priorities:

- Promoting a prosperous, inclusive and sustainable economy
- Creating a safe and sustainable place for future generations

Corporate Plan

1.2 This report relates to the achievement of the Council's Corporate Plan Priorities:

- Promoting a prosperous, inclusive and sustainable economy;
- Creating a safe and sustainable place for future generations.

2. Resource Implications

Financial

2.1 There are no new financial implications relating to this report.

Workforce

- 2.2 There are no workforce implications arising from this report.

Asset Management (land, property, IT)

- 2.3 There are no new asset management issues arising from this report.

3. Assessments

- 3.1 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

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.3 Each of the projects will be screened to establish the requirement for an Environmental Impact Assessment as part of the development process.

Sustainability

- 3.4 None.

Legal and Governance

- 3.5 As with any procurement process, there is a risk of challenge by an unsuccessful bidder but the evaluation panel recommend the practice chosen for the reasons set out in the Report.

Risk

- 3.6 There are no immediate issues or risks arising from this report. Risk profiles for the two capital projects have been prepared as part of the outline business cases and these are reviewed and updated as the projects progress.

4. Consultation

Internal

- 4.1 The following have been consulted in the preparation of this report:

- Chief Executive, Perth and Kinross Council
- Head of Finance
- Interim Head of Planning

External

4.2 The following have been consulted in the preparation of this report:

- The public. A summary of responses is at Appendix B.
- Culture Perth and Kinross
- RIAS

5. Communication

5.1 A Communications Plan is in place to support the announcement of the appointed architect.

2. BACKGROUND PAPERS

2.1 None.

3. APPENDICES

3.1 None.