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Council Building
The Atrium
137 Glover Street
Perth
PH2 0LQ

20 June 2016

A Meeting of **Perth and Kinross Council** will be held in the **Gannochy Suite, Dewars Centre, Glover Street, Perth, PH2 0TH** on **Wednesday, 22 June 2016** at **13:00**.

If you have any queries please contact Committee Services on (01738) 475000 or email Committee@pkc.gov.uk.

BERNADETTE MALONE
Chief Executive

Those attending the meeting are requested to ensure that all mobile phones and other communication devices are in silent mode.

Members:

Provost E Grant
All Councillors

Council

Wednesday, 22 June 2016

AGENDA

MEMBERS ARE REMINDED OF THEIR OBLIGATION TO DECLARE ANY FINANCIAL OR NON-FINANCIAL INTEREST WHICH THEY MAY HAVE IN ANY ITEM ON THIS AGENDA IN ACCORDANCE WITH THE COUNCILLORS' CODE OF CONDUCT.

- 1 WELCOME AND APOLOGIES/SUBSTITUTES**
- 2 DECLARATIONS OF INTEREST**
- 3 MINUTE OF MEETING OF 18 MAY 2016 FOR APPROVAL AND SIGNATURE 7 - 14**
- 4 MINUTES OF MEETINGS OF COMMITTEES FROM 11 MAY 2016 TO 8 JUNE 2016**

(copy issued under separate cover)
- 5 MATTERS ARISING FROM PREVIOUS MEETING - 11 FEBRUARY 2016**

At the Special Meeting of the Council on 11 February 2016 the Council approved the Revenue Budget 2016/17 to 2018/19 (Report No. 16/51 refers). For financial planning purposes the 2016/17 Final Revenue Budget assumed that a "living wage" of £8.25 per hour for social care workers in the adult care sector would be paid from 1 July 2016. This was in line with the Scottish Government's aspiration for the rate to be in place by no later than 1 October 2016. The agreed National Care Home Contract now assumes a 2 staged uplift in rates from 1 April 2016 and then a further uplift from 1 October 2016 which will see the £8.25 rate achieved in that sector. Local negotiations with non-residential care and housing support service providers are still underway. The Council and the Integration Joint Board are working towards ensuring that the living wage of £8.25 per hour for social care workers in the adult care sector will be in place for 1 October 2016. This is in accordance with the agreement between Perth and Kinross Councils and the Scottish Government.

The Council is asked to agree this position.

6	PERTH AND KINROSS COMMUNITY PLANNING PARTNERSHIP	
(i)	MINUTE OF MEETING OF THE PERTH AND KINROSS COMMUNITY PLANNING PARTNERSHIP BOARD OF 19 FEBRUARY 2016	15 - 36
(ii)	BRIEFING NOTE BY EXECUTIVE LEAD OFFICER	37 - 40
	Report by Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform) (copy herewith 16/276)	
7	COMPOSITE CAPITAL BUDGET 2016-2023	41 - 76
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8	DEVELOPING THE CULTURAL OFFER IN PERTH AND KINROSS UPDATE AND NEXT STEPS	77 - 116
	Joint Report by Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform) and Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) (copy herewith 16/278)	
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10	COLLABORATIVE WORKING TO ENHANCE THE HISTORIC ENVIRONMENT	125 - 134
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11	TAY CITIES DEAL – PROGRESS REPORT	135 - 150
	Report by Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) (copy herewith 16/281)	
12	SUPPORT FOR THE PERTH CITY ECONOMY	151 - 164
	Report by Depute Chief Executive, Environment (Sustainability,	

Strategic and Entrepreneurial Development) (copy herewith 16/282)

13 PERTH AND KINROSS COUNCIL BUSINESS PLAN 2016-2019 165 - 200

Report by Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform) (copy herewith 16/283)

14 RIVER TAY HEAT PUMP AND NETWORK PROJECT BUSINESS CASE 201 - 234

Report by Director (Environment) (copy herewith 16/284)

15 LOCAL GOVERNMENT BOUNDARY COMMISSION FOR SCOTLAND - FIFTH STATUTORY REVIEW OF LOCAL GOVERNMENT ELECTORAL ARRANGEMENTS IN SCOTLAND - FINAL RECOMMENDATION TO SCOTTISH MINISTERS FOR WARDS IN PERTH AND KINROSS COUNCIL AREA 235 - 242

Report by Head of Democratic Services (copy herewith 16/285)

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Report by Head of Democratic Services (copy herewith 16/286)

17 APPOINTMENTS TO COMMITTEES/OUTSIDE BODIES

The Council is asked to agree the following appointments with effect from 1 July 2016:

(i) Scrutiny Committee

Councillor K Baird to the Scrutiny Committee to replace Councillor A Stewart.

Councillor B Vaughan as Convener of the Scrutiny Committee.

Councillor K Baird as Vice-Convener of the Scrutiny Committee.

(ii) Audit Committee

Councillor K Baird to the Audit Committee to replace Councillor A Stewart.

Councillor D Cuthbert as Convener of the Audit Committee to

replace Councillor B Vaughan.

Councillor B Vaughan as Vice-Convener of the Audit Committee.

(iii) Lifelong Learning Committee

Councillor K Baird to the Lifelong Learning Committee to replace Councillor A Stewart.

(iv) Strategic Policy and Resources Committee

Councillor A Livingstone to the Strategic Policy and Resources Committee to replace Councillor A Stewart.

(v) Tayside Valuation Joint Board

Councillor C Shiers to the Tayside Valuation Joint Board to replace Councillor A Stewart.

(vi) Perth City Development Board

A member from Ward 10 to the Perth City Development Board to replace Councillor A Stewart.

(vii) Perth and Kinross Sports Council

Councillor C Shiers to the Perth and Kinross Sports Council to replace Councillor A Stewart.

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COUNCIL MEETING

Minute of meeting of Perth and Kinross Council held in the Gannochy Suite, Dewars Centre, Glover Street, Perth on Wednesday 18 May 2016 at 2.00pm.

Provost E Grant, Councillors H Anderson, K Baird, R Band, P Barrett, R Brock, A Cowan, I Campbell, D Cuthbert, D Doogan, B Ellis, J Flynn, A Gaunt, J Giacomazzi, C Gillies, A Grant, T Gray, K Howie, G Laing, J Kellas, A Livingstone, M Lyle, E Maclachlan, A MacLellan, D Melloy, I Miller, A Parrott, D Pover, M Roberts, W Robertson, C Shiers, L Simpson, A Stewart, H Stewart, B Vaughan, G Walker, M Williamson, W Wilson, and A Younger.

In Attendance: B Malone, Chief Executive; J Fyffe, Senior Depute Chief Executive, ECS (Equality, Community Planning & Public Service Reform), J Valentine, Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development); B Atkinson, Director (Social Work and Housing), G Taylor, C Flynn, R Hughes, S Grant, S Wright, L Gowans, R Fry, S Hendry, S Rodger, K Donaldson and J Symon (all Corporate and Democratic Services), D Littlejohn, J McCrone, C Horne and F Kerr (all Environment Service); S Flanigan (Housing and Community Care); S Boyle (Audit Scotland)

Apologies for Absence: Councillors M Barnacle and A Munro

Provost E Grant, Presiding.

371. WELCOME AND APOLOGIES

Provost Grant welcomed all those present to the meeting and apologies were submitted and noted as above

Provost Grant congratulated Councillor A Stewart on his election on 5 May 2016 to be a member of the Scottish Parliament, and welcomed Councillor K Baird to her first Council meeting following her election on 7 April 2016.

372. DECLARATIONS OF INTEREST

There were no Declarations of Interest made in terms of the Councillors' Code of Conduct.

373. MINUTES OF MEETINGS FOR APPROVAL AND SIGNATURE

- (i) The minute of the special meeting of Perth and Kinross Council of 11 February 2016 (arts. 98-102) was submitted, approved as a correct record and authorised for signature
- (ii) The minute of the meeting of Perth and Kinross Council of 24 February 2016 (Arts. 187-206) was submitted, approved as a correct record and authorised for signature.

PERTH AND KINROSS COUNCIL
COUNCIL MEETING
18 MAY 2016

374. NOTICE OF MOTION SUBMITTED IN TERMS OF STANDING ORDER 26

Motion Councillors (A Stewart and L Simpson)

This Council wishes to highlight the increasing concern of local businesses both in Perth and other towns in Perth and Kinross about the inability of the current SNP administration to show any meaningful leadership in developing and effective strategy to support businesses, including retail and tourism.

This Council asks the Chief Executive to present a report to the next full meeting of the Council in June clearly identifying measures and timescales that are proposed to address these concerns; this report to form the basis for future consultation with local businesses.

First Amendment (Councillors I Miller and A Parrott)

Council reaffirms its previously stated commitment to support, wherever possible, the retail and tourism and wider business sector across Perth and Kinross.

A report by the Depute Chief Executive (Sustainability, Strategic and Entrepreneurial Development) focussing on the particular issues in Perth City has already been commissioned and will be brought to the Enterprise and Infrastructure Committee on 1 June 2016, Strategic Policy and Resources Committee on 15 June 2016 and Council on 22 June 2016.

Council recognises the changing face of retailing nationwide due to the internet and pledges to continue with our work to support retailers in adapting to the changing market

Calls on all Councillors to show a united front against negative comment.

Second Amendment (Councillors A MacLellan and J Flynn)

The Labour Group believes this Motion is premature as we have received assurances that there will be a full report coming to the June Council meeting for approval.

The Council therefore resolves to await the outcome of this report and to consider any further action necessary to support local businesses.

Note: The Mover and Seconder of the First Amendment agreed to incorporate the wording of the Second Amendment into their Amendment. The Revised Amendment became the Substantive Amendment.

Substantive Amendment

Council reaffirms its previously stated commitment to support, wherever possible, the retail and tourism and wider business sector across Perth and Kinross.

PERTH AND KINROSS COUNCIL
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Council resolves that this Motion is premature as a report by the Depute Chief Executive (Sustainability, Strategic and Entrepreneurial Development) focusing on the particular issues in Perth City has already been commissioned and will be brought to the Enterprise and Infrastructure Committee on 1 June 2016, Strategic Policy and Resources Committee on 15 June 2016 and Council on 22 June 2016.

Council resolves to await the outcome of the above report to Council and to consider any further action necessary to support local businesses.

Council recognises the changing face of retailing nationwide due to internet and pledges to continue with our work to support retailers in adapting to the changing market.

Council calls on all Councillors to show a united front against negative comment.

In Accordance with Standing Order 44, a roll call vote was taken.

21 members voted for the Substantive Amendment as follows:

Councillors H Anderson, B Band, D Doogan, B Ellis, J Flynn, J Giacobazzi, C Gillies, A Grant, Provost E Grant, T Gray, K Howie, J Kellas, G Laing, E MacLachlan, A MacLellan, I Miller, A Parrott, D Pover, G Walker, M Williamson and A Younger.

18 Members voted for the Motion as follows:

K Baird, P Barrett, R Brock, I Campbell, A Cowan, D Cuthbert, A Gaunt, A Livingstone, M Lyle, D Melloy, M Roberts, W Robertson, C Shiers, L Simpson, A Stewart, H Stewart, B Vaughan and W Wilson.

Resolved:

In Accordance with the Substantive Amendment.

375. MINUTES OF COMMITTEES

Minutes of Committees from 11 February 2016 to 29 April 2016

The decisions recorded in Arts. 98-322, copies of which had been circulated to all members of the Council, were submitted and noted/approved as necessary.

In relation to Article 319 and the use of committee forward planners, B Malone reassured members that these were being developed.

PERTH AND KINROSS COUNCIL
COUNCIL MEETING
18 MAY 2016

376. PERTH AND KINROSS COMMUNITY PLANNING PARTNERSHIP

(i) Minute of meeting of the Perth and Kinross Community Planning Partnership Board of 4 December 2015

The minute of meeting of the Perth and Kinross Community Planning Partnership Board of 4 December 2015, was submitted and noted.

(ii) Briefing Note by Executive Lead Officer

There was submitted and noted a report by the Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform) (16/214) providing Council with an update on the work of the Community Planning Partnership Board since the last update to Council in February 2016.

377. TREASURY ACTIVITY AND COMPLIANCE REPORT – 2015/16 QUARTER

There was submitted a report by the Head of Finance (16/215) (1) providing a summary of Loans Fund transactions for the quarter ending 31 March 2016; and (2) reporting on compliance with the Council's Treasury Management Policy Statement, Treasury Management Practices, the Investment Strategy and the Prudential Indicators for the same period.

Resolved:

The contents of Report 16/215, submitted in accordance with the Council's approved Treasury Management Practices, be noted.

378. BUILDING AMBITION – A WORKFORCE FOR THE 21ST CENTURY

There was submitted a report by the Depute Chief Executive, HCC (Corporate and Community Development Services) and Chief Operating Officer (16/216) (1) setting out the Council's plans to build on positive people practices; and (2) detailing key achievements since the last annual workforce report in December 2014.

Resolved:

- (i) The continued emphasis on supporting people as the essential element of the Council's ability to transform as an organisation, be acknowledged.
- (ii) The progress and achievements since December 2016 as detailed in Report 16/216, be noted.
- (iii) The further development of the Learn, Innovate, Grow ethos, as a means of helping the organisation modernise and transform, be endorsed.

THE MEETING WAS ADJOURNED FOR 10 MINUTES

IT WAS AGREED TO VARY THE ORDER OF BUSINESS AT THIS POINT.

IT WAS AGREED THAT THE PUBLIC AND PRESS SHOULD BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH IS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973.

379. PERTH HARBOUR BUSINESS PLAN AND INVESTMENT REQUIREMENTS

There was submitted a report by the Depute Chief Executive, Environment (Sustainability, Strategic & Entrepreneurial Development) (16/222) asking the Council to consider the contents of the Perth Harbour Business Plan and agree next steps.

Motion (Councillor D Doogan and H Anderson)

- (i) **The Perth Harbour Business plan and contents, be agreed.**
- (ii) **The principle Business Plan recommendation to undertake, subject to securing statutory consents and legal agreements, a dredge of the River Tay to a depth of 5 Metres, be agreed.**
- (iii) **The proposed recommendations in relation to the staffing, management, governance arrangements and any required survey work, be agreed.**
- (iv) **It be agreed that the budget pressures be managed through the Environment Service slippage in 2016/17 and managed in future years through the Revenue Budget process.**
- (v) **The Director (Environment) be instructed to undertake a condition survey of all Council assets, including Common Good Fund Assets, at Perth Harbour and report back to the appropriate Committee for their consideration.**
- (vi) **It be agreed that the Business Case be included within the Capital Budget Report to be considered by Council on 22 June 2016.**

Amendment (Councillors P Barrett and W Wilson)

- (i) The Council does not accept the recommendations detailed in the paragraph 3.5 of the report.
- (ii) The Council agrees to dispose of its interest at Perth Harbour and instructs the Depute Chief Executive, Environment to market the site and report back to Council in six months on the outcome of this process.

THE MEETING WAS ADJOURNED FOR 2 MINUTES

Note: The Mover and Seconder of the Motion agreed to a suggestion by Councillor J Kellas to add the word “funding,” before the word “statutory” at Recommendation (ii).

In accordance with Standing order 44, a roll call vote was taken.

31 members voted for the Motion as follows:

Councillors H Anderson, R Band, K Baird, R Brock, A Cowan, I Campbell, D Doogan, B Ellis, J Flynn, J Giacomazzi, C Gillies, A Grant, Provost E Grant, T Gray, K Howie, J Kellas, G Laing, M Lyle, E Maclachlan, A MacLellan, D Melloy, I Miller, A Parrot, D Pover, M Roberts, C Shiers, A Stewart, H Stewart, G Walker, M Williamson and A Younger

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8 Members voted for the Amendment as follows:

Councillors P Barrett, D Cuthbert, A Gaunt, A Livingstone, W Robertson, L Simpson, B Vaughan and W Wilson.

Resolved:

In Accordance with the Motion.

IT WAS AGREED THAT THE PUBLIC AND PRESS BE RE-ADMITTED TO THE MEETING AT THIS POINT

380. FAIR WORK FRAMEWORK

There was submitted a report by the Depute Chief Executive, HCC, (Corporate and Community Development Services) and Chief Operating Officer (16/217) (1) updating the Council on the Fair Work Framework 2016 produced by the Fair Work Convention; and (2) proposing that the Council assess its practice against the principles of fair work with a view to improving understanding of fair work and people practices, where appropriate.

Resolved:

- (i) The work of the Fair Work Convention and the Fair Work Framework, be noted.
- (ii) The Depute Chief Executive, HCC (Corporate and Community Development Services) and Chief Operating Officer be remitted to work with employees and trade unions to assess the Council's people practices against the Fair Work principles and bring a report back to a future meeting.

381. ESTABLISHING A FAIRNESS COMMISSION (Article 200 refers)

There was submitted a report by the Senior Depute Chief Executive, ECS (Equality, Community Planning & Public Services Reform) (16/218) (1) setting out the proposed organisational arrangements of the Fairness Commission; and (2) seeking approval for the membership and aims of the commission. It was noted at Section 2.1 of the report that the Director of the Poverty Alliance was now to be replaced by the Chief Executive of Children 1st.

Resolved:

- (i) The core membership of the Fairness Commission, as set out in Section 2 of Report 16/218, be agreed.
- (ii) Councillor A MacLellan be appointed to serve on and Chair the commission.
- (iii) In recognition of Councillor MacLellan's role as Chair of the Commission, in addition to his role as Chair of the shadow Perth and Kinross Community Justice Partnership, he be remunerated as a Senior Councillor with effect from 1 June 2016 until the Council election in May 2017, the additional cost of £4,873 in the current year to be met from the budget for elected members' salaries.
- (iv) The allocation of up to £15,000 from the Change and Transformation Fund to support the Commission's work be agreed.

382. PROGRESS REPORT ON IMPLEMENTATION OF HEALTH AND SOCIAL INTEGRATION JOINT BOARD IN PERTH AND KINROSS

There was submitted a report by the Depute Chief Executive, HCC (Corporate and Community Development Services) and Chief Operating Officer (16/219) (1) providing a summary of the progress of the implementation of the Public Bodies (Joint Working) (Scotland) Act 2014; and (2) identifying areas of progress and where challenges and risk exist how these will be addressed to mitigate risk to the Council.

Resolved:

- (i) The progress made to date with establishing the Integrated Joint Board (IJB), be noted.
- (ii) The Chief Finance Officer of the IJB is satisfied the Council's budget meets the key tests of transparency, proportionality and adequacy.
- (iii) Approval of actions to mitigate identified risks, as detailed in Report 16/219, be noted.
- (iv) The Chief Executive and Depute Chief Executive (HCC) be instructed to report progress to Council in integrating services and delivery of the Strategic Plan.
- (v) The Chief Executive and Depute Chief Executive, (HCC) be instructed to advise the Council of ongoing risks and actions to mitigate them.

383. AUDIT SCOTLAND'S OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND REPORT 2016

There was submitted a report by the Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) (16/220) (1) highlighting the key messages of the Audit Scotland Report; and (2) describing the Council's current position as a high performing Council and future actions in relation to the key messages.

Resolved:

The findings of the "Overview of Local Government in Scotland 2016" report and the Council's response to these challenges, be noted.

384. LOCAL SCRUTINY PLAN – 2016/2017

There was submitted a report by the Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) (16/221) outlining the Local Scrutiny Plan for Perth and Kinross Council.

Resolved:

Perth and Kinross Council's Local Scrutiny Plan for 2016/17 be noted.

385. APPOINTMENTS TO COMMITTEE / OUTSIDE BODIES

(i) Enterprise and Infrastructure

It was noted that this item had been withdrawn from the agenda.

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(ii) Friends of Bydoszcz Management Committee

Councillor D Pover replace Councillor J Kellas On The Friends of Bydoszcz Management Committee.

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## **PERTH AND KINROSS COMMUNITY PLANNING PARTNERSHIP BOARD**

Minute of meeting of the Perth and Kinross Community Planning Partnership (CPP) Board held in the Hay Room, Dewar's Centre, Glover Street, Perth at 1.00pm on Friday 19 February 2016.

**Present:** Councillor A Grant, Perth and Kinross Council; B Malone, Perth and Kinross Council; M Cambridge, Jobcentre Plus/DWP; P Graham and H MacKinnon, PKAVS (Voluntary Action Perthshire); C Grieve, Scottish Fire and Rescue Service; J Hunter, Skills Development Scotland; J McNairney and C McKinlay, Scottish Government; E Mitchell, Scottish Enterprise; Chief Inspector M Pettigrew, Police Scotland; and Dr D Walker and E Devine, NHS Tayside.

**In Attendance:** J Fyffe, J Walker, J Gilruth, C Holgate, R Huczynska, F Robertson, J Somerville and D Stokoe (all Perth and Kinross Council).

**Apologies:** Councillors I Miller and M Roberts, L Dunion, R Packham and A Kane.

### **1. WELCOME AND APOLOGIES**

In the absence of Councillor Miller, Councillor Alan Grant took the chair and welcomed all those present to the meeting and apologies for absence were submitted and noted as above.

Councillor A Grant in the Chair

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest made in terms of the Partners' Codes of Conduct.

### **3. MINUTE OF PREVIOUS MEETING**

The minute of meeting of 4 December 2015 was submitted and approved as a correct record.

### **4. MATTERS ARISING**

There were no matters arising.

**5. IMPLEMENTING LOCAL COMMUNITY PLANNING PARTNERSHIPS – PRESENTATION BY FIONA ROBERTSON, HEAD OF PUBLIC SERVICE REFORM, CULTURE AND COMMUNITY DEVELOPMENT**

The Board received a slide based presentation from F Robertson (attached at Appendix 1). During the presentation, F Robertson highlighted the significance of forthcoming change; the continued centrality of community planning; locality areas and boundaries; the aim to deliver better outcomes and achieve active participation; and the public interest and clear communication.

The Board made comments and asked questions in regard to the volume of work required; sustaining participation; being inclusive from the onset; the importance of relationships; maximising the individual's sense of control and the potential of 'equity proofing services'; role of statutory lead facilitator and need for appraisal and feedback; the collective contribution; building on current work; and understanding and sharing information at local and national levels.

The Convener thanked the Head of Public Service Reform, Culture and Community Development for the insightful presentation and noted the need to stay as flexible as possible during the implementation process.

**6. COMMUNITY JUSTICE: NEW STATUTORY PARTNERSHIP WORKING ARRANGEMENTS**

The Board received a slide based presentation from J Gilruth (attached at Appendix 2) and he specifically referred to the key elements of the Community Justice (Scotland) Bill 2015; the statutory community justice partners; duties of the statutory partners; proposed governance arrangements; Community Justice Scotland; proposals for administering the partnership; proposals on the Partnership's functioning; developing the strategy for consultation with communities; tasks to be accomplished in Community Justice Partnership's Shadow Year (2016-17); and involving the Community Justice Authority throughout the transition.

During the discussion which followed the presentation, J McNairney referred to a forthcoming Scottish Ministers' briefing and invited the Board to contact him directly in advance of any meeting of the Board if it was believed that he could provide information which may be of assistance or could add value.

P Graham welcomed the presentation having been brought to the Board and noted the proposed involvement of PKVAS.

The Convener thanked John Gilruth for the informative presentation.



## **7. MAKING HUMAN RIGHTS A REALITY: STATEMENT OF INTENT**

There was submitted a report (G/16/37) by J Fyffe, Senior Depute Chief Executive (Equality, Community Planning & Public Service Reform), Perth and Kinross Council (1) describing the background and approach to the 'Making Human Rights a Reality in Perth & Kinross' Innovation Forum events, (2) the emerging outputs from the events, and (3) requesting the Community Planning Partnership Board to approve a Human Rights Statement of Intent for Perth & Kinross.

### **Resolved:**

- (i) Approve the Human Rights Statement of Intent, outlined at Paragraph 4 of Report G/16/37.
- (ii) Agree that a report on progress be made to the October 2016 meeting of the Community Planning Partnership Board.

## **8. COMMUNITY EMPOWERMENT: ORGANISATIONAL DEVELOPMENT**

The Board was advised that it was understood that not all partners were yet in a position to provide an update and that further information could be submitted to future meetings. Brief updates were then received from Police Scotland, Scottish Fire and Rescue Service, NHS Tayside, and PKAVS.

B Malone tabled a paper - Learn, Innovate Grow: Organisational Development Philosophy / Ethos - Framework for future thinking and growth opportunity and this was well received by the Board.

During discussion, it was suggested that the paper was an excellent document that could provide the basis for future opportunities in partnership working.

### **Resolved:**

Note the organisational development updates provided and the potential future opportunities.

## **9. ANY OTHER COMPETENT BUSINESS**

### **Fairness Commission**

J Fyffe noted that a report was due to be submitted to the forthcoming Council meeting on 24 February 2016 which included a recommendation to establish a Perth and Kinross Fairness Commission. He added that the proposed Commission would have a finite life and a short, sharp focus and would regularly report progress to the Council and the Board.

Dr D Walker referred to his involvement the Dundee Fairness Commission and agreed to liaise with J Fyffe to provide a further insight into the process following the meeting of the Board (**ACTION JF/DW**).

**10. VALEDICTORY**

The Convener advised that this was John Gilruth's last meeting prior to his retiral at the end of March 2016. The Board thanked him for the contribution to the work of the Board and wished him well for the future.

**11. DATE OF NEXT MEETING**

Friday 10 June 2016 at 10.00am.



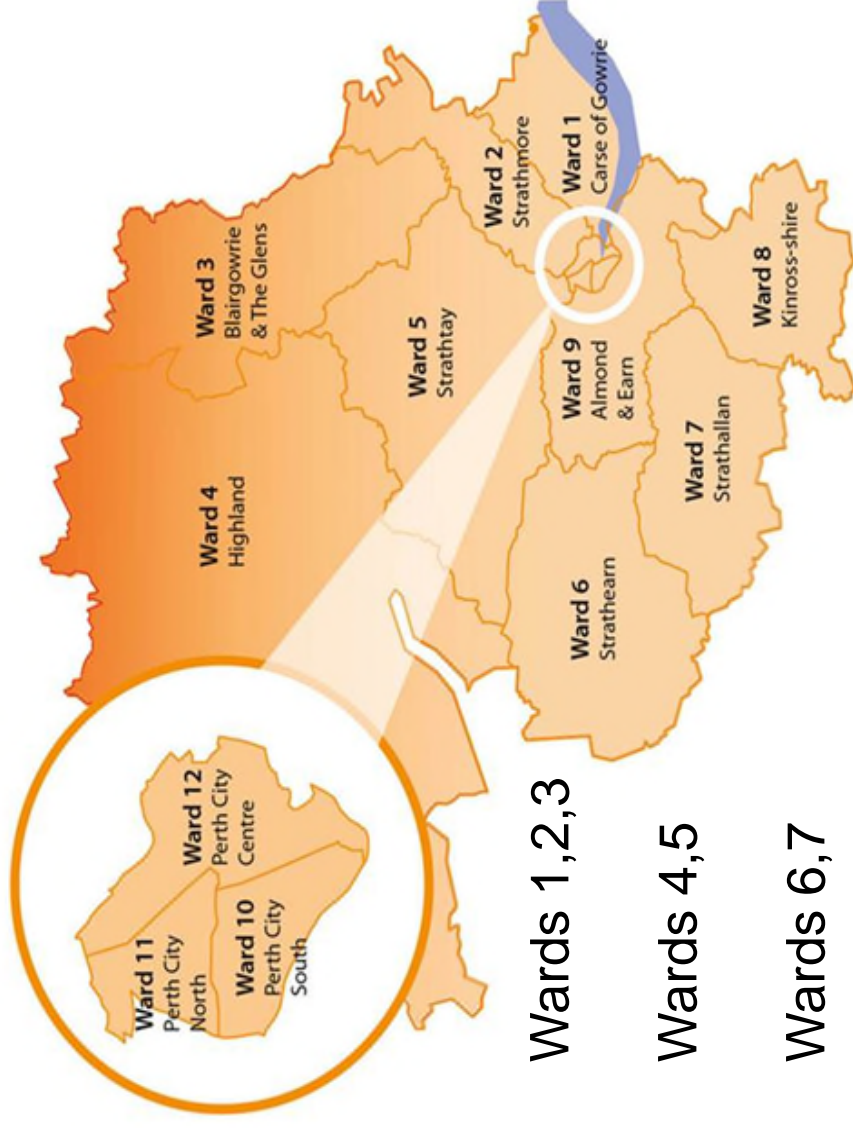
# **Local Community Planning Update**

**Fiona Robertson**  
**Head of Public Service Reform, Culture &  
Community Development**  
**Perth & Kinross Council**

# Summary

- The Community Empowerment Act (2015) places new statutory duties on CPPs including the reduction of stubborn & persistent inequalities in localities
- The Community Plan/SOA will evolve into the Local Outcome Improvement Plan – the new statutory CPP strategic plan
- CPPs are already subject to audit and inspection & the new duties for which they are accountable will fall within the inspection regime
- The Council and the CPP approved key principles for the future of Community Planning in Nov/Dec 2015, including principles for establishing Local Community Planning Partnerships
- Dialogue with elected members on locality boundaries Dec 2015 and further sessions planned to support implementation phase

# 5 Localities



Carse of Gowrie, Strathmore,  
Blairgowrie & the Glens

Wards 1,2,3

Highland and Strathtay

Wards 4,5

Strathearn and Strathallan

Wards 6,7

Kinross-shire, Almond & Earn

Wards 8,9

Perth City

Wards 10,11,12

# April 2017: Where do we want to be?

- LCPPs which are genuinely representative and are credible forums in the eyes of communities
- LCPPs with a 'Plan for Place' supported by the 'Story of Place' which identifies priorities and needs
- LCPPs which are delivering and reporting their progress in a clear and engaging way to communities
- Active participation by all existing CP partners in delivering outcomes and services in integrated ways, making best use of joint resources across the locality
- Active participation by communities in local public service planning and delivery, through the Plan for Place
- The public has confidence in the added value which LCPPs bring and the transparency of decision-making

# Key Priorities now-April 2016: Governance & Development

- Establishing the LCPPs from April 2016 onwards, with an initial focus on development & building relationships within each LCPP
- Agreeing the process for appointing Chairs and wider membership
- Agreeing the Locality Team make-up and nominating Locality Lead officers to support the LCPPs
- Creating the right authorising environment
- Using the existing Community Plan as starting point for the LCPP dialogue about locality priorities and needs (facilitated sessions to be delivered by PKAVS)
- Designing the forward business agenda for the LCPPs so that meetings have clear purpose and direction

# Key Priorities now-April 2016:

## Communication

- Engagement across PKC as statutory lead facilitator of the CP process: Corporate Management Group, SMTs, frontline staff
- Visits to other CPPs (elected members and CEWG)
- Scenario planning/risk workshop on how LCPPs will operate in practice (building on issues/risks raised by elected members to date)
- Expert advice role of the CPP Community Empowerment Working Group on community representation & participation
- Information management; Sharepoint site / website FAQs etc
- Longer-term Communications Plan April 2016 onwards



# Community Justice Transition Engaging, Consulting and Planning for 2017



PERTH &  
KINROSS  
COUNCIL

Securing the future... • Improving services  
• Enhancing quality of life • Making the best use of public resources

# Key Elements of the Community Justice (Scotland) Bill 2015



- Community Justice Authorities will cease to exist in April 2017
- To be replaced by Community Justice Partnerships, tasked with delivery of local strategy and local services
- 8 statutory partners are named within the Act
- Statutory partners accountable to their agency, but....
- Local accountability arrangements need to be established
- A new body, Community Justice Scotland, will be responsible for national strategy, national training and national performance framework
- Local CJ partnerships 'do and oversee CJ' - on the ground
- CJ Scotland, however, must approve local partnerships' strategies while inspectorate bodies will oversee performance



# The 'Statutory Community Justice Partners'

- Local Authorities
- Health Boards
- Integrated Joint Board
- Police Scotland
- Scottish Ministers (Scottish Prison Service)
- Skills Development Scotland
- Scottish Courts & Tribunal Service
- Scottish Fire & Rescue Service

These are the statutory partners, but Government expects that the voluntary sector, victims and convicted persons will also have a voice in the development strategies. Lead agency/Chairing arrangements are to be determined by the Partnership.



# Duties of the Statutory Partners

- Engaging fully with local communities in the planning and delivery of services/outcomes
- Gauging and reflecting local needs and national priorities within these plans and proposed activities
- Carrying out planning activities; delivering and reporting on outcomes for Community Justice in their area
- Overseeing the delivery of Community Justice services locally – including resolving local issues
- Articulating a local Community Justice Strategy which complies with national priorities, reflects local priorities and is 'Signed off' by Community Justice Scotland



# Tasks to be accomplished in Community Justice Partnership's Shadow Year (2016-17)



- Determine the Shadow Partnerships meeting structure, cycle, Chairing arrangements and minuting/administration
- Establish local reporting and governance arrangements for the Partnership
- Determine which other representative bodies should be invited to attend Partnership meetings
- Undertake a focussed community consultation exercise on the outline draft strategy
- From this, articulate a draft local strategy and action plan, for approval by communities - and Community Justice Scotland (December 2016)
- Community Justice Scotland will be required during 2016-17 to articulate the 'national strategy' and performance framework

# Proposals on the Partnership's Functioning

- Meetings of the Partnership to be attended by PKAVS – as Community Consultation Enablers .The Community Justice ‘voluntary sector’; the ‘Voice of victims’; and the ‘Voice of the convicted person’ all to be represented either through attendance or through parallel arrangements
- Community Justice Partnership meetings to be immediately followed by Community Safety Group meetings (supporting information exchange and attendance at both by key agencies)
- Meeting cycle – 8 weekly during Shadow Year. 3 monthly thereafter
- Chairing – proposed that Councillor MacLellan act as Chair and Councillor Pover as Vice Chair, at least during Shadow Year of the Partnership
- PKAVS to be invited to lead on Community Engagement/Consultation towards development of a local strategy – as required by the Bill





# Proposed Governance Arrangements

- Each statutory partner is accountable to and through their own agency – and to various Government/non Government organisations which oversee the performance of different partners
- Regular reports to be presented to the Community Planning Partnership (suggested 6 monthly)
- Minutes of meetings to be made available to Community Safety & Environment Committee
- Community Justice Scotland must ‘sign off’ the draft local strategy
- External inspection agencies will oversee performance in accordance with nationally agreed Performance Indicators



# Community Justice Scotland

- To be established as a national, 'Body corporate' – taking on full functions by April 2017
- Accountable to Scottish Ministers for policy delivery, compliance with statutory duties and performance against strategic objectives
- Focussing on three specific areas:
  - national, professional and strategic leadership for Community Justice
  - assurance to Scottish Ministers and COSLA through oversight of national outcomes, performance and improvement
  - promoting and providing enhanced training opportunities through running a National Hub for Innovation, Learning & Development





# Proposals for Administering the Partnership



- Part time Community Justice Coordinator in place, with admin support (temporary funding from SG)
- Meetings of the Partnership to be arranged and minuted by Committee
- Partnership to be supported by an Officer/Manager Group in relation to formulation and delivery of strategy
- Council to appoint a 'Lead Officer' who will represent the Council at future meetings of the Partnership



# Developing the Strategy for Consultation with Communities



- A P&K Community Safety Action Plan and a Tayside Community Justice Area Plan already exist. These direct our Community Justice/Safety Activity locally, but inevitably overlap
- A draft strategy for Community Justice can be extracted from both – with updating from Partners as appropriate
- This, with local statistical information, will inform our engagement exercise with communities
- This exercise will further detail the evolving strategy, highlighting local concerns
- The resultant strategy will address both national and P&K priorities, while the action plan should extend to addressing local issues



# Involving the Community Justice Authority throughout the Transition

- Both local meetings of statutory partners to date have been attended by CJA officers
- CJA officers will be fully involved in the transition process
- CJA Planning Officer will be an integral part of our planning process from this point forward
- P&K are also represented on the CJA's Tayside Transition Group





The Community Justice Partnership will provide a real opportunity for Perth & Kinross agencies to bring an even closer focus on the nature of crime, its causes and its potential remedies. The next step is to ensure that all partners (statutory and non-statutory) are fully engaged in the process, by establishing a Shadow Partnership and commencing the journey of consultation with our local communities

## PERTH AND KINROSS COUNCIL

22 June 2016

## COMMUNITY PLANNING PARTNERSHIP UPDATE

**Report by Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform)**

**PURPOSE OF REPORT**

To provide an update on the work of the Community Planning Partnership since the last update to Full Council on 18 May 2016.

**1. LOCAL COMMUNITY PLANNING**

- 1.1 The Council and the CPP Board approved key principles for establishing Local Community Planning Partnerships (LCPPs) in November/December 2015 (reports [15/535](#) and [15/573 refer](#)), enabling implementation work to start in early 2016. Council received updates on progress on 24 February and 18 May 2016 (reports [16/66](#) and [16/214 refer](#)).

The focus now is on ensuring the right representation, with a manageable number of individuals representing the breadth of geography in a locality. This representation will include Community Planning partners, communities, and elected members. Successful local partnerships elsewhere are typically flexible, focussed on outcomes, pragmatic, and open to change. The membership arrangements being developed will therefore be in place for the partnerships' first 12 months, and will be reviewed at the end of that time.

**1.2 Community Planning Partner Representation**

As set out in the previous update, the partnerships will initially be led and chaired by senior officers from Community Planning partners. The Chairs and Lead Officers have now been identified, and the arrangements are set out in the table below.

| Locality                        | Chair                              | Lead Officer          |
|---------------------------------|------------------------------------|-----------------------|
| Highland and Strathhtay         | Bill Nicoll (NHS)                  | Rab Middlemiss (SFRS) |
| Kinross-shire and Almond & Earn | Maggie Pettigrew (Police Scotland) | Sarah Brown (PKC)     |
| Eastern Perthshire              | Colin Grieve (SFRS)                | Keith McNamara (PKC)  |
| Strathearn and Strathalmond     | Jim Valentine (PKC)                | Maggie Rapley (NHS)   |
| Perth City                      | John Walker (PKC)                  | Lorna Cameron (PKC)   |

Chairs and Leads met on 20 May to discuss the 'practical vision' for locality working, including the responsibilities of each role, and the support that will be required for them to carry out the roles effectively. This support included robust information in the Stories of Place, administrative support, and support from community-based staff.

Representation from other Community Planning Partners will also be required on all LCPPs. Chairs and Lead Officers will need to consider whether it is possible to decide the right representation in advance of the first meetings, or whether representation should be drawn from locality teams in response to the local priorities identified by the LCPP's.

Further workshops and discussions with Chairs and Leads are planned over the summer, to ensure they are well prepared for the work of the LCPPs when these begin in early autumn 2016.

### 2.3 Community Representation

PKAVS was commissioned to conduct engagement workshops with communities in each of the 5 localities during May 2016. The purpose of these was to build awareness of Local Community Planning and establish how communities can best be represented on the partnerships. The meetings were well attended by Community Councils and other well-established community bodies with over 40 participants in some localities. A facilitator from Scottish Community Development Centre led the meetings, and will produce a report which will be reviewed by the Community Empowerment Working Group and shared with participants. Two further workshops are planned for June, to enable anyone who could not attend in May to give their input.

In all localities there was a strong sense that the CPP must engage with existing work taking place in communities, in order to have an impact. Initial feedback from the workshops included:

- Achieving geographical representation at the LCPPs from all communities in the locality will be challenging in some areas
- There is a strong appetite for sub groups, some based on place and others on theme
- CPP was asked to recognise what is working well in communities already, and support it to grow
- Dedicated support will be required to support meetings and activity – this may include administrative support, access to technology, and a working budget
- Culture change will be needed from services and communities
- There is no uniformity in communities' readiness to engage with LCPPs and further work is required
- It will be important to build trust with communities for the LCPP's to work
- It will be important to engage with wider community, not just those who are already active in established community bodies.

Further work will now take place to:

- Design the LCPP meeting format and focus with communities, building on the feedback gathered so far
- Reach consensus about the representative 'mix' on LCPPs between community representatives, local elected members and public service officers
- Consider how community groups which are not currently engaged in the process, including those representing communities of interest rather than geography, can be brought into the process.

#### 2.4 Elected Member Representation

Ensuring representation from elected members on the LCPPs will be crucial. The number of ward councillors in each locality varies from six to twelve, and it will be for councillors to agree among themselves how they are represented on LCPPs. Discussions have therefore begun with Leaders', asking them to consider how elected member representation on the LCPPs should be determined. This might include considering how every ward in a locality can be represented, and/or how different political groups can be represented.

#### 2.5 Local Community Planning Next Steps

The proposed next steps in implementing local community planning are:

- Further work with Chairs and Lead Officers on implementation and on Stories of Place
- Further engagement with communities to ensure the right representation at LCPPs
- Organisational Development sessions on locality working, with elected members, Service Managers and key Team Leaders in Council and Partner agencies
- Continue preparing Stories of Place for all 5 localities, to inform the Locality Plans, as required under the Community Empowerment Act, which each LCPP will develop
- Set out the governance around Local CPP budgets
- Set dates for LCPPs to start meeting in autumn 2016 on contributing to the development of the new Community Plan/Local Outcome Improvement Plan, and on preparing their Locality Plans.

### **3. CONCLUSION AND RECOMMENDATION**

It is recommended that Council notes the progress made in the above areas.

**Author**

| <b>Name</b>    | <b>Designation</b>                       | <b>Contact Details</b> |
|----------------|------------------------------------------|------------------------|
| Rosa Huczynska | Community Planning<br>Policy Team Leader | Ext 77858              |

**Approved**

| <b>Name</b> | <b>Designation</b>                                                                                                   | <b>Date</b>  |
|-------------|----------------------------------------------------------------------------------------------------------------------|--------------|
| John Fyfe   | <b>Senior Depute Chief<br/>Executive, ECS<br/>(Equality, Community<br/>Planning &amp; Public<br/>Service Reform)</b> | 13 June 2016 |

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## PERTH AND KINROSS COUNCIL

22 June 2016

## COMPOSITE CAPITAL BUDGET 2016 - 2023

## Report by the Head of Finance

**ABSTRACT**

This report outlines the proposed budget for the Composite Capital Programme for the seven years from 2016/17 to 2022/23. The proposed Prudential Indicators for the seven year period are also detailed in the report. The report also includes updated proposals for the Renewal & Repair Fund in 2016/17.

**1. BACKGROUND/MAIN ISSUES**

- 1.1 At the meeting of 12 February 2015 (report 15/37 refers) the Council agreed to set a new seven year Capital Budget for 2016/17 to 2022/23 in February 2016. At its meeting on 16 December 2015 (report 15/578 refers), the Council subsequently deferred the setting of the budget to June 2016 as a result of the uncertainties around the financial environment and the delivery of the Transformation Programme.
- 1.2 In order to maintain a seven year budget, proposals for the three years 2020/21, 2021/22 and 2022/23 were required to be developed. The estimated resources and the process for these years were also approved by the Council in February 2015.
- 1.3 This report details the revised estimated resources and sets out the proposed Composite Capital Budget for the seven years to 2022/23.

**2. CAPITAL RESOURCES 2016/17 TO 2022/23**

- 2.1 The estimated total new capital resources available for the Composite Programme in each year 2020/21 to 2022/23 together with the amounts available for distribution which were approved by the Council in February 2015 are summarised below:

| <b>(£'000)</b>                                             | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>Total</b>  |
|------------------------------------------------------------|----------------|----------------|----------------|---------------|
| Long Term Borrowing                                        | 12,000         | 12,000         | 12,000         | 36,000        |
| Property Disposals                                         | 0              | 0              | 0              | 0             |
| General Capital Grant                                      | 0              | 10,000         | 10,000         | 20,000        |
| Ring Fenced Grant - Cycling Walking & Safer Streets (CWSS) | 0              | 200            | 200            | 400           |
| <b>TOTAL RESOURCES</b>                                     | <b>12,000</b>  | <b>22,200</b>  | <b>22,200</b>  | <b>56,400</b> |
| <b>Less Amounts Top-Sliced:</b>                            |                |                |                |               |
| Structural Maintenance & Footways                          | 0              | (7,235)        | (7,235)        | (14,470)      |
| Ring Fenced Grant - Cycling Walking & Safer Streets (CWSS) | 0              | (200)          | (200)          | (400)         |

|                                             |               |               |               |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|
| Capital/Revenue Transfers                   | 0             | (852)         | (852)         | (1,704)       |
| <b>Available Resources for Distribution</b> | <b>12,000</b> | <b>13,913</b> | <b>13,913</b> | <b>39,826</b> |

- 2.2 There are no General or Ring-Fenced Capital Grants included in the above table for 2020/21 as these were allocated in the Capital Budget report approved by the Council on 13 February 2014 (report 14/45 refers). It has also been assumed that the ring-fenced Capital Grant for Cycling Walking & Safer Streets (CWSS) will continue in the years 2021/22 and 2022/23 at an assumed level of £200,000. However, it should be noted that the Scottish Government has not announced allocations for Capital Grants beyond 2016/17, therefore there remains uncertainty over the actual level to be received in each year.
- 2.3 Given the anticipated pressures on the Capital Programme and the interval since the estimated resources above were determined, a comprehensive review of the available resources has been undertaken. This is detailed below and summarised in the table at Section 2.9.
- 2.4 An estimate of £10M for Capital grants each year had been included in the available resources above. Following the issue of the financial settlement for 2016/17, the amount of Capital Grant assumed for each year has now been increased to reflect the Scottish Government's deferment and rephasing of grant from 2016/17 to the three years to 2019/20. It should be noted that the additional grant available in 2017/18 and 2018/19 was utilised in setting the Provisional Revenue Budget for those years. In addition, the overall estimates of grant received have also been increased to reflect the Capital Grant applied to the Revenue Budget. After allowing for the increase in Capital Grant that was applied when the Revenue Budget was approved on 11 February 2016, these revisions result in a total of £4.49M of additional Capital Grant assumed for the years 2019/20 to 2022/23.
- 2.5 In addition, a further review of the underlying assumptions for General Capital Grant in the years beyond 2016/17 suggests that the previous estimates could be increased. Actual grant settlements up to and including 2016/17 have been in excess of the figures used when developing estimated resources for setting the Capital Budget. The UK Fiscal Outlook produced by the Office of Budget Responsibility (OBR) also forecasts public sector capital resources to increase. Therefore, the assumed level of grant in the years 2017/18 to 2022/23 could prudently be increased by £2M per year, giving a total of £12M further additional resources over six years. However, in the absence of any allocations beyond 2016/17, there will remain an element of uncertainty over these estimates.
- 2.6 Included within the Capital Monitoring report approved by the Strategic Policy & Resources Committee on 20 April 2016 (report 16/180 refers) was an increase in property disposal receipts of £765,000, of which £505,000 are ring-fenced within the IIL programme. The remaining amount of £260,000 relates to the general receipts budget, and is therefore available for allocation. In addition, the original estimates of the available resources had assumed no

receipts from property disposals in any year beyond 2018/19. Following a recent review of property disposals, it is now proposed to include a target of £250,000 of receipts per annum in these years, from 2019/20 to 2022/23, giving a further increase in estimated resources of £1M.

- 2.7 The Capital Monitoring report also included savings identified within the Housing & Community Care programme relating to the JELS Store (£58,000) and Developing Supported Tenancies (£445,000). Therefore, this amounts to a further £503,000 which is available for allocation.
- 2.8 In March 2016, the Corporate Resource Group (CRG) undertook a review of the current 7-year programme, with a view to re-prioritising projects in light of emerging issues, as well as to ensure that projects were realistically phased within the programme. As a result of this review of the programme it is proposed that some projects are removed from the budget or funded by alternative arrangements. The new primary school at Oudenarde is also proposed to be rephased to 2022/23 in line with revised anticipated house building rates and other infrastructure requirements at the site, with £5.412M of the budget proposed to be rephased outwith the current 7-year period. The total amount identified from such projects is £10.682M, and is shown at Appendix I. This includes £2.702M of spend now proposed to be funded by savings and/or income generation, £0.941M to be funded by the Housing Revenue Account (HRA) Housing Investment Programme, £1.203M which has been superseded by proposals in Section 4 of this report, and £0.424M of savings as a result of a revised scope of work within the project.
- 2.9 The revised total resources available as a result of all the movements above is £68.761M, and is summarised in the table below. It is emphasised that these resources are available to fund new projects and that they are additional to the review of £267.641M already allocated to projects within the Composite Capital Programme up to 2020/21.

| (£'000)                                                        | 2016/17      | 2017/18      | 2018/19      | 2019/20      | 2020/21       | 2021/22       | 2022/23       | Total         |
|----------------------------------------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Original Resources (Section 2.1)                               | 0            | 0            | 0            | 0            | 12,000        | 13,913        | 13,913        | 39,826        |
| Additional Capital Grant (Section 2.4 & 2.5)                   | 0            | 2,000        | 2,000        | 3,934        | 2,852         | 2,852         | 2,852         | 16,490        |
| Additional Property Receipts (Section 2.6)                     | 159          | 101          | 0            | 250          | 250           | 250           | 250           | 1,260         |
| Savings in current Budget per SP&R 20 April 2016 (Section 2.7) | 58           | 445          | 0            | 0            | 0             | 0             | 0             | 503           |
| Savings in Current Programme per CRG (Section 2.8)             | 2,548        | 575          | 4,221        | 3,338        | 0             | 0             | 0             | 10,682        |
| <b>Total Revised Resources</b>                                 | <b>2,765</b> | <b>3,121</b> | <b>6,221</b> | <b>7,522</b> | <b>15,102</b> | <b>17,015</b> | <b>17,015</b> | <b>68,761</b> |

- 2.10 The Council approved the Medium Term Financial Plan (MTFP) at its meeting on 1 July 2015 (report 15/276 refers). This included increases to the Loan Charges budget of £1M per annum in order to support an estimated additional £174.08M of borrowing on the Composite programme primarily to fund the infrastructure required due to anticipated population growth in Perth. This expenditure included the Cross Tay Link Road (CTLR); school provision in the North/West of Perth; City Centre developments and the inclusion of new projects in 2020/21. As the £12M for new projects in 2020/21 has already been included in the estimated available resources in section 2.1 above, this leaves £162.08M of borrowing resources still to be included in the Composite Budget.
- 2.11 The MTFP proposals were also included in the Capital Fund Strategy outlined in the Capital Budget report approved by the Council on 12 February 2015 (report 15/37 refers). Increases in the Loans Fund budget of £1M per annum were factored into this Strategy to meet these pressures in the medium term. Whilst general assumptions were used about the nature and amount of expenditure which required to be funded in order to inform the Council's financial strategy, no specific proposals for individual projects were included in the Composite Capital programme at that time. As works to progress these projects will need to be commenced within the duration of the new 7-year budget, it is now proposed that updated resource assumptions are included in the programme, thus ensuring that the required infrastructure and related developments are fully funded.
- 2.12 The MTFP also assumed that some projects would be funded by Developer Contributions over the longer term, and therefore the level of Developer Contributions has been reviewed. The amounts estimated to be received for the Bertha Park development, which are ring-fenced for Transport Infrastructure and Educational purposes, have been estimated at £12.5M and £14.4M respectively. These contributions would be received by the Council in line with future house build rates. However, the Council is seeking £4M of this total to be made as an upfront contribution, less the value of land used for the secondary school of £1.35M. On the assumption that houses are built over a 25 year period at an average of 100 houses per year, this would equate to an upfront contribution of £2.65M in 2017/18, following by annual contributions of around £920,000 (on average). For the 7 year capital budget period under consideration, this would amount to around £7.25M of Developer Contributions for the Bertha Park site.
- 2.13 Estimated ring-fenced contributions for other housing developments in the years to 2022/23 amount to a further £5.75M. The total Developer Contributions estimated to be received by the Council, therefore, amount to £13M, which are to be applied towards Transport Infrastructure and Educational projects. As these resources are effectively "ring-fenced" they would be used to offset the cost of provision of transport and school infrastructure projects.

- 2.14 Including the additional resources above gives an overall total of estimated resources of £243.841M to be allocated to additional projects over the 7 year period under consideration, as shown in the table below. Once again, it is emphasised that these resources are additional to those included for the projects to 2020/21 in the existing Composite Capital Budget. It is also emphasised that the funding for the Capital Programme at this level is dependant on the agreed MTFP principle of increasing the Loan Charges budget by £1M per annum. This inevitably increases pressures on other areas of the Revenue Budget.

| <b>(£'000)</b>                                      | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>Total</b>   |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                                     | (£,000)        | (£,000)        | (£,000)        | (£,000)        | (£,000)        | (£,000)        | (£,000)        | (£,000)        |
| Resources Available (Section 2.9)                   | 2,765          | 3,121          | 6,221          | 7,522          | 15,102         | 17,015         | 17,015         | 68,761         |
| Medium Term Financial Plan Resources (Section 2.10) | 0              | (500)          | 4,750          | 58,150         | 56,415         | 43,515         | (250)          | 162,080        |
| Developer Contributions (Section 2.13)              | 0              | 3,540          | 1,810          | 1,810          | 1,810          | 2,010          | 2,020          | 13,000         |
|                                                     |                |                |                |                |                |                |                |                |
| <b>Total Available Resources</b>                    | <b>2,765</b>   | <b>6,161</b>   | <b>12,781</b>  | <b>67,482</b>  | <b>73,327</b>  | <b>62,540</b>  | <b>18,785</b>  | <b>243,841</b> |

- 2.15 A full breakdown of all the estimated resources available in 2016/17 to 2022/23 is shown at Appendix II.

### **3. COMPOSITE CAPITAL BUDGET PROCESS 2016/17 TO 2022/23**

- 3.1 In February 2014, the Council approved the Composite Capital Budget for 2020/21 (report 14/45 refers). However, this budget only approved proposals to allocate Capital Grant, with no new borrowing included in the resources at that time. Consequently, the resources were used to continue the “top-slicing” of expenditure on Structural Maintenance, Footways and other expenditure which had previously been transferred from the Revenue Budget, in 2020/21. The balance of resources was then applied to some rolling programmes, including Modernising Primaries and Secondaries as well as for IST Infrastructure.
- 3.2 In February 2015 (report 15/37 refers), the Council also proposed that the practice of top-slicing resources for Structural Maintenance (£6,800K) and Footways (£435K) be continued when setting the 2021/22 and 2022/23 budgets. No increase in the amount to be top-sliced to take account of inflation was proposed, in order to ensure efficiencies in the programme. In addition, the assumed Grant for Cycling Walking & Safer Streets (CWSS) of £200K each year is ring-fenced for this programme of work by the Scottish Government.

- 3.3 In February 2015, the Council also requested that each “frontline” Service submit OBCs for projects up to £10M per annum for each of the three years 2020/21, 2021/22 and 2022/23. The OBCs would then be subject to the ranking process. In addition, the Council agreed that the criteria to be used to rank the projects would be reviewed, and the revised criteria were subsequently approved by the Strategic Policy & Resources Committee on 23 September 2015 (report 15/396 refers).
- 3.4 After top-slicing all the amounts above, the estimated remaining resources available for distribution in February 2015 totalled £39.826M across all of the years 2016/17 to 2022/23, and is shown in the table at Section 2.1.
- 3.5 The Corporate Resources Group (CRG) undertook the initial ranking of the OBCs in November 2015 using the revised criteria. The outcome of this process was that each project was awarded a score, and then listed in order of priority.
- 3.6 Subsequently, a review of the outcome of the ranking process, together with consideration of various emerging issues was undertaken by the Executive Officer Team (EOT). This included developing and ranking the proposed Infrastructure and Education projects within the Medium Term Financial Plan for consideration in the development of the seven year programme.

#### **4. PROPOSED COMPOSITE CAPITAL BUDGET 2016/17 to 2022/23**

- 4.1 The Strategic Policy & Resources Committee approved the last Capital Monitoring report for the Composite programme at its meeting on 20 April 2016 (report 16/180 refers), covering the period up to 2021/22. At the same meeting, a revised programme for the Commercial Property Investment Programme was also approved (report 16/182 refers). At the meeting on 18 May 2016, the Council also approved dredging works at Perth Harbour at a cost of £870,000 to be funded from The Environment Service Revenue Budget (private report 16/222 refers).
- 4.2 Phase 1 of the Mill Street Improvements project in the current Budget is being undertaken in 2016/17. A business case was prepared for Phase 2 of the project in order to bid for £386,000 in 2017/18. These additional works are required to complete the Mill Street regeneration in the area adjacent to the Theatre. The works were scheduled as Phase 2 in order for the construction of the Theatre building to be completed before final work to Mill Street, to avoid any damage to the street which may be caused by heavy plant moving from the Theatre site at the end of the construction phase for the building. However, the Mill Street works are being procured as a single scheme to ensure that completion of both the Theatre and Mill Street works are synchronised to avoid any delay to either project. After the return of tenders for Phase 1 of the project, it has been identified that £1.1M is required to allow the overall scheme to be implemented, and it is therefore proposed that this amount be vired from the Perth City Centre Project budget in 2017/18.

- 4.3 Latest estimated costs for the A9/A85 Road Junction Improvement scheme indicate that there is a projected budget shortfall of approximately £5M, although the cost of the scheme is still to be finalised. This shortfall will partly be dependent on the price to be agreed in respect of land purchases which are currently subject to ongoing negotiation. Other factors affecting the estimated cost are the cost of aggregates, which is also subject to ongoing discussions, as well as contract inflation since the costs were last estimated. It is proposed that £5M of the available resources for the new 7-year budget are used to increase the budget for the project.
- 4.4 After allowing for the £5M outlined above, it is proposed that the remaining resources of £238.841M are allocated in line with the outcome of the ranking process. After each project was ranked and awarded a score using the revised criteria, they were then listed in order, with higher scores reflecting a higher priority for the Council. The resultant list of projects was then reviewed by the Executive Officer Team (EOT) and a line was subsequently drawn at the affordable level, to match the available resources as detailed above. It is, therefore, proposed that all the projects above the affordable line are included in the 7-year Composite Capital Budget. The result of the ranking process for bids submitted by Services is attached at Appendix III. The Outline Business Cases are available online on the Councillors' CHIP Sharepoint site.
- 4.5 Whilst Services were requested to develop business cases for 2020/21, 2021/22 and 2022/23, many of the proposed projects requested funding in earlier years. The resultant phasing of the proposed projects was, therefore, reviewed and revised by the EOT, and the outcome of this is reflected in the proposed Composite Capital Budget shown at Appendix IV.
- 4.6 The revised phasing of the Composite programme will be managed by the continuation of the Capital Fund Strategy over the medium to long term. Updated Capital Fund projections, based on the proposed Composite Capital Budget and increasing the Loans Charges budget by £1M per annum, are shown at Appendix V. The projections show that, on current assumptions, Loan Charges can be contained by the use of the Capital Fund until 2024/25, with a projected deficit on the Loan Charges budget in the following years until around 2033/34. This represents an improved position from previous Capital Fund estimates due to the current prolonged period of low interest rates, revisions to previous capital expenditure estimates and pro-active Treasury Management in managing the Council's debt portfolio. However, these projections will be kept under continuous review, in order to identify if any remedial action is required in the medium term to ensure that the Loan Charges remain within available budget resources.
- 4.7 Some of the works proposed within the Business Case for Perth High School, amounting to £2.116M, are revenue costs. It is proposed that these are funded by switching contributions from Reserves for the Redevelopment of Perth Theatre project in the current Capital Budget to the Perth High School project. This has no impact on the delivery of either project, however, it is required to ensure that the expenditure for each project is funded in the appropriate manner.

- 4.8 In addition to the projects subject to the ranking process, it is proposed to include several projects which can generate sufficient income or savings to offset the Loan Charges incurred. In other words these are “Spend to Save” projects. The proposed projects, together with how the borrowing costs (Loan Charges) will be funded, are as follows:
- Land Purchase & Development – it is proposed to purchase land in the Perth area for the purpose of a future 4-star hotel development. It is anticipated that the Council would encourage development by securing the land and leasing it to a developer and hotel operator. The Loan Charges would be met from the rental income under the development arrangements.
  - Tay Heat Pump Network – a separate report to be considered at this meeting of the Council includes proposals to fund £4.5M of the works to install a Heat Pump Network in North Muirton, Perth by Borrowing. The Loan Charges would be met from energy sales to local consumers.
  - Technology & Innovation Incubator – it is proposed to develop facilities to encourage new and innovative businesses. The Loan Charges would be met from the rent paid by the businesses occupying the facilities.
- 4.9 In addition, it is proposed that the Carbon Reduction – Renewable Energy (£1.225M) and Energy Conservation & Carbon Reduction (£0.977M) programmes within the existing Composite Budget between 2016/17 and 2019/20 will now be funded from savings in energy consumption. It is also proposed that the Corporate Asset Management (SNAPPI) project (£0.5M between 2016/17 and 2017/18) will also be funded by savings in property costs.
- 4.10 The remaining “Prudential” Projects are various annual replacement programmes, relating to Fleet Vehicles, Commercial and Domestic Wheeled Bins, Other Waste Containers and Litter Bins.
- 4.11 All the above projects are included in the proposed Composite Capital Budget for 2016/17 to 2022/23 shown at Appendix IV. This shows that the Council’s proposed total gross investment on the Composite Capital Programme in the seven years to 2022/23 amounts to over £0.5 billion, or an average of around £76.6M each year.

## **5. RENEWAL AND REPAIR FUND 2016/17**

- 5.1 Detailed at Appendix VI is the 2016/17 proposed budget for the Renewal & Repair Fund. The proposed expenditure of £20,000 on the Integrated Human Resources and Payroll (IHRP) System is projected expenditure for this project previously approved and carried forward from prior years. In addition to this is £450,000 in relation to property maintenance in schools, as detailed in a previous report to the Strategic Policy and Resources Committee on 11 February 2015 (report 15/34 refers). There is also a budget for the Perth Office Programme for £360,000 which was approved by the Strategic Policy and Resources Committee on 10 February 2016 (report 16/45 refers).



- 5.2 Additionally, the Council is asked to approve a budget of up to £136,000 for the King George V Hockey Pitch in Kinross. There are a number of external funding sources for the refurbishment of the pitch and the final amount to be met from the Council will be dependent on the condition of the pitch and drainage which will be unknown until works commence.
- 5.3 The projected balance in the fund at 31 March 2017 is therefore £268,000 which includes a further £115,000 for the IHRP system.

## **6. PRUDENTIAL INDICATORS**

- 6.1 The principal means of monitoring and controlling adherence to the Council's capital and treasury plans, and ensuring that they remain affordable, sustainable and prudent, is the determination and monitoring of Prudential Indicators. These Indicators must be set annually and relate to, and be consistent with, the Council's approved Capital Budget and Treasury Management Strategy.
- 6.2 Accordingly, the proposed Prudential Indicators for the seven years 2016/17 to 2022/23 are attached at Appendix VII. These are based on the proposed Composite Capital Budget described in this report. The Indicators also incorporate the revised Housing Investment Programme for the years to 2020/21, which was approved by the Strategic Policy & Resources Committee at its meeting on 20 April 2016 (report 16/180 refers). To ensure both the General Fund and HRA cover the same period, it has been necessary to include "provisional" estimates for Capital expenditure and borrowing for the HRA in 2021/22 and 2022/23.
- 6.3 The Council is free to set each Indicator at any level felt appropriate. However, once set they must not be breached. Any amendment to the limits must be approved by the Council. The proposed limits are based on levels of Capital Investment that have been calculated as being affordable and sustainable. However, this is predicated on the approved strategy of increasing the Loans Charges budget by £1M per annum, as described in Section 2.10 and 2.11 (above). In the case of Treasury Management, the proposed limits have been set to allow sufficient flexibility for the Council to consider new opportunities that may arise, such as debt rescheduling, managing exceptional short term cashflows or undertaking borrowing at preferential times, but whilst also maintaining the desired level of control and risk.
- 6.4 The indicators include estimates of the Council's underlying need to borrow for a Capital purpose (Borrowing Requirement), and also ensure that the borrowing periods are consistent with the type of capital expenditure being funded. Within the Indicators, external debt is measured at two levels:
- Operational Boundary – the level of external debt estimated for each year. This indicator may be exceeded in the short term, however, the trend over the seven years should be consistent with the Operational Boundary.

- Authorised Limit (Statutory Limit) – the maximum level of external debt approved by the Council, which must not be breached. The Limit includes headroom over the Operational Boundary to allow for some fluctuations or movements. Any increase in the Authorised limit must be approved by the Council.

- 6.5 The previously approved Authorised Limit was £429,000,000. For the proposed Capital expenditure plans and Capital Fund strategy described in this report, it is proposed to increase the Authorised Limit to £640,000,000. This is based on gross external borrowing as well as PFI/PPP long term liabilities. The proposed Limit also takes account of when the borrowing is expected to peak over the seven year period, and is then applied at this level in each year, thus maintaining flexibility between years.
- 6.6 As a result of the increased levels of capital expenditure and borrowing, the estimated ratio of Financing Costs to the General Fund Net Revenue Budget is also projected to rise over the seven year period from their current level of around 9% to just over 15% by 2022/23. It is anticipated that the ratio will remain at around this level in subsequent years, on the assumption that the amount of capital expenditure and borrowing in future years will be at a more modest level and based on current interest rate projections. The current approved Limit for the Ratio of Financing Costs to the Revenue Budget for the General Fund is 12.5% and it is, therefore, proposed to increase the Limit to 18% to reflect the revised plans proposed in this report. The ratio in respect of the HRA programme is also projected to increase to around 28%, and it is, therefore, proposed to increase the Limit for the ratio of Financing Costs to the Net Revenue Budget for the HRA to 30%.
- 6.7 The Treasury function also operates within several other limits, designed to safeguard the Council's position, covering debt maturity profile, variable rate borrowing, and investments. These are all included in the proposed Prudential Indicators at Appendix VII, and fully comply with the CIPFA Code of Practice for Treasury Management in the Public Services. The Indicators are also closely monitored throughout the year as part of the Quarterly Treasury Activity and Compliance report.

## **7. CONCLUSION AND RECOMMENDATIONS**

- 7.1 This report outlines the review of resources available for the Composite Capital Budget, and details the proposed Composite Capital Programme for the years 2016/17 to 2022/23, thus maintaining a seven year programme. The Prudential Indicators have also been updated to reflect the proposed capital programme. The report also includes a proposed budget for 2016/17 for the Renewal and Repair Fund.

It is recommended that the Council:

1. Approve the estimated capital resources available for the years 2016/17 to 2022/23, as detailed at Section 2 of this report and summarised at Appendix II.

2. Approve the proposed Composite Capital Budget for the seven years 2016/17 to 2022/23, shown at Appendix IV of this report.
3. Approve the proposed expenditure on the Renewal and Repair Fund for 2016/17, as detailed at section 5 of this report and shown at Appendix VI.
4. Approve the proposed Prudential Indicators outlined at Section 6 of this report and detailed at Appendix VII.

#### **Author(s)**

| <b>Name</b>          | <b>Designation</b>       | <b>Contact Details</b> |
|----------------------|--------------------------|------------------------|
| <b>John Jennings</b> | <b>Senior Accountant</b> | <b>475564</b>          |

#### **Approved**

| <b>Name</b>       | <b>Designation</b>     | <b>Date</b>        |
|-------------------|------------------------|--------------------|
| <b>John Symon</b> | <b>Head of Finance</b> | <b>3 June 2016</b> |

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Council Text Phone Number 01738 442573

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           |                   |
| Corporate Plan                                      | <b>Yes</b>        |
| <b>Resource Implications</b>                        |                   |
| Financial                                           |                   |
| Workforce                                           |                   |
| Asset Management (land, property, IST)              |                   |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>Yes</b>        |
| Strategic Environmental Assessment                  | <b>Yes</b>        |
| Sustainability (community, economic, environmental) |                   |
| Legal and Governance                                |                   |
| Risk                                                |                   |
| <b>Consultation</b>                                 |                   |
| Internal                                            |                   |
| External                                            |                   |
| <b>Communication</b>                                |                   |
| Communications Plan                                 |                   |

### 1. Strategic Implications

#### Corporate Plan

- 1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and 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.
- 1.2 The Chief Executive's Service provides a range of functions for internal and front-line customers alike. Those functions support the work of the whole Council by assisting them in the delivery of the Council's Corporate Objectives. As a consequence, this report does not specifically relate to one of the objectives, but assists with the delivery of all five.

## **2. Resource Implications**

### Financial

- 2.1 There are no direct financial implications arising from this report other than those reported within the body of the main report.

### Workforce

- 2.2 There are no direct workforce implications arising from this report other than those reported within the body of the main report.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 The information presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have a direct impact on people's wellbeing.

### 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.

The matters presented in this report were 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**

There has been no consultation 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.

## **3. APPENDICES**

Appendix I – Capital Expenditure Proposed to be Re-allocated

Appendix II – Composite Capital Budget 2016/17 to 2022/23 Estimated Resources

Appendix III – Capital Budget Submissions 2020/21 to 2022/23

Appendix IV – Proposed Composite Capital Budget 2016/17 to 2022/23

Appendix V – Loan Charges and Capital Fund Projections

Appendix VI – Renewal & Repair Fund - Proposed Budget 2016/17

Appendix VII – Prudential and Treasury Indicator Limits 2016/17 to 2022/23



CAPITAL EXPENDITURE PROPOSED TO BE RE-ALLOCATED

| PROJECT/NATURE OF EXPENDITURE                    | Total<br>Budget<br>2015/16<br>(£'000) | Total<br>Budget<br>2016/17<br>(£'000) | Total<br>Budget<br>2017/18<br>(£'000) | Total<br>Budget<br>2018/19<br>(£'000) | Total<br>Budget<br>2019/20<br>(£'000) | Total<br>Budget<br>2020/21<br>(£'000) | Total<br>Budget<br>2021/22<br>(£'000) | Total<br>Total<br>Budget<br>(£'000) | Notes                                                                                                     |
|--------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <u>The Environment Service</u>                   |                                       |                                       |                                       |                                       |                                       |                                       |                                       |                                     |                                                                                                           |
| Carbon Reduction Programme - Renewable Energy    | 0                                     | 400                                   | 275                                   | 275                                   | 275                                   | 0                                     | 0                                     | 1,225                               | Re-classed as Prudential Borrowing                                                                        |
| Energy Conservation & Carbon Reduction Programme | 116                                   | 261                                   | 200                                   | 200                                   | 200                                   | 0                                     | 0                                     | 977                                 | Re-classed as Prudential Borrowing                                                                        |
| Corporate Asset Management - Blairgowrie SNAPPI  | 0                                     | 400                                   | 100                                   | 0                                     | 0                                     | 0                                     | 0                                     | 500                                 | Re-classed as Prudential Borrowing                                                                        |
| Community Greenspace Bridges                     | 0                                     | 0                                     | 0                                     | 0                                     | 7                                     | 0                                     | 0                                     | 7                                   | Residual balance, programme subject to new OBC                                                            |
| Bridge Refurbishment Programme                   | 0                                     | 6                                     | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     | 6                                   | Residual balance, programme subject to new OBC                                                            |
| <u>Education &amp; Children's Services</u>       |                                       |                                       |                                       |                                       |                                       |                                       |                                       |                                     |                                                                                                           |
| Blairgowrie Recreational Centre - Redevelopment  | 0                                     | 0                                     | 0                                     | 0                                     | 150                                   | 0                                     | 0                                     | 150                                 | Project underscoped, subject to new OBC                                                                   |
| Perth High School - Infrastructure Upgrade       | 0                                     | 0                                     | 0                                     | 1,040                                 | 0                                     | 0                                     | 0                                     | 1,040                               | Project underscoped, subject to new OBC                                                                   |
| Oudenarde - New Primary School Development       | 0                                     | 29                                    | 250                                   | 5,000                                 | 4,500                                 | 250                                   | (4,617)                               | 5,412                               | Rephased to later years in line with current anticipated house building rates, subject to ongoing review. |
| <u>Housing &amp; Community Care</u>              |                                       |                                       |                                       |                                       |                                       |                                       |                                       |                                     |                                                                                                           |
| Gypsy Traveller Transit Sites                    | 0                                     | 424                                   | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     | 424                                 | Revised scope of works, balance of £150K retained in Composite Programme in 2016/17                       |
| Housing with Care - Communal Facilities          | 0                                     | 941                                   | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     | 941                                 | Works to be funded by HRA                                                                                 |
| <b>TOTAL NET EXPENDITURE</b>                     | <b>116</b>                            | <b>2,461</b>                          | <b>825</b>                            | <b>6,515</b>                          | <b>5,132</b>                          | <b>250</b>                            | <b>(4,617)</b>                        | <b>10,682</b>                       |                                                                                                           |

**PERTH AND KINROSS COUNCIL**  
**COMPOSITE CAPITAL BUDGET 2016/17 TO 2022/23**  
**ESTIMATED RESOURCES**

APPENDIX II

**Capital Grants**

|                                  |        |        |        |        |        |        |        |         |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|
| General Capital Grant            | 11,342 | 13,934 | 13,934 | 9,209  | 12,852 | 12,852 | 12,852 | 86,975  |
| Cycling, Walking & Safer Streets | 163    | 214    | 214    | 214    | 200    | 200    | 200    | 1,405   |
| Flood Prevention Schemes         | 305    | 294    | 1,504  | 5,055  | 6,424  | 1,026  | 0      | 14,608  |
|                                  |        |        |        |        |        |        |        |         |
| Total Capital Grants             | 11,810 | 14,442 | 15,652 | 14,478 | 19,476 | 14,078 | 13,052 | 102,988 |

**Capital Receipts**

|                                            |         |       |       |       |       |       |       |        |
|--------------------------------------------|---------|-------|-------|-------|-------|-------|-------|--------|
| Capital Receipts b/f (Commercial Property) | 2,395   | 1,045 | 65    | 11    | 126   | 210   | 527   | 2,395  |
| General Fund - Capital Receipts/Disposal   | 1,138   | 1,917 | 196   | 250   | 250   | 250   | 500   | 4,501  |
| Commercial Property - Capital Receipts     | 867     | 881   | 641   | 510   | 84    | 317   | 0     | 3,300  |
| General Fund - Housing Receipts            | 5       | 4     | 3     | 3     | 3     | 3     | 0     | 21     |
| Ring Fenced Receipts - Vehicle Disposals   | 187     | 360   | 327   | 231   | 300   | 300   | 300   | 2,005  |
| Capital Receipts c/f (Commercial Property) | (1,045) | (65)  | (11)  | (126) | (210) | (527) | (527) | (527)  |
|                                            |         |       |       |       |       |       |       |        |
| Total Capital Receipts                     | 3,547   | 4,142 | 1,221 | 879   | 553   | 553   | 800   | 11,695 |

**Contributions**

|                              |       |       |       |       |       |       |       |        |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|--------|
| Third Party Contributions    | 7,061 | 1,553 | 1,000 | 5,000 | 3,500 | 0     | 0     | 18,114 |
| Developer Contributions      | 0     | 3,540 | 1,810 | 1,810 | 1,810 | 2,010 | 2,020 | 13,000 |
| Revenue Budget Contributions | 2,481 | 1,935 | 450   | 340   | 200   | 165   | 156   | 5,727  |
|                              |       |       |       |       |       |       |       |        |
| Total Contributions          | 9,542 | 7,028 | 3,260 | 7,150 | 5,510 | 2,175 | 2,176 | 36,841 |

**Capital Borrowing Requirement**

|                                      |        |        |        |        |        |        |        |         |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|
| Corporate Borrowing Requirement      | 33,002 | 56,811 | 36,497 | 63,722 | 61,514 | 55,198 | 28,835 | 335,579 |
| Prudential Net Borrowing Requirement | 11,483 | 13,831 | 6,607  | 3,903  | 4,046  | 3,962  | 5,274  | 49,106  |
|                                      |        |        |        |        |        |        |        |         |
| Total Capital Borrowing Requirement  | 44,485 | 70,642 | 43,104 | 67,625 | 65,560 | 59,160 | 34,109 | 384,685 |

**TOTAL CAPITAL RESOURCES/  
GROSS BUDGET EXPENDITURE**

|               |               |               |               |               |               |               |                |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| <b>69,384</b> | <b>96,254</b> | <b>63,237</b> | <b>90,132</b> | <b>91,099</b> | <b>75,966</b> | <b>50,137</b> | <b>536,209</b> |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|



PERTH & KINROSS COUNCIL  
CAPITAL BUDGET SUBMISSIONS 2020/21 to 2022/23

| PROJECT PRIORITISATION MATRIX |                                                         |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |                    |    |                      |        |                       |    |        |
|-------------------------------|---------------------------------------------------------|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------------------|----|----------------------|--------|-----------------------|----|--------|
| Service/Project               |                                                         | 1      |    | 2      |    | 3      |    | 4      |    | 5      |    | 6      |    | 7      |    | 8      |    | 9      |    | 10     |    | 11     |    | TOTAL RANKED SCORE |    | Proposed Bid (£'000) |        | CUM PROG COST (£'000) |    |        |
|                               |                                                         | Scores | 10 | Scores | 10 | Scores | 10 | Scores | 10 | Scores | 10 | Scores | 10 | Scores | 10 | Scores | 10 | Scores | 10 | Scores | 10 | Scores | 10 | Scores             | 10 | Scores               | 10     | Scores                | 10 | Scores |
| Ranked New OBCs               |                                                         |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |                    |    |                      |        |                       |    |        |
| TES                           | CITY DEAL - CTLR, Hub, Place-making & Lighting (net)    | 5      | 50 | 5      | 20 | 5      | 40 | 3      | 24 | 5      | 45 | 4      | 24 | 5      | 50 | 0      | 0  | 5      | 50 | 1      | 8  | 5      | 40 | 0                  | 0  | 351                  | 95,450 | 95,450                |    |        |
| ECS                           | Blairgowrie Recreation Centre / School PE Dept          | 5      | 50 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 4      | 24 | 3      | 30 | 4      | 24 | 5      | 50 | 4      | 32 | 5      | 40 | 0                  | 0  | 349                  | 17,700 | 113,150               |    |        |
| CDS                           | ICT Infrastructure                                      | 3      | 30 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 3      | 18 | 4      | 40 | 4      | 24 | 5      | 50 | 3      | 24 | 3      | 24 | 5                  | 40 | 349                  | 6,748  | 119,898               |    |        |
| ECS                           | Perth HS - Internal Services & Refurbishments           | 5      | 50 | 0      | 0  | 5      | 40 | 5      | 40 | 3      | 27 | 4      | 24 | 3      | 30 | 1      | 6  | 5      | 50 | 4      | 32 | 3      | 24 | 0                  | 0  | 323                  | 6,028  | 125,926               |    |        |
| TES                           | Property Capital Improvement Programme                  | 5      | 50 | 0      | 0  | 5      | 40 | 3      | 24 | 3      | 27 | 4      | 24 | 5      | 50 | 0      | 0  | 5      | 50 | 4      | 32 | 3      | 24 | 0                  | 0  | 321                  | 8,400  | 134,326               |    |        |
| TES                           | Property Compliance/Health & Safety Works               | 5      | 50 | 0      | 0  | 5      | 40 | 3      | 24 | 3      | 27 | 4      | 24 | 5      | 50 | 0      | 0  | 5      | 50 | 4      | 32 | 3      | 24 | 0                  | 0  | 321                  | 2,700  | 137,026               |    |        |
| TES                           | Property Equalities Programme                           | 5      | 50 | 0      | 0  | 5      | 40 | 3      | 24 | 3      | 27 | 2      | 12 | 5      | 50 | 5      | 30 | 3      | 30 | 4      | 32 | 3      | 24 | 0                  | 0  | 319                  | 600    | 137,626               |    |        |
| HCC                           | Letham Wellbeing Hub                                    | 5      | 50 | 0      | 0  | 5      | 40 | 3      | 24 | 5      | 45 | 4      | 24 | 4      | 40 | 5      | 30 | 0      | 0  | 3      | 24 | 5      | 40 | 0                  | 0  | 317                  | 2,850  | 140,476               |    |        |
| ECS                           | Cultural Attractions                                    | 5      | 50 | 5      | 20 | 5      | 40 | 0      | 0  | 4      | 36 | 4      | 24 | 5      | 50 | 1      | 6  | 5      | 50 | 0      | 0  | 5      | 40 | 0                  | 0  | 316                  | 13,000 | 153,476               |    |        |
| ECS                           | Modernising Primaries - Life Expired Buildings          | 5      | 50 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 4      | 24 | 3      | 30 | 1      | 6  | 5      | 50 | 4      | 32 | 3      | 24 | 0                  | 0  | 315                  | 10,153 | 163,629               |    |        |
| ECS                           | Pitlochry High School - Upgrade Programme               | 5      | 50 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 4      | 24 | 3      | 30 | 1      | 6  | 3      | 30 | 4      | 32 | 5      | 40 | 0                  | 0  | 311                  | 2,814  | 166,443               |    |        |
| ECS                           | Pitlochry Primary School Replacement                    | 5      | 50 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 4      | 24 | 3      | 30 | 1      | 6  | 3      | 30 | 4      | 32 | 5      | 40 | 0                  | 0  | 311                  | 13,800 | 180,243               |    |        |
| ECS                           | North Perth Primary School Replacement                  | 5      | 50 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 4      | 24 | 3      | 30 | 1      | 6  | 3      | 30 | 4      | 32 | 5      | 40 | 0                  | 0  | 311                  | 15,750 | 195,993               |    |        |
| ECS                           | Growing Perth - New Primary School for North/West Perth | 5      | 50 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 4      | 24 | 3      | 30 | 1      | 6  | 3      | 30 | 4      | 32 | 5      | 40 | 0                  | 0  | 311                  | 9,000  | 204,993               |    |        |
| TES                           | Structures Programme - Parapets, Short Span, 40T        | 5      | 50 | 0      | 0  | 5      | 40 | 2      | 16 | 3      | 27 | 3      | 18 | 5      | 50 | 0      | 0  | 5      | 50 | 4      | 32 | 3      | 24 | 0                  | 0  | 307                  | 1,500  | 206,493               |    |        |
| DECS                          | Perth Museum & Art Gallery (PMAG)                       | 5      | 50 | 5      | 20 | 5      | 40 | 0      | 0  | 4      | 36 | 4      | 24 | 5      | 50 | 1      | 6  | 5      | 50 | 3      | 24 | 0      | 0  | 0                  | 0  | 300                  | 7,000  | 213,493               |    |        |
| DECS                          | Perth Academy - Internal Services & Refurbishments      | 5      | 50 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 4      | 24 | 3      | 30 | 1      | 6  | 3      | 30 | 4      | 32 | 3      | 24 | 0                  | 0  | 295                  | 11,287 | 224,780               |    |        |
| DECS                          | Perth Grammar - Internal Refurb/Roof                    | 5      | 50 | 0      | 0  | 5      | 40 | 4      | 32 | 3      | 27 | 4      | 24 | 3      | 30 | 1      | 6  | 3      | 30 | 4      | 32 | 3      | 24 | 0                  | 0  | 295                  | 6,900  | 231,680               |    |        |
| TES                           | Community Greenspace Sites - Refurb Programme           | 5      | 50 | 1      | 4  | 4      | 32 | 1      | 8  | 4      | 36 | 3      | 18 | 4      | 40 | 3      | 18 | 3      | 30 | 4      | 32 | 3      | 24 | 0                  | 0  | 292                  | 900    | 232,580               |    |        |
| TES                           | Comrie & Other Priority Flood Prevention Schemes (net)  | 5      | 50 | 5      | 20 | 5      | 40 | 1      | 8  | 3      | 27 | 3      | 18 | 2      | 20 | 0      | 0  | 5      | 50 | 2      | 16 | 3      | 24 | 0                  | 0  | 273                  | 6,261  | 238,841               |    |        |
| TES                           | Traffic Signals - Upgrade & Renewal Programme           | 4      | 40 | 0      | 0  | 5      | 40 | 2      | 16 | 3      | 27 | 4      | 24 | 0      | 0  | 0      | 0  | 3      | 30 | 4      | 32 | 3      | 24 | 3                  | 24 | 257                  | 300    | 239,141               |    |        |
| TES                           | Community Greenspace Cemetery Extensions                | 3      | 30 | 0      | 0  | 4      | 32 | 0      | 0  | 3      | 27 | 4      | 24 | 0      | 0  | 4      | 24 | 5      | 50 | 3      | 24 | 3      | 24 | 0                  | 0  | 235                  | 900    | 240,041               |    |        |
| TES                           | Road Safety Initiatives                                 | 4      | 40 | 0      | 0  | 3      | 24 | 0      | 0  | 3      | 27 | 1      | 6  | 0      | 0  | 0      | 0  | 3      | 30 | 4      | 32 | 0      | 0  | 0                  | 0  | 159                  | 300    | 240,341               |    |        |
| TES                           | A977 Upgrades                                           | 3      | 30 | 0      | 0  | 0      | 0  | 0      | 0  | 3      | 27 | 2      | 12 | 3      | 30 | 0      | 0  | 0      | 0  | 4      | 32 | 0      | 0  | 0                  | 0  | 131                  | 12,500 | 252,841               |    |        |

## PROPOSED COMPOSITE CAPITAL BUDGET 2016/17 to 2022/23

SUMMARY OF NET EXPENDITURE

| SERVICE                         | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|---------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| EDUCATION & CHILDREN'S SERVICES | 14,662                                   | 31,800                                   | 15,326                                   | 31,620                                   | 28,206                                   | 22,182                                   | 27,412                                   | 171,208                                                       |
| THE ENVIRONMENT SERVICE         | 39,737                                   | 56,598                                   | 41,300                                   | 45,713                                   | 47,084                                   | 49,538                                   | 19,159                                   | 299,129                                                       |
| HOUSING & COMMUNITY CARE        | 1,852                                    | 380                                      | 380                                      | 380                                      | 3,230                                    | 445                                      | 320                                      | 6,987                                                         |
| CORPORATE & DEMOCRATIC SERVICES | 2,936                                    | 3,120                                    | 2,736                                    | 1,579                                    | 1,955                                    | 2,110                                    | 2,590                                    | 17,026                                                        |
| <b>TOTAL NET BUDGET</b>         | <b>59,187</b>                            | <b>91,898</b>                            | <b>59,742</b>                            | <b>79,292</b>                            | <b>80,475</b>                            | <b>74,275</b>                            | <b>49,481</b>                            | <b>494,350</b>                                                |

| <u>EDUCATION &amp; CHILDREN'S SERVICES</u>                                          | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|-------------------------------------------------------------------------------------|--------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| <b>PROJECT/NATURE OF EXPENDITURE</b>                                                | <b>2015/16<br/>(£'000)</b>     |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| Accessibility Programme                                                             | 55                             | 100                                      | 167                                      | 150                                      | 150                                      | 255                                      | 0                                        | 0                                        | 822                                                           |
| Arts Strategy Phase 1 - Redevelopment of Perth Theatre<br>Third Party Contributions | 752<br>(164)                   | 8,373<br>(4,899)                         | 6,626<br>(1,000)                         | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 14,999<br>(5,899)                                             |
| Revenue Contribution from Reserves                                                  | (588)                          | (654)                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (654)                                                         |
| City Centre Developments<br>Third Party Contribution                                | 0                              | 200                                      | 1,000                                    | 4,000                                    | 12,000                                   | 12,800                                   | 0                                        | 0                                        | 30,000                                                        |
|                                                                                     | 0                              | 0                                        | (500)                                    | (1,000)                                  | (5,000)                                  | (3,500)                                  | 0                                        | 0                                        | (10,000)                                                      |
| MIS - Procurement & Integration                                                     | 6                              | 44                                       | 46                                       | 48                                       | 49                                       | 49                                       | 74                                       | 0                                        | 310                                                           |
| ECS Online Payments                                                                 | 0                              | 145                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 145                                                           |
| Rattray Community Facilities                                                        | 3                              | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Blaigowrie Recreation Centre - Replacement                                          | 0                              | 100                                      | 300                                      | 400                                      | 10,000                                   | 6,900                                    | 0                                        | 0                                        | 17,700                                                        |
| Children & Young People Grant Funded Expenditure                                    | 44                             | 0                                        | 0                                        | 0                                        | 1,724                                    | 0                                        | 0                                        | 0                                        | 1,724                                                         |
| Early Learning & Childcare (provisional)                                            | 124                            | 0                                        | 0                                        | 0                                        | 508                                      | 0                                        | 0                                        | 0                                        | 508                                                           |
| Free School Meals - Capital Expenditure                                             | 40                             | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| ECS IT Replacements                                                                 | 0                              | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 332                                      | 332                                      | 664                                                           |
| <u>School Modernisation Programme</u>                                               |                                |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| Modernising Primaries Programme                                                     | 86                             | 150                                      | 792                                      | 5,676                                    | 5,797                                    | 3,093                                    | 0                                        | 0                                        | 15,508                                                        |
| Alyth Primary School Upgrade Project                                                | 1,704                          | 6,283                                    | 1,123                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 7,406                                                         |
| Blackford Primary School (Developer Contribution)                                   | 0                              | 0                                        | 0                                        | 0                                        | 173                                      | 0                                        | 0                                        | 0                                        | 173                                                           |
| Kinross Primary School Upgrade Project<br>Third Party Contribution from Developers  | 84                             | 2,393                                    | 9,438                                    | 300                                      | 0                                        | 0                                        | 0                                        | 0                                        | 12,131                                                        |
|                                                                                     | 0                              | (364)                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (364)                                                         |
| Tulloch Primary School Upgrade Project<br>Third Party Contribution from Developers  | 74                             | 1,493                                    | 8,420                                    | 500                                      | 0                                        | 0                                        | 0                                        | 0                                        | 10,413                                                        |
|                                                                                     | 0                              | (326)                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (326)                                                         |
| <b>TOTAL CARRIED FORWARD</b>                                                        | <b>2,220</b>                   | <b>13,038</b>                            | <b>26,412</b>                            | <b>10,074</b>                            | <b>25,401</b>                            | <b>19,597</b>                            | <b>406</b>                               | <b>332</b>                               | <b>95,260</b>                                                 |

PERTH & KINROSS COUNCIL  
PROPOSED COMPOSITE CAPITAL BUDGET 2016/17 to 2022/23

| <u>EDUCATION &amp; CHILDREN'S SERVICES</u>                     | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|----------------------------------------------------------------|--------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| PROJECT/NATURE OF EXPENDITURE                                  | 2015/16<br>(£'000)             | 2016/17<br>(£'000)                       | 2017/18<br>(£'000)                       | 2018/19<br>(£'000)                       | 2019/20<br>(£'000)                       | 2020/21<br>(£'000)                       | 2021/22<br>(£'000)                       | 2022/23<br>(£'000)                       | 2016/17-<br>2022/23<br>(£'000)                                |
| <b>TOTAL BROUGHT FORWARD</b>                                   | 2,220                          | 13,038                                   | 26,412                                   | 10,074                                   | 25,401                                   | 19,597                                   | 406                                      | 332                                      | 95,260                                                        |
| Crieff Primary School Upgrade Project                          | 615                            | 43                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 43                                                            |
| Errol Primary School Upgrade Project                           | 1,870                          | 1,262                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 1,262                                                         |
| Third Party Contribution from Developers                       | (137)                          | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Inchture Primary School Upgrade Project                        | 27                             | 199                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 199                                                           |
| Third Party Contribution                                       | 0                              | (112)                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (112)                                                         |
| Invergowie Primary School Upgrade Project                      | 15                             | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Oudenarde - New Primary School Development                     | 0                              | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 4,617                                    | 4,617                                                         |
| Third Party Contribution from Developers                       | 0                              | (500)                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (500)                                                         |
| Oakbank Primary School Upgrade Project                         | 1,314                          | 60                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 60                                                            |
| North/West Perth - New Primary School                          | 0                              | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 500                                      | 8,500                                    | 9,000                                                         |
| North Perth Primary School Replacement                         | 0                              | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 8,000                                    | 8,000                                    | 16,000                                                        |
| Pitlochry Primary School - Replacement                         | 0                              | 0                                        | 250                                      | 250                                      | 500                                      | 5,000                                    | 7,800                                    | 0                                        | 13,800                                                        |
| Modernising Secondaries Programme                              | 417                            | 100                                      | 1,087                                    | 667                                      | 1,553                                    | 2,090                                    | 0                                        | 0                                        | 5,497                                                         |
| Perth Academy - New Sport Facilities                           | 37                             | 0                                        | 927                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 927                                                           |
| Perth Grammar School - Infrastructure/Practical Areas Upgrades | 522                            | 41                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 41                                                            |
| Perth Grammar School - Upgrade Programme (Phase 3)             | 0                              | 100                                      | 900                                      | 2,950                                    | 2,950                                    | 0                                        | 0                                        | 0                                        | 6,900                                                         |
| Perth High School Upgrade Project                              | 2,607                          | 201                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 201                                                           |
| Perth High School Internal Services & Refurbishment            | 0                              | 200                                      | 2,105                                    | 1,283                                    | 954                                      | 567                                      | 479                                      | 440                                      | 6,028                                                         |
| Revenue Contribution from Reserves                             | 0                              | (70)                                     | (735)                                    | (450)                                    | (340)                                    | (200)                                    | (165)                                    | (156)                                    | (2,116)                                                       |
| Pitlochry High school - Upgrade Programme                      | 0                              | 50                                       | 754                                      | 402                                      | 402                                      | 402                                      | 402                                      | 402                                      | 2,814                                                         |
| <b>TOTAL CARRIED FORWARD</b>                                   | 9,507                          | 14,612                                   | 31,700                                   | 15,176                                   | 31,420                                   | 27,456                                   | 17,422                                   | 22,135                                   | 159,921                                                       |

| <u>EDUCATION &amp; CHILDREN'S SERVICES</u> | Revised<br>Budget<br>20-Apr-16<br>2015/16<br>(£'000) | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|--------------------------------------------|------------------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| PROJECT/NATURE OF EXPENDITURE              |                                                      |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| <b>TOTAL BROUGHT FORWARD</b>               | 9,507                                                | 14,612                                   | 31,700                                   | 15,176                                   | 31,420                                   | 27,456                                   | 17,422                                   | 22,135                                   | 159,921                                                       |
| Perth Academy - Refurbishments             | 0                                                    | 50                                       | 100                                      | 150                                      | 200                                      | 750                                      | 4,760                                    | 5,277                                    | 11,287                                                        |
|                                            |                                                      |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| <b>TOTAL</b>                               | 9,507                                                | 14,662                                   | 31,800                                   | 15,326                                   | 31,620                                   | 28,206                                   | 22,182                                   | 27,412                                   | 171,208                                                       |

| <u>THE ENVIRONMENT SERVICE</u>                            | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|-----------------------------------------------------------|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------------------------------------|
| PROJECT/NATURE OF EXPENDITURE                             | 2015/16<br>(£'000)             | 2017/18<br>(£'000) | 2018/19<br>(£'000) | 2019/20<br>(£'000) | 2020/21<br>(£'000) | 2021/22<br>(£'000) | 2022/23<br>(£'000) |                    |                    |                                                               |
| <u>Traffic &amp; Road Safety</u>                          |                                |                    |                    |                    |                    |                    |                    |                    |                    |                                                               |
| Road Safety Initiatives (20mph zones etc)                 | 81                             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 70                                                            |
| Cycling Walking & Safer Streets                           | 422                            | 214                | 214                | 214                | 200                | 200                | 200                | 200                | 200                | 1,405                                                         |
| Scottish Government Grant - Cycling Walking Safer Streets | (223)                          | (214)              | (214)              | (214)              | (200)              | (200)              | (200)              | (200)              | (200)              | (1,405)                                                       |
| SUSTRANS Grant                                            | (185)                          | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                                                             |
| Revenue Contribution                                      | (14)                           | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                                                             |
| TACTRAN Projects - Bus Stop Infrastructure                | 4                              | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                                                             |
| <u>Asset Management - Roads &amp; Lighting</u>            |                                |                    |                    |                    |                    |                    |                    |                    |                    |                                                               |
| Structural Maintenance                                    | 7,351                          | 8,740              | 8,740              | 6,750              | 6,800              | 6,800              | 6,800              | 6,800              | 6,800              | 53,312                                                        |
| Third Party Contribution                                  | (160)                          | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                                                             |
| Street Lighting - Renewals/Upgrading/Unlit Areas          | 161                            | 161                | 161                | 161                | 150                | 0                  | 0                  | 0                  | 0                  | 794                                                           |
| Traffic Signals - Renewals/Upgrading                      | 190                            | 67                 | 68                 | 68                 | 0                  | 0                  | 0                  | 0                  | 0                  | 293                                                           |
| Unadopted Roads & Footways (Match Funding)                | 251                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 388                                                           |
| Third Party Contributions                                 | (146)                          | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | (143)                                                         |
| Footways                                                  | 345                            | 435                | 435                | 435                | 435                | 435                | 435                | 435                | 435                | 3,165                                                         |
| Road Safety Barriers                                      | 0                              | 50                 | 50                 | 50                 | 0                  | 0                  | 0                  | 0                  | 0                  | 150                                                           |
| <u>Asset Management - Bridges</u>                         |                                |                    |                    |                    |                    |                    |                    |                    |                    |                                                               |
| Port Na Craig Footbridge - Assess & Strengthening         | 0                              | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 5                                                             |
| Revenue Contribution                                      | 0                              | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | (5)                                                           |
| Bridge Refurbishment Programme                            | 0                              | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 110                                                           |
| - Kenmore                                                 | 203                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                                                             |
| - Lair Cray                                               | 27                             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                                                             |
| Revenue Contribution                                      | (4)                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                                                             |
| Short Span Bridge Replacement Programme                   | 1                              | 122                | 122                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 518                                                           |
| <b>TOTAL CARRIED FORWARD</b>                              | <b>8,304</b>                   | <b>9,575</b>       | <b>9,576</b>       | <b>7,464</b>       | <b>7,385</b>       | <b>7,235</b>       | <b>7,235</b>       | <b>7,235</b>       | <b>7,235</b>       | <b>58,657</b>                                                 |

| <u>THE ENVIRONMENT SERVICE</u>                         |  | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|--------------------------------------------------------|--|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------------------------------------|
| PROJECT/NATURE OF EXPENDITURE                          |  | 2015/16<br>(£'000)             | 2016/17<br>(£'000) | 2017/18<br>(£'000) | 2018/19<br>(£'000) | 2019/20<br>(£'000) | 2020/21<br>(£'000) | 2021/22<br>(£'000) | 2022/23<br>(£'000) |                    |                                                               |
| <b>TOTAL BROUGHT FORWARD</b>                           |  | 8,304                          | 10,187             | 9,575              | 9,576              | 7,464              | 7,385              | 7,235              | 7,235              | 58,657             |                                                               |
| Thorter Bridge Culvert                                 |  | 209                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| Vehicular Bridge Parapets Programme - Assess & Upgrade |  | 150                            | 0                  | 50                 | 50                 | 50                 | 500                | 500                | 500                | 1,650              |                                                               |
| Improvement Schemes                                    |  | 15                             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| A93 Craighall Gorge Realignment                        |  | 142                            | 54                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 54                 |                                                               |
| New Rural Footways                                     |  | 371                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| Brioch Road - Salt Storage                             |  | (38)                           | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| Revenue Contribution                                   |  | 1,650                          | 5,909              | 14,260             | 19,907             | 0                  | 0                  | 0                  | 0                  | 40,076             |                                                               |
| A9/A85 Road Junction Improvements                      |  | (45)                           | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| Gleneagles Station - Road Access Improvement Scheme    |  | 44                             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| Kenmore Retaining Wall                                 |  | (44)                           | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| Revenue Contribution                                   |  | 0                              | 0                  | 0                  | 250                | 500                | 0                  | 0                  | 0                  | 750                |                                                               |
| Road Improvements due to A9 Dualling                   |  | 0                              | 0                  | 0                  | 0                  | 23,000             | 25,000             | 30,000             | 0                  | 78,000             |                                                               |
| Perth Transport Futures                                |  | 25                             | 2                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 2                  |                                                               |
| Rural Flood Mitigation Schemes                         |  | 2,209                          | 5,000              | 8,656              | 0                  | 0                  | 0                  | 0                  | 0                  | 13,656             |                                                               |
| Lows Weir, Almondbank                                  |  | 0                              | 350                | 220                | 350                | 7,016              | 7,296              | 51                 | 0                  | 15,283             |                                                               |
| Almondbank Flood Prevention Scheme                     |  | 0                              | 85                 | 55                 | 1,629              | 10                 | 0                  | 0                  | 0                  | 1,779              |                                                               |
| Priority Flood Prevention Works                        |  | 0                              | 0                  | 145                | 95                 | 150                | 1,386              | 1,386              | 0                  | 3,162              |                                                               |
| - Comrie                                               |  | 0                              | 0                  | 0                  | 75                 | 45                 | 495                | 30                 | 0                  | 645                |                                                               |
| - Milnathort                                           |  | 0                              | (305)              | (294)              | (1,504)            | (5,055)            | (6,424)            | (1,026)            | 0                  | (14,608)           |                                                               |
| - South Kinross                                        |  | 0                              |                    |                    |                    |                    |                    |                    |                    |                    |                                                               |
| - Scone                                                |  | 0                              |                    |                    |                    |                    |                    |                    |                    |                    |                                                               |
| Scottish Government Grant                              |  | 0                              |                    |                    |                    |                    |                    |                    |                    |                    |                                                               |
| <b>TOTAL CARRIED FORWARD</b>                           |  | 12,992                         | 21,282             | 32,667             | 30,428             | 33,180             | 35,638             | 38,176             | 7,735              | 199,106            |                                                               |

| <u>THE ENVIRONMENT SERVICE</u>                     | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|----------------------------------------------------|--------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| <b>PROJECT/NATURE OF EXPENDITURE</b>               | <b>2015/16<br/>(£'000)</b>     | <b>2016/17<br/>(£'000)</b>               | <b>2017/18<br/>(£'000)</b>               | <b>2018/19<br/>(£'000)</b>               | <b>2019/20<br/>(£'000)</b>               | <b>2020/21<br/>(£'000)</b>               | <b>2021/22<br/>(£'000)</b>               | <b>2022/23<br/>(£'000)</b>               | <b>2016/17-<br/>2022/23<br/>(£'000)</b>                       |
| <b>TOTAL BROUGHT FORWARD</b>                       | <b>12,992</b>                  | <b>21,282</b>                            | <b>32,667</b>                            | <b>30,428</b>                            | <b>33,180</b>                            | <b>35,638</b>                            | <b>38,176</b>                            | <b>7,735</b>                             | <b>199,106</b>                                                |
| <u>Planning Conservation</u>                       |                                |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| Conservation of Built Heritage                     | 19                             | 419                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 419                                                           |
| Third Party Contribution                           | 0                              | (100)                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (100)                                                         |
| Kinross Town Centre Improvements                   | 1,066                          | 19                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 19                                                            |
| Third Party Contribution                           | (20)                           | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Revenue Contribution                               | (28)                           | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| <u>City Centre Projects</u>                        |                                |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| Perth City Centre Projects                         | 0                              | 0                                        | 2,182                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 2,182                                                         |
| Revenue Contribution from Reserves                 | 0                              | 0                                        | (1,200)                                  | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (1,200)                                                       |
| Mill Street Environmental Improvements             | 71                             | 1,452                                    | 1,100                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 2,552                                                         |
| Revenue Contribution (Car Parking Reserve)         | (25)                           | (360)                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (360)                                                         |
| Third Party Contribution                           | (10)                           | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Perth City Centre Place-making                     | 0                              | 0                                        | 250                                      | 1,000                                    | 3,500                                    | 2,000                                    | 2,000                                    | 1,250                                    | 10,000                                                        |
| Perth City Lighting Action Plan                    | 0                              | 0                                        | 500                                      | 1,000                                    | 1,000                                    | 1,000                                    | 1,000                                    | 500                                      | 5,000                                                         |
| <u>Community Greenspace</u>                        |                                |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| Play Areas - Improvements Implementation Strategy  | 339                            | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Third Party Contribution                           | (1)                            | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Fiends of Park Development - MacRosty Park, Crieff | 36                             | 5                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 5                                                             |
| Third Party Contribution                           | (9)                            | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Community Greenspace Sites                         | 0                              | 537                                      | 300                                      | 400                                      | 300                                      | 300                                      | 300                                      | 300                                      | 2,437                                                         |
| Third Party Contribution                           | 0                              | (45)                                     | (53)                                     | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (98)                                                          |
| Small Parks                                        | 45                             | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Heather Garden, Perth                              | 20                             | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| <b>TOTAL CARRIED FORWARD</b>                       | <b>14,495</b>                  | <b>23,209</b>                            | <b>35,746</b>                            | <b>32,828</b>                            | <b>37,980</b>                            | <b>38,938</b>                            | <b>41,476</b>                            | <b>9,785</b>                             | <b>219,962</b>                                                |



| <u>THE ENVIRONMENT SERVICE</u>                                    | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|-------------------------------------------------------------------|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------------------------------------|
| PROJECT/NATURE OF EXPENDITURE                                     | 2015/16<br>(£'000)             | 2016/17<br>(£'000) | 2017/18<br>(£'000) | 2018/19<br>(£'000) | 2019/20<br>(£'000) | 2020/21<br>(£'000) | 2021/22<br>(£'000) | 2022/23<br>(£'000) |                    |                                                               |
| <b>TOTAL BROUGHT FORWARD</b>                                      | <b>14,495</b>                  | <b>23,209</b>      | <b>35,746</b>      | <b>32,828</b>      | <b>37,980</b>      | <b>38,938</b>      | <b>41,476</b>      | <b>9,785</b>       |                    | <b>219,962</b>                                                |
| Community Greenspace Bridges<br>Revenue Contribution              | 418<br>(56)                    | 23<br>0            | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 23<br>0            |                                                               |
| Core Path Implementation<br>Revenue Contribution                  | 102<br>(4)                     | 89<br>(6)          | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 89<br>(6)          |                                                               |
| Pitlochry Recreation Park<br>Third Party Contribution             | 139<br>(15)                    | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             |                                                               |
| Alyth Environmental Improvements<br>Third Party Contribution      | 18<br>0                        | 708<br>(500)       | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 0<br>0             | 708<br>(500)       |                                                               |
| Parks Development - Riverside Masterplan                          | 106                            | 107                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 107                |                                                               |
| Waste Strategy<br>North Perth Recycling Centre                    | 0                              | 22                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 22                 |                                                               |
| Dalcrue Landfill Site                                             | 96                             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| Ladywell Landfill & Blairgowrie Transfer Station Regulatory Works | 0                              | 0                  | 250                | 0                  | 0                  | 0                  | 0                  | 0                  | 250                |                                                               |
| Support Services<br>PC Replacement & IT Upgrades                  | 167                            | 245                | 210                | 210                | 210                | 200                | 200                | 200                | 1,475              |                                                               |
| Property Division<br>DDA Adaptation & Alteration Works Programme  | 320                            | 461                | 275                | 275                | 275                | 200                | 200                | 200                | 1,886              |                                                               |
| Roof Works                                                        | 40                             | 1                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 1                  |                                                               |
| Window Replacements                                               | 108                            | 65                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 65                 |                                                               |
| Heating Upgrades/Replacements                                     | 313                            | 75                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 75                 |                                                               |
| Fire Alarm/Emergency Lights                                       | 93                             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                                                               |
| <b>TOTAL CARRIED FORWARD</b>                                      | <b>16,340</b>                  | <b>24,499</b>      | <b>36,481</b>      | <b>33,313</b>      | <b>38,465</b>      | <b>39,338</b>      | <b>41,876</b>      | <b>10,185</b>      |                    | <b>224,157</b>                                                |

PERTH & KINROSS COUNCIL  
PROPOSED COMPOSITE CAPITAL BUDGET 2016/17 to 2022/23

| <u>THE ENVIRONMENT SERVICE</u>                                        | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|-----------------------------------------------------------------------|--------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| PROJECT/NATURE OF EXPENDITURE                                         | 2015/16<br>(£'000)             |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| <b>TOTAL BROUGHT FORWARD</b>                                          | <b>16,340</b>                  | <b>24,499</b>                            | <b>36,481</b>                            | <b>33,313</b>                            | <b>38,465</b>                            | <b>39,338</b>                            | <b>41,876</b>                            | <b>10,185</b>                            | <b>224,157</b>                                                |
| Lighting Upgrades                                                     | 183                            | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Rewiring Works                                                        | 53                             | 40                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 40                                                            |
| Crematorium                                                           | 20                             | 60                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 60                                                            |
| Toilet Refurbishment                                                  | 77                             | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| General Structural Building Works                                     | 364                            | 59                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 59                                                            |
| Property Compliance Works Programme                                   | 86                             | 729                                      | 400                                      | 400                                      | 400                                      | 900                                      | 900                                      | 900                                      | 4,629                                                         |
| Capital Improvement Projects Programme                                | 0                              | 584                                      | 800                                      | 800                                      | 800                                      | 2,800                                    | 2,800                                    | 2,800                                    | 11,384                                                        |
| Life Expired Building Replacement Programme                           | 30                             | 400                                      | 1,034                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 1,434                                                         |
| Perth Academy - Infrastructure Upgrade (Phase 3)                      | 0                              | 0                                        | 0                                        | 0                                        | 1,750                                    | 0                                        | 0                                        | 0                                        | 1,750                                                         |
| Fire Audit Works - Perth Academy, Perth High, Robert Douglas Memorial | 20                             | 300                                      | 1,170                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 1,470                                                         |
| Creative Exchange (former St John's, Perth)                           | 0                              | 100                                      | 2,000                                    | 350                                      | 0                                        | 0                                        | 0                                        | 0                                        | 2,450                                                         |
| <u>Commercial Property Investment Programme</u>                       |                                |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| Fonab Business Park, Pitlochry - Site Servicing & Provision of Units  | 0                              | 210                                      | 416                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 626                                                           |
| North Muirton Industrial Estate - Site Servicing & Provision of Units | 706                            | 1,920                                    | 1,400                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 3,320                                                         |
| Western Edge, Kinross - Relief Road                                   | 7                              | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Western Edge, Kinross - Site Servicing                                | 226                            | 42                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 42                                                            |
| Crieff - Employment Land/Advance Unit Provision                       | 0                              | 0                                        | 0                                        | 350                                      | 350                                      | 0                                        | 0                                        | 0                                        | 700                                                           |
| Additional Investment in Serviced Industrial Land & Small Units       | 0                              | 0                                        | 0                                        | 50                                       | 0                                        | 0                                        | 0                                        | 0                                        | 50                                                            |
| <b>TOTAL CARRIED FORWARD</b>                                          | <b>18,112</b>                  | <b>28,943</b>                            | <b>43,701</b>                            | <b>35,263</b>                            | <b>41,765</b>                            | <b>43,038</b>                            | <b>45,576</b>                            | <b>13,885</b>                            | <b>252,171</b>                                                |

| <u>THE ENVIRONMENT SERVICE</u>                                          | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Budget | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|-------------------------------------------------------------------------|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------------------------------------|
| PROJECT/NATURE OF EXPENDITURE                                           | 2015/16<br>(£'000)             | 2016/17<br>(£'000) | 2017/18<br>(£'000) | 2018/19<br>(£'000) | 2019/20<br>(£'000) | 2020/21<br>(£'000) | 2021/22<br>(£'000) | 2022/23<br>(£'000) |                    |                                                               |
| <b>TOTAL BROUGHT FORWARD</b>                                            | 18,112                         | 28,943             | 43,701             | 35,263             | 41,765             | 43,038             | 45,576             | 13,885             |                    | 252,171                                                       |
| Creative Industries Business Incubator                                  | 0                              | 0                  | 0                  | 250                | 0                  | 0                  | 0                  | 0                  |                    | 250                                                           |
| CPI Development & Implementation                                        | 45                             | 45                 | 45                 | 45                 | 45                 | 0                  | 0                  | 0                  |                    | 180                                                           |
| Revenue Contribution                                                    | (451)                          | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                    | 0                                                             |
| <u>Prudential Borrowing</u>                                             |                                |                    |                    |                    |                    |                    |                    |                    |                    |                                                               |
| Dalcrue Landfill Site                                                   | 135                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                    | 0                                                             |
| Wheeled Bin Replacement Programme - Domestic Bins                       | 118                            | 115                | 115                | 115                | 115                | 115                | 120                | 125                |                    | 820                                                           |
| Wheeled Bin Replacement Programme - Commercial Bins                     | 9                              | 12                 | 12                 | 12                 | 12                 | 12                 | 15                 | 18                 |                    | 93                                                            |
| Wheeled Bin Replacement Programme - 140L Bins                           | 105                            | 463                | 186                | 0                  | 0                  | 0                  | 0                  | 0                  |                    | 649                                                           |
| Recycling Containers, Oil Banks & Battery Banks - Replacement Programme | 30                             | 120                | 56                 | 56                 | 56                 | 56                 | 60                 | 62                 |                    | 466                                                           |
| Capital Receipts                                                        | (1)                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                    | 0                                                             |
| Litter Bins                                                             | 50                             | 50                 | 50                 | 50                 | 50                 | 50                 | 0                  | 0                  |                    | 250                                                           |
| Vehicle Replacement Programme                                           | 1,948                          | 2,068              | 3,595              | 3,277              | 2,313              | 3,000              | 3,000              | 3,000              |                    | 20,253                                                        |
| Capital Receipts - Vehicle Disposals                                    | (271)                          | (187)              | (360)              | (327)              | (231)              | (300)              | (300)              | (300)              |                    | (2,005)                                                       |
| Third Party Contribution                                                | 0                              | (72)               | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                    | (72)                                                          |
| Energy Conservation & Carbon Reduction - Waste Reduction                | 76                             | 62                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                    | 62                                                            |
| Energy Conservation & Carbon Reduction Programme                        | 116                            | 377                | 200                | 200                | 200                | 0                  | 0                  | 0                  |                    | 977                                                           |
| Carbon Reduction Programme - Renewable Energy                           | 0                              | 400                | 275                | 275                | 275                | 0                  | 0                  | 0                  |                    | 1,225                                                         |
| Installation of Photovoltaic Units                                      | 250                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                    | 0                                                             |
| Carbon Reduction - Renewable Energy (Loch Leven Campus)                 | 0                              | 600                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |                    | 600                                                           |
| <b>TOTAL CARRIED FORWARD</b>                                            | 20,021                         | 32,996             | 47,875             | 39,216             | 44,600             | 45,971             | 48,471             | 16,790             |                    | 275,919                                                       |

| <u>THE ENVIRONMENT SERVICE</u>                                                                | Revised<br>Budget<br>20-Apr-16<br>(£'000) | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|-----------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| <b>PROJECT/NATURE OF EXPENDITURE</b>                                                          | <b>2015/16<br/>(£'000)</b>                | <b>2016/17<br/>(£'000)</b>               | <b>2017/18<br/>(£'000)</b>               | <b>2018/19<br/>(£'000)</b>               | <b>2019/20<br/>(£'000)</b>               | <b>2020/21<br/>(£'000)</b>               | <b>2021/22<br/>(£'000)</b>               | <b>2022/23<br/>(£'000)</b>               |                                                               |
| <b>TOTAL BROUGHT FORWARD</b>                                                                  | <b>20,021</b>                             | <b>32,996</b>                            | <b>47,875</b>                            | <b>39,216</b>                            | <b>44,600</b>                            | <b>45,971</b>                            | <b>48,471</b>                            | <b>16,790</b>                            | <b>275,919</b>                                                |
| Carbon Reduction - Renewable Energy (North Inch Campus)                                       | 0                                         | 550                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 550                                                           |
| Corporate Asset Management (SNAPPI)                                                           | 0                                         | 200                                      | 300                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 500                                                           |
| POP - 2 High Street - Essential Compliance & Improvement Works<br>Revenue Contribution (CEEf) | 6,625<br>0                                | 3,229<br>(90)                            | 0<br>0                                   | 0<br>0                                   | 0<br>0                                   | 0<br>0                                   | 0<br>0                                   | 0<br>0                                   | 3,229<br>(90)                                                 |
| POP - IT Hub, Carpenter House Essential & Improvement Works                                   | 1                                         | 18                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 18                                                            |
| POP - Pullar House Office Redesign & Ancillary Works                                          | 63                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Canal Street, Perth - Car Park Improvements<br>Revenue Contribution (Car Park Reserve)        | 40<br>(40)                                | 1,460<br>(960)                           | 0<br>0                                   | 0<br>0                                   | 0<br>0                                   | 0<br>0                                   | 0<br>0                                   | 0<br>0                                   | 1,460<br>(960)                                                |
| Crematorium - Memorial Garden Enhancement                                                     | 15                                        | 10                                       | 10                                       | 43                                       | 0                                        | 0                                        | 0                                        | 0                                        | 63                                                            |
| Crematorium - Abatement Works                                                                 | 0                                         | 25                                       | 2,072                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 2,097                                                         |
| Street Lighting Renewal - LED & Column Replacement                                            | 411                                       | 1,299                                    | 971                                      | 1,041                                    | 1,113                                    | 1,113                                    | 1,067                                    | 2,369                                    | 8,973                                                         |
| Perth Harbour - Dredging                                                                      | 0                                         | 0                                        | 870                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 870                                                           |
| Land Purchase & Development                                                                   | 0                                         | 0                                        | 1,000                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 1,000                                                         |
| Tay Heat Pump Network                                                                         | 0                                         | 0                                        | 3,500                                    | 1,000                                    | 0                                        | 0                                        | 0                                        | 0                                        | 4,500                                                         |
| Technology & Innovation Incubator Units                                                       | 0                                         | 1,000                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 1,000                                                         |
| <b>TOTAL</b>                                                                                  | <b>27,136</b>                             | <b>39,737</b>                            | <b>56,598</b>                            | <b>41,300</b>                            | <b>45,713</b>                            | <b>47,084</b>                            | <b>49,538</b>                            | <b>19,159</b>                            | <b>299,129</b>                                                |

PERTH & KINROSS COUNCIL  
PROPOSED COMPOSITE CAPITAL BUDGET 2016/17 to 2022/23

| <u>HOUSING &amp; COMMUNITY CARE</u>                                    | Revised<br>Budget<br>20-Apr-16<br>(£'000) | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| <u>Travellers' Sites Regeneration</u><br>Gypsy Traveller Transit Sites | 16                                        | 150                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 150                                                           |
| <u>Community Care</u><br>Housing With Care                             | 153                                       | 359                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 359                                                           |
| Gleneagles Road ARC - Development of Centre for Profound Disabilities  | 11                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Development of Day Care Services for Older People                      | 3                                         | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| JELS - Facility Service Enhancement                                    | 261                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Parkdale RHE - Refurbish Bedrooms & Communal Areas                     | 27                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Beechgrove - Refurbish Communal Areas                                  | 5                                         | 241                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 241                                                           |
| Dalweem RHE - Refurbish Communal Areas                                 | 314                                       | 336                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 336                                                           |
| Revenue Contribution                                                   | (308)                                     | (336)                                    | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | (336)                                                         |
| Developing Supported Tennancies                                        | 0                                         | 229                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 229                                                           |
| Relocation of Area Office to Former Rannoch Road Day Centre            | 594                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Refurbish & Extend Lewis Place Day Care Centre for Older People        | 10                                        | 358                                      | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 358                                                           |
| Software Licence Charges                                               | 69                                        | 100                                      | 90                                       | 90                                       | 90                                       | 90                                       | 120                                      | 70                                       | 650                                                           |
| Electronic Access to Client Records                                    | 41                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                                             |
| Occupational Therapy Equipment                                         | 263                                       | 310                                      | 250                                      | 250                                      | 250                                      | 250                                      | 250                                      | 250                                      | 1,810                                                         |
| Customer Relationship Management (CRM) System                          | 77                                        | 26                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 26                                                            |
| Council Contact Centre                                                 | 69                                        | 79                                       | 40                                       | 40                                       | 40                                       | 40                                       | 75                                       | 0                                        | 314                                                           |
| Letham wellbeing Hub                                                   | 0                                         | 0                                        | 0                                        | 0                                        | 0                                        | 2,850                                    | 0                                        | 0                                        | 2,850                                                         |
| <b>TOTAL</b>                                                           | <b>1,605</b>                              | <b>1,852</b>                             | <b>380</b>                               | <b>380</b>                               | <b>380</b>                               | <b>3,230</b>                             | <b>445</b>                               | <b>320</b>                               | <b>6,987</b>                                                  |

| <u>CORPORATE &amp; DEMOCRATIC SERVICES</u>           | Revised<br>Budget<br>20-Apr-16 | Proposed<br>Budget<br>2016/17<br>(£'000) | Proposed<br>Budget<br>2017/18<br>(£'000) | Proposed<br>Budget<br>2018/19<br>(£'000) | Proposed<br>Budget<br>2019/20<br>(£'000) | Proposed<br>Budget<br>2020/21<br>(£'000) | Proposed<br>Budget<br>2021/22<br>(£'000) | Proposed<br>Budget<br>2022/23<br>(£'000) | Proposed<br>Total<br>Budget<br>2016/17-<br>2022/23<br>(£'000) |
|------------------------------------------------------|--------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| <u>PROJECT/NATURE OF EXPENDITURE</u>                 | 2015/16<br>(£'000)             |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| <u>Information Systems and Technology</u>            |                                |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| ICT Infrastructure & Replacement & Upgrade Programme | 1,601                          | 2,151                                    | 2,141                                    | 1,871                                    | 1,579                                    | 1,955                                    | 2,110                                    | 2,590                                    | 14,397                                                        |
| Extension to EDRMS                                   | 77                             | 51                                       | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 0                                        | 51                                                            |
| <u>Prudential Borrowing</u>                          |                                |                                          |                                          |                                          |                                          |                                          |                                          |                                          |                                                               |
| Online Services & MyAccount                          | 0                              | 376                                      | 506                                      | 418                                      | 0                                        | 0                                        | 0                                        | 0                                        | 1,300                                                         |
| Mobile Working Review                                | 0                              | 358                                      | 473                                      | 447                                      | 0                                        | 0                                        | 0                                        | 0                                        | 1,278                                                         |
| <b>TOTAL</b>                                         | <b>1,678</b>                   | <b>2,936</b>                             | <b>3,120</b>                             | <b>2,736</b>                             | <b>1,579</b>                             | <b>1,955</b>                             | <b>2,110</b>                             | <b>2,590</b>                             | <b>17,026</b>                                                 |

| (£'000)                              | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Loans Fund Budget                    | 16,792  | 16,842  | 18,842  | 19,842  | 20,842  | 21,842  | 22,842  | 23,801  | 24,801  | 25,801  | 26,801  | 27,801  | 28,801  | 29,801  | 30,801  | 31,801  | 32,801  | 33,801  | 34,801  |
| Estimated General Fund Loan Charges* | 13,803  | 14,781  | 16,755  | 19,258  | 21,727  | 24,924  | 27,898  | 31,433  | 33,035  | 33,446  | 33,717  | 33,179  | 32,495  | 32,355  | 32,605  | 33,201  | 33,977  | 33,852  | 33,408  |
| Transfer To/(From) the Capital Fund  | 2,989   | 2,061   | 2,087   | 584     | (885)   | (3,082) | (5,056) | (7,632) | (8,234) | (6,999) | (6,999) | (1,063) | (1,075) | (1,068) | (1,099) | (1,109) | (1,126) | (802)   | (665)   |
| Loans Fund Budget Surplus/(Deficit)  |         |         |         |         |         |         |         |         |         | (2,724) | (6,217) | (4,315) | (2,619) | (1,466) | (705)   | (1,291) | (50)    | 751     | 2,058   |

\* based on applying Statutory Guidance

[illegible]

<sup>1</sup> New borrowing estimates are per latest Capital Monitoring to 2021/22 on the Core General Fund Programme

- 1 New borrowing estimates are per latest Capital Monitoring to 2021/22 on the Core General Fund P
- 2
- 3 Includes full provision for assumed capital budget proposals for 2020/21, 2021/22 and 2022/23
- 4
- 5 New borrowing of **£12M** each year assumed from 2023/24 on the Core General Fund Programme.
- 6
- 7 Assumes all principal repayments from 2021/22 will be on EIP basis.

[illegible]

POP control check

[illegible]

**RENEWAL & REPAIR FUND - PROPOSED BUDGET 2016/17**

|                                                      | Proposed<br>Budget<br><u>2016/17</u><br>£'000 |
|------------------------------------------------------|-----------------------------------------------|
| Opening Balance as at 1 April 2016                   | 1,233                                         |
| <u>Less Expenditure</u>                              |                                               |
| Integrated Human Resources and Payroll System        | 20                                            |
| Perth Office Programme                               | 360                                           |
| Property Maintenance                                 | 450                                           |
| King George V Hockey Pitch                           | 136                                           |
|                                                      | <hr/>                                         |
|                                                      | (966)                                         |
| <u>Add Income</u>                                    |                                               |
| Interest credited to the Fund                        | <hr/> 1                                       |
|                                                      | 1                                             |
| <b>Projected Closing Balance as at 31 March 2017</b> | <hr/> <hr/> <b>268</b>                        |



# **PERTH AND KINROSS COUNCIL** **PRUDENTIAL AND TREASURY INDICATOR LIMITS 2016/17 TO 2022/23**

## **APPENDIX VII**

### **1 RATIO OF FINANCING COSTS:NET REVENUE BUDGET**

The ratio of Capital Financing Costs, including PPP Unitary Charges, to the Council's net revenue budget shall not exceed the following limits, which are based on historical levels, and allow some headroom for movement in interest rates etc.

|                                               | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|-----------------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Prudential Limit - General Fund               | 18.00%  | 18.00%  | 18.00%  | 18.00%  | 18.00%  | 18.00%  | 18.00%  |
| Estimated Ratio of Financing Costs to Revenue | 9.06%   | 10.17%  | 11.22%  | 12.15%  | 13.00%  | 13.99%  | 15.18%  |
| Prudential Limit - HRA                        | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  |
| Estimated Ratio of Financing Costs to Revenue | 20.94%  | 22.89%  | 23.86%  | 24.81%  | 25.24%  | 26.91%  | 27.71%  |

### **2 INCREMENTAL COUNCIL TAX/HOUSING RENT FROM TOTAL CAPITAL & REVENUE PLANS**

Estimated incremental Council Tax resulting from the totality of the Council's capital and revenue plans.

|                                       | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Estimated Incremental Council Tax (£) | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |

Estimated incremental Housing Rent resulting from the totality of the Council's HRA capital and revenue plans:

|                                       | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Estimated incremental weekly rent (£) | 1.29    | 1.32    | 1.35    | 1.38    | 1.41    | 1.44    | 1.47    |

Note: there are no significant variations beyond the 7 year period to be taken into account.

### **3 GROSS & NET DEBT AND CAPITAL FINANCING REQUIREMENT**

Net external borrowing must not exceed the total capital financing requirement, to ensure that over the medium term, borrowing is only undertaken for capital purposes. The estimated total net borrowing and Capital Financing Requirement at the end of each of the years is shown below. Gross external borrowing is also shown. Borrowing figures include the amount outstanding under PPP arrangements.

|                               | 2016/17          | 2017/18          | 2018/19          | 2019/20          | 2020/21          | 2021/22          | 2022/23          |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net External Debt             | £<br>357,629,000 | £<br>410,060,000 | £<br>440,561,000 | £<br>500,352,000 | £<br>564,086,000 | £<br>597,287,000 | £<br>588,691,000 |
| Capital Financing Requirement | 456,695,000      | 520,037,000      | 550,240,000      | 598,779,000      | 658,305,000      | 699,695,000      | 709,898,000      |
| Gross External Debt           | 397,732,000      | 445,158,000      | 470,654,000      | 525,440,000      | 584,169,000      | 617,365,000      | 608,764,000      |

**PERTH AND KINROSS COUNCIL**  
**PRUDENTIAL AND TREASURY INDICATOR LIMITS 2016/17 TO 2022/23**  
**APPENDIX VII**

**4 ESTIMATES OF CAPITAL EXPENDITURE**

The total estimated Capital Expenditure contained within the Council's Budgets for each year is as follows:

|                                     | 2016/17    | 2017/18     | 2018/19    | 2019/20     | 2020/21     | 2021/22    | 2022/23    |
|-------------------------------------|------------|-------------|------------|-------------|-------------|------------|------------|
| Composite Programme                 | £          | £           | £          | £           | £           | £          | £          |
| PPP Expenditure Programme           | 71,384,000 | 98,254,000  | 65,237,000 | 92,132,000  | 93,099,000  | 77,966,000 | 52,137,000 |
| HRA                                 | 0          | 0           | 0          | 0           | 0           | 0          | 0          |
|                                     | 19,681,000 | 15,605,000  | 13,431,000 | 9,220,000   | 24,443,000  | 15,000,000 | 12,000,000 |
| Total Estimated Capital Expenditure | 91,065,000 | 113,859,000 | 78,668,000 | 101,352,000 | 117,542,000 | 92,966,000 | 64,137,000 |

**5 ESTIMATE OF CAPITAL FINANCING REQUIREMENT OF YEAR**

The estimate of the Capital Financing Requirement (ie new borrowing requirement for Capital Expenditure) for each year based on these plans is as follows:

|                                         | 2016/17    | 2017/18    | 2018/19    | 2019/20    | 2020/21    | 2021/22    | 2022/23    |
|-----------------------------------------|------------|------------|------------|------------|------------|------------|------------|
| Composite Programme                     | £          | £          | £          | £          | £          | £          | £          |
| PPP Programme                           | 44,485,000 | 70,642,000 | 43,104,000 | 67,625,000 | 65,560,000 | 59,160,000 | 34,109,000 |
| HRA                                     | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
|                                         | 15,490,000 | 12,198,000 | 9,644,000  | 5,345,000  | 20,246,000 | 10,500,000 | 7,500,000  |
| Estimated Capital Financing Requirement | 59,975,000 | 82,840,000 | 52,748,000 | 72,970,000 | 85,806,000 | 69,660,000 | 41,609,000 |

The total Capital Financing Requirement (ie including all prior years outstanding capital expenditure to be financed by borrowing) is shown above under indicator No.3

**6 EXTERNAL DEBT (GROSS)**

The estimated maximum total external debt (gross of investments and including amounts outstanding under PPP arrangements) based on the Council's plans for each of the years is as follows:

The Operational Boundary estimates the most likely level of borrowing based on the Council's plans. It is therefore likely that throughout the year the actual level of borrowing may be above or below the Operational Boundary due to uneven cashflows.

|                             | 2016/17     | 2017/18     | 2018/19     | 2019/20     | 2020/21     | 2021/22     | 2022/23     |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Operational Boundary        | £           | £           | £           | £           | £           | £           | £           |
| Gross External Borrowing    | 280,278,000 | 331,940,000 | 361,672,000 | 420,694,000 | 484,104,000 | 521,981,000 | 518,062,000 |
| Other Long Term Liabilities | 117,454,000 | 113,218,000 | 108,982,000 | 104,746,000 | 100,065,000 | 95,384,000  | 90,702,000  |
| TOTAL OPERATIONAL BOUNDARY  | 397,732,000 | 445,158,000 | 470,654,000 | 525,440,000 | 584,169,000 | 617,365,000 | 608,764,000 |

The Authorised Limit for total external debt (gross of investments) is as shown above which allows some headroom over the Operational Boundary above in the event of exceptional cashflows, eg when debt restructuring, or in the event of unforeseen circumstances.

| Authorised Limit              | 2016/17            | 2017/18            | 2018/19            | 2019/20            | 2020/21            | 2021/22            | 2022/23            |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                               | £                  | £                  | £                  | £                  | £                  | £                  | £                  |
| Gross External Borrowing      | 522,546,000        | 526,782,000        | 531,018,000        | 535,254,000        | 539,935,000        | 544,616,000        | 549,298,000        |
| Other Long Term Liabilities   | 117,454,000        | 113,218,000        | 108,982,000        | 104,746,000        | 100,065,000        | 95,384,000         | 90,702,000         |
| <b>TOTAL AUTHORISED LIMIT</b> | <b>640,000,000</b> | <b>640,000,000</b> | <b>640,000,000</b> | <b>640,000,000</b> | <b>640,000,000</b> | <b>640,000,000</b> | <b>640,000,000</b> |

## 7 ADOPTION OF THE CIPFA CODE OF PRACTICE FOR TREASURY MANAGEMENT

The Council has fully adopted and complies with the CIPFA Code of Practice for Treasury Management in the Public Services (revised 2011).

## INTEREST RATE EXPOSURES

The upper limits for the Council's exposure to changes in interest rates, for both fixed and variable rate debt is as shown below. This reflects the proportion of the Council's total debt which will be at each type of interest rate. The following limits have been set to give maximum flexibility during periods when interest rates are either forecast to rise or fall, thereby allowing the Council to review its borrowing strategy accordingly.

|                                            | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--------------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Estimated Fixed Rate Debt/Gross Debt       | 88.3%   | 89.6%   | 90.2%   | 91.3%   | 92.2%   | 92.6%   | 92.5%   |
| Upper limit on Fixed Interest Rate Debt    | 100%    | 100%    | 100%    | 100%    | 100%    | 100%    | 100%    |
| Estimated Variable Rate Debt/Net Debt      | 1.8%    | 2.8%    | 3.6%    | 4.1%    | 4.6%    | 4.3%    | 4.4%    |
| Upper limit on Variable Interest Rate Debt | 35%     | 35%     | 35%     | 35%     | 35%     | 35%     | 35%     |

## 9 MATURITY STRUCTURE

The lower and upper limit for the proportion of the Council's total fixed rate debt which matures in each of the time bandings below, and is therefore subject to refinancing at the prevailing market rates, is as follows:

| Fixed Rate Borrowing Maturity Structure | Lower Limit | Upper Limit | Estimated |
|-----------------------------------------|-------------|-------------|-----------|
| Under 12 months                         | 0%          | 35%         | 4.9%      |
| over 12 months and < 24 months          | 0%          | 35%         | 3.8%      |
| over 2 years and < 5 years              | 0%          | 50%         | 13.3%     |
| over 5 years and < 10 years             | 0%          | 75%         | 16.8%     |
| over 10 years                           | 10%         | 95%         | 61.2%     |

**PERTH AND KINROSS COUNCIL**  
**PRUDENTIAL AND TREASURY INDICATOR LIMITS 2016/17 TO 2022/23**  
**APPENDIX VII**

**10 PRINCIPAL SUMS INVESTED LONGER THAN ONE YEAR**

The upper limit for the Council's investments invested for a period longer than 1 year is as follows:

|                                      | 2016/17         | 2017/18         | 2018/19         | 2019/20         | 2020/21         | 2021/22         | 2022/23         |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sums invested for longer than 1 year | £<br>10,000,000 | £<br>10,000,000 | £<br>10,000,000 | £<br>10,000,000 | £<br>10,000,000 | £<br>10,000,000 | £<br>10,000,000 |

## PERTH AND KINROSS COUNCIL

22 June 2016

**DEVELOPING THE CULTURAL OFFER IN PERTH AND KINROSS  
UPDATE AND NEXT STEPS**

**Report by Senior Depute Chief Executive (Equality, Community Planning & Public Service Reform) and Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development)**

This report updates Council on the outcome of options appraisal to identify an appropriate site for a major new visual arts attraction and cultural space in Perth; provides further details on capital costs of this development plus the proposed transformation of Perth Museum and Art Gallery; and sets out proposed next steps.

**1. BACKGROUND/MAIN ISSUES**

- 1.1 Report [14/438](#) to Full Council set out the key findings from initial market appraisal of cultural tourism in Perth and Kinross to guide future strategic priorities, including capital investment priorities.
- 1.2 Report [15/293](#) set out our long term strategy to respond to the market opportunity and challenge for Perth. This made clear that no single new attraction will address the opportunity and the challenge; that any new investment must be of significant national significance to build visitors from outwith the area (complemented by future infrastructure investment by the public and private sector to improve accessibility, the quality of public realm and to enhance the retail and tourist accommodation offer). Two new cultural attractions were proposed as part of the strategic response: the transformation of Perth Museum and Art Gallery showcasing the 'Ancient Roots' narrative and a major new visual arts venue and social space, focusing on the 'Modern Scots' narrative. This emphasis on different 'Perthshire Pioneers' would enable both attractions to refresh the visitor offer regularly with temporary exhibitions and touring product.
- 1.3 Report P216/77 summarised conclusions from outline business cases completed for the two proposed new attractions and conclusions from further interrogation of visitor market data, to ensure visitor number projections (and ensuing business case assumptions) are sufficiently robust.
- 1.4 Council instructed the Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform) and Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) to:
  - progress site options appraisal for the new visual arts attraction either through development of an existing building or on a location on a new site;
  - to prepare the funding strategy and outline project timelines to support further stakeholder dialogue; and
  - provide a further update to Council in June 2016.

## 2. PROPOSALS

### Perth Museum and Art Gallery

- 2.1 The costs included in the Outline Business Case presented to Council in report P216/77 for the redevelopment of Perth Museum and Art Gallery indicated a range of £6.75 - £12.5M capital development costs including £1.75 - £2.3M for enabling works..

### New visual arts attraction

- 2.2 A site options appraisal to identify a suitable location for the new visual arts attraction has been completed. A number of options were included to enable a full analysis to be undertaken. A summary of the key findings is attached at **Appendix 1**. The full consultant's report is available [here](#).
- 2.3 The overarching selection criteria included regeneration benefits, proximity to other city centre attractions, risks associated with planning requirements, a site with the potential to accommodate a building of approximately 2,100m<sup>2</sup>, and being highly accessible. Analysis of potential sites within Perth undertaken by the consultants identified three site options for further investigation, which are identified in the City Plan as potential future development sites:
- The Lesser South Inch
  - The Sheriff Court and adjacent car park
  - The City Hall
- 2.4 The options appraisal has identified City Hall as the preferred site based on its ability to satisfy the agreed selection criteria because:
- It is able to meet the accommodation requirements
  - It is a building already in the Council's ownership
  - It is right in the heart of the city centre
  - It has already secured Historic Environment Scotland support in principle for a conversion
  - The building and the surrounding space is capable of being used as a cultural and social space which will deliver significant economic benefits across the City Centre.
- 2.5 **Appendix 2** outlines the economic benefits derived from the re-use of the City Hall as the visual arts attraction.
- 2.6 The costs for the new attraction included in the OBC presented to Council in report P216/77 indicated a range of £15 - 20M capital development costs. This was included in the Council's medium term financial plan and, as such, has been included in the Council's capital programme.
- 2.7 Report 15/293 included outline business cases for the new attraction showing a total net annual operating cost in the range of £620,000 per annum (net of anticipated earned income of £989,000 pa). The current annual operating cost for Perth Museum and Art Gallery and the Fergusson Gallery is £910,000 per annum. The additional revenue requirement will require to be considered as part of the Council's budget process as Full Business Cases for both the new attraction and the proposed transformation of Perth Museum and Art Gallery are developed.

- 2.8 The total capital requirement for both projects is assessed as approximately £30M. The funding strategy proposed is as follows:
- Perth and Kinross Council: £20M
  - External funding: £10M
- 2.9 It is anticipated that external funding could be accessed through the proposed Tay Cities Deal, Heritage Lottery Fund and other organisations.
- 2.10 **Appendix 3** sets out the outline timelines for development of both facilities, with indicative opening dates of 2020. Subject to approval of the recommendations in this report, detailed discussions with potential key funders will now commence.
- 2.11 In addition, discussions need to start with key stakeholders about major loans and exhibition product, to be presented in the new facilities as part of the wider public cultural programme delivery in Perth.

### 3. CONCLUSION AND RECOMMENDATIONS

- 3.1 The City Plan identifies a number of Big Moves to help Perth become one of Europe's Great Small Cities. Big Move 7 highlights the opportunity to invest in Perth's own cultural assets and showcase its unique place at the heart of Scotland's story, including by:
- Establishing a compelling narrative to showcase the city's permanent collections, including the works by JD Fergusson
  - Partnering with national institutions to secure long-term loans relevant to the 'Ancient Roots, Modern Scots' concept summarised at para 1.2
  - Developing a year-round programme of major, international standard temporary exhibitions which continually refresh the visitor offer, create regular/return visits including from local audiences and develop new audiences from the domestic and overseas visitor markets
  - Enabling the delivery of strong lifelong learning and community programmes which support the aim of making culture part of the social and everyday fabric of the city
  - Investing in accommodation by re-use of existing buildings or new-build to reimagine the city centre as a vibrant social, civic and community space which extends its attraction to visitors beyond retail and food and drink and helps develop the night time economy..
- 3.2 The options appraisal identifies the preferred option as the City Hall as it provides the best overall size, location and setting to deliver a major cultural attraction. The combination of a re-purposed Perth Museum & Art Gallery and a modern visual arts venue housed in a re-modelled City Hall will make a significant cultural and economic contribution to Perth; and strengthen the region's position as a key visitor destination.

3.3 It is recommended that the Council:

- i. Considers the City Hall as the preferred location for development of the new cultural attraction in Perth.
- ii. Notes the anticipated capital development costs for this and Perth Museum and Art Gallery, and the proposed funding base for the capital costs.
- iii. Instructs the Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) to identify the best route to design and procure both cultural attractions.
- iv. Instructs the Senior Depute Chief Executive to explore funding options for the capital costs of both projects.
- v. Instructs the Senior Depute Chief Executive to develop outline public programme proposals and approach relevant bodies for support as appropriate
- vi. Instructs the Senior Depute Chief Executive and Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) to bring back update reports, including revenue budget implications.

**Author**

| <b>Name</b>      | <b>Designation</b>                                            | <b>Contact Details</b> |
|------------------|---------------------------------------------------------------|------------------------|
| Fiona Robertson  | Head of Public Service Reform, Culture and Community Services | Ext. 76270             |
| David Littlejohn | Head of Planning & Development                                | Ext. 75303             |

**Approved**

| <b>Name</b>   | <b>Designation</b>                                                                              | <b>Date</b> |
|---------------|-------------------------------------------------------------------------------------------------|-------------|
| John Fyffe    | Senior Depute Chief Executive, ECS (Equality, Community Planning & Public Service Reform)       | 9 June 2016 |
| Jim Valentine | Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) | 9 June 2016 |

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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>Yes</b>        |
| Asset Management (land, property, IST)              | <b>None</b>       |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>None</b>       |
| Strategic Environmental Assessment                  | <b>None</b>       |
| Sustainability (community, economic, environmental) | <b>None</b>       |
| Legal and Governance                                | <b>None</b>       |
| Risk                                                | <b>None</b>       |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>Yes</b>        |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>No</b>         |

### 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 financial implications relating to this report. These are detailed in paras 2.6, 2.7 and 2.8.

### Workforce

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

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

- 2.3 There are asset management issues arising from this report. These are detailed in Appendix 1.

## **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.

This section should reflect that the proposals have been considered under the Act and no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

### Sustainability

- 3.3 None.

### Legal and Governance

- 3.4 There are no legal and governance implications to this report.

### Risk

- 3.5. 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
- Head of Planning and Development
- Head of Property Services

##### External

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

- Scottish Government
- Creative Scotland
- Historic Environment Scotland
- Chair, City Development Board
- Chair, Culture Perth and Kinross
- Scottish Court Service

#### **5. Communication**

5.1 A Communications Plan will be prepared to support the development of the capital projects outlined in this report and the preparation of Perth's bid for UK City of Culture 2021, for implementation from mid-2016 onwards.

#### **6. BACKGROUND PAPERS**

None.

#### **7. APPENDICES**

**Appendix 1** – Site Options Appraisal – new visual arts attraction

**Appendix 2** - Economic Impact Appraisal

**Appendix 3** – Outline timeline for development of Perth Museum and Art Gallery and new visual arts attraction.

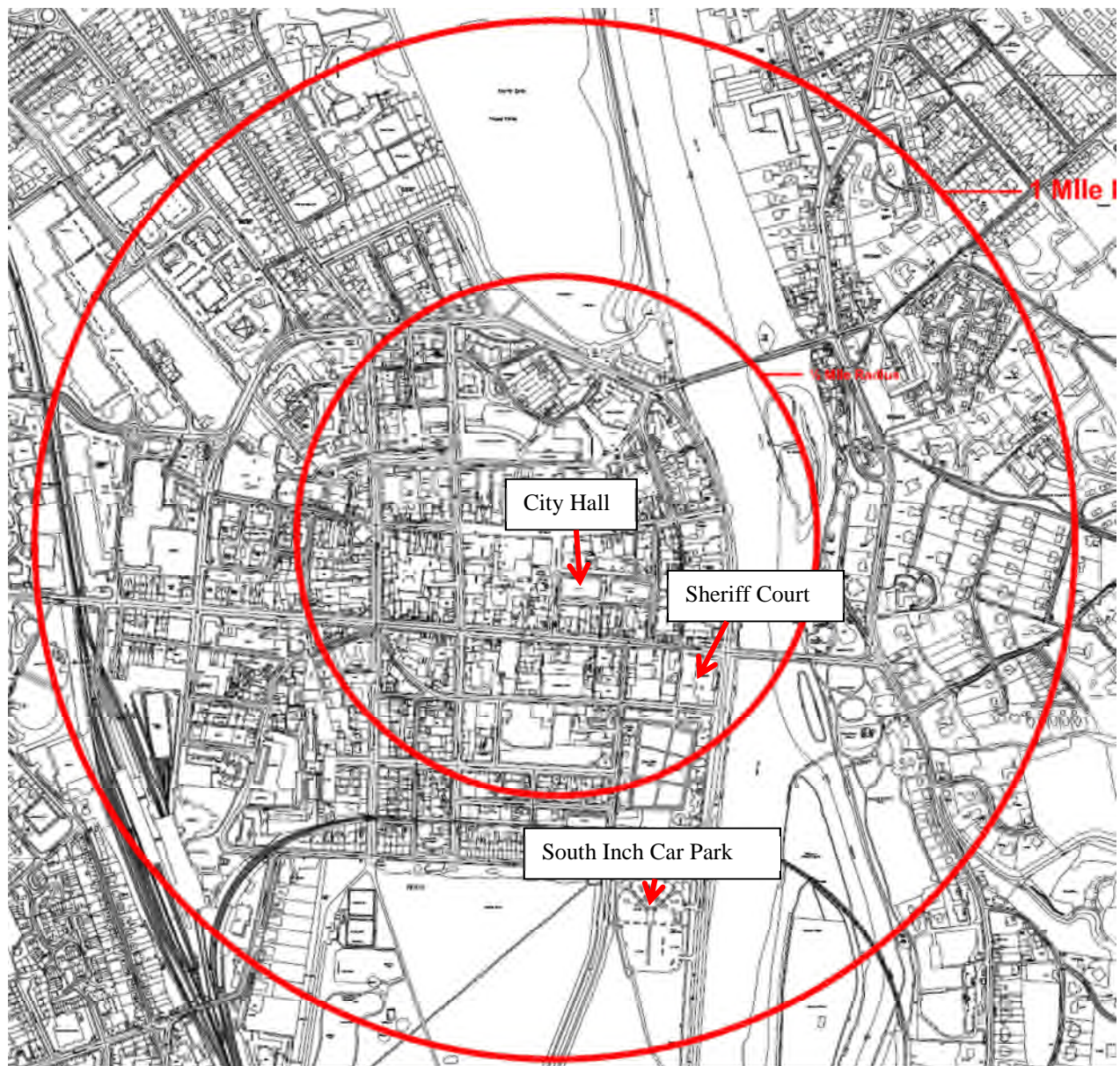


### Site Options Appraisal

The following Site Options have been identified from the assessment undertaken to establish site locations in Perth City Centre, with the following selection criteria:

- 5-10 minute walk from High Street/St John's Shopping Centre
- 2.5-4 acre size site
- Good access routes
- Parking in close proximity or space for parking provision

The map below highlights the various sites explored in the following sections of the report:



The following sections provide a background summary of each identified site.

## 1. City Hall, Perth

The City Hall is in the ownership of Perth & Kinross Council and closed its doors in 2005, subsequently lying unoccupied for approximately 11 years, while a protracted process of public consultation and bid evaluation processes were undertaken.

The City Hall is located immediately adjacent to the High Street and St John's Shopping Centre and is surrounded by small bars, restaurants and St John's Kirk. The roads are cobbled streets and are in generally reasonable condition, albeit requiring some level of repair and maintenance.

The building is Grade B Listed and therefore afforded a level of protection through the Listed Building process to amend, alter or demolish. This listing extends to the entire building fabric, however the listing may allow a certain level of "intervention" that may allow the building to be subdivided, developed, altered, amended etc. to suit the proposed use.

Historic Environment Scotland definition of Listed Buildings:

Buildings are put into one of three listing categories according to their relative importance. These categories are advisory and have no statutory status. All categories are treated equally under the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997.

**Category A**

Buildings of national or international importance, either architectural or historic; or fine, little-altered examples of some particular period, style or building type. (About 8% of total listed buildings.)

**Category B**

Buildings of regional or more than local importance; or major examples of some particular period, style or building type, which may have been altered. (About 50% of total listed buildings.)

**Category C**

Buildings of local importance; lesser examples of any period, style, or building type, as originally constructed or moderately altered; and simple, traditional buildings that group well with other listed buildings. (About 42% of total listed buildings.)

It is noted that the building is locked into a defined area with historic buildings surrounding the City Hall, preventing an on-site car park to be created. It is, however, noted that the site benefits from close proximity to Canal Street Multi-Storey Car Park, which is due for refurbishment in Autumn 2016, with capacity for 340 cars. There is further parking at The South Inch car park with capacity for 440 cars.

## 2. South Inch – Car Park

The South Inch Car Park site is located on the periphery of the city centre and is a 10 minute walk from the city centre. The site is an existing large ground level car park with capacity for 440 cars. It has easy access routes from all directions and there is sufficient surrounding land to replicate the existing car park, or alternatively construct a building adjacent to the existing car park and re-allocate the car park to serve the new cultural building.

The South Inch site is of historic value due to the location being the site of Cromwell's Citadel, which has been researched and interpreted in local displays.

It is generally unknown to what extent any existing features of the Citadel remain under the existing car park surface and this would require thorough archaeological investigation at the outset. It is possible that this could be done as enabling works, the results of which would be used to define the building orientation, location, footprint or specialised building features to display or avoid specific historic features.

It is understood that the land at the South Inch forms part of the Common Good Fund; although this does not preclude the land from development for the people of Perth & Kinross, this would require careful planning and negotiation.

Due to the location and lack of development in the immediate area, it is likely that new services will need to be brought in to service the building.

### **3. Sheriff Court (Tay Street)**

The Sheriff Court on Tay Street was being considered as a viable option due to size and location. However initial discussions have confirmed that the Scottish Court Service have no intentions of site rationalisation within the Perth & Kinross area, with them citing the Sheriff Court as being particularly busy and a requirement for the area.

This option has therefore been discounted and will not be progressed.

## Selection Criteria

### Key Considerations

The following table seeks to identify the selection criteria to be used to inform the importance in site selection within the City Centre locations identified. Each Criteria of equal weighting has been marked out of 5, with 5 being allocated to the highest and others ranked accordingly down to 1 for the lowest mark against those criteria. The site with the highest allocation should be assessed for detailed viability for development to create the new Heritage offering in Perth City Centre.

| Selection Criteria                                              | City Hall | South Inch – Car Park | Sheriff Court – Tay Street |
|-----------------------------------------------------------------|-----------|-----------------------|----------------------------|
| Regeneration Benefits                                           | 5         | 2                     | 3                          |
| Proximity to City Centre                                        | 5         | 2                     | 3                          |
| Transportation/Travel Links                                     | 5         | 3                     | 3                          |
| Planning Risks (e.g. SEPA, HES, etc)                            | 4         | 1                     | 3                          |
| Ownership/ Availability/ Land Title                             | 5         | 4                     | 1                          |
| Location/Buildability – site conditions and accessibility       | 2         | 5                     | 3                          |
| Heritage                                                        | 5         | 3                     | 4                          |
| Utilities (drainage, power, gas, data)                          | 4         | 2                     | 1                          |
| Parking on Site or proximity to suitable car parking facilities | 5         | 4                     | 3                          |
| <b>TOTAL</b>                                                    | <b>40</b> | <b>26</b>             | <b>24</b>                  |



# Bellerby Economics

## Economic Impact Assessment of Proposed Perth Visual Arts Attraction

Report for Perth & Kinross Council

April 2016

# Bellerby Economics

# Bellerby Economics

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# Bellerby Economics

## Executive Summary

### Introduction

Perth and Kinross Council commissioned Bellerby Economics to conduct an economic impact appraisal (EIA) of the proposed Perth Visual Arts Attraction. The aim of the study is to provide PKC with an assessment of the:

- economic benefits that will be provided by the proposed Perth Visual Arts Attraction on an annual basis; and
- economic benefits that will accrue to the construction sector during the refurbishment/construction phase of the proposed Perth Visual Arts Attraction.

### Source of Economic Benefits

The economic benefits of the proposed Perth Visual Arts Attraction will come from three sources:

- Direct Impacts - direct employment within the Attraction - these benefits will accrue every year of operation;
- Visitor Impacts - employment in the wider economy supported by the expenditure of visitors - in bars, restaurants, retail etc - after they have visited the proposed Perth Visual Arts Attraction - these benefits will accrue every year of operation; and
- Construction sector - economic impacts during the refurbishment phase of the project - these will be time limited benefits and will end when the Attraction opens for business.

### Gross Economic Benefits

Table A presents a summary of the gross impact resulting from the proposed Perth Visual Arts Attraction.

| Table A: Gross Employment Impacts |                           |
|-----------------------------------|---------------------------|
|                                   | <b>Gross Jobs</b>         |
| Direct Impacts                    | 35 FTEs                   |
| Visitor Impacts                   | 112 - 142 FTEs            |
| Construction Impacts              | 12.2 FTEs                 |
| <b>Total</b>                      | <b>159.2 - 189.2 FTEs</b> |

### Net Additional Economic Benefits

It is the net impacts that represent the true impact of the development as they focus on the net additional economic benefits that will accrue to Perth & Kinross from the Perth Visual Arts Attraction.

The net additional economic benefits discount the outputs/outcomes that:

- would have been secured without the Perth Visual Arts Attraction - known as deadweight;
- reduce outputs/outcomes elsewhere in Perth/Scotland - known as displacement; and

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# Bellerby Economics

- benefit those who live outside P&K - known as leakage.

We then add in the further economic activity (e.g. jobs, expenditure or income) associated with additional income to those employed by the Attraction and/or with local supplier purchases - known as multipliers.

As there is a degree of uncertainty as to the value of deadweight and displacement factors we have applied *best* and *worst* case scenarios - the net impact calculations therefore are a range of jobs and GVA (Gross Value Added) impacts.

**Table B** details the net additional benefits resulting from the proposed Visual; Arts Attraction.

| Table B: Net Additional Economic Impacts |                    |                   |
|------------------------------------------|--------------------|-------------------|
|                                          | P&K                | Scotland          |
| Annual Jobs Impact                       | 85 FTEs - 114 FTEs | 42 FTEs - 53 FTEs |
| Construction Sector One Off Jobs Impact  | 11 FTEs            | 10 FTEs           |
| Annual GVA                               | £1.85m - £2.45m    | £1.02m - £1.24m   |
| Construction Sector One Off GVA          | £0.58m             | £0.5m             |

## Touring Exhibitions

Special touring exhibitions of a UK/international significance hosted at the proposed Visual Arts Attraction are likely to attract significant additional non-local visitors to Perth. A conservative estimate is that a touring exhibitions of a UK/international significance could draw 50,000 additional visitors to Perth, resulting in the following net economic benefits.

| Table C: Net Additional Economic Impacts - Exhibitions |         |          |
|--------------------------------------------------------|---------|----------|
|                                                        | P&K     | Scotland |
| Additional Jobs Impact                                 | 59 FTEs | 41 FTEs  |
| Additional GVA                                         | £1.1m   | £0.8m    |

## 1. Introduction

### 1.1 Background

Perth & Kinross Council has over the past decade sought to find an appropriate and financially viable solution in relation to Perth City Hall, which will bring vibrancy to the city centre, either in the re-use of the Hall or an alternative use of the site.

This process has been somewhat protracted, reflecting the challenges inherent in finding an alternative use for the building. In 2005 the Hall became vacant and a consultation and tender process took place, which led to a plan for a mixed use retail development, which was given the go-ahead by the Council. However, by 2009 the development had failed to materialise. This was due to the inability of the developer to secure funding; the property market had changed following the global credit crunch and there was no longer a market for such a development.

In 2010 Locum and Colliers<sup>1</sup> produced an independent assessment of the current and foreseeable economic climate. The report confirmed that the demolition of City Hall and the creation of a civic square was the most beneficial option for the local economy. This was the option favoured by the local population and business community - a survey of public opinion attracted 2,502 responses, and showed that 57% of the public, 69% of businesses and 58% of market and event organisers supported the creation of a public space following full or partial demolition of the City Hall. In 2011 the Council gave planning consent for the Square.

However, due to its listed building status, a consent to demolish the City Hall was required by Historic Scotland, and this was refused in 2012. In 2013 the Council decided to remarket the building, following Historic Scotland's decision that more evidence was required to demonstrate that there was no viable use for the City Hall.

After a 15 month period, only one bid was received - from Perth City Market Trust (PCMT). An independent assessment raised significant concerns regarding the ability of PCMT to deliver the project. Further proposals were received in 2014 and 2015 following further remarketing of the Hall. Five proposals were received for the redevelopment of the Hall, with an independent assessment that three of the bids were non-compliant with the specific guidelines outlined as part of the marketing process.

The remaining two bids were brought forward for consideration and at a meeting in October 2015 Councillors agreed to select Perth Market Place Ltd (PMP) as the preferred bidder, and set four pre-conditions which had to be met before the lease terms could be brought back to the Council for agreement.

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<sup>1</sup> Perth City Square - Assessment of Economic Impact.

# Bellerby Economics

On 24<sup>th</sup> February 2016 Councillors were informed that the bidder had not fully met these pre-conditions and were asked to make a decision on the next steps. Following discussion Councillors agreed to suspend negotiations with PMP and instructed the Depute Chief Executive (Sustainability, Strategic & Entrepreneurial Development) to explore all options available to the Council in respect of use of the site and to bring forward a report to the next Council meeting in May 2016.

Council officials have been engaged in a separate and confidential piece of work, and has examined options and focus for a visual arts gallery. Options have included: a new build; development of the existing Perth Museum and Art Gallery (including a physical link to the adjacent Concert Hall); and redevelopment of Perth City Hall. Elected Members are keen that this last option is now considered. Jura Consultants have investigated the visitor attraction concept including competitor analysis, thematic approaches and content, visitation projections, redevelopment costs etc.

As part of the process to take things forward Council officials have been asked to consider the economic impact of the redevelopment of the City Hall as this new cultural attraction, taking account of construction phase impacts and projected visitation levels.

In March 2016 Bellerby Economics were commissioned to conduct an economic impact appraisal (EIA) of the proposed Visual Arts Attraction.

## 1.2 The Proposed Visual Arts Attraction

The Action Plan for Perth City<sup>2</sup> published by Invest in Perth in 2013 sets out a vision for the future development of the City. Among the strategic themes was a desire to develop the existing cultural offer in Perth and explore the possibility for “new national facilities”, maximising Perth’s position, geographically and historically, at ‘the heart of Scotland’. Jura Consultants and StudioArc Design Consultants were commissioned in 2014 to deliver a study on the feasibility of a new cultural attraction for Perth and Kinross.

The study concluded that there was a considerable but largely unrealised visitor market. However, it was noted that the strategic response to the visitor market opportunity would not be met fully by a single visitor attraction and that additional interventions would have to be considered. A subsequent study by Jura Consultants and StudioArc Design Consultants concluded that developing Perth’s cultural offer would require not only a new attraction but also a redevelopment of the Perth Museum and Art Gallery.

The core elements of the new attraction - which could be housed within Perth City Hall - will comprise:

- Permanent Collection Exhibition: Main Gallery and Satellite Galleries;
- Temporary Galleries and Create Studio;
- Learning and Education Suite;
- Archive and Research Centre;

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<sup>2</sup> Available at <http://www.pkc.gov.uk/CHttpHandler.ashx?id=19634>



- Office space;
- Café; and
- Retail Gift Shop.

## 1.3 Study Objectives

The aim of this study is to provide PKC with an assessment of the:

- annual economic benefits that will be provided by the proposed Visual Arts Attraction; and
- one off construction sector benefits that will accrue during the refurbishment/construction phase of the proposed Visual Arts Attraction.

## 1.4 Method

The method adopted in conducting the study included:

- desk based review of relevant documents to understand the:
  - background, objectives and scale of the proposed Visual Arts Attraction
- consultations with Jura Consultants to discuss a range of issues around visitor numbers and capital costs; and:
- development of an economic impact model to measure the economic impact on:
  - direct employment within the Attraction
  - employment in the wider economy resulting from spend by visitors
  - the construction sector.

## 1.5 Structure of the Report

The remainder of the report is structured as follows:

- **Chapter 2** presents a detailed method statement for the appraisal;
- **Chapter 3** presents the economic impact appraisal and GVA calculations for the proposed Visual Arts Attraction;
- **Chapter 4** highlights the additional economic impacts of hosting touring exhibitions of UK/international standing; and
- **Chapter 5** presents a brief set of conclusions organised around the study objectives.

## 2. Method

### 2.1 Sources of Economic Impact

#### Introduction

The impact on the P&K and national economy of the proposed Perth Visual Arts Attraction will come from three sources:

- **Direct Impacts** - direct employment within the Perth Visual Arts Attraction - these benefits will accrue annually;
- **Visitor Impacts** - employment in the wider economy supported by the expenditure of visitors to Perth drawn by the Visual Arts Attraction - these benefits will accrue annually; and
- **Construction sector** - employment within the construction during the construction/refurbishment phase of the Visual Arts Attraction - these benefits will end when the Attraction is ready for opening.

#### Direct Impacts

To estimate the direct employment within the proposed Visual Arts Attraction it is standard practice to apply average floor space measurements per person - referred to as employment densities. The employment density is a measure of the intensity of use and indicates how much space a person uses within the workplace.

However, in this case, Jura Consultants' *Outline Business Case* report estimates that the staffing levels required to operate the proposed Visual Arts Attraction will be **35 FTEs**, distributed as detailed below.

**Table 2.1: Staffing Levels**

| Staff                                | Number of FTEs |
|--------------------------------------|----------------|
| Lead Curator                         | 1              |
| Curator                              | 1              |
| Curatorial Assistant                 | 1              |
| Learning & Outreach Manager          | 1              |
| Learning & Outreach Assistant        | 1              |
| Estates Manager                      | 1              |
| Front of House                       | 8              |
| Technicians                          | 2              |
| Security                             | 3              |
| Retail Manager                       | 1              |
| Retail Assistant                     | 4              |
| Catering Manager                     | 1              |
| Catering Supervisor                  | 2              |
| Catering Assistants                  | 4              |
| Events Manager                       | 1              |
| Marketing & Communications Manager   | 1              |
| Finance/Admin Assistant              | 1              |
| Marketing & Communications Assistant | 1              |
| <b>Total</b>                         | <b>35</b>      |

## Visitor Impacts

The Jura Consultants' *Outline Business Case* report details a wide range of visitor types who will visit the proposed Visual Arts Attraction (Table 6.17):

- residents of P&K;
- day visitors from elsewhere in Scotland;
- tourists - residents from elsewhere in the UK and overseas; and
- pupils from local primary and secondary schools.

All of these visitors will be important in ensuring viability of the proposed Visual Arts Attraction, but economic impact will principally be generated by visitors from:

- elsewhere in Scotland;
- elsewhere in the UK; and
- overseas.

The *Outline Business Case* outlines three options for the annual number of visitors to the Attraction. These are 147,000, 164,000 and 184,000, and reflect different penetration rates of the total Perth visitor market.

When disaggregated by geographical origin the number of non-local visitors that will feature in the appraisal are detailed below.

**Table 2.2: Estimates of Visitor Numbers for the EIA**

| Geographic Origin     | Number of Visitor |                |                |
|-----------------------|-------------------|----------------|----------------|
|                       | Low               | Medium         | High           |
| Elsewhere in Scotland | 113,000           | 122,000        | 131,000        |
| Elsewhere in UK       | 22,000            | 27,000         | 33,000         |
| Overseas              | 6,000             | 7,000          | 10,000         |
| <b>Total</b>          | <b>141,000</b>    | <b>156,000</b> | <b>174,000</b> |

It will be necessary to estimate those visitors to P&K where the proposed Visual Arts Attraction is the *only*, or one of the *main reason* for their visit.

## Construction Sector Impacts

To derive an estimate of construction employment we use the turnover per employee for the sector, outlined in the *Scottish Annual Business Statistics* - the latest data available is for 2013. The data suggests that turnover per employee for the construction sector in Perth and Kinross is £120,512<sup>3</sup>.

The *Outline Business Plan* provides estimates for the redevelopment of an existing building such as Perth City Hall (Table 8.2) will be £14,761,560.

<sup>3</sup> Sourced at <http://www.gov.scot/Topics/Statistics/Browse/Business/SABS/LAbySection>

## GVA

The GVA figure for an area is derived from adding the total annual wage bill (net of income tax, national insurance and pension contributions) to the annual profit margin. At the appraisal stage this information is not available, and therefore we will estimate net attributable GVA using data (latest 2013) as outlined in the Scottish Government's *Scottish Annual Business Statistics*. Table 2.3 presents details of the GVA per head for each sector.

**Table 2.3: Sectoral GVA per Head**

| Sector                                    | P&K level | Scotland level |
|-------------------------------------------|-----------|----------------|
| arts, entertainment and recreation sector | £27,256   | £61,572        |
| construction sector                       | £52,875   | £50,024        |
| tourism sector <sup>4</sup>               | £19,410   | £19,549        |

## 2.2 Gross to Net

In preparing the economic impact appraisal it is necessary to report the net impacts rather than the gross impacts. Net impacts refer to the additional economic gain directly attributed to the proposed Visual Arts Attraction. The gross impacts therefore need to be adjusted to take account of:

- deadweight;
- displacement;
- leakage;
- substitution; and
- multipliers.

### Deadweight

**Deadweight** refers to the proportion of total outputs/outcomes that would have been secured anyway (sometimes referred to as non-additionality) without the proposed Visual Arts Attraction. We assume that direct employment will be new and would not exist in the absence of the proposed Visual Arts Attraction.

However, employment in the wider economy supported by visitors to the proposed Visual Arts Attraction will need to take account of the extent to which visitors would be in P&K/Scotland irrespective of the Attraction.

### Displacement

**Displacement** refers to the number or proportion of outputs/outcomes that reduce outputs/outcomes elsewhere in P&K/Scotland. These effects can occur in product markets (e.g. amongst other cultural visitor attractions, retail outlets and cafes in P&K competing within the same market) or in factor markets (e.g. in the labour market).

<sup>4</sup> These values relates to the *accommodation and food service activities* used as a proxy for tourism spend.

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## Leakage

**Leakage** refers to the number or proportion of outputs/outcomes that benefit those who live outside P&K.

Leakage is generally applied to employment creation. We will use data on travel to work patterns of individuals who live outwith but work within P&K to estimate leakage.

## Substitution

**Substitution** effect arises where, say, a firm substitutes one activity for a similar one (such as recruiting a jobless person to replace an existing worker) to take advantage of the public sector assistance.

We anticipate a zero substitution effect for the proposed Visual Arts Attraction.

## Multipliers

**Multipliers** refers to the further economic activity (e.g. jobs, expenditure or income) associated with additional income to those employed by the proposed Visual Arts Attraction (income multipliers), and/or with local supplier purchases (supplier multipliers).

For the purpose of the appraisal of direct and construction impacts we use Type II employment multipliers from the latest Scottish Input-Output (I/O) Tables - focusing on the cultural services and construction industry groups.

Type II multipliers will show the direct plus indirect plus induced employment change to the direct output change due to a unit increase in final demand. These multipliers relate only to the Scottish level - P&K level multipliers are not available. Typically, it is assumed during the appraisal stage, that regional multipliers (i.e. at the P&K level) will be 50% of the Scottish level multipliers.

We will use tourism multipliers from the Scottish Tourism Multiplier Study<sup>5</sup> to measure the economic impact in the wider economy of the expenditure of visitors to the proposed Visual Arts Attraction.

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<sup>5</sup> Surrey Research Group (1993), *Scottish Tourism: Multiplier Study*, Volumes 1-3, Report for the Scottish Office, HMSO.

## 3. Economic Impact Appraisal

### 3.1 Gross Impacts

#### Visual Arts Attraction

Jura Consultants' *Outline Business Plan* estimates that the proposed Visual Arts Attraction will need to be staffed by **35 FTEs** in order to operate.

#### Visitor Impacts

In conducting the economic impact appraisal it is necessary to distinguish between visitor expenditure within the proposed Visual Arts Attraction (which will support direct employment within the facility) and spending within the wider economy.

The Outline Business Plan (Table 8.5) suggest that average income from visitors will be £5.76<sup>6</sup>.

Using VisitScotland data<sup>7</sup> we estimate that visitor spend in the wider economy, after deducting £5.76 expenditure within the Attraction, will be:

**Table 3.1: Visitor Spend**

| Geographic Origin     | Daily Visitor Spend in Wider Economy |
|-----------------------|--------------------------------------|
| Elsewhere in Scotland | £49.79                               |
| Elsewhere in UK       | £88.07                               |
| Overseas              | £129.20                              |

**Table 3.2** details the different expenditure levels and associated employment levels supported by the expenditure of visitors in the wider economy. To convert the levels of expenditure into an employment impact we apply an output: employment factor, which estimate the expenditure required to support 1 FTE. This is derived from the Scottish Tourism Multiplier Study, and, up-rated to take account of wage inflation, and is estimated to be £51,059.

**Table 3.2: Total Spend and Employment Impacts**

| Visitor Numbers | Spend | Employment Impact |
|-----------------|-------|-------------------|
| 141,000         | £5.7m | 112 FTEs          |
| 156,000         | £6.4m | 125 FTEs          |
| 174,000         | £7.3m | 142 FTEs          |

#### Construction Impacts

The costs of adapting Perth City Hall is estimated at £14,761,560. Turnover per employee for the construction sector in Perth and Kinross is £120,512. The gross construction impacts will therefore be 122 annual employment jobs - this is equivalent to between **12.2 FTEs**.

#### Summary Gross Impacts

**Table 3.3** presents a summary of the gross impact resulting from the proposed Visual Arts Attraction.

<sup>6</sup> This is based on 160,000 visitors generating income of £921,544.

<sup>7</sup> VisitScotland - *Tourism in Scotland's Regions 2014*.

**Table 3.3 Gross Employment Impacts**

| Source of Economic Impact | Gross Jobs                |
|---------------------------|---------------------------|
| Direct Impacts            | 35 FTEs                   |
| Visitor Impacts           | 112 - 142 FTEs            |
| Construction Impacts      | 12.2 FTEs                 |
| <b>Total</b>              | <b>159.2 - 189.2 FTEs</b> |

## 3.2 Net Impacts

The net economic impact estimates are made at both the regional (P&K) and national (Scotland) level. Gross impacts will be discounted to take account of deadweight, displacement, and leakage, before multipliers are factored in.

### 3.2.1 Deadweight

#### Direct Impacts

All of the employment is new and deadweight is therefore **zero**.

#### Visitor Impacts

Employment in the wider economy will need to take account of the extent to which non-local visitors to the proposed Visual Arts Attraction would be visiting P&K in the absence of the Attraction.

Recent survey work that we have undertaken with visitors to Perth city centre<sup>8</sup> has shown that a proportion of people who visits an attraction or participate in an event would have visited Perth irrespective, being attracted by Perth's many other visitor attractions and seasonal events. These proportions have varied from around 40% to around 60%.

Deadweight will therefore vary from **40%** to **60%**.

#### Construction Impacts

All of the construction impacts are associated with proposed Visual Arts Attraction.

Deadweight is therefore **zero**.

### 3.2.2 Leakage

Analysis of travel to work patterns from the 2001 Census (the 2011 Census does not provide this analysis) reveals that the vast majority of employees who work in P&K also live in P&K - 89%.

Leakage is assessed as low - **11%** at the local level and **0%** at the Scottish level.

<sup>8</sup> To attend the Christmas Lights Switch On event, the Coca Cola Truck visit and the Santas Run.



## 3.2.3 Displacement

### Direct Impacts

The proposed Visual Arts Attraction will be competing with other visitor attractions, cafés and retail outlets within P&K for the onsite spend of visitors and the employment of staff.

However, given the scale of the retail outlet and café, and the level of new employment, we would expect displacement to be low in both the product and factor market at the local level and medium at the Scotland level.

Displacement will therefore be 30% at the local level and 60% at the Scotland level.

### Visitor Impacts

Displacement here refers to the extent to which visitors would be in P&K irrespective of the proposed Visual Arts Attraction. Our discussion of deadweight has focussed on those visitors from outwith P&K whose only or main reason for being in P&K is to visit proposed Visual Arts Attraction.

Displacement will be **zero** at the P&K level for all visitors.

However the jobs impact generated by the expenditure by Scottish visitors at the Scottish level will attract a **100%** displacement factor as they would have made their expenditure at some point elsewhere in Scotland.

### Construction

The latest report from the Construction Skills Network<sup>9</sup> highlights that the Scottish construction industry will have experienced three good years of growth by the end of 2015, taking estimated output up to £12.6bn in 2012 prices. This rapid output growth has led to a very sharp rise in demand for construction trades, professionals and managers and this, combined with falling numbers entering training since the 'great' recession, has led to significant skills shortages across the industry in the short term. This suggests the project will have displacement effects in the product market - skilled labour.

However, given the propensity for construction contracts to be awarded to a major developer who then subcontracts to a range of local suppliers, we would not envisage displacement to be a major factor.

We have assumed low displacement at P&K level (**30%**) and medium displacement at the Scotland level (**60%**).

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<sup>9</sup> *Industry Insights - Construction Skills Network Forecasts 2016-2020* - available at <http://www.citb.co.uk/documents/research/csn%202016-2020/construction-skills-network-2016-scotland.pdf>



## 3.2.4 Multipliers<sup>10</sup>

Table 3.4 provides details of the local and national multiplier levels that will be used across the various sources of economic impact.

**Table 3.4: Multiplier Values**

| Sector               | Local Multipliers | Scottish Multipliers |
|----------------------|-------------------|----------------------|
| Cultural Services    | 1.20              | 1.40                 |
| Tourism              | 1.32              | 1.52                 |
| Construction Impacts | 1.50              | 2.00                 |

## 3.2.5 Summary

In Table 3.5 we present a summary of the factors that we will apply to the gross job outcomes to convert to net impacts.

**Table 3.5: Impact Discount Factors**

|                     | Direct Impacts                  | Visitor Impacts                                          | Construction Impacts            |
|---------------------|---------------------------------|----------------------------------------------------------|---------------------------------|
| <b>Deadweight</b>   | zero                            | 40% - best case<br>60% - worst case                      | zero                            |
| <b>Leakage</b>      | 11% local<br>zero Scotland      | 11% local<br>zero Scotland                               | 11% local<br>zero Scotland      |
| <b>Displacement</b> | 30% - local<br>60% - Scotland   | zero - non-Scottish visitors<br>100% - Scottish visitors | 30% - local<br>60% - Scotland   |
| <b>Multipliers</b>  | 1.20 - local<br>1.40 - Scotland | 1.32 - local<br>1.52 - Scotland                          | 1.50 - local<br>2.00 - Scotland |

## 3.3 Economic Impact Appraisal

### 3.3.1 Annual Impacts

#### Direct Impacts

Applying the deadweight, leakage, displacement factors outlined in Table 3.5 to the gross jobs (35 FTEs) results in an estimated annual net impact of:

- 26 FTEs at the P&K level; and
- 20 FTEs at the Scotland level.

<sup>10</sup> 2012 is the latest data available for multipliers - see <http://www.gov.scot/Topics/Statistics/Browse/Economy/Input-Output/Downloads/IO1998-2012Latest>.

## Visitor Impacts

For reasons of clarity, in reporting the visitor impacts in the body of the report, we will focus on the **mid-range visitor numbers only**. To report on three different visitor numbers profiles, with different levels of deadweight will result in a somewhat clumsy reporting style. Tables showing the results for low and high visitor numbers are appended.

In our discussion above we highlighted that displacement will be zero for all visitors to the proposed Visual Arts Attraction at the local level, but for visitors from elsewhere in Scotland displacement will be 100% at the Scotland level. We therefore estimate the impact for Scottish and non-Scottish visitors separately.

### Visitors from Elsewhere in Scotland

Applying the deadweight, leakage, displacement factors outlined in **Table 3.5** to the gross jobs (89 FTEs) results in the following estimated annual net impacts:

- Deadweight of 40%:
  - **63 FTEs** at the P&K level
  - **zero FTEs** at the Scotland level; and
- Deadweight of 60%:
  - **42 FTEs** at the P&K level
  - **zero FTEs** at the Scotland level.

### Visitors from Outside Scotland

Applying the deadweight, leakage, displacement factors outlined in **Table 3.5** to the gross jobs (36 FTEs) results in the following estimated annual net impacts:

- Deadweight of 40%:
  - **25 FTEs** at the P&K level
  - **33 FTEs** at the Scotland level; and
- Deadweight of 60%:
  - **17 FTEs** at the P&K level
  - **22 FTEs** at the Scotland level.

## 3.3.2 Construction Sector Impacts

Applying the deadweight, leakage, displacement factors outlined in **Table 3.5** to the gross jobs (12.2 FTEs) results in an estimated net impact of:

- **11 FTEs** at the P&K level; and
- **10 FTEs** at the Scotland level.

## 3.3.3 Summary - Jobs Impact

Table 3.6 summaries the jobs impact of the proposed Visual Arts Attraction.

**Table 3.6: Economic Impacts**

| Source of Economic Impact                      | P&K Level  | Scotland Level |
|------------------------------------------------|------------|----------------|
| Annual Direct Impacts                          | 26 FTEs    | 20 FTEs        |
| Annual Visitor Impacts - elsewhere in Scotland | 42-63 FTEs | 0 FTEs         |
| Annual Visitor Impacts - outside Scotland      | 17-25 FTE  | 22-33 FTEs     |
| One-off Construction Impacts - Perth City Hall | 11 FTEs    | 10 FTEs        |

The total jobs impact of the proposed Visual Arts Attraction will vary according to the different deadweight and displacement factors applied to the visitor impacts and whether the facility will be a new build or a refurbishment of an existing building.

## 3.3.4 GVA

If we apply the GVA per head data outlined in Table 2.3 the GVA levels associated with the net additional employment generated by the proposed Visual Arts Attraction are detailed below.

**Table 3.7: GVA Impacts**

| Source of Economic Impact                      | P&K                   | Scotland            |
|------------------------------------------------|-----------------------|---------------------|
| Annual Direct Impacts                          | £753,636              | £589,680            |
| Annual Visitor Impacts - elsewhere in Scotland | £815,220 - £1,222,830 | £0                  |
| Annual Visitor Impacts - outside Scotland      | £329,970 - £485,250   | £430,078 - £645,117 |
| One-off Construction Impacts - Perth City Hall | £581,625              | £500,240            |

Total GVA associated with the proposed Visual Arts Attraction will vary according to the different deadweight and displacement factors applied to the visitor impacts and whether the facility will be a new build or a refurbishment of an existing building.

## 4. Economic Impact of Touring Exhibitions

### 4.1 Introduction

Whilst the visitor numbers detailed in the *Outline Business Plan* include visitors drawn to a series of exhibitions hosted at the Visual Arts Attraction these exhibitions are not classified as of UK/international significance, and reflect visitor numbers drawn to the Visual Arts Attraction in a normal year.

In **Chapter 4** we present an analysis of the impact on the economy of Perth and Scotland of the Visual Arts Attraction hosting touring exhibitions of UK/international significance. We have assumed each events will draw, in any given year, an additional 50,000 non-local visitors to Perth. A recent report<sup>11</sup> shows that around 56% of touring exhibitions attract up to 100,000 visitors.

### 4.2 Visitor Numbers

We have assumed that a touring exhibition of UK/international significance will attract an additional 50,000 non-local visitors to the Visual Arts attraction. Data from VisitScotland<sup>12</sup> suggest that 59% of the visitors will be from elsewhere in Scotland (29,500), 20% from other parts of Great Britain (10,000), and 21% from outside GB (10,500).

### 4.3 Gross Additional Visitor Impacts

We again distinguish between visitor expenditure within the proposed Visual Arts Attraction (which will support direct employment within the facility) and spending within the wider economy. We again assume that expenditure levels within the wider economy will vary across visitor types, as follows:

- Elsewhere in Scotland £49.79;
- Elsewhere in UK £88.07;
- Overseas £129.20.

To convert the levels of expenditure into an employment impact we apply an output: employment factor, which estimate the expenditure required to support 1 FTE. This is derived from the Scottish Tourism Multiplier Study, and, up-rated to take account of wage inflation, and is estimated to be £51,059. We estimate that the employment impact of the 50,000 additional visitors will be as follows.

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<sup>11</sup> Charlotte Dew (April 2016) - *An Analysis Of Touring Exhibitions Practice In The UK* - available at [http://www.teg.org.uk/docs/TEG%20Economics%20of%20Touring%20Exhibitions%20Survey%20Report%20-%20An%20Analysis%20of%20Touring%20Exhibitions%20Practice%20in%20the%20UK\\_April%2016.pdf](http://www.teg.org.uk/docs/TEG%20Economics%20of%20Touring%20Exhibitions%20Survey%20Report%20-%20An%20Analysis%20of%20Touring%20Exhibitions%20Practice%20in%20the%20UK_April%2016.pdf)

<sup>12</sup> *Tourism in Scotland's Region 2014* - available at <http://www.visitscotland.org/pdf/MAIN%20Regional%20Factsheet%202015.pdf>

**Table 4.1: Total Spend and Employment Impacts**

| Touring Exhibition Visitor Numbers | Spend        | Employment Impact |
|------------------------------------|--------------|-------------------|
| Scottish visitors - 29,500         | £1.1m        | 22 FTEs           |
| Elsewhere UK visitors - 10,000     | £0.5m        | 9 FTEs            |
| Overseas Visitors - 10,500         | £0.9m        | 18 FTEs           |
| <b>Total</b>                       | <b>£2.5m</b> | <b>49 FTEs</b>    |

The 50,000 additional visitors drawn to Perth by touring exhibitions of UK/international significance will spend some **£2.5m** in the wider local economy supporting **49 FTEs**.

## 4.4 Net Additional Visitor Impacts

The net additional economic impact estimates are made at both the regional (P&K) and national (Scotland) level. Gross impacts will be discounted to take account of deadweight, displacement, and leakage, before multipliers are factored in.

### Deadweight

This analysis is based on non-local visitors attracted to Perth by the touring exhibitions of UK/international significance. None of this group of visitors would be visiting P&K in the absence of the Visual Arts Attraction.

Deadweight will therefore be **zero**.

### Leakage

Leakage is assessed as low - **11%** at the local level and **0%** at the Scottish level.

### Displacement

Displacement here refers to the extent to which visitors would be in P&K irrespective of the proposed Visual Arts Attraction. Our discussion of deadweight has focussed only on those visitors from outwith P&K whose only reason for being in P&K is to attend a touring exhibition of UK/international significance at the Visual Arts Attraction.

Displacement will be **zero** at the P&K level for all visitors.

However the jobs impact generated by the expenditure by Scottish visitors at the Scottish level will attract a **100%** displacement factor as they would have made their expenditure at some point elsewhere in Scotland.

### Multipliers

We utilise multipliers drawn from the STMS - local 1.32, national 1.52.

### Net Additional Employment Impacts

#### Visitors from Elsewhere in Scotland

Applying the deadweight, leakage, displacement factors and multiplier values outlined above to the gross jobs (22 FTEs) results in the following estimated net impacts:

# Bellerby Economics

- 26 FTEs at the P&K level
- zero FTEs at the Scotland level.

## Visitors from Outside Scotland

Applying the deadweight, leakage, displacement factors and multiplier values outlined above to the gross jobs (27 FTEs) results in the following estimated net impacts:

- 32 FTEs at the P&K level
- 41 FTEs at the Scotland level.

## GVA

If we apply the GVA per head data outlined in **Table 2.3** the GVA levels associated with the net additional employment generated by the visitors to a touring exhibition of UK/international significance hosted by the proposed Visual Arts Attraction are detailed below.

**Table 4.2: GVA Impacts**

| Source of Economic Impact               | P&K          | Scotland     |
|-----------------------------------------|--------------|--------------|
| Visitor Impacts - elsewhere in Scotland | £0.5m        | £0           |
| Visitor Impacts - outside Scotland      | £0.6m        | £0.8m        |
| <b>Total</b>                            | <b>£1.1m</b> | <b>£0.8m</b> |

## 5. Conclusions

### 5.1 Introduction

This chapter draws on the various elements of the work programme to present a set of conclusions organised around the objectives of the economic impact appraisal. The objective of this study is to provide Perth & Kinross Council with an assessment of the:

- annual economic benefits that will be provided by the proposed Visual Arts Attraction; and
- one-off benefits that will accrue during the refurbishment/construction phase of the proposed Visual Arts Attraction.

### 5.2 Annual Economic Benefits

#### 5.2.1 Direct Impacts

The annual economic benefits resulting from the development of the proposed Visual Arts Attraction will be as follows:

- net additional employment:
  - **26 FTEs** at the P&K level; and
  - **20 FTEs** at the Scotland level.
- GVA:
  - Perth & Kinross - **£0.75m**
  - Scotland - **£0.59m**.

#### 5.2.2 Visitor Impacts

The annual economic benefits resulting from the proposed Visual Arts Attraction attracting (middle level) additional visitors into the city centre will be as follows:

- Scottish visitors:
  - net additional employment:
    - Perth & Kinross - **42-63 FTES**
    - Scotland level - **zero FTEs**; and
  - GVA:
    - Perth & Kinross - **£0.8m - £1.2m**
    - Scotland - **£0**; and
- Visitors from outside Scotland:
  - net additional employment:
    - Perth & Kinross - **17-25 FTES**
    - Scotland level - **22-33 FTEs**; and
  - GVA:
    - Perth & Kinross - **£0.3m - £0.5m**
    - Scotland - **£0.43m - £0.65m**.

## 5.3 Construction Sector Benefits

The one-off construction sector economic benefits resulting from the development of the proposed Visual Arts Attraction will be as follows:

- Refurbished Perth City Hall:
  - net additional employment:
    - Perth & Kinross - **11 FTEs**
    - Scotland level - **10 FTEs**; and
  - GVA:
    - Perth & Kinross - **£0.58m**
    - Scotland - **£0.5m**.

## 5.4 Touring Exhibition Impacts

The economic benefits resulting from the proposed Visual Arts Attraction hosting a touring exhibition of UK/international significance in a given year will be as follows:

- net additional employment:
  - Perth & Kinross - **59 FTES**
  - Scotland level - **41 FTES**; and
- GVA:
  - Perth & Kinross - **£1.1m**
  - Scotland - **£0.8m**.

## 5.5 Overview

The forgoing appraisal has demonstrated positive economic benefits from the proposed Visual Arts Attraction when it becomes fully operational; there will also be positive economic benefits during the refurbishment/construction period.

The appraisal shows that the main impact from the proposed Visual Arts Attraction will come from the facility attracting new and additional visits to Perth. The number of visitors is perhaps the most uncertain aspect of the appraisal, and time will tell whether the visitor numbers and penetrations rates detailed in the *Outline Business Plan* are realised. If the mid-level non-local visitor numbers are realised then the net additional employment impact of visitor spend will lie somewhere between **59 FTES** and **88 FTES** at the P&K level.

Construction impacts will be short lived and will cease when the refurbishment/construction activity comes to an end. The appraisal estimates that the £14.8m costs will generate net additional employment at the local level of **11 FTES**.



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**Table 5.1** summaries the economic impact of the proposed Visual Arts Attraction.

| <b>Table 5.1: Economic Impacts of Visual Arts Attraction</b> |                    |                   |
|--------------------------------------------------------------|--------------------|-------------------|
|                                                              | <b>P&amp;K</b>     | <b>Scotland</b>   |
| Annual Jobs Impact                                           | 85 FTEs - 114 FTEs | 42 FTEs - 53 FTEs |
| Construction Sector One Off Jobs Impact                      | 11 FTEs            | 10 FTEs           |
| Annual GVA                                                   | £1.85m - £2.45m    | £1.02m - £1.24m   |
| One Off Construction GVA                                     | £0.58m             | £0.5m             |

**Table 5.2** summaries the economic impact of the additional visitors drawn to Perth from touring exhibitions of a UK/international significance hosted at the proposed Visual Arts Attraction.

| <b>Table 5.2: Additional Economic Impacts of Touring Exhibition</b> |                |                 |
|---------------------------------------------------------------------|----------------|-----------------|
|                                                                     | <b>P&amp;K</b> | <b>Scotland</b> |
| Additional Jobs Impact                                              | 59 FTEs        | 41 FTEs         |
| Additional GVA                                                      | £1.1m          | £0.8m           |

## Appendix 1

### Low Level Visitor Numbers

**Table A1** summaries the jobs impact of the proposed Visual Arts Attraction if the facility attracts the lower level number of visitors as detailed in the Outline Business Plan, with **Table A2** detailing the GVA impacts.

| <b>Table A1: Job Impacts</b>                   | <b>P&amp;K Level</b> | <b>Scotland Level</b> |
|------------------------------------------------|----------------------|-----------------------|
| Annual Direct Impacts                          | 26 FTEs              | 20 FTEs               |
| Annual Visitor Impacts - elsewhere in Scotland | 39-58 FTEs           | 0 FTEs                |
| Annual Visitor Impacts - outside Scotland      | 14-21 FTE            | 18-27 FTEs            |
| One-off Construction Impacts - Perth City Hall | 11 FTEs              | 10 FTEs               |

| <b>Table A2: GVA Impacts</b>                   | <b>P&amp;K</b>        | <b>Scotland</b>     |
|------------------------------------------------|-----------------------|---------------------|
| Annual Direct Impacts                          | £753,636              | £589,680            |
| Annual Visitor Impacts - elsewhere in Scotland | £756,990 - £1,125,780 | £0                  |
| Annual Visitor Impacts - outside Scotland      | £271,740 - £407,610   | £351,882 - £527,823 |
| One-off Construction Impacts - Perth City Hall | £581,625              | £500,240            |

### High Level Visitor Numbers

**Table A3** summaries the jobs impact of the proposed Visual Arts Attraction if the facility attracts the lower level number of visitors as detailed in the Outline Business Plan, with **Table A4** detailing the GVA impacts.

| <b>Table A3: Jobs Impact</b>                   | <b>P&amp;K Level</b> | <b>Scotland Level</b> |
|------------------------------------------------|----------------------|-----------------------|
| Annual Direct Impacts                          | 26 FTEs              | 20 FTEs               |
| Annual Visitor Impacts - elsewhere in Scotland | 45-67 FTEs           | 0 FTEs                |
| Annual Visitor Impacts - outside Scotland      | 22-33 FTE            | 29-43 FTEs            |
| One-off Construction Impacts - Perth City Hall | 11 FTEs              | 10 FTEs               |

| <b>Table A4: GVA Impacts</b>                   | <b>P&amp;K</b>        | <b>Scotland</b>     |
|------------------------------------------------|-----------------------|---------------------|
| Annual Direct Impacts                          | £753,636              | £589,680            |
| Annual Visitor Impacts - elsewhere in Scotland | £873,450 - £1,300,470 | £0                  |
| Annual Visitor Impacts - outside Scotland      | £427,020 - £640,530   | £566,921 - £840,607 |
| One-off Construction Impacts - Perth City Hall | £581,625              | £500,240            |

## PMAG Transformation: High Level Project Milestones

| Key Milestone                                    | Date                |
|--------------------------------------------------|---------------------|
| Council Authority to Proceed                     | June 2016           |
| Project Brief Agreed                             | September 2016      |
| Procure Design Team and Main Contractor          | October 2016        |
| Outline Design and Costs                         | March 2017          |
| Stage 1 HLF Bid                                  | April 2017          |
| Stage 1 HLF Bid Approval and Permission to Start | July 2017           |
| Detailed Design and Costs                        | January 2018        |
| Stage 2 HLF Bid                                  | May 2018            |
| Stage 2 HLF Bid Approval and Permission to Start | August 2018         |
| Decant and Enabling Works                        | August-October 2018 |
| Construction Start                               | October 2018        |
| Opening                                          | April 2020          |

## New cultural attraction: High Level Project Milestones

| Key Milestone                                    | Date                |
|--------------------------------------------------|---------------------|
| Council Authority to Proceed                     | June 2016           |
| Project Brief Agreed                             | September 2016      |
| Procure Design Team and Main Contractor          | October 2016        |
| Outline Design and Costs                         | March 2017          |
| Stage 1 HLF Bid                                  | April 2017          |
| Stage 1 HLF Bid Approval and Permission to Start | July 2017           |
| Detailed Design and Costs                        | March 2018          |
| Stage 2 HLF Bid                                  | May 2018            |
| Stage 2 HLF Bid Approval and Permission to Start | August 2018         |
| Enabling Works                                   | August-October 2018 |
| Construction Start                               | October 2018        |
| Opening                                          | October 2020        |

### Programme notes

- 1) Assume projects are sufficiently resourced from Council approval on 22 June 2016
- 2) Assume Project Board has authority to approve design, cost and programmes.
- 3) Assume single HLF submission for both projects
- 4) Assume HLF bids can be considered regionally not nationally
- 5) Outline design work carried out at risk prior to HLF stage 1 submission
- 6) Detailed design work carried out at risk prior to HLF Stage 2 approval
- 7) Decant of PMAG carried out at risk prior to HLF stage 2 approval
- 8) Procurement route will have an impact on all programme dates



**PERTH AND KINROSS COUNCIL****22 June 2016****PERTH CITY HALL****Report By Depute Chief Executive, Environment  
(Sustainability, Strategic and Entrepreneurial Development)**

This report outlines the work undertaken since the Council considered the potential lease agreement with Perth Market Place. Following an options appraisal, it recommends the use of Perth City Hall as the preferred site for the new cultural attraction.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 At its meeting on 24 February 2016, the Council approved a report by the Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) (Art. No. 206 refers). This provided an update on actions following consideration of Report No. 15/415 by the Council on 7 October 2015.
- 1.2 Council was informed that not all the lease pre-conditions had been met by Perth Market Place by the agreed date. Therefore, the Council had insufficient information with which to progress the transaction.
- 1.3 Following consideration of the report, Council agreed to:-
  - i) Suspend negotiations with Perth Market Place.
  - ii) Instruct the Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) to explore all options available to Council in respect of the use of this site and to bring forward a report to the next Council meeting.
- 1.4 The Council's ambition for the City Hall has always been to secure a sustainable use for what is a landmark strategic site.
- 1.5 In report No. 10/340 (June 2010), the Council acknowledged the possible future use of the building for cultural purposes and the economic benefits which could accrue from such a use.
- 1.6 Whilst since 2010 a number of other options for the City Hall have been investigated, the Council is now returning to the 2010 option of cultural use because of the clear strategic fit with our new ambitions to reimagine Perth as a major cultural destination and the ability of the building to accommodate the requirements of the new cultural attraction identified in the outline Business Case for that new attraction.

- 1.7 The Perth City Plan clearly identifies the need for a new cultural attraction to provide both an appropriate home for the Council's collections and a major visitor attraction in the city centre in response to a detailed market appraisal of current performance in the visitor market. The Council's financial contribution to such a project was agreed in the Medium Term Financial Plan (Report No. 15/276 refers).

## 2. PROPOSAL

- 2.1 Following the instruction from Council to the Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) at the Council meeting of 24 February 2016, work has been undertaken to investigate options for future use of the City Hall.. The following options are now presented for Council's consideration:-

- **Option 1 – *Recommence negotiations with Perth Market Place Ltd.*** Since the suspension of the preferred bidder status with Perth Market Place, there has been limited contact with either the organisation or their agents.

While the Council could choose to re-engage with Perth Market Place Ltd, there is no guarantee that the outstanding issues will be resolved.

- **Option 2 - *Abandon negotiations with Perth Market Place and re-market the site to include consideration of offers to buy rather than lease the site.*** While this option may result in further interest in the site, it has always been the Council's agreed position, that marketing of the site was for lease not sale. The sale option continues to carry significant risk as the Council would lose control of a strategic island site, which is at the heart of the Perth City Plan and emerging thinking about UK City of Culture status.

There is a risk that a speculative bid could lock the site, meaning that there could be limited control over its end use or the timescale for development.

- **Option 3 - *Identify the building as a possible location for the development of a major new cultural attraction.*** The re-use of Perth City Hall for this purpose is consistent with the Council's analysis in 2010 (Report No 10/340 refers) which, at that time, concluded that a cultural use would be an economically beneficial alternative to demolition. With the development of the Perth City Plan and its aspiration for Perth to become one of Europe's great small cities, the Council has already agreed to the concept of a major new cultural attraction in Perth (Report No. 16/278 refers) and the transformation of Perth Museum and Art Gallery. It was proposed that this would showcase the 'Ancient Roots, Modern Scots' core concept which has been developed to reposition the cultural offer of the city and the wider area. Market appraisal completed to support the recommendations in report 16/278 showed that the new cultural attraction is capable of generating at least an additional 160,000 visitors per year to the heart of the city.

Having completed the options appraisal for the new cultural attraction (report 16/278 refers), it is now considered that such a facility could be located within the City Hall. This would maximise the potential of the building, enabling a remodelling to create exhibition space capable of accommodating national and international quality product alongside the Council's own museum collections. The wider public realm surrounding City Hall would also be invested in to create a dynamic civic space which will also support our UK City of Culture aspirations.

Historic Environment Scotland has already confirmed in a meeting with the Chief Executive that it would support a re-purposing of the building as a cultural space in line with previously stated aspirations.

- **Option 4 - Seek consent to demolish the building and redevelop the site as a City Square:** This paper sets out a range of viable reuses for the building. As such, any application for demolition could not be considered until all other options for reuse had been explored. It would therefore not be competent to progress any Listed Building application for demolition at this stage

2.2 Option 3 is considered the preferred option for future use of City Hall.

### 3. CONCLUSION AND RECOMMENDATIONS

3.1 There has been a long history of differing proposals for the Perth City Hall and its site. Throughout this process, the Council's aim has always been to secure a future for the site which would maximise the economic return for the city and the wider area.

3.2 The City Plan sets out the aspiration to transform Perth into one of Europe's great small cities and the re-use of Perth City Hall as a new cultural attraction will be a major step towards achieving this aim. In doing so, we will create a fitting home for the Council's nationally and internationally important collections.

3.3 In order to capitalise upon this opportunity it is recommended that the Council:

- i) Terminates negotiations with Perth Market Place in relation to a lease for Perth City Hall.
- ii) Agrees to develop Perth City Hall as the home of the new visual arts attraction (Report No 16/278 refers).

**Author**

| <b>Name</b>      | <b>Designation</b>               | <b>Contact Details</b> |
|------------------|----------------------------------|------------------------|
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**Approved**

| <b>Name</b>   | <b>Designation</b>                                                                                           | <b>Date</b> |
|---------------|--------------------------------------------------------------------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive,<br>Environment,<br>(Sustainability, Strategic<br>and Entrepreneurial<br>Development) | 8 June 2016 |

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## ANNEX

## 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>None</b>       |
| Asset Management (land, property, IST)              | <b>Yes</b>        |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>Yes</b>        |
| Strategic Environmental Assessment                  | <b>No</b>         |
| Sustainability (community, economic, environmental) | <b>Yes</b>        |
| Legal and Governance                                | <b>Yes</b>        |
| Risk                                                | <b>Yes</b>        |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>Yes</b>        |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>Yes</b>        |

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 The proposals relate to the delivery of the Perth and Kinross Community Plan/Single Outcome Agreement in terms of the following priorities:

(iii) Promoting a prosperous, inclusive and sustainable economy

#### Corporate Plan

- 1.2 The proposals relate to the achievement of the Council's Corporate Plan Priorities:

(iii) Promoting a prosperous, inclusive and sustainable economy

## 2. Resource Implications

### Financial

There are no immediate financial implications arising from acceptance of the recommended option. Although a compliant offer was received from Perth Market Place Ltd, there is no obligation on the Council to accept any offer. Missives have not been concluded and a number of pre-conditions remain to be met.

### Workforce

- 2.3 There are considered to be no workforce implications arising from the proposal.

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

- 2.4 The proposals will allow the Council to fully meet its duties in relation to securing best value in the management and potential disposal of its property assets.

## 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 No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

### Legal and Governance

- 3.6 The Head of Legal & Governance, the Head of Finance and the Head of Democratic Services have been consulted and confirmed the proposals are compliant with Council's scheme of Administration and duties in relation to the disposal of property.

### Risk

- 3.7 The proposal to re-use the building for a cultural purpose complies with the Historic Environment Scotland Policy Statement (HESPS), which has now replaced the previous Scottish Historic Environment Policy (SHEP). It is also compliant with Scottish Planning Policy. Therefore, the principal risk in taking forward the proposal will relate to design and materials as would be the case for works affecting any listed building or its setting.

## **4. Consultation**

### External

- 4.1 Historic Environment Scotland has been consulted in this matter.

## **5. Communication**

- 5.1 Given national and local public interest in the City Hall, a communications plan using all forms of communications media has been developed to fully explain the Council's decision and next steps in the process.

## **2. BACKGROUND PAPERS**

- 2.1 The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above Report;

- Report to Council 25 June 2014 (Report 14/301)
- Report to Council 1 July 2015 (Report 15/294)
- Report To Council 7 October 2015 (Report 15/415)
- Report to Council 24 February 2016 (Art. No. 206)

### **3. APPENDICES**

None.

## PERTH AND KINROSS COUNCIL

22 June 2016

**COLLABORATIVE WORKING TO ENHANCE THE HISTORIC ENVIRONMENT**

**Joint Report by Senior Depute Chief Executive, ECS  
(Equality, Community Planning & Public Service Reform) and  
Depute Chief Executive, Environment  
(Sustainability and Entrepreneurial Development)**

This report sets out proposals for collaborative working on the historic environment of Perth and Kinross to protect it and to maximise its economic, social and other benefits. It seeks approval to develop strengthened collaboration proposals with Historic Environment Scotland as a key Community Planning Partner.

**1. BACKGROUND/MAIN ISSUES**

- 1.1 Report **16/187** to Strategic Policy and Resources Committee set out the drivers for increased collaboration across the whole public service system in Scotland, to fulfil the principles of the Christie Commission and in line with the most recent Audit Scotland overview of local government in March 2016.
- 1.2 The historic environment of Perth and Kinross is a unique asset of local, regional, national and international significance. It comprises over 3000 listed buildings; archeology and sites of historical significance including 4 battlefield sites; museum and archive collections with National Recognition Status; 750 Scheduled Ancient Monuments; 35 conservation areas; 41 historic gardens and key aspects of intangible heritage and culture (for example the folklore and song traditions of travelling people and Gaelic communities in Perth and Kinross). There are also 23 Properties in Care within Perth and Kinross which are looked after by Historic Environment Scotland, including Loch Leven Castle, Stanley Mills, Elcho Castle and Dunkeld Cathedral.
- 1.3 The role of the Council in respect of the historic environment is far reaching and includes:
  - Economic development, including tourism growth through promotion of heritage; physical regeneration, including enhancing the historic built environment; supporting skills and employment in the heritage industry; and securing inward investment which enhances the local heritage tourism offer.
  - Fostering regional collaboration on development of the tourism and cultural offer, including through the emerging Tay Cities Deal. (Report No. XX/XX refers) and European funding through Horizon 2020 SPHeReS<sup>1</sup> proposal as a collaborative project with Historic Environment Scotland partnering with a network of cities in Europe

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<sup>1</sup> The SPHeReS Initiative focuses on culture as a driver of local economic growth by unlocking new capital and revenue sources to develop culture and heritage assets.

- As the statutory planning authority: protection and enhancement of the historic environment particularly in relation to Listed Buildings and Conservation Areas.
- Direct funding of heritage provision through commissioned services with Trusts (Perth and Kinross Heritage Trust, Culture Perth and Kinross), including management of historic sites
- Providing grants which support protection and enhancement of historic sites
- Education, outreach and interpretation e.g. the Living Communities project which engaged 6,000 children and young people from 2011-2015
- Community engagement and participation – working with community organisations to unlock external funding for local projects which enhance and protect the historic environment, such as the '150 Years on Track' project celebrating the arrival of the railway in Pitlochry, for which Pitlochry in Bloom secured £74,000 in HLF/other grant funding.

1.4 Historic Environment Scotland (HES) is a new national body established in 2015 which brings together the functions of Historic Scotland and the Royal Commission for Ancient Monuments in Scotland (RCHAMS). It is the lead body in delivering the Government's national framework, *Our Place in Time*, which sets a 10 year direction on how the historic environment will be understood (through investigating and recording); protected (through conservation and planning regulation) and valued (through interpretation and education). Within Perth and Kinross its role comprises:

- Surveying/recording/conserving/protecting historic sites in Perth and Kinross and designating buildings, sites and monuments of national importance
- Statutory consultee on applications for proposed works to Listed Buildings
- A formal advisory role to Ministers in relation to the protection, conservation and enhancement of Properties in Care and associated historic collections (such as the Meigle Stones) in Perth and Kinross
- Providing grants for repairs, conservation, archaeology, enhancement of conservation areas, support for community groups involved in managing their local heritage, training/skills development etc.
- Operating Properties in Care as visitor attractions to support local tourism development
- Initiating projects which mitigate the impact of climate change and other environmental challenges on the historic environment
- Education, outreach and interpretation related to HES sites in Perth and Kinross and delivery of wider education services including the SCRAN initiative which makes a range of online resources available to schools/others across Scotland.

- 1.5 The HES role in the planning system has changed from that of Historic Scotland. It still has responsibility for designating listed buildings and sites of national significance but it is now a statutory consultee in relation to listed building consent (LBC) applications. This means the Council as Planning Authority must consult with HES on applications relating to Listed Buildings (for example, Perth Theatre), however, the Council determines the application. HES can object and should the objection remain unresolved, and where the Council is minded to grant consent, the application may be 'called in' by Scottish Ministers. The purpose of this change is to streamline the planning system for historic buildings and make it more transparent. A key issue raised during the consultation process to establish HES was the need for skills transfer to local government which now plays the key determining role in such applications, rather than HES.

## 2. PROPOSALS

- 2.1 The Chief Executive and the Head of Public Service Reform, Culture and Community Development, Perth and Kinross Council have had discussions with the Chair and Chief Executive of Historic Environment Scotland about scope for strengthened collaborative working given the key synergies between HES role and that of the Council in protecting and enhancing the historic environment, and the new statutory role of HES in Community Planning. HES has different roles and responsibilities in the local planning system from those of Historic Scotland, and as a public body has similar new duties to that of the Council in respect of community empowerment and furthering community participation in the historic environment. Alongside this, the potential key role of HES in strengthening the cultural tourism offer of Perth and Kinross was also highlighted.
- 2.2 Discussions identified the following areas of potential future collaboration:
- Economic development:
    - Tourism development, through joint marketing of sites and events; collaboration on market intelligence to inform identification of new commercial opportunities and public programmes and national and European funding frameworks.
    - Jobs and skills, with particular focus on development of traditional and craft skills which support the conservation and enhancement of local historic sites. There are links to be explored with our local Apprenticeship programmes and wider Developing Scotland's Young Workforce priorities.
    - Joint resourcing: supporting the achievement of community ambitions for localities with joined-up working between the Council and HES to advise local communities on external funding (including HES and Council funding schemes); planning requirements; local asset transfer; conservation and sustainable management of local sites.

- Collections interpretation and care:
  - The potential to create loan agreements for iconic objects in the care of HES with strong local historic significance: both to enhance the cultural tourism offer of Perth and Kinross and to support HES in its ambition to increase the impact and benefits of its collections across Scotland as a whole.
  - The potential to develop regional storage and collections care facilities for Council and HES historic collections/archives.
  - Curatorial collaboration on research, interpretation and conservation of the local historic environment to support mutual priorities of HES and the Council
  - The role of the new HES conservation 'centre of excellence', The Engine Shed, which opens in mid 2016 in respect of protecting and enhancing the historic environment of Perth and Kinross
  
- Planning and Public realm:
  - The HES role, as a Community Planning partner, in developing new Statements of Ambition for localities, as required by the new national Community Planning Framework, so that the historic environment is protected and enhanced
  - Wider infrastructure and asset planning of historic sites in the care of HES and the Council
  - The role of HES as a Community Planning partner in furthering City Plan and City Heritage Fund ambitions
  
- Community Engagement and Participation:
  - Potential of open data initiatives to engender community engagement/participation in recording, interpreting and enhancing the historic environment, particularly during 2017 which is designated as the Year of History, Heritage and Archaeology
  - Potential for local asset transfer of some historic sites under the Community Empowerment Act and the role of the Council and HES in supporting these as appropriate.
  - Joint volunteer initiatives (both the Council and HES have powerful volunteer asset bases who support collections care/interpretation, and site management)
  
- Sustainability Initiatives:
  - Potential for joint working to support local climate change initiatives and other actions which mitigate impact on the historic environment.



- 2.3 Discussions with HES concluded with agreement that these initial areas should be further explored in a workshop session, to identify those which have significant potential in terms of mutual benefits realisation. The next step would be to develop an outline Business Case to support a formal Collaboration Agreement between the Council and HES, in the context of their respective Community Planning roles, setting out defined areas for joint working over the next 2-3 years. It was recognised that a formal approach from the Council to HES in respect of possible loan arrangements for relevant objects in the care of HES would also be required.

### **3. CONCLUSION AND RECOMMENDATIONS**

- 3.1 It is recommended that the Council:
- i. Notes the discussions to date with Historic Environment Scotland to identify potential areas for future collaboration.
  - ii. Instructs the Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform) and Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) to progress these discussions as indicated in para 2.3.
  - iii. Instructs the Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform) and Depute Chief Executive, Environment (Sustainability, Strategic & Entrepreneurial Development) to prepare a formal approach to the Chair of HES for consideration of future loan arrangements relating to relevant objects in the care of HES.
  - iv. Instructs the Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform) and Depute Chief Executive, Environment (Sustainability, Strategic & Entrepreneurial Development) to bring a progress report to Council in October 2017

#### **Author**

| <b>Name</b>     | <b>Designation</b>                                            | <b>Contact Details</b> |
|-----------------|---------------------------------------------------------------|------------------------|
| Fiona Robertson | Head of Public Service Reform, Culture and Community Services | Ext. 76270             |

#### **Approved**

| <b>Name</b>   | <b>Designation</b>                                                                              | <b>Date</b> |
|---------------|-------------------------------------------------------------------------------------------------|-------------|
| John Fyffe    | Senior Depute Chief Executive, ECS (Equality, Community Planning & Public Service Reform)       | 8 June 2016 |
| Jim Valentine | Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) | 8 June 2016 |

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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>Yes</b>        |
| Asset Management (land, property, IST)              | <b>None</b>       |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>None</b>       |
| Strategic Environmental Assessment                  | <b>None</b>       |
| Sustainability (community, economic, environmental) | <b>None</b>       |
| Legal and Governance                                | <b>None</b>       |
| Risk                                                | <b>None</b>       |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>Yes</b>        |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>No</b>         |

### 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 financial implications relating to this report. Financial implications arising from specific collaboration proposals, including benefits realisation from joint resourcing, will be provided in the progress report to Council in October 2017.

### Workforce

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

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

- 2.3 There are no 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 No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

### Sustainability

- 3.4 None.

### Legal and Governance

- 3.5 There are no legal and governance implications to this report.

### Risk

- 3.6. There are no immediate issues or risks arising from this report.

#### **4. Consultation**

##### Internal

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

- Chief Executive, Perth and Kinross Council
- Head of Planning and Development
- Head of Property Services

##### External

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

- Chair and Interim Chief Executive, Historic Environment Scotland

#### **5. Communication**

5.1 A Communications Plan will be prepared to support the implementation of any Collaboration Agreement at the appropriate time.

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

None.

#### **3. APPENDICES**

None.



## PERTH AND KINROSS COUNCIL

22 June 2016

**TAY CITIES DEAL – PROGRESS REPORT****Report By Depute Chief Executive, Environment  
(Sustainability, Strategic and Entrepreneurial Development)**

This report seeks to update on the Council's participation in a City Deal with the neighbouring authorities of Angus, Dundee City and Fife, and seeks authority to advance this joint working.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 On 25 March 2015 (Report No. 15/146, Art. No. 97) the Council agreed that the Council liaise with the neighbouring authorities of Angus, Dundee City and Fife to prepare a bid for a City Deal that will assist in bringing forward key economic infrastructure projects in the Tayside area. Since then, considerable progress has been made in advancing a Tay Cities Deal as outlined below.

**Governance Arrangements**

- 1.2 A Leadership Group, Directors' Group and Officers' Group have been established to provide an interim governance structure for the early stages of the work into a City Deal. The Leadership Group is made up of the Leaders and Chief Executives of the four Councils and it has full oversight on the project and provides guidance, through a group formed by the four Directors of Development (or equivalent), to the Officers' Group where the main work is undertaken. A temporary Project Coordinator was appointed to lead on the delivery of the initial work on a City Deal.
- 1.3 While this structure has worked very well in bringing the Councils together, it is unlikely to be sufficient to provide longer term governance on such a major partnership initiative. It is, therefore, proposed that the potential for a new Joint Committee structure is explored with Angus, Dundee City and Fife Councils and a suggested future governance structure is provided at Appendix 1. Similarly, it is considered that more dedicated staffing resources will be required to drive the City Deal forward and work is underway to second a suitable senior officer to act as the Head of City Deal. The recent announcement of a review of the Enterprise Agencies by Scottish Government gives potential opportunities to explore the options for a new model for economic development delivery across the wider area. It is also proposed that opportunities to align the existing regional bodies for strategic planning (TAYplan) and transportation (TACTRAN) are explored as part of this work.

## **Draft Bid Proposal**

- 1.4 A draft Bid Proposal has been prepared which outlines the Vision and Strategy for the proposed Tay Cities Deal. Following its endorsement by the Leadership Group, this has been submitted to both the Scottish and UK Governments for their consideration. An overview of the draft bid is provided at Appendix 2. The Bid Proposal is closely aligned with both governments' economic strategies and is focussed on promoting 'Fair Economic Growth' where business growth, social inclusion and skills development are at the heart of a cohesive region of knowledge and creativity.
- 1.5 Both the Scottish and UK Governments have responded very positively to the Vision and Strategy which has been proposed and have shown a commitment to work with the four constituent Councils to advance a Tay Cities Deal which delivers that vision. Other public sector agencies have also expressed support for the Tay Cities proposal and have asked to be involved in governance and management of the City Deal. The recent announcement of a national review of enterprise agencies should provide opportunities for a dialogue around regional economic development delivery.

## **Stakeholder Events**

- 1.6 In order to validate and consult on the draft Bid Proposal, an initial set of four stakeholder engagement sessions took place in March and April across the region. They covered:
- 22 March 2016 'Connected Tay' (Byre Theatre, St Andrews)
  - 29 March 2016 'Innovative Tay' (Enterprise House, Dundee)
  - 30 March 2016 'Inclusive Tay' (McDiarmid Park, Perth)
  - 1 April 2016 'International Tay' (Hospitalfield House Arbroath)
- 1.7 A wide range of stakeholders attended each meeting and, while each workshop concentrated on one theme, participants had the opportunity to comment on the other three.
- 1.8 There was a range of views that emerged from the four engagement sessions and the consistent themes which emerged from these will be used to inform the projects and proposals that will be considered for inclusion in the Cities Deal Bid and will be part of the ongoing negotiations with the Scottish and UK Governments

## **2. PROPOSAL**

- 2.1 The intention is to have the project fully resourced by late summer 2016 such that a detailed Bid can be considered by government prior to May 2017. In the meantime, work will continue in establishing the governance structure including particularly the engagement of the Business and the Higher & Further Education sectors; all with a view to assisting the formation of the projects and proposals which will form the core 'asks' of government. Of equal importance will be the 'offers' that the Tay Cities Deal makes to government in terms of City-Regional collaboration to ensure delivery of 'Fair Economic Growth'.



### 3. CONCLUSION AND RECOMMENDATIONS

It is recommended that the Council agrees to:

- (i) The Chief Executive and the Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) being remitted to continue to work in partnership with the neighbouring authorities of Angus, Dundee City and Fife to prepare a bid for a Tay Cities Deal that will assist in bringing forward 'Fair Economic Growth' in the Tayside area.
- (ii) The Chief Executive and the Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) being remitted to investigate the formation of a new Joint Committee structure with Angus, Dundee City and Fife Councils to provide suitable governance for a Tay Cities Deal.

#### Author

| Name          | Designation                                                                                               | Contact Details                                                               |
|---------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Jim Valentine | Depute Chief Executive,<br>Environment<br>(Sustainability, Strategic &<br>Entrepreneurial<br>Development) | <a href="mailto:JValentine@pkc.gov.uk">JValentine@pkc.gov.uk</a><br>Ext 76502 |

#### Approved

| Name              | Designation     | Date        |
|-------------------|-----------------|-------------|
| Bernadette Malone | Chief Executive | 8 June 2016 |

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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>None</b>       |
| Asset Management (land, property, IST)              | <b>Yes</b>        |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>Yes</b>        |
| Strategic Environmental Assessment                  | <b>No</b>         |
| Sustainability (community, economic, environmental) | <b>Yes</b>        |
| Legal and Governance                                | <b>Yes</b>        |
| Risk                                                | <b>Yes</b>        |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>Yes</b>        |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>Yes</b>        |

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 The activities contribute to all the Community Plan's strategic objectives, but will specifically contribute towards 'Promoting a prosperous, inclusive and sustainable economy' and the outcome of 'a thriving, expanding economy' and towards "creating a safe and sustainable place for future generations.

#### Corporate Plan

- 1.2 Perth and Kinross Council Corporate Plan 2013/2018 set out five strategic objectives:
- (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.
- 1.3 This report relates mainly to Objectives iii and v within the Corporate Plan.

## 2. Resource Implications

### Financial

- 2.1 The Council previously agreed (Report No. 15/146, Art No. 97) to contribute up to £150,000 from the approved earmarked reserve for the Transformation Programme.

### Workforce

- 2.2 It is anticipated that 2/3 employees of Perth & Kinross Council will require to devote some, or all, of their time to support the work to progress the Tay Cities Deal across the 4 themes. Where a full-time resource is required, posts will be backfilled and the cost met from the allocated budget.

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

- 2.3 The proposals will allow the Council to fully meet its duties in relation to securing best value in the management and potential disposal of its property assets.

## 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 No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

### Legal and Governance

- 3.6 At this stage in the process there are no legal or governance issues to be considered, although depending on the shape of the finalised bid this may change.

### Risk

- 3.7 The principal financial risk would be that insufficient resource is allocated to support the process resulting in the reputational risk of a weak or flawed finalised bid being submitted. This risk is mitigated by the previously approved budget.

## **4. Consultation**

### Internal

- 4.1 The Chief Executive, the Head of Democratic Services and the Head of Legal & Governance Services have been consulted in the preparation of this report.

## **5. Communication**

- 5.1 All communication relating to the Tay Cities Deal will be approved by the four authorities.

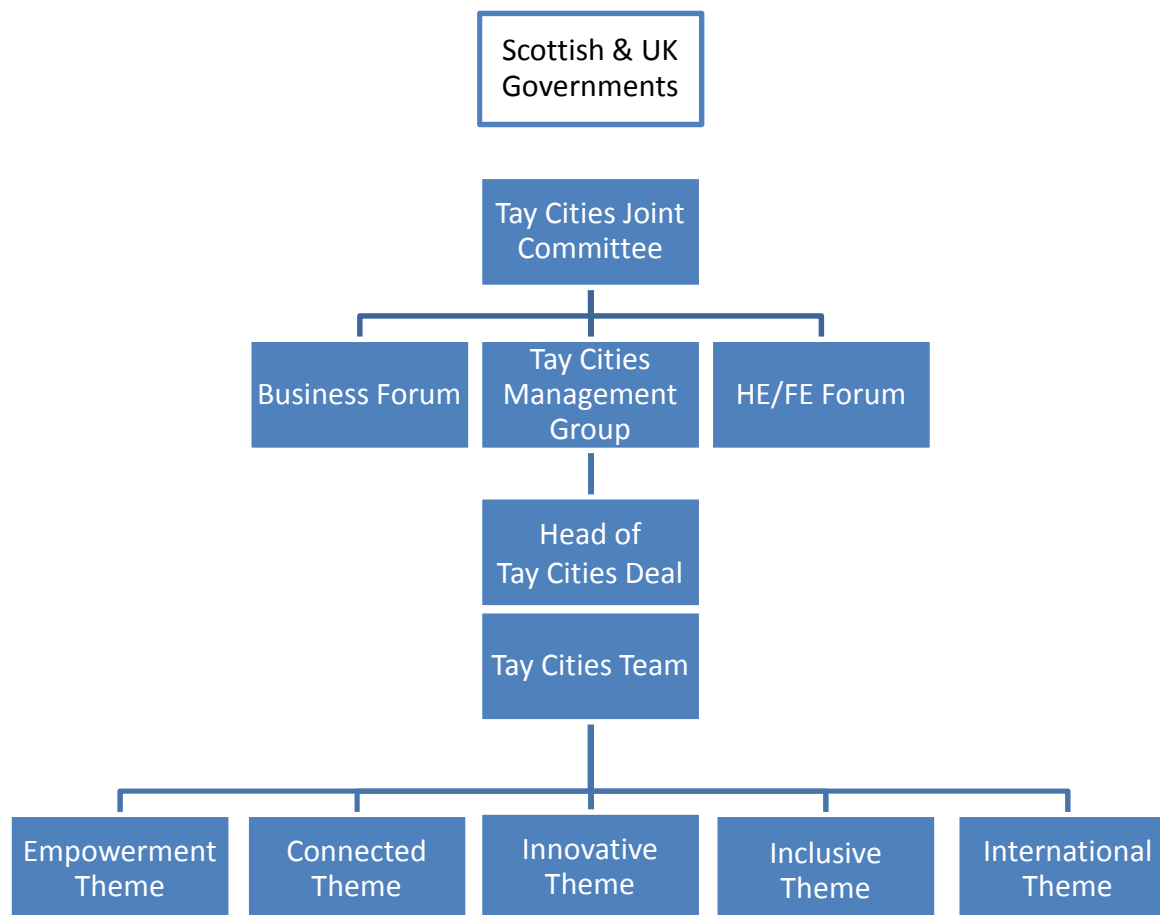
## **2. BACKGROUND PAPERS**

City Deal Funding report to Full Council on 25 March 2015 (Report No. 15/146, Art No. 97)

## **3. APPENDICES**

Appendix 1: Tay Cities Deal – Draft Governance Structure  
Appendix 2: Tay Cities Deal Overview

## TAY CITIES DEAL DRAFT GOVERNANCE STRUCTURE



- ❶ **Joint Committee** = 3 councillors from each local authority plus up to 4 independent members
- ❷ **Management Group** = 1 Strategic Director from each local authority plus 1 Senior Manager from each partner agency (eg. Scottish Enterprise, Skills Development Scotland, Visit Scotland, Transport Scotland, Dept. Work & Pensions, Job Centre+)
- ❸ **Business Forum** = New bespoke group of key private sector leaders
- ❹ **HE/FE Forum** = New bespoke group of key leaders from the 4 Universities and the College sector
- ❺ **Head of City Deal** = Full time lead officer with overall management role (initially seconded)
- ❻ **City Deal Team** = Full time & Part time seconded/co-located staff from TAYplan, Tactran, local councils & partner agencies)
- ❼ **Themed Workstrands** = Focussed resources on each of the 5 key strategic themes
- ❽ **Government** = Overarching partnership with Scottish & UK Governments on Tay Cities Deal



# Tay Cities Deal Overview

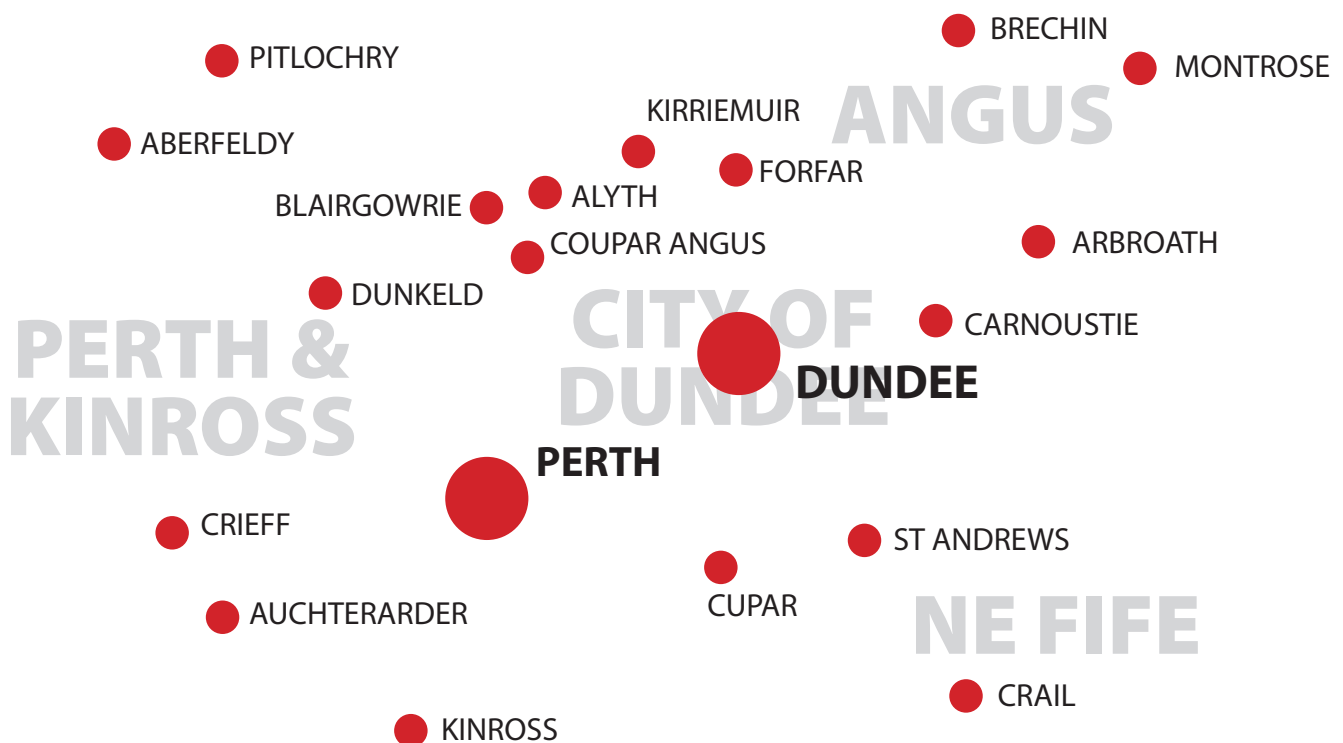


## Introduction

The Tay Cities region is ready to take a collaborative approach to sustainable economic growth that will deliver our ambition to be a smarter, fairer place. We will achieve this more quickly through the support of a city deal agreement. A city deal will provide us with additional funding if we deliver the outcomes we agree with the Scottish and UK Governments.

The 490,000 who live in the Tay Cities region represent 10% of Scotland's population. It is these people and their skills, ambition and innovation that will secure the future of our economy.

Located on the River Tay, on Scotland's East Coast, the cities of Dundee and Perth are home to half the region's population and working together they will play a key role in driving forward economic growth. The strategic towns of St Andrews, in North East Fife, alongside Arbroath, Montrose and Forfar in the County of Angus are also vitally important to our economy. Beyond the cities and large towns our landscape is spectacular; punctuated with historic towns and villages; estates and farms; all contributing to our economic productivity.





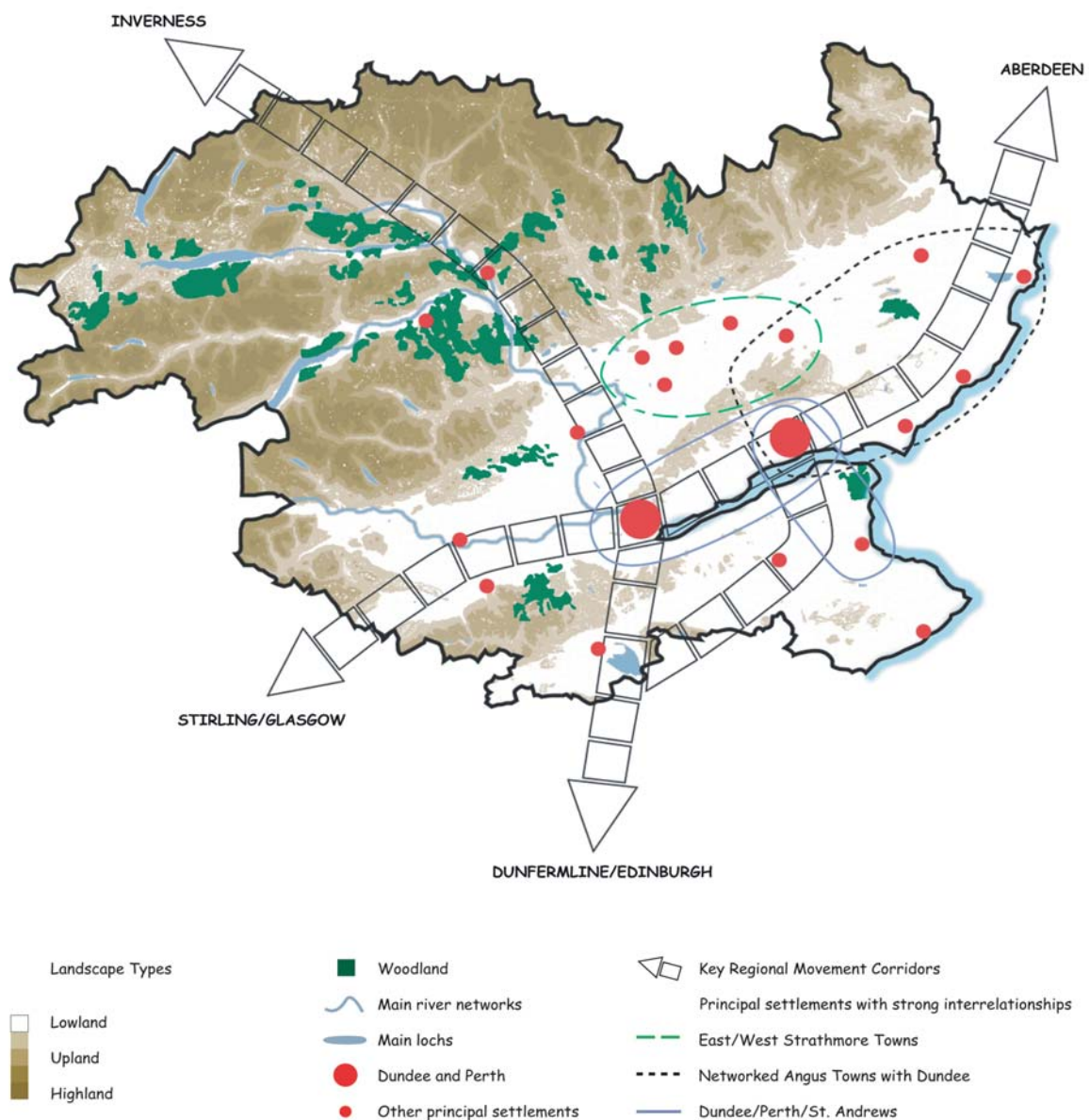
## Strategic Partnership and Shared Vision

The bid to secure a City Deal is led by a strategic partnership of the Leaders and Chief Executives of the four local authorities that deliver services across the Tay Cities region.

Angus, Dundee City, Fife and Perth & Kinross Councils will work together with our Community Planning Partners to achieve this. We will not succeed without the support and guidance of private sector businesses and voluntary sector organisations across the region.

We have a shared vision:

*"We will create a region where fair business growth, social inclusion and skills development is at the heart of everything we do. Our vision is to become a cohesive region of knowledge with a culture of creativity within Scotland and the UK. By focusing on the skills, knowledge and expertise of our people, we can boost innovation, economic growth and productivity within our region."*



Despite continuing global economic challenges, we believe the Tay Cities region has significant growth potential in specific sectors. However, to unlock this potential significant investment is needed. Our ambition is to grow our economy to at least equal the Scottish average GVA (Gross Value Added, a measure of economic productivity).

This potential growth will be boosted by our growing population and through sustainable management of our exceptional natural environment.

The region has four universities, linking to world class research centres, and three colleges of further education supporting innovation and research cooperation between the private sector and the academic institutes.

The region is also the headquarters or a major base for a number of FTSE 100 companies including, SSE, GSK, Diageo, Aviva and Stagecoach.

Our region's growth potential is however increasingly constrained by the capacity of our infrastructure and by our labour market. We still have a significant number of unemployed people, and people working in low paid jobs. We also have some areas – both urban and rural – where social and economic inequalities are a barrier to inclusive growth.

Employment growth of 0.7% per annum across the Tay Cities region as a whole falls short of the Scottish average of 1.2% per annum. Likewise, The region's projected GVA growth of 2.3% per annum falls short of the projected Scottish average of 2.6%.

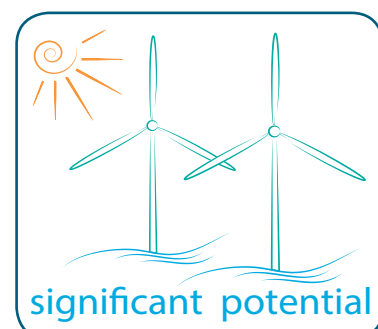
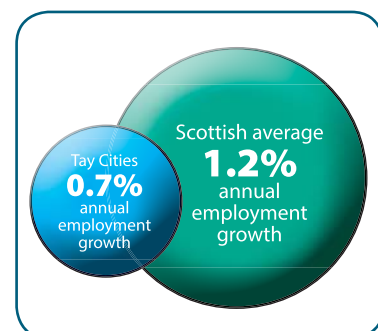
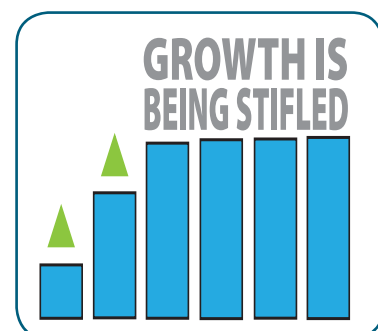
We believe investment via the Tay Cities Deal will boost performance by closing these gaps.

For example, the sectors we believe have growth potential are Tourism, Cultural, Creative & Digital Industries, Food & Drink, Financial & Business Services, Clean Technologies & Renewables, and Life Sciences.

Specifically, the region has significant potential to support growth in the renewable energy industry, particularly through the growth of Dundee and Montrose ports to support offshore renewable energy and decommissioning. We also have an opportunity to build on the world-renowned reputation of the life sciences and digital media sectors and encourage more research, development and innovation across the public and private sectors.

These market opportunities will be enhanced by planned investment in the region's infrastructure and the roll out of high speed broadband.

And underpinning all of this will be investment in the skills of our people.





## Tay Cities Deal Content

The bid will be presented as a series of “Offers and Asks”. The “Offer” is the contribution (infrastructure, land, employment, finance etc.) from the local authorities and its partners and the “Ask” of government is to support and enhance the contribution from the local authorities and their partners.

It should also reflect a dynamic economy that encourages innovation and helps resources flow to their most productive use. Above all, it must be authentic to the Tay Cities region.

### City Deals

The UK and Scottish government’s approach to City Deals is led by a set of principles that will:

- put cities and their hinterlands in control of the economic opportunities and challenges they face
- work across local enterprise and local authority boundaries, sectors, and professions – bringing together governments, cities, neighbouring authorities and local business leaders
- give real power to city authorities so they can create economic growth.

This partnership bid represents a balance between “hard” infrastructure investment and a number of transformational and collaborative initiatives focused on the delegation / devolution of powers and budgets to create new infrastructure and new employment opportunities required to deliver economic growth. This should be a sustainable growth, which is not only for a 21st century Tay Cities region but also for Scotland and the rest of the United Kingdom.

### Key Themes

It is the region’s aim to close the gaps in both GVA and forecast employment between the Tay Cities region and the rest of Scotland. In doing so, we believe we will also help to tackle entrenched inequalities in some of our communities.

A series of stakeholder engagement sessions is being organised throughout the Tay Cities region area to provide key stakeholders and beneficiaries with the opportunity to become involved in the bid process to identify and delivery the work packages and projects that will formulate the bid.

A transport and digital infrastructure programme and funding to improve connectivity and workforce mobility, and support growth throughout the Tay Cities region

An innovation programme and funding for creative industries (creation of retail and design space for local designers and manufacturers), food and drink (showcasing of local produce), agriculture (barley and wheat crop research), life sciences, engineering and enhanced manufacturing, and low carbon technologies (solar, hydrogen power, heat pumps)

**INVESTMENT**  
Connected Tay

**INNOVATION**  
Innovative Tay

**EMPOWERED  
TAY**

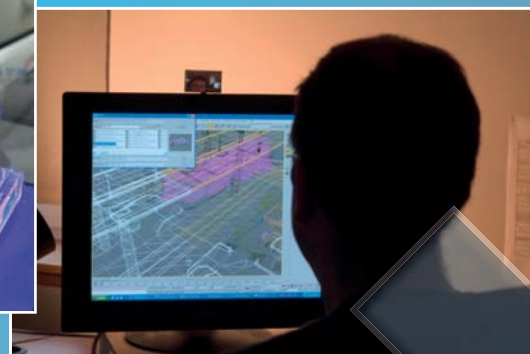
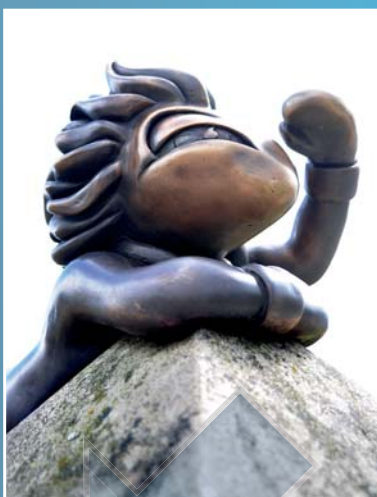
**INCLUSIVE GROWTH**  
Inclusive Tay

**INTERNATIONALISATION**  
International Tay

An integrated skills programme and funding to support manufacturing/engineering capabilities, apprenticeships, employability, and additional opportunities to develop Scotland's young workforce

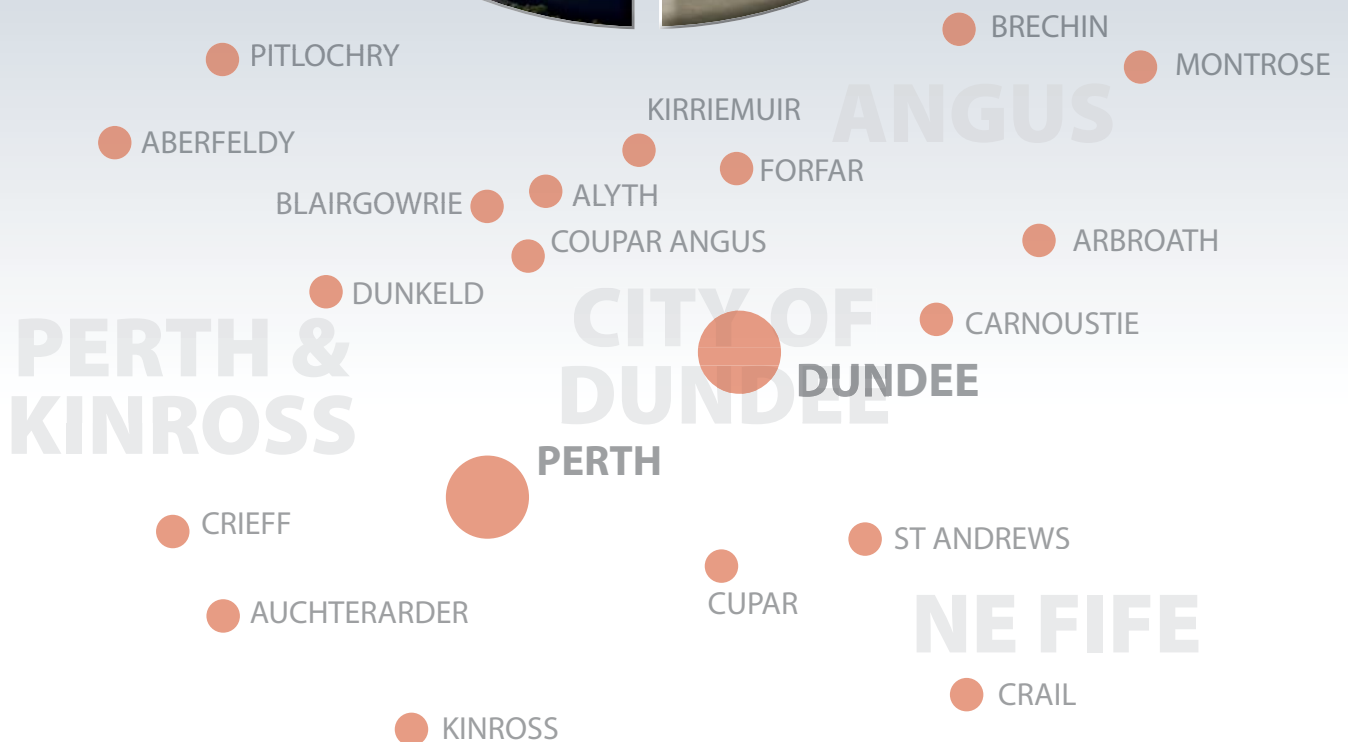
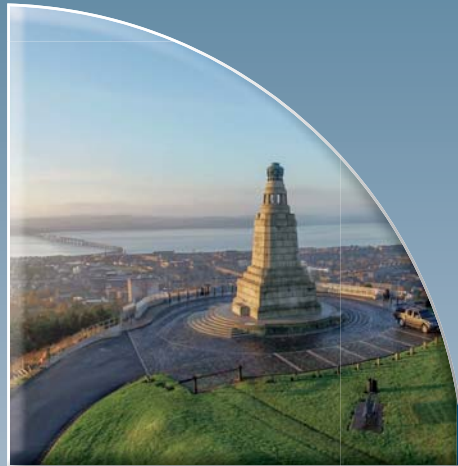
An integrated regional tourism and cultural offer maximizing the opportunity presented by the V&A@Dundee and the region's wider assets, development of regional products (e.g. key attractions, golf, food and drink, nature and outdoors), targeting the cruise and business tourism markets





## Further Information

For further information please email :  
[taycitiesdeal@dundeecity.gov.uk](mailto:taycitiesdeal@dundeecity.gov.uk)



**PERTH AND KINROSS COUNCIL****22 June 2016****SUPPORT FOR PERTH CITY ECONOMY****Report by the Depute Chief Executive, Environment  
(Sustainability, Strategic and Entrepreneurial Development)**

This report outlines the Council's short and longer term support for businesses and economic activity in Perth City in response to recent concerns and requests from the business community for assistance.

**1. BACKGROUND**

- 1.1 Perth and Kinross is an area of Scotland which despite the economic challenges being faced across the United Kingdom performs well, in many areas, alongside its comparators.
- 1.2 However one area which is facing significant challenges is retail, as shopping patterns and consumer habits evolve in the new digital age.
- 1.3 As city and town centres evolve and adapt to a new model of retail this may bring pressures resulting in reduced margins on goods for sale and overall lower consumer expenditure levels than in the past. These and other issues have been discussed in the regular City Connect meetings between the Council and city centre businesses.
- 1.4 Those businesses participating at the Perth Connect meetings requested actions in respect of parking and access, employment and business support, vacant property, city centre business representation and rates.
- 1.5 The Council is committed to being open for business and it is therefore entirely appropriate to listen to concerns and suggestions for action.

**2. CURRENT ACTIONS TO SUPPORT BUSINESSES AND ECONOMIC GROWTH OF PERTH CITY**

- 2.1 The Council's response to actions requested by businesses need to be appropriate and proportionate, as well as consistent with the agreed future strategy for the sustainable economic growth of the city.
- 2.2 The Council has already responded in respect of the following issues to assist businesses, employees and customers within Perth in the short term :



## **Employment Support**

- 2.3 The Council remains committed to providing support for those seeking employment. Employment support services have been provided for staff made redundant as a consequence of the closure of McEwens. 11 have already managed to secure alternative employment with other businesses in the area and 17 individuals have sought specific help through the employment Hub.

## **Parking and Access**

- 2.4 Requests for action in respect of parking have been addressed in a report approved by the Enterprise and Infrastructure Committee on 1 June 2016. It was agreed to provide additional short term car parking on Princes Street, South Street and Tay Street and to reintroduce longer term parking at Thimble Row. These short term improvements will be completed following confirmation of the necessary changes to Traffic Orders and provision of parking infrastructure no later than September 2016.
- 2.5 It had already been agreed to progress pay on foot improvements at Canal Street and this work will be completed later in the year. The introduction of cashless payment will also be explored.
- 2.6 Further requests in relation to relocation of bus stops and services will be considered following completion of public realm works in High Street and Mill Street.

## **Signage and Promotion**

- 2.7 The Council has undertaken a series of gateway signage improvements to enhance the experience of the visiting car user. Another improvement addressed gaps in continuity signage, with a series of new signs directing the road user towards attractions and the appropriate car parks. Other works completed to date to enhance orientation, interpretation and information provision include the "Welcome to Perth" signs, relocation of the VisitScotland information centre to the High Street, and the tourism signage scheme. Enterprise and Infrastructure Committee on 1 June 2016 also approved further investment in new and replacement tourism signs, and map/information panels for car parks. Enhanced Wi-Fi connectivity in the city centre is in scope for delivery in 2016/17. Re-instatement of the electronic signage to help direct customers to available parking spaces is also being progressed.
- 2.8 The Council is opening a dialogue with the Perth City Development Board and the City Centre Traders on the most appropriate methods of promoting the City particularly to those living within a 90 minute travel time. The outcome of this exercise will be reported back to the next Enterprise and Infrastructure Committee meeting.



- 2.9 The Perth City website has already been updated to provide additional information for visitors relating to services, attractions and events within the city and wider area. Mobile phone technology is also under development to assist navigation across the City and promote attractions.

#### **Rates Relief**

- 2.10 Options for providing additional rates relief for city centre businesses will be considered by the Strategic Policy and Resources Committee on 15 June 2016 to provide additional assistance, through adjustment of rates thresholds in relation to the current Small Business Bonus and Fresh Start schemes. This would apply in Perth and the other main towns within the Council area.

#### **Public realm**

- 2.11 The Council has already committed to significant projects to boost the economy of Perth. These include:-
- The redevelopment of Perth Theatre, and the linked works in Mill Street, to provide a cohesive cultural quarter
  - A commitment to retain the Council Headquarters within the city centre, with 500 people working in the building and spending locally, in addition to the 1100 already working in Pullar House and other locations across the city centre.
  - Improvements to the streetscape, finishing the overall look of the High Street, down to the Tay
  - An approved Lighting Strategy, focussed on the visitor and night-time economy
- 2.12 Support and assistance to property owners to allow them to improve and repair properties is continuing to be provided via the Vacant Property Development Initiative. There have been notable successes such as the two buildings on the corner of High Street/George Street.
- 2.13 Immediately required repairs to St Paul's Church have been identified and instructed using the Council's discretionary powers. If the owner does not meet the cost of these urgent works, action will be taken to recover the cost to the Council of intervening in a privately owned building. Work also continues in relation with the owners of other properties within the city centre.
- 2.14 The future of Perth City Hall is being considered at this meeting (Report No. 16/279 refers)

### **3. FUTURE ACTIONS TO SUPPORT BUSINESSES AND ECONOMIC GROWTH OF PERTH CITY**

#### Smart Growth for Perth City: The Perth City Plan 2015-2035

- 3.1 The Perth City Plan sets out a collective vision for the city. The Council recognises that although there is much to be proud of in Perth, more needs to be done to secure future wealth and prosperity. However the Council cannot do this on its own.
- 3.2 City status has allowed the Council to work collaboratively with other Scottish cities via the Scottish Cities Alliance (SCA), assisting marketing and promotion of the city and investment opportunities on an international basis and sharing knowledge and best practice in terms of infrastructure improvements and business innovation
- 3.3 Locally, the Perth City Development Board was formed to champion and support Perth's transformation over a number of years into one of Europe's great small cities. The Board provides a vehicle for engagement with key local employers and representatives of key economic sectors and city centre businesses to secure business input and participation. Revised governance and business representation was agreed at the Board on 31 May 2016 to provide more direct links with key sectors and city centre businesses.
- 3.4 Those cities and town centres that are adapting for the future most successfully are doing so on the basis of recognition of changing market and trading conditions reflective of customers' desire to combine shopping trips with other social and cultural purposes, to access information on how to get there and what is on offer, and to be able to purchase and collect goods online. There is also a growing trend for people to live in a highly accessible and high quality urban environment that allows them to access a wide range of services. These messages were reiterated by designer and retail expert Wayne Hemingway when he spoke in Perth last year.
- 3.5 The Perth City Plan sets out short and longer term actions to support growth of the city and its economy. It also reflects plans, such as TayPlan and the Local Development Plan, already adopted or under consideration by the Council, our partners and the Scottish Government.
- 3.6 Drawing on the evidence of other successful small northern European and UK Cities, the Plan sets out a revised vision – "Perth will be one of Europe's Great Small Cities" along with proposals to accelerate growth and build a high performance economy. It proposes actions to facilitate the rapid increase in population and jobs anticipated in the next 20 years.
- 3.7 The Perth City Development Board and Council agreed the Perth City Plan in December 2015 and February 2016 respectively.

3.8 The Plan will take time to implement given the scale of ambition and resources required to develop and deliver projects. This is dependent on securing further resources via the Council capital programme (Report XX/XX refers) and external funding, most notably the emerging Tay Cities deal.

3.9 Progress is however being made using existing resources as follows:

#### Investing in Infrastructure for Smart Growth

##### Transport Connections

- River Tay Pontoons - Design and build contract issued for potential construction of pontoons in September 2016.
- A9/A85 Junction - Work scheduled to start September 2016 with completion in March 2019.
- Cross Tay Link Road- Progress linked to the works planned for the A9 Luncarty to Birnam section.

##### Investment in digital infrastructure

- Wifi deployed in 11 public buildings. Additional funding secured from Scottish Futures Trust for public wireless programme linking with planned improvements in lighting and public space improvements.

##### Smart Growth Prospectus – Promotion of development advice and guidance

- An prospectus to secure investment has been prepared in collaboration with other cities via the Scottish Cities Alliance in respect of hotels, housing and renewables. Engagement with owners and developers is planned for July/August prior to publication along with other supplementary guidance in 2017.

##### Big Move 1 – Invest In Perth

- Marketing and promotion of investment in collaboration with the Scottish Cities Alliance has secured investment leads which are now being pursued in respect of potential development of key sites within the city

##### Big Move 2 – High Productivity Economy

- Development of the Creative Exchange Perth – an innovation hub for the cultural and creative industries at the former St John's Primary School. Delivery programmed for 2017/18.
- Additional Business Innovation facilities to support food and drink and engineering are also under development.
- The development of a District Heating network utilising the potential of Heat recovery from the River Tay (report no 16/284 refers)

- A steering group with academic partners and renewables/clean technology businesses has been established to develop and promote Tay Eco Valley framework and projects.

### Big Move 3 – University City

- A dialogue has been established with the University Principals and Council Chief Executives across the City Region in order to maximise the potential of having four sector leading universities in the City Region area on the City economy.
- Working groups have been established with the Perth College UHI to develop supporting curriculum and research framework to drive innovation. Demand for potential use of Creative Exchange has been established. The University is developing a programme of activities and talks within the city and has engaged in dialogue with developers in respect of demand for student accommodation to increase its visibility and presence in the city centre.

### Big Move 4 – Skilled Workforce

- As noted earlier, strategy and action plans to support key sector growth and employer requirements for the city have been prepared as part of broader sector support work
- Develop Schools / College / Employer Partnerships and links - the Council and Perth College UHI are currently planning to deliver STEM projects for delivery in 2016/17 to increase participation for A draft School /College Senior Phase Curriculum Strategy plan for 2016-2020 has been developed. Foundation Apprenticeship bids for 2016/17 delivery have been submitted to Skills Development Scotland to deliver programmes focussed on Children and Young People; Engineering; and ICT Digital (Software). An Action Plan in respect of the Commission for Youth Employment has been developed and agreed and additional Vocational Courses and Foundation Apprenticeships offered.

### Big Move 5 – City Centre Place Making

- A plan for the management and maintenance of the city centre will be presented at Enterprise and Infrastructure Committee on 7 September 2016. This will ensure that the benefits of significant public sector investment in the city centre are maintained.
- Key route improvements are planned for the entrance gateways into the city
- Improvements planned for the railway station/bus station
- Improvement to main pedestrian routes and spaces
- Lighting Strategy and Action Plan agreed at Enterprise and Infrastructure Committee and priority projects under development for delivery in 2017 subject to resources

### Big Move 6 – Investment and Development

- Meetings have been held with owners and developers in respect of key development sites to discuss potential planning and property support through enabling development frameworks involving joint ventures with the Council

### Big Move 7 – Cultural Attractions

- Detailed market appraisal of potential visitor market and accommodation requirements and costs has been undertaken in respect of improvements to Perth Museum and Art Gallery and a new Cultural attraction. Approval is now being sought to develop designs and seek funding (Report 16/278 refers) .
- Development of the Bid for City of Culture 2021 is being progressed . Key touring exhibitions visiting the city – The Weeping Window arrives in June 2016 for 3 months.
- Visitor Attraction Open Week has been promoted to support cross selling of attractions.
- A programme has been developed for Year of Architecture, Innovation and Design in October 2016 .

### Big Move 8 – Business Tourism

- Perthshire Business Tourism Group has been relaunched and branded as Meetings Perthshire and is collaboratively marketing meetings, incentives, conference and business events to associations, corporate events buyers and destination management companies via Meetings Perthshire

## **4. ECONOMIC PERFORMANCE**

- 4.1 Ultimately the actions the Council undertakes have to be of benefit to key economic sectors, Perth City and the surrounding area and individual businesses. Current indicators suggest that the area and city is performing well but this needs to be monitored and, if required, alternative action undertaken given the evolving economic context in a time of rapid global change and the particular growth pressures faced by the area.

- 4.2 Current key performance indicators are indicated below:

### City Centre Business

- Vacancy Rate by unit numbers retail for City Centre has fallen to 8.25% from 9.5% and remains one of the lowest rates of any large town or city in Scotland
- More businesses are opening than are closing, with 91 openings since 2013 against 49 closures
- 10 businesses have opened in 2016 with 7 business closures

## Labour Market

- There are more working age adults in work in Perth and Kinross at 79% than in the whole of Scotland 73.1%
- There are marginally more jobs available per head of population in Perth and Kinross than in Scotland as a whole. Job density in Perth and Kinross is 0.82 compared to 0.80 for the whole of Scotland.
- Unemployment is less in Perth and Kinross than in the rest of Scotland at 1.2% across the Council area, 1.9% in Perth City and 2.3% across Scotland.
- The Perth and Kinross Claimant Count rate is consistently among lowest top 5 Local Authorities in Scotland.
- Claimant Count levels in Perth & Kinross have been in line with the best pre-recession levels for about a year, and at the end of 2015 reached levels lower than ever recorded before in Claimant Count dataset.
- In September 2014, Perth City Claimant Count rate fell, and has stayed since, below the Scottish average.
- Youth Unemployment is consistently well below Scotland and Tayside. Also, the rate of improvement in Youth unemployment (latest: annual decrease of 18%) far exceeds other Tayside local authorities (+10% Angus, -5% Dundee and -4% all of Tayside) as well as Scotland (-14%).

## Local Economy, Productivity and Economic Growth

- Food and drink and tourism sectors are more concentrated in Perth and Kinross compared with Scotland as a whole. Perth and Kinross has one of the highest shares of food and drink sector jobs in Scotland (925 enterprises; 6,400 jobs; 8.5% of all jobs in Perth and Kinross). Food and drink (excluding agriculture) contributes an estimated £400 million to the economy of Perth and Kinross.
- Tourism enterprises count of 555 represents 9% of total business stock in Perth and Kinross – an increase of 13% since 2011. An estimated 8,200 jobs are in the tourism sector – an increase of 7.9% since 2009. Tourism contributes over £335 million to the local economy (2013). The annual growth in Tourism GVA was 19% in Perth & Kinross (2013).
- Gross Value Added (GVA) per worker is marginally above the Tayside level in Perth and Kinross at £43,300 compared with £43,000 for Tayside
- Average weekly wages for those working in the area continue to rise and are close to the Scottish average.
- 3 year average economic growth rate is higher in P&K than the whole of Tayside at 2.5% for P&K and 1.8% for Tayside, however marginally under the whole of Scotland at 2.6%
- Wage rates for residents are an issue with average earnings being only 93% of the whole of Scotland
- Start ups in P&K were 304 in 2015/16, comparing favourably with Dundee at 291 and Angus at 295.

- Economic Impact of Tourism continues to increase (up 13.4% in 2014)
- Perth and Kinross major events programme contributes an estimated £17m to the economy annually
- P&K Council are developing plans to encourage additional growth in Tourism, Creative Industries, Food & Drink and Renewables, Cleaner Technology and the Circular Economy
- In 2014 P&K had its highest level of hotel room occupancy since 2001 with room and bed occupancy above Angus and Dundee.
- Perth City achieved “Coach Friendly” designation (first in Scotland) in 2016
- 137 businesses supported with funding vouchers for superfast broadband connectivity
- Public WiFi hotspots installed in 11 buildings in Perth (with £80k funding levered in from Department of Culture, Media and Sport (DCMS))

## **5. CONCLUSION AND RECOMMENDATION**

- 5.1 Recent business closures have acted as a catalyst for the business community to request that the Council considers what additional assistance it can provide. This report sets out the current additional proposals as well as the longer term proposals already set out in the City Plan
- 5.2 Communication, collaboration and participation with businesses throughout the area and within the city centre are critical to aid mutual understanding and assist delivery of growth opportunities. It is clear there needs to be continuing discussion with businesses and better links with city centre representation. Revisions to the governance of the City Development Board designed to make appointments more transparent and approved at its meeting on 1 June will assist this.
- 5.3 Those actions that will benefit access to the city centre, encourage and support existing businesses, growth and investment in the short term are being addressed and longer term actions to support the economy and development of the city are progressing.
- 5.4 It is recommended that the Council:
- (i) Notes activity, actions and performance in respect of the wider area and city economy.
  - (ii) Notes that further reports will be submitted in relation to the delivery of individual programmes and projects to the Council, and service committees as appropriate.

**Author(s)**

| <b>Name</b>  | <b>Designation</b>       | <b>Contact Details</b>                                                    |
|--------------|--------------------------|---------------------------------------------------------------------------|
| John McCrone | City Development Manager | <a href="mailto:JMcCrone@pkc.gov.uk">JMcCrone@pkc.gov.uk</a><br>Ext 75385 |

**Approved**

| <b>Name</b>          | <b>Designation</b>                                                                                          | <b>Date</b> |
|----------------------|-------------------------------------------------------------------------------------------------------------|-------------|
| <b>Jim Valentine</b> | Depute Chief Executive,<br>Environment<br>(Sustainability, Strategic<br>and Entrepreneurial<br>Development) | 9 June 2016 |

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You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.



## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

|                                                     |             |
|-----------------------------------------------------|-------------|
| <b>Strategic Implications</b>                       |             |
| Community Plan / Single Outcome Agreement           | <b>Yes</b>  |
| Corporate Plan                                      | <b>Yes</b>  |
| <b>Resource Implications</b>                        |             |
| Financial                                           | <b>Yes</b>  |
| Workforce                                           | <b>None</b> |
| Asset Management (land, property, IST)              | <b>None</b> |
| <b>Assessments</b>                                  |             |
| Equality Impact Assessment                          | <b>None</b> |
| Strategic Environmental Assessment                  | <b>None</b> |
| Sustainability (community, economic, environmental) | <b>Yes</b>  |
| Legal and Governance                                | <b>None</b> |
| Risk                                                | <b>None</b> |
| <b>Consultation</b>                                 |             |
| Internal                                            | <b>None</b> |
| External                                            | <b>None</b> |
| <b>Communication</b>                                |             |
| Communications Plan                                 | <b>Yes</b>  |

### 1. Strategic Implications

- 1.1 The Perth and Kinross Corporate Plan has five outcomes which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. The following are relevant to this report:

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

### 2. Resource Implications

#### Financial

- 2.1 The report highlights delivery of projects is linked with availability of revenue and capital resources that require to be addressed through the budget process and national and external funding framework

### 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 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. However, no action is required as the Act does not apply to the matter presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

#### Sustainability

- 3.4 The proposals in the Perth City Plan have been considered under the provisions of the Local Government in Scotland Act 2003 and the Climate Change (Scotland) Act 2009 using the Integrated Appraisal Toolkit and will contribute to the sustainable development of Perth and Kinross.

#### Legal and Governance

- 3.5 No issues as individual projects will use established procurement and contract measures.

#### Risk

- 3.6 Risks and the controls required to mitigate any risks will be reported through the Council's risk management process where the Council is the lead on individual projects.

### **4. Consultation**

#### Internal

- 4.1 The Head of Legal and Governance Services has not been consulted as there are no direct legal implications of this report.

#### External

- 4.2 Initial proposals were considered and supported as part of the consultation with the public and businesses on the Perth City Plan.

## **5. Communication**

- 5.1 Enhanced communication is required to ensure strategy and actions are understood and there is business input and opinion via the City Development Board. Communications promoting opportunities for participation will be undertaken via Perth City Centre Management media channels

## **2. BACKGROUND PAPERS**

Perth City Centre Update, Report to Enterprise and Infrastructure Committee, 20 January 2016 (Report No. 16/3, Art No. 27)

## **3. APPENDICES**

None



## Perth and Kinross Council

22 June 2016

**PERTH AND KINROSS COUNCIL BUSINESS PLAN 2016-2019****Report by the Senior Depute Chief Executive (Equality, Community Planning and Public Service Reform)**

This report sets a Business Plan for Perth and Kinross Council, to ensure we are fit for purpose to meet the significant challenges facing local government, and we are organised to deliver the best outcomes for our communities.

**1. BACKGROUND**

- 1.1 The Council operates under a robust strategic planning framework, set out in the Community Plan/Single Outcome Agreement (SOA) (2013-2023) and the Corporate Plan (2013-2018). With the accelerating pace of change - especially over the last 2-3 years - there is an increasing recognition that we need to reflect upon our strategic planning arrangements, to ensure the organisation remains fit for purpose.
- 1.2 Although the Community Plan/ SOA and Corporate Plan set out our priorities for the area i.e. “what we are going to do”, there is a need to refocus on “how” we are going to achieve this. In previous years the Council’s Organisational Change and Improvement Plan (OCIP) set out that ‘how to’ agenda, particularly around the actions we needed to work on collectively, and the support we require corporately, to make the organisation fit for purpose. We need to develop a new approach in this more dynamic environment, through a refreshed strategic Business Plan, to set out how we achieve sustainability and consistency across the organisation, and as a driver to deliver our Community Plan objectives/SOA and Corporate Plan objectives .
- 1.3 We need to reflect within our Business Plan the Audit Scotland principles – the requirement for pace, depth and continuity of improvement in our approach; effective governance and scrutiny arrangements; focus on quality of service to the public; and delivery of outcomes. In addition, at the Council meeting on 18 May 2016, the Audit Scotland ‘Overview of Local Government in Scotland 2016’ report was considered (Report 16/220 refers), and our future business planning should also be informed by the key messages from that report.

**2. PROPOSALS**

- 2.1 Rather than develop individual plans to address the issues detailed in section 1, a comprehensive Business Plan has been prepared for the Council. This Business Plan:-
  - Explains our journey of change, and how the Council will continue to secure positive outcomes for people and communities, within the context of public service reform, increasing demand and reducing budgets.

- Addresses our approach to other influences on our business approach including new models of service delivery, locality planning, collaborative working and strategic partnerships such as the City Deal.
  - Sets out our approach to the reshaped workforce, the Fair Work agenda, and future workforce planning.
  - Details the next steps in our approach to transformation and organisational development.
  - Demonstrates how we are meeting our duty to secure Best Value, including self evaluation, and identification of areas for improvement.
  - Act as a “Business Management and Improvement Plan” (BMIP) for Corporate and Democratic Services and other corporate functions – clearly demonstrating how these services contribute to supporting the wider priorities of the Council.
  - Sets out development actions arising from the Plan, and lead responsibilities for their delivery.
- 2.2 The time horizon for the Business Plan is 3 years, to fit with the Medium Term Financial Plan.
- 2.3 The Business Plan does not duplicate other plans and strategies. It acts in a co-ordinating manner – pulling the collective content together, to allow the Council to be clear about what we have established so far, and highlighting any gaps where further plans or policy development is necessary.
- 2.4 The layout for the Business Plan is based around the Audit Scotland Best Value characteristics. This gives a rigour to the Plan, that allows us to clearly demonstrate the level of achievement with our Best Value requirements, and what more we need to do. The Best Value characteristics are:
- Vision and Strategic Direction
  - Partnerships and Community Leadership
  - Community Engagement
  - Governance and Accountability
  - Performance Management and Improvement
  - Use of Resources
- 2.5 For each of these Best Value Characteristics, the Plan sets out:
- “Our Story so Far” – what we have achieved
  - “Next Steps” – our proposals for improvement
  - “By 2020 We Will” - a statement of intent for the organisation.

- 2.6 Development of the Plan has been drawn from engagement sessions with Elected Members and senior managers, as well as feedback from staff through engagement activities such as Business Breakfasts, Employee Survey and the Employee Review and Development Process.
- 2.7 The preparation of the plan recognises the Principles of Performance Management, agreed by the Scrutiny Committee on 20 April 2016; (report [16/173](#) refers), which proposed a modernised approach to performance reporting. A visually interactive digital version of the report has been produced, which gives the Plan more functionality ([click here](#)) including the ability to refresh the Plan as updates and developments occur. The paper based version is provided in Appendix 1.
- 2.8 Subject to approval of the Plan, its content will be shared with teams within the Council, and also with our Community Planning partners, as part of a communications/engagement process, to achieve a shared understanding of the challenges, and what we collectively need to do to respond.

### 3. CONCLUSIONS AND RECOMMENDATION

- 3.1 The development of this Business Plan is the next step in the Council's 'Building Ambition' agenda. Council is asked to:

- 1) Agree to the Business Plan detailed in Appendix 1.

#### Authors

| Name           | Designation                                                    | Contact Details                                                                  |
|----------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|
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#### Approved

| Name       | Designation                                                                            | Date                      |
|------------|----------------------------------------------------------------------------------------|---------------------------|
| John Fyffe | Senior Depute Chief Executive (Equality, Community Planning and Public Service Reform) | John Fyffe<br>6 June 2016 |

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You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

## 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>None</b>       |
| Workforce                                           | <b>Yes</b>        |
| Asset Management (land, property, IST)              | <b>Yes</b>        |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>Yes</b>        |
| Strategic Environmental Assessment                  | <b>None</b>       |
| Sustainability (community, economic, environmental) | <b>None</b>       |
| Legal and Governance                                | <b>Yes</b>        |
| Risk                                                | <b>Yes</b>        |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>None</b>       |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>Yes</b>        |

### 1 Strategic Implications

#### Community Plan/Single Outcome Agreement

- 1.1 The proposals relate to the delivery of the Perth and Kinross Community Plan/Single Outcome Agreement.

#### Corporate Plan

- 1.2 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. The report supports all the strategic objectives.
- 1.3 The report relates to all of these objectives.

### 2. Resource Implications

#### Financial

- 2.1 There are no direct financial implications arising from this report, although the Plan recognises the need for robust financial planning.



### Workforce

- 2.2 The Plan makes several recommendations regarding supporting the workforce in the challenging environment.

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

- 2.3 The Plan recommends a new Asset Management Plan.

## **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 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as having a positive impact, through proposals on Fair Work and establishing a Fairness Commission.

### 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 within this report have been considered under the terms of 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.

### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

#### **4. Consultation**

##### Internal

- 4.1 The Executive Officer Team, the Corporate Management Group, the Corporate & Democratic Services Management Team and the Head of Finance have been consulted in the preparation of this report.

##### External

- 4.2 Not relevant to this report.

#### **5. Communication**

- 5.1 As part of the engagement process a Communications Plan has been prepared to share the Business Plan with colleagues throughout the Council.

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

- 2.1 Audit Scotland 'Overview of Local Government in Scotland 2016' – report to Council on 18 May 2016 (report number 16/220)

#### **3. APPENDICES**

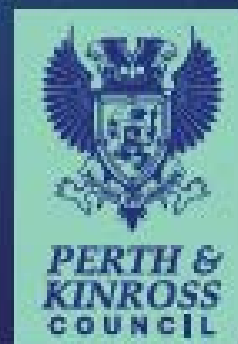
- 3.1 Appendix 1 – Draft Perth and Kinross Council Business Plan – 2016-2019



# BUILDING AMBITION

Our Business Plan 2016-2019

2nd proof - 18 May 2016



Please note this document is produced in two versions:-

- a) PDF/Word version, which is the best format for printing a paper copy, however printed copies cannot hyperlink to further information.
- b) Online “Wiki” version (click [here](#)), which is not printer friendly, but has more links to a wider variety of supporting information, and will be updated as new information becomes available.

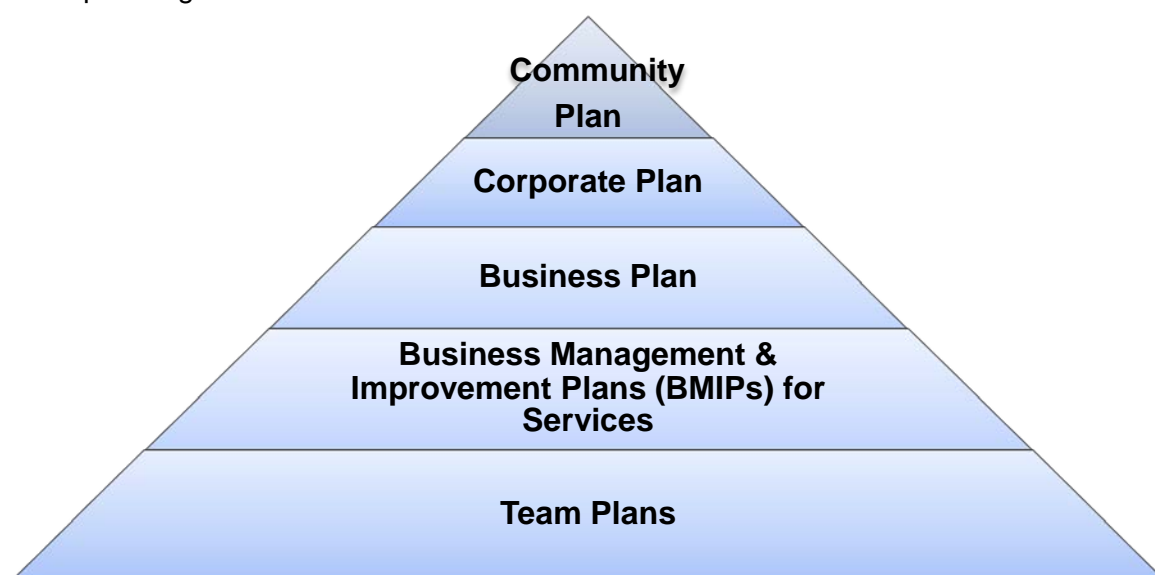
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## Introduction

The Council's Business Plan sets out what our whole organisation is going to work on together, and how we will adapt, to ensure our organisation is fit for purpose to face the changes, challenges and opportunities over the next three to five years. This will allow us to continue supporting the delivery of our Corporate Plan and Community Plan strategic objectives, and in particular, the following themes reflected in the Scottish Government's priorities:

- ✚ Early years and education
- ✚ Growing our economy
- ✚ Fairness and equality
- ✚ Health and social care integration
- ✚ Prevention and early intervention

The Business Plan sits as part of the Strategic Planning Framework for the Council (see figure 1 below), supporting the Community/Corporate Plan and influencing Service and Team planning.



**Figure1: Strategic Planning Framework**

The challenges facing our public services are well documented. We face the greatest financial pressures in a generation; we are preparing for an unprecedented population increase in Perth and Kinross, alongside rising demand for our services; and we are managing the most significant change in public service since the creation of the welfare state – the [integration of health and social care](#) – as part of a far reaching [public service reform agenda](#). Traditional council services are now being delivered by a much wider range of models including Arm's Length External Organisations (ALEOs), commissioned services, jointly with Community Planning partners, and through strategic partnerships such as the Scottish Cities Alliance. The ways we deliver services are increasingly complex, and require higher levels of leadership and flexibility, from Elected Members and staff.

Community Planning is a central plank of public service reform, with statutory duties on Councils and Community Planning partners to work together, to deliver better outcomes in communities, and reduce stubborn inequalities. New Community Empowerment legislation reflects a growing expectation from communities that they will be entitled to take control of issues that affect them and their area, and this will drive forward the way we work with

communities. We are seeing greater demands for personalisation of council services, more localisation of services, and increased public expectations. Our continued approach to early interventions and preventative action will be essential to making a difference to our most vulnerable citizens and giving people an equal chance in life.

In these transformative times, we will be even more reliant on the talent and dedication of our people, to show their commitment to managing in complex circumstances, and making a positive difference to those who use and need our services. A key part of our future success is the role of our Corporate and Democratic services which form the backbone of support to the organisation. These services will be key influencers and enablers in delivering many of the objectives of this Business Plan, which will in turn support us meeting the priorities of the Council.

The Council has a strong track record of planning for the future, no matter how challenging that future looks. We have many strengths. We are a high performing organisation with a clear vision, and strong elected member and officer leadership; we have excellent financial management, sound governance, and a talented and committed workforce. We can demonstrate many outstanding achievements, and these are confirmed through robust self-evaluation, as well as positive recognition by external scrutiny bodies. We continue to be recognised as sector leading in many areas. Strong leadership of partnership arrangements by the Council, is a key factor in our success.

Our positive people practices are also recognised as hallmarks of being an employer of choice. This demonstrates clear vision and leadership which underpin a positive workplace culture in which our employees thrive. We have been preparing for these challenges for a long time and are well-placed to manage our uncertain future. There is a further wave of further change approaching, and we must stay ahead of the wave, rather than be overwhelmed by it. This Business Plan is a key part of taking the Council forward collectively to the next stage, and giving both the confidence and ambition to continue our progress, tackle the challenges, maximise the opportunities, and provide the best possible outcomes for the people of Perth and Kinross.

This Business Plan:-

- Explains the journey of change and how the Council will continue to secure positive outcomes for people and communities, within the changing context of public service reform, increasing demand and reducing budgets.
- Addresses our approach to other influences on our business approach including new models of service delivery, locality planning, collaborative working and strategic partnerships such as the City Deal.
- Sets out our approach to the reshaped workforce, the Fair Work agenda, future workforce planning, organisational development and transformation.
- Demonstrates how we will continue to deliver Best Value in this changing environment - including our self-evaluation activities, and identification of areas for improvement. To assist in meeting our Best Value obligations, the subsequent chapter heading of the Plan have been set out to reflect the Audit Scotland Best Value characteristics.
- Outlines our commitment to giving the people, communities and businesses who use our services more choice around how we engage with each other.
- Acts as a Business Management and Improvement Plan for Corporate and Democratic Services and other corporate support functions.
- Explicitly sets out improvement actions and lead responsibilities for their delivery.

In summary, the key themes of the Business Plan are:

- ✚ Supporting Councillors, through the complex public service reform agenda, and financial challenges.
- ✚ Leading, through our staff and partners, the delivery of services through new models of collaboration, local Community Planning, and providing a much wider range of non-traditional public services.
- ✚ Embedding the `learn innovate grow` philosophy, throughout the organisation, to maximise the capacity and potential of our people to make a positive difference to the lives they touch.
- ✚ Working for, and working with local communities, alongside other public services, to meet the communities` needs.
- ✚ Closing the equality gap in Perth and Kinross, with a systematic approach to prevention, which shifts the balance of public service resources away from crisis interventions and failure demand.
- ✚ Evolving our approach and shared understanding of good governance in these changing circumstances, to create an authorising environment, whilst providing appropriate controls and assurance to stakeholders.
- ✚ Using information and communications technology act as an enabler of transformational change and service delivery.

# Vision and Strategic Direction

## Our Story So Far

### Vision and Strategic Direction

We have established a clear and ambitious vision for what we want to achieve for our communities through our [Community Plan](#), and [Corporate Plan](#)

### Leadership and Culture

Leadership roles in the organisation are evolving to respond to the increasingly complex landscape. Elected Members have an increasingly broader role, overseeing a wide range of service delivery models, and leading on cross cutting issues such as tackling inequality and health and social care.

In readiness for the challenges over the next ten years we have clearly set out a phased approach to reshaping the [Council's senior management arrangements](#), as part of a larger cultural change programme. A new Organisational Development Framework was approved by Council in July 2015 to ensure we continue to harness the talents of our people, based around the "Learn Innovate Grow" principles [Learn Innovate Grow/Organisational Development Strategy](#).

### Planning and Resource Alignment

We recognise that simply making incremental savings to existing services are neither sufficient nor sustainable solutions, when set against the scale of the financial challenge ahead. We have taken a more strategic approach by establishing a comprehensive [Transformation Programme](#) to radically address challenges, demands and opportunities.. We are also planning for the longer term financial future through our Medium Term Financial Plan

We recognise the importance of planning and resource alignment to target the use of limited resources for the best outcomes. This is evident from approaches such as [Integrated Resources Framework](#) (IRF) and [Evidence to Success \(E2S\)](#).

## What's Next

Councillors are carrying out an increasingly complex and challenging leadership role. A Working Group led by Elected Members and supported by officers is reviewing Councillors training and development requirements, particularly in increasingly important areas, such as the complexity of the public service environment, strategic planning, different governance and accountability arrangements, financial planning, options appraisal, commissioning services, partnership working and scrutiny. Proposals will be developed by the Head of Democratic Services. There will be a strong focus on offering these opportunities to new Elected Members, following the local government elections in 2017.

Leadership capacity is vital in achieving our aims. Our re-shaped senior management arrangements will be kept under review to ensure they remain fit for purpose with the evolving context of change, financial challenge and public service reform. Assessing the visibility and effectiveness of our leadership is important particularly with recent senior management role changes. This will be a key role for the Depute Chief Executives.



To support leaders across the organisation, a Leadership Development Programme is currently under preparation, and in Autumn 2016 we will create a collaborative arrangement with Angus and Dundee City Councils to co-deliver a shared Leadership Development Programme for Senior Managers.

We will lead a corporate approach to delivering the Council and Community Planning Partnership priorities, particularly at this time of change. We need to ensure that Corporate and Community Plans continue to be familiar to all stakeholders, relevant to staff, and communicated effectively. Therefore our ongoing major staff engagement activity will focus on communicating these priorities, whilst giving the opportunity to engage in discussion about our joint future. This will help in framing a new Corporate Plan, with development work for this Plan starting in 2017.

We will use our 'Council Story' as a basis to convey our identity, where we have been, where we are going, and what makes us different. We will share our understanding of the dynamic public service landscape, to maintain our shared vision throughout the organisation, on what we want to achieve, and how we are collectively going to do it. This will be used as the basis for discussion across the Council, led by the Deputy Chief Executive (Corporate and Community Development Strategy), and supported by the Corporate Strategy & Organisational Development team.

We will broaden our use of the 'Learn, Innovate, Grow' approach to help our people think about the cultural shifts that will be necessary through public service reform and transformation. This will help us take a more strategic view of the workforce of the future. The approach will be integrated into a range of key organisational processes, such as the revised Employee Review and Development scheme (currently being implemented across the Council), the Business Management and Improvement Planning process, and our approach to self evaluation. This work will involve the Corporate Strategy & Organisational Development team working with the Corporate Human Resources Manager.

Joint resourcing is a key part in developing more integrated and effective delivery of services. Health and Social Care integration will result in greater budget alignment and focus on areas of priority. The work undertaken as part of the E2S project has given an initial baseline of expenditure. We will develop this type of approach further, using evidence, analysis data, demographic and demand projections, customer feedback, and benchmarking to capture patterns of socio-economic changes, service use and future demand, to inform the Council and Community Planning decision making, so that we can target our resources to the highest priority activities. This will involve joint work by the Head of Finance and Corporate Research and Information Manager.

We need to maintain the pace of change, and drive for continuous improvement. A key focus will be the effective delivery of our existing Transformation Programme. To maintain our ambition, provide longer-term planning and demonstrate our willingness to appraise all practical options for delivering services, we will produce a three year extension to our Transformation Programme from 17/18 onwards. This work will be led by the Head of Strategic Commissioning and Organisational Development.

**By 2020 we will....**

- Manage a complex arrangement of service delivery models, with confidence and ambition, achieved through strategic leadership of Elected Members and supported by staff operating in a changing environment of public service reform.
- Demonstrate how we have embedded the Learn, Innovate, Grow philosophy consistently throughout the Council, via a range of internal and external indicators, such as the Employee Survey and performance information, such as customer feedback.
- Have well developed joint resourcing approach with partners and communities, including shared access to information which allows informed decisions, to give confidence that we are effectively aligning resources to the priorities for our communities.
- Have completed the current transformation programme, and will be delivering the next phase of transformation activity for the Council.

Appendix 1 details the key developments and milestones to achieve these objectives.

# Partnership Working and Community Leadership

## Our Story So Far

The Council delivers public services increasingly through partnerships at all levels - including both statutory partnerships (such as arrangements for Child Protection, Health and Social Care and Community Justice), and partnerships which engage communities of interest (e.g local environmental partnerships and disability networks).

At the centre of our approach is the the Perth and Kinross Community Planning Partnership (CPP) which has successfully led the community planning activities, by providing strategic direction, agreeing joint priorities and managing performance through the [Community Plan/Single Outcome Agreement 2013-2023](#).

In anticipation of new emerging Community Empowerment legislation, and the establishment of new integrated Joint Health and Social Care provisions, the CPP recently [reviewed its arrangements](#), with changes made to ensure we are best placed to continue delivering better outcomes for people in Perth and Kinross over the next five years.

Through partnership we are developing the most significant transformation of public services in recent times. The integration of adult health and social care, through the [Integration Joint Board](#) will successfully deliver better outcomes for users, the Council and NHS Tayside. It will shift the balance of spend away from acute care, towards effective prevention, through innovative models of care, and ways of working that are quite different from traditional services.

We are engaging in an increasingly expansive range of partnership working, including:

- [Commissioning services](#) from expert arm's length external providers
- [Collaborative working](#) with other Councils
- [New Community Justice Partnership](#) arrangements
- Developing a new Integrated Children's Services Plan, with partners in 2017.
- [Tackling inequality](#) through our [Fairness Commission](#)
- Economic Development Partnerships, [Perth City Development Board](#) and [Tay Region City Deal](#)
- We maintain strong links with the voluntary sector. For example Perth and Kinross Association of Voluntary Services ([PKAVS](#)) is a member of the Community Planning Partnership Board and is the Third Sector Interface for the Perth and Kinross area. PKAVS is also leading on much of the engagement work with local communities, as we expand our locality planning arrangements.

## What's Next

Partnership working - ranging from individual locality level to large scale City Alliances, and national partnerships - will drive public services in the coming years.

We will work with elected Members, communities and partners to set out CPP priority outcomes at strategic/area wide level in a new Local Outcome Improvement Plan (LOIP) for Perth and Kinross. We will jointly develop, publish and implement the LOIP, to meet Ministers' expected date of October 2017. This work will be led by the Head of Public Service Reform, Culture and Community Development.

Our focus will be on reducing demand in the system through prevention and early intervention to tackle the root causes of social and economic inequality and inter-generational cycles of deprivation and disadvantage. This work will be led by the Senior Depute Chief Executive.

At locality level, new Local Community Planning Partnerships will set out the specific action to address stubborn inequalities. These will be informed by the findings of the Fairness Commission which will begin work in mid 2016, with the Senior Depute Chief Executive leading on this workstream.

As part of the Public Service Reform programme we will take account of the strengthened statutory responsibilities of Community Planning Partnerships. We will expand our focus on the 'total impact' of integrated services on themes such as 'equalities' and 'community safety', rather than focussing on individual services like housing, education and social care.

Although ongoing evaluation has been undertaken in some areas of Community Planning such as Children and Families, and through other statutory inspections, further work is required to reach consistency in self evaluation across all CPP activities. This will be undertaken by the Head of Public Service Reform, Culture and Community Development. Ensuring effective governance arrangements are an important part of our evaluation. There is an opportunity for partnerships to learn from the recent development of governance arrangement for the Integration Joint Board for Health and Social Care.

Joint working at all levels of our partners' organisations will be key to successful outcomes. We need to ensure a shared understanding within the Council, and with our partners, of the issues, challenges and solutions. We are developing a collaborative organisational development approach, led by the Head of Public Service Reform, Culture and Community Development, to work closely with partners to upskill our people in partnership working, to achieve better outcomes

A new era of collaborative working with other Councils should unlock efficiencies, and allow us to offer services to our communities to an extent that would otherwise be unachievable in the current financial context. The Depute Chief Executive (Sustainability, Strategic and Entrepreneurial Development) will lead on the joint review work to progress new ways of collaborative working.

#### **By 2020 we will....**

- Have well established and effective locality working which brings local public services together with communities to tackle joint priorities.
- Demonstrate measurable progress in closing the equalities gap across Perth and Kinross through use of data and evidence, to ensure public service resources are targeted at stubborn inequalities and use preventative approaches which break long-term cycles of inequality and deprivation.
- Ensure continuous improvement in public services through increased collaborative service delivery with our partner local authorities and other Community Planning Partners.

Appendix 1 details the actions and milestones to achieve these objectives.

# Community Engagement

## Our Story so Far

We have a strong reputation for the quality of our community engagement, evidenced by a range of examples. There are opportunities for other parts of the organisation to learn from these exemplars of good practice.

Public Service Reform is moving us into an entirely new era, with the new Community Empowerment (Scotland) Act focussing on the achievement of active participation of communities and the requirements for public service agencies to work meaningfully with communities on a locality basis in service design, delivery and improvement.

The Council and its partners are currently building on our positive work to date, by developing community empowerment at a local level. The Council is currently leading on the establishment of Local Community Planning Partnership (LCPP) arrangements, to allow the [Perth and Kinross CPP](#) to fulfil its new statutory duties. Multi-agency Locality Teams are being created in five defined localities across Perth and Kinross with Chairs and lead officers coming from a range of CPP organisations. These new teams will support local community engagement, and assist in the co-ordination and delivery of priority needs for local areas. To assist with this approach, the Community Empowerment Working Group has set out [principles for community empowerment in local community planning](#).

The Council has also led on other forms of personalisation and engagement, for example [Self-Directed Support](#), which place decisions in the hands of individuals, families and communities about how services can be designed around them.

Participatory budgeting pilots are underway in Perth and Kinross to engage and empower people to use public sector funding to deliver projects that improve outcomes in their communities. The pilots are targeting communities of interest (carers) and communities of geography (Tulloch; Coupar Angus).

## What's Next

The role of elected members and staff is vital in refreshing our community engagement approach. Investment in organisational development will be central to sharing our priorities, our commitment to jointly tackling local problems, and ensuring all staff are supported in an authorising environment to work together with communities. We will build on excellent examples of community engagement and participation already in place to achieve consistency of approach and to scale up the areas of good practice. Staff who engage with communities will be provided with the tools, skills and autonomy to work in an authorising environment. This work will be led by the Head of Public Service Reform, Culture and Community Development.

We will embed effective locality working by bringing elected members, community representatives and public services together to develop shared local priorities and agree how these will be tackled through a 'Plan for Place' in each of the 5 localities across Perth and Kinross. 'Stories of Place' - the locality profiles which provide key data, evidence and intelligence about locality needs and priorities - will be the bedrock of the 'Plan for Place' and are being developed on a Wiki platform enabling data and evidence to be updated in real time and accessible to public services and communities alike.

The use of local data will become increasingly important to ensure we understand local needs, and work with service users and local communities to identify priorities and desired outcomes. We will ensure we are making the best use of information resources jointly with Community Planning partners and communities. The Place Based Scrutiny approach piloted in Blairgowrie & Rattray provides a sound basis for our locality based approach.

Working with our communities we will develop Locality Plans to address the priorities, and be accountable for progress to the wider community, as well as to the CPP Board. We will support communities to appraise all practical options to meet their needs. . This includes examining opportunities to work with and empower communities to deliver services in different ways, and learning lessons from others. We will explore the opportunities to develop participatory budgeting further.

Part of the new approach to engagement has to be effective performance reporting. We need our performance information to demonstrate that our community empowerment approach is securing improved outcomes for localities. Consistent feedback on community information has the potential to transform how we enable public engagement and deliver data to the public and partners, supporting communities to take an active role in community planning. This will be a key part of our ongoing transformation review of performance management.

#### **By 2020 we will....**

- Evidence active, self-sustaining and resilient communities across Perth and Kinross working alongside public services to deliver a wide range of local projects and services which benefit individuals and the local community as a whole
- Demonstrate measurable improvements in closing the inequality gap between our most deprived communities and our wealthiest. Emerging issues and challenges, for both communities and public services will be discussed openly, focussing on developing solutions together and empowering communities to support their own needs.
- Be working effectively with our communities to comprehensively understand the differing needs of each community, and empowering them to develop a local vision, setting priorities, directing budget resource and shaping services.
- Have clear approaches, used consistently across the organisation for consultation, representation and participation, which reflect the national standards for community engagement, and can demonstrate that our community engagement activity is securing improved outcomes for local people.

Appendix 1 details the key developments and milestones to achieve these objectives.



# Governance and Accountability

## Our Story So Far

### Governance and Accountability

We can demonstrate high standards of governance and accountability. We have in place appropriate political and managerial structures and processes to govern decision-making and the exercise of authority, supported by mature and effective relationships between members and officers. Our Annual Governance Statement give assurance to the public, our Elected Members, staff, partner agencies and other stakeholders that we have effective governance arrangements in place.

The importance of good public sector governance has grown increasingly over the years. Given the financial climate and the increasing demand for services, public services, are under scrutiny to ensure that our business is being conducted in accordance with the law and proper standards; and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. An effective governance framework relies on a number of key elements. We are reviewing our governance framework to demonstrate to our stakeholders that our assurance mechanisms are moving with the changing times. Phase 1 of the review is underway.

Proper scrutiny is an essential element of an effective governance framework. Scrutiny and audit functions are key enablers to support better decision making and service delivery. Our Scrutiny Committee takes a proactive role in identifying areas of activity for further scrutiny or improvement and has to date, undertaken a series of six reviews across various services.

Internal Audit, through the [Council's Audit Committee](#), fulfils a specific role in providing assurance to stakeholders as to financial and operational performance, the management of risk and further supporting and enhancing our public accountability.

A Local Area Network (LAN) of audit, inspection and regulation bodies assess the level of external scrutiny required for each Council, through an annual shared risk assessment (SRA). The LAN has consistently recognised Perth and Kinross Council as a low scrutiny risk. This reflects the scope and maturity of the Council's self-evaluation and performance management arrangements, and its preparedness for the increasingly challenging financial context that it faces. It is also recognised that the Council has a track record in securing improved performance and better outcomes for local people.

### Public Performance Reporting

We are committed to effective public performance reporting as a key part of demonstrating public accountability. Performance information is available through our [Performance](#) web pages. Our [Customer Service Standards](#) clearly set out how we will meet the needs of local people and our [Council plans and reporting](#), which supports our service delivery and decision making, are also available to all our stakeholders through our web pages. [Audit Scotland](#) has identified Perth and Kinross as a high performing Council for public performance reporting (PPR), identifying our structured approach to PPR and innovative use of social media to send out performance updates, as best practice. We will continue to ensure that we use the range of available performance feedback to develop improvement, innovation and service design.

Performance reporting information needs to be open and accessible to our stakeholders, and we have worked hard at improving the quality and presentation of reports such as the Local Government Benchmarking Framework (LGBF), and the Annual Performance Report. Our LGBF report was used by the Improvement Service as a case study exemplar of how the LGBF could be used to learn and improve on public performance reporting. We will make more consistent use of benchmarking data – to understand the reason for variations between our performance and that of other councils (such as policy decisions), and to find the answers where the reasons for variance are less evident.

We acknowledge that improvements can be made in the timeliness, presentation and accessibility of our performance information, and are currently undertaking a Transformation Review of our performance reporting, with principles established for our future performance management aspirations.

## **Next Steps**

### **Governance and Accountability**

Governance around local government decision making and delivery has never been so crucial or complex. As we continue to adapt to changing circumstances and develop more diverse and ambitious ways of working with partners and with our communities, we will continue with further phases of our review of governance, led by the Head of Legal and Governance.

Internal controls are more than a compliance requirement. The purpose of these controls is, in fact to enable the organisation to identify and effectively manage risk, thereby supporting the achievement of our outcomes. We need to be more commercially focussed and entrepreneurial in our approach. Audit and scrutiny functions will therefore evolve to strike a better balance between conformance and performance, and should be fundamental element of an enabling environment, whilst providing the appropriate levels of assurance to stakeholders. This will be a key role for the Head of Legal and Governance, Head of Finance and our Internal Audit team.

### **Public Performance Reporting**

The transformation review of the Council's approach to performance management and Public Performance Reporting will conclude by the end of 2016. This is linked to the Transformation open data project, which will change the way in which we share information with the public. This approach not only has the potential to improve public access to information, (including performance reporting), but also to boost collaboration and co-production within the Council, with partner organisations, and with our communities.

#### **By 2020 we will....**

- Continue to be widely recognised as an exemplar of good public sector governance, demonstrating excellent financial stewardship and public performance reporting; being open honest and transparent in our engagement with, and accountability to our stakeholders.
- Have a clear approach whereby all Elected Members and staff have a shared understanding of how good governance supports an authorising environment, whilst providing appropriate assurance to stakeholders.

Appendix 1 details the key developments and milestones to achieve these objectives.



# Performance Management and Improvement

## Our Story So Far

### Customer Focus and Responsiveness

We can demonstrate areas of excellent practice in customer/citizen engagement. Some gaps exist in a small number of service areas and this is being addressed. The key issue is transparency of how activity is reported, and contributes to improvements in service planning and delivery, taking account of customer feedback. This is a key element of our annual Business Management and Improvement Planning.

We operate to an established set of [Customer Service Standards](#). We have well-established systems for monitoring performance and continue to develop these.

### Performance Management

We are able to demonstrate significantly improved outcomes for citizens and more effective and efficient services as a consequence of its performance management and continuous improvement. The Council's performance management framework is comprehensive and integrated with service planning and delivery. It allows the scrutiny of performance against our key priorities and objectives.

Business Management and Improvement Plans ([BMIPs](#)) set the direction for services focus in keeping with the Community Planning Partnership's shared vision and priorities for the area, previous performance and customer feedback.

The '[How Good is our Council?](#)' self-evaluation tool is an important component of our corporate improvement framework.

Managing our performance data is under review with the objective of having a shared, streamlined approach for performance management across all levels of the organisation, so that information is captured once, and communicated to the appropriate audiences, without duplication of inputting – in a format appropriate to the intended audience.

### Efficiency

We have a strong track record in managing our finances and delivering efficiency savings. We demonstrate our efficiency activity via our annual efficiency statement. We have also prepared ourselves for the future by maintaining recurring revenue budget headroom (excesses of income over expenditure) to cushion the anticipated tough financial settlements over the short to medium term, and also through the development of our transformation change programme.

### Competitiveness

We use benchmarking to examine the cost and performance of our services, to understand variation between ourselves and others, and to help inform our continuous improvement. We are involved in a wide range of formal and informal benchmarking with other Councils which includes the national [Local Government Benchmarking Framework](#) (LGBF) family groups, as well as benchmarking groups through the Association of Public Service Excellence and the Chartered Institute of Public Finance and Accountancy. We have placed a greater commercial focus on procurement and commissioning, with the developments of a Procurement Strategy, and new approach to commissioning through Health and Social Care Integration, and have reviewed our commissioning arrangements

with the Arm's Length Trusts, Horsecross and Live Active Leisure. We have also revised have our Following the Public Pound guidance, to ensure we maximise the value benefits we derive from the goods, services and works we commission.

### **Risk Management**

The Council's [Risk Management Framework](#) ensures that Corporate Business Risks and Service Risks are reviewed and updated regularly to ensure they are controlled effectively, to reduce the frequency of risk events occurring and minimise the severity of the consequences if they do occur. The [Corporate Risk Management Strategy](#) includes the key risks associated with the delivery of the Community Plan and Corporate Plan. Service Risk Profiles include more detailed service level risks and these are managed by Service Management Teams. Risk management at a project level is a key element of the Council's project management methodology. The changing context means we will need a fresh approach to our risk management framework, and we commissioned an Internal Audit study of our current risk arrangements, to help inform our review of this activity.

### **Next steps**

#### **Customer Focus and Responsiveness**

We will continue to develop our systematic approach to customer engagement. Performance standards need to be refreshed to reflect customer insight information. We will:

- complete the circle of customer/ community engagement and report and ensure that findings and actions are reported or otherwise made available to those who engaged
- evidence clearly how the results of customer / community engagement have been used to improve strategy or service delivery.
- improve the consistency of engagement activity, which remains variable across the organisation

Reporting on customer engagement needs to be integrated with overall reporting and a revised portal on our website will be developed to demonstrate our customer responsiveness.

#### **Performance Management**

It is important that councillors have clearly, understandable and up to date information available online to help them make decisions and scrutinise effectively. We will modernise our performance information and service data, to make it easier for Elected Members, our partners and our communities to readily access our current performance and other Council information across all services. This will improve accountability, scrutiny and also help support decision making at all levels in the organisation.

#### **Efficiency**

Improving productivity across the organisation through implementation of our Transformation Programme, Corporate Organisational Development Framework and other initiatives which will ensure that efficiency is led within the organisation, as part of the wider transformation and modernisation agenda within the Council.

## **Competitiveness**

Benchmarking is still variable within the Council. We need to develop a more robust approach to competitiveness consistently across the organisation which more effectively utilises benchmarking, options appraisal, strategic commissioning and procurement. We will use the Local Government Benchmarking Framework and other comparison opportunities as a basis to learn from the best, to support our improvement, develop more efficient methods, and import innovative solutions into our own transformations.

## **Risk Management**

With the scale of the challenges in public service we need to create an authorising culture to encourage and promote entrepreneurial responsibility. Our new approach to risk management should clearly set out the culture and appetite for risk the Council is prepared to accept. Balancing the creativity and confidence of individuals, with enabling governance and clear risk management, will create an authorising environment where decisions and responsibility are devolved to the most appropriate level in the organisation.

### **By 2020 we will....**

- Continue to demonstrate robust customer engagement consistently across the organisation, which is systematically integrated into future strategy, service planning and public performance reporting
- Show systematic use of benchmarking information across the organisation to learn from the best, and drive our continuous improvement agenda
- Develop an organisation wide approach to risk management which balances confidence to make changes, whilst maintaining appropriate controls and governance
- Demonstrate performance management and reporting arrangements that are clear, easily accessible for all our stakeholders and support service delivery and prioritisation of resources, as well as provide robust challenge and scrutiny at the appropriate level in the organisation.

Appendix 1 details the key developments and milestones to achieve these objectives.

# Use of Resources

## Our Story So Far

### Managing People

People remain at the heart of everything we do, and what sets us apart as a Council, is our ongoing commitment to acknowledging and maintaining a collective focus on the connection between leadership, employee engagement and organisational culture. To support this, we have developed a strategic approach to people management which is set out within the recent annual workforce report to the Council in [May 2016](#), the [Corporate Workforce Plan, 2013-2018](#) and the [Corporate Organisation Development Framework](#). Linked to the Council's Transformation Strategy, these proposals sets out our blueprint for becoming a learning and agile Council.

Our success in managing and developing our workforce is in large part due to our partnership of working effectively with both our employees, and the trade unions which represent our employees. We maintain a positive employee relations climate through engaging trade union officers in early and ongoing dialogue in strategic workforce matters, including the annual revenue budget setting process and the transformation programme. Working together with employees and Trade Unions will be a continuing feature of how we lead and manage our people.

### Financial Management

This is an area of strength within the Council. The council's financial position is currently sustainable and we have managed to significantly increase our reserves over the past five years. The Medium Term Financial Plan sets out the challenges for the next three years and is the basis on which the current three year provisional revenue budget (2016-19) has been prepared. The level of reserves that we hold is clearly informed by an annually reviewed reserves policy. Considerable progress has been made with Capital finance in recent years including the management and procurement of capital projects.

### Asset Management

Focussing on the best use of our physical assets – properties, roads, vehicles, public space and technology equipment – through an asset management approach ensures resources are targeted at priorities, and improves our efficiency.

We have a [Corporate Asset Management Plan](#) and individual [asset streams](#) have approved asset management plans. Asset management projects feature significantly in the Council's Transformation Programme, with the Property Transformation Review and the Securing the Future of the School Estate Transformation review scheduled to optimise the use of the Council's property portfolio, and deliver recurring savings of approx. £2m per annum.

### Procurement

We spend £200m each year with third party suppliers, including commissioned services, and the procurement of goods and services. The Council has demonstrated its commitment to ensuring best value in procurement. Our [Procurement Strategy and Action Plan](#) were approved in December 2015, and as part of the Council's [Building Ambition Transformation Strategy](#), our Procurement Reform Transformation Review is projected to achieve £2.5m recurring savings by 2019/20. Collaborative partnerships are a key part of maximising efficiencies in procurement processes and outcomes, and we are involved in several of these arrangements, including the Tayside Procurement Consortium and Scotland Excel.

## **ICT**

Across the public and private sectors, transformation is driving investment in new technologies with the aim of delivering better services at reduced cost. We are currently refreshing our ICT priorities because of the rapid pace of technological change, and because people's expectations of our public services are changing fundamentally. The Council's new Digital Strategy recognises the importance of ICT as an enabler for organisational change.

Our ICT ambitions are reflected in our current Transformation projects around digital engagement and open data sharing, as well as collaborative working with other Councils and public services around the Digital Scotland agenda.

Our future complex organisational arrangements will need a similar level of sophisticated and flexible support from our ICT provision. National ambitions for sharing with partners outwith the organisation are also increasing, with expectations that we will deliver more services collaboratively, systematically and electronically.

### **Next steps**

## **People**

We will continue our workforce management and development initiatives, to ensure that we build on current practices to remain a change-ready organisation, with a positive workplace culture, and employees who proactively influence change. We will continue to support learning as fundamental to our ability to grow and change, and develop our approach to workforce planning to clarify the numbers and skills of staff needed in the future. We will ensure that we have the right people, with the right skills, knowledge and experience, in the right place, at the right time. We will focus on transforming the organisation by encouraging new ways of thinking and working, and ensuring that elected members are supported effectively in making the difficult decisions which lie ahead. We will maintain our positive workplace relationships, through ongoing communications and engagement with staff and Trade Unions, and through promoting the principles of Fair Work.

Changes in how public services are delivered will continue to influence the composition and size of our workforce. We need to ensure that we manage the risks of relying on smaller numbers of individual officers with an increasingly wide range of responsibilities. We have difficulties in recruiting and retaining people in some key roles. Therefore we will have to develop the skills of our existing staff and/or find new ways to attract people with the specialist skills they need. This highlights the importance of succession plans as part of workforce planning to avoid losing essential skills and knowledge, particularly when considering further changes in staffing numbers.

We will simplify job structures, leading to more flexible role profiles, which will provide benefits for employees and the organisation, as we seek to protect our staff from reshaping our workforce numbers. This will enhance job security for staff, meaning they can be deployed with a wider role to meet service demands. It also creates more visible career paths so that staff know what is required for roles they may aspire to take on in future.

Our Job Design proposals will focus on creating roles which allow effective skills use, autonomy, opportunities to solve problems and to make a difference. This is an important tool in motivating employees to give their best at work. We want to create a more positive and dynamic approach to employees changing roles within the Council, by establishing Recruit Within - an alternative recruitment solution which will facilitate the efficient movement of staff and maximise workforce flexibility. It will encourage learning, and also preparing

employees for new roles and responsibilities which will reduce the requirement for external recruitment.

These changes will be led by the Depute Chief Executive (Corporate and Community Development Services) with support from the Corporate Human Resources Manager.

### **Finance**

The challenging financial environment, together with changing demographics and rising demands on services, means that effective medium-term and longer-term financial planning is critical for the Council as we need to plan for a range of possibilities. The Head of Finance will continue to update and refine the Medium Term Financial Plan to ensure that we are supporting Elected Members in making informed, evidence based decisions on future expenditure priorities.

We need to continue holding a comprehensive understanding of budget savings proposals, transformation projects and workforce management arrangements - and that all three are aligned into one set of budget proposals.

Our funding will change - future funding may be linked more directly to local economic growth, establishing propositions and `asks` to government, and also sharing resources with communities, which will have a greater role in determination of their funding and other assets, through additional powers under community empowerment legislation. We need to be alive to these changes and opportunities. This is a key role for the Head of Finance.

### **Assets**

We need to ensure that we maintain an effective corporate approach to asset management. A new Asset Management Plan for the Council will be a key part of that approach, led by the Depute Chief Executive (Sustainability, Strategic and Entrepreneurial Development). We also need to take into account how we will facilitate and support community asset transfer, as required by the new Community Engagement (Scotland) Act, should communities make such requests to the Council.

### **Procurement**

Through our ongoing work with the Procurement Strategy, Transformation Review and collaborative working we will release capacity and resources, rebalancing procurement and commissioning from cost efficiency, to effectiveness - taking into account the power of effective procurement to lever community benefits, to generate sustainable economic growth, and also drive economy of scale savings, through collaborative procurements with other organisations. This work will be led by the Head of Strategic Commissioning and Organisational Development.

### **ICT**

ICT is a vital enabler of change and a strategic driver for improvements. This will be developed in a coherent way across the Council by the Head of Corporate IT and Revenues, with a "One Council, One best Way" strategic approach to ICT. To make sure that our ICT can properly grow as a shared corporate resource, to improve outcomes and add value across the organisation, we need to plan for developing a digital environment within the Council, where our wider culture and approaches for using technology are key enablers for organisational change. We also need to ensure that ICT choices are `future proof` for the complex service delivery models we will be engaged in, with our partners.



Implementing our digital strategy will ensure we are focussed on getting the right information to the right people (including staff), in the right place, at the right time, so that they can access our services when and where they need. It challenges us to think about “our ICT, not my ICT” where the goal is single, integrated, whole Council solutions which use common standards to share across functions and organisational boundaries, taking account of the Digital Scotland national agenda.

There is an opportunity for us to make greater use of technology in our communications, through channels such as social media and video messaging. These opportunities can help us deliver effective, clear, modern alternatives to traditional communications methods, to maintain dialogue with members, staff and our communities. We need to invest in the skills and technology to offer these opportunities wider within the Council.

As we increasingly rely on ICT as an enabler of more streamlined services, we need to ensure that the support we offer does not become an impediment to effective services. ICT and information management should be supportive and intuitive for the user and should assist more efficient service delivery. We also need to make sure that no one gets left behind, as we advance our digital activity.

#### **By 2020 we will....**

- Be managing the more complex operating environment, by evolving our approach as a change-ready organisation with a positive workplace culture and employees who proactively influence change
- Continue to have a strong awareness of the medium term and longer term financial horizon, and be prepared to address the issues which arise, to support members in making decisions on future budgets
- Have a refreshed approach to asset management including supporting appropriate community asset transfers, with a new corporate asset management plan, which is directing resources to areas of greatest priority.
- Be managing the supply chain for all third party suppliers, to maximise both financial savings and community benefits.
- Demonstrate the success of our ICT as an enabler of change and service delivery, which gets the right information to the right people, in the right place at the right time, so that they can easily access our services when and where they need.

Appendix 1 details the key developments and milestones to achieve these objectives.

# Making it Happen

## Supporting our Ambition – Corporate & Democratic Services

A key part of our future success is the role of our Corporate & Democratic Services, and other corporate activities which forms the backbone of support to the organisation. These services will be key influencers and enablers in delivering many of the objectives of this Business Plan, which will in turn support us meeting the priorities of the Council.

**Democratic Services** have a valuable role in supporting elected members, and enabling the democratic and decision making processes of the Council and our other partnership arrangements, including community councils. The team upholds the delivery of elections and referenda, as well as leading on the Council's approach to communications, engaging with the media and graphic design services.

**Finance Services** support the Council in meeting the challenge of delivering excellent services during a time of financial constraint, by ensuring sound financial stewardship through activities such as the development of budget strategy, and monitoring of the Council's revenue and capital budgets. The team also facilitates the governance of the Council through Internal Audit, and supports colleagues throughout the organisation via important services such as payroll, employee support and recruitment.

**Human Resources** have a key role in reshaping the workforce, promoting modern ways of working, developing talent within the workforce, facilitating service re-design and transformation, as well as building a high performing culture through our people, by promoting a positive approach to individual performance, attendance, health and wellbeing.

**IT** has a crucial role supporting the Council in the drive for service improvement, generation of efficiencies and delivery of business transformation by exploiting the opportunities made possible by new and enhanced ICT capabilities, whilst delivering responsive, cost-effective and reliable ICT provision, to support front line service delivery.

**Legal & Governance Services** provide professional legal advice and advocacy services for the Council across all functions and assurance that the organisation is operating legally, complying with national policy and standards and has in place a robust governance framework and effective internal controls to ensure that the Council achieves its defined outcomes, in a highly dynamic environment, and with increasing levels of challenge and scrutiny.

**Public Service Reform, Cultural & Community Development** - delivers strategic policy advice to the Council and the Community Planning Partnership on public service reform including Community Planning and Community Empowerment. This team oversees delivery of Communities services including adult and family learning, community capacity building and Gaelic development. It is responsible for strategic commissioning of culture and sport provision from Arm's Length External Organisations (ALEOs) and other key partners. It includes the UK City of Culture Bid Team.

**Strategic Commissioning & Organisational Development** provide a clear corporate focus for driving innovation and improvements in service delivery across the organisation, through strategic planning, enabling organisational development, influencing transformation, as well as maximising efficiencies and benefits from our corporate procurement activity.



## Measuring Our Progress

Each action arising from this Plan has a lead officer, tasked with achieving that action, to drive the improvement required to meet the objectives set out in this Business Plan. Challenge, scrutiny and support for the Action Plan will be provided by:

|                                                            |                                                                                                                 |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Executive Officer Team                                     | As a standing item on the Agenda on the Transformation, Change and Organisational Development agenda (8 weekly) |
| Modernising Governance Member Officer Working Group (MOWG) | Update at MOWG, preceding SP&R Committee (see below)                                                            |
| Strategic Policy and Resources Committee                   | Updates as an Agenda item at regular meetings                                                                   |
| Scrutiny Committee                                         | Update as an Agenda item, following reporting to SP&R Committee on same frequency as SP&R Committee             |
| Council                                                    | Annual report                                                                                                   |

There are considerable overlaps between the Business Plan actions and the Council's Annual Governance Statement, and it is proposed to report these jointly in the future.

## Communications and Engagement

Many elements of the Business Plan emphasise the importance of developing a shared understanding of the context in which we are operating, the imperative for change, and the need to work together to tackle the challenges, increasing the pace of continuous improvement, and achieving the outcomes we want for our communities.

Therefore engagement will take place across the organisation on the key points of the Business Plan to support the development of our shared understanding. We will develop a Communications Plan to share the information across the organisation and with our partners.

This communication will also help engage members and staff in preparation for the next round of self-evaluations and service planning, which will in turn highlight further priorities and actions for future versions of this Business Plan and our other organisational plans.

22 June 2016

## Development Plan

### YEAR 1 PLAN (2016/17)

| REF | DEVELOPMENT ACTIVITY                                                                                                                                                                | LEAD RESPONSIBILITY                                                                          | DELIVERY TIMESCALE                    |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------|
|     | <b>Vision &amp; Strategic Direction</b>                                                                                                                                             |                                                                                              |                                       |
| 1.1 | Develop the Elected Member Development Programme to reflect the changing context of local government.                                                                               | Head of Democratic Services & Head of Strategic Commissioning and Organisational Development | August 2016                           |
| 1.2 | Devise Induction Programme for the new Council                                                                                                                                      | Head of Democratic Services                                                                  | March 2017                            |
| 1.3 | Develop a staged plan to deliver our joint resourcing approach with Community Planning partners.                                                                                    | Senior Depute Chief Executive, Equality, Community Planning & Public Services Reform         | December 2016                         |
| 1.4 | Develop and implement a range of revised Leadership Development Programmes for leaders / managers within the organisation.                                                          | Head of Strategic Commissioning and Organisational Development                               | October 2016                          |
| 1.5 | Integrate Learn, Innovate, Grow into key organisational policies and processes, to support the development of an authorising environment                                            | Head of Strategic Commissioning and Organisationa Development                                | December 2016                         |
| 1.6 | Promote and implement Learn, Innovate, Grow as a methodology to support the initiation of Transformation Reviews, and /or as a means to support thinking around new ways of working | Head of Strategic Commissioning and Organisational Development                               | August 2016 & ongoing                 |
|     | <b>Partnerships and Community Leadership</b>                                                                                                                                        |                                                                                              |                                       |
| 2.1 | Progress the collaborative transformation review programme with neighbouring local authorities.                                                                                     | Depute Chief Executive, Sustainability, Strategic and Entrepreneurial                        | Within individual timescales for each |

| REF | DEVELOPMENT ACTIVITY                                                                                                                                                                             | LEAD RESPONSIBILITY                                                                             | DELIVERY TIMESCALE |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------|
|     |                                                                                                                                                                                                  | Development                                                                                     | review             |
| 2.2 | Develop a shared approach to organisational development between Community Planning partners, for effective partnership working to tackle joint priorities.                                       | Head of Public Service Reform, Culture and Community Development                                | December 2016      |
| 2.3 | Report the findings of the Perth & Kinross Fairness Commission.                                                                                                                                  | Senior Depute Chief Executive, Equality, Community Planning & Public Services Reform            | March 2017         |
| 2.4 | Undertake ongoing self evaluation of our key Community Planning partnerships, including governance arrangements.                                                                                 | Head of Public Service Reform, Culture and Community Development / Head of Legal and Governance | March 2017         |
|     | <b>Community Engagement</b>                                                                                                                                                                      |                                                                                                 |                    |
| 3.1 | Introduce and maintain 'Stories of Place' to engage with and share information with local communities.                                                                                           | Head of Public Service Reform, Culture and Community Development                                | July 2016          |
| 3.2 | Embed local Community Planning partnership groups across 5 localities which focus on tackling stubborn inequalities.                                                                             | Head of Public Service Reform, Culture and Community Development                                | October 2016       |
|     | <b>Governance and Accountability</b>                                                                                                                                                             |                                                                                                 |                    |
| 4.1 | Review the Council's Governance Framework – phase 2 and 3                                                                                                                                        | Head of Legal and Governance                                                                    | March 2017         |
| 4.2 | Review the role and remit of the Audit and Scrutiny functions within the organisation to ensure that they support the achievement of the Council's objectives, in the new operating environment. | Head of Democratic Services/Head of Legal and Governance                                        | November 2016      |
| 4.3 | Review existing funding arrangements currently operating under "Following the Public Pound" Guidance to ensure that these are conforming to current procurement requirements.                    | Head of Legal and Governance                                                                    | March 2017         |

| REF | DEVELOPMENT ACTIVITY                                                                                                                                                                                                  | LEAD RESPONSIBILITY                                                                         | DELIVERY TIMESCALE    |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------|
| 4.4 | Revise the Council's Contract Rules to provide more clarity and transparency in respect of our contracted spend.                                                                                                      | Head of Strategic Commissioning and Organisational Development/Head of Legal and Governance | March 2017            |
| 4.5 | Review our information management arrangements to ensure that these are adequate to meet the forthcoming requirement of the new Data Protection Regulation.                                                           | Head of Legal and Governance                                                                | March 2017            |
| 4.6 | Implement our Records Management Improvement Plan to improve the integrity and accessibility of our corporate information – pilot within services                                                                     | Head of Legal and Governance                                                                | March 2017            |
| 4.7 | Review the Council's approach to self-evaluation to incorporate our Learn Innovate Grow Organisational Development Framework, encourage better stakeholder feedback and give a broader assessment of our performance. | Head of Strategic Commissioning and Organisational Development                              | December 2016         |
|     | <b>Performance Management and Improvement</b>                                                                                                                                                                         |                                                                                             |                       |
| 5.1 | Further develop a systematic approach to customer engagement, including reporting arrangements which are consistent across the organisation.                                                                          | Depute Chief Executive Corporate and Community Development Services                         | December 2016         |
| 5.2 | Further develop a systematic approach to benchmarking across the organisation.                                                                                                                                        | Head of Strategic Commissioning and Organisational Development                              | December 2016         |
| 5.3 | Reshape the organisation's approach to risk management through a revised risk strategy.                                                                                                                               | Head of Strategic Commissioning and Organisational Development                              | October 2016          |
|     | <b>Use of Resources</b>                                                                                                                                                                                               |                                                                                             |                       |
| 6.1 | Update and refine the Medium Term Financial Plan on a rolling basis.                                                                                                                                                  | Head of Finance                                                                             | By December each year |

| REF | DEVELOPMENT ACTIVITY                                                        | LEAD RESPONSIBILITY               | DELIVERY TIMESCALE                     |
|-----|-----------------------------------------------------------------------------|-----------------------------------|----------------------------------------|
| 6.2 | Implement the Council's Digital Strategy.                                   | Head of Revenues & ICT            | Timescales as detailed in the Strategy |
| 6.3 | Implement a more systematic approach to workforce planning across Services. | Corporate Human Resources Manager | March 2017                             |

## YEAR 2 PLAN (2017/2018)

| REF | DEVELOPMENT ACTIVITY                                                                                                                                                                           | LEAD RESPONSIBILITY                                            | DELIVERY TIMESCALE |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|
|     | <b>Strategical Direction</b>                                                                                                                                                                   |                                                                |                    |
| 1.1 | Develop a new Corporate Plan, for the period 2018 onwards.                                                                                                                                     | Head of Strategic Commissioning and Organisational Development | October 2017       |
| 1.2 | Implement and assess elected member induction and development programme to meet requirements for new Members post May 2017.                                                                    | Head of Democratic Services                                    | August 2017        |
| 1.3 | Assess the effectiveness of the Transformation Programme – develop new Programme around lessons learned                                                                                        | Head of Strategic Commissioning and Organisational Development | June 2017          |
| 1.4 | Develop a new 3 year Transformation Programme, effective from 18/19 onwards.                                                                                                                   | Head of Strategic Commissioning and Organisational Development | November 2017      |
| 1.5 | Evaluate the levels of understanding across the organisation to:<br><br>(a) the changing environment<br>(b) our Community Plan/Corporate Plan priorities<br>(c) 'Learn Innovate Grow' approach | Head of Strategic Commissioning and Organisational Development | January 2018       |

| REF | DEVELOPMENT ACTIVITY                                                                                                          | LEAD RESPONSIBILITY                                                                  | DELIVERY TIMESCALE    |
|-----|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------|
| 1.6 | Review re-shaped senior management arrangements to ensure they remain fit for purpose.                                        | Corporate Human Resources Manager                                                    | November 2017         |
|     | <b>Partnership Working and Community Leadership</b>                                                                           |                                                                                      |                       |
| 2.1 | Develop a statutory Local Outcome Improvement Plan                                                                            | Head of Public Service Reform, Culture and Community Development                     | October 2017          |
| 2.2 | Develop local plans to tackle stubborn inequalities in local communities.                                                     | Head of Public Service Reform, Culture and Community Development                     | December 2017         |
| 2.3 | Evaluate 1 <sup>st</sup> year of health & social care integration.                                                            | Depute Chief Executive Corporate and Community Development Services                  | August 2017           |
|     | <b>Community Engagement</b>                                                                                                   |                                                                                      |                       |
| 3.1 | Develop and implement programme of actions arising from the Fairness Convention to reduce inequalities at locality level      | Senior Depute Chief Executive, Equality, Community Planning & Public Services Reform | Commencing March 2017 |
| 3.2 | Introduce proposals for participatory budgets with communities.                                                               | Head of Public Service Reform, Culture and Community Development                     | June 2017             |
| 3.3 | Review the implementation of consistent standards for community engagement, consultation and participation across the Council | Head of Public Service Reform, Culture and Community Development                     | September 2017        |
|     | <b>Governance and Accountability</b>                                                                                          |                                                                                      |                       |
| 4.1 | Evaluation of progress in the development of an 'authorising environment'.                                                    | Depute Chief Executive Corporate and Community Development Services                  | June 2017             |

| REF | DEVELOPMENT ACTIVITY                                                                                                    | LEAD RESPONSIBILITY                                            | DELIVERY TIMESCALE |
|-----|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|
| 4.2 | Implement revised approach to self –evaluation                                                                          | Head of Strategic Commissioning and Organisational Development | February 2017      |
| 4.3 | Rollout phase 1 of new digital records management arrangements                                                          | Head of Legal and Governance                                   | March 2018         |
| 4.4 | Develop a new overarching Asset Management Plan for the Council.                                                        | Head of Performance & Resources (TES)                          | September 2017     |
|     | <b>Use of Resources</b>                                                                                                 |                                                                |                    |
| 6.1 | Implement the enabling HR projects relating to Job Families, Recruit Within, Job and Organisation Design, Aigle Working | Corporate Human Resources Manager                              | March 2018         |

### YEAR 3 PLAN (2018/2019)

| REF | DEVELOPMENT ACTIVITY                                                                | LEAD RESPONSIBILITY                                              | DELIVERY TIMESCALE |
|-----|-------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------|
|     | <b>Vision and Strategic Direction</b>                                               |                                                                  |                    |
| 1.1 | Evaluate Elected Member development, and implement identified areas of improvement. | Head of Democratic Services                                      | August 2018        |
| 1.2 | Review Leadership Development Programmes.                                           | Head of Strategic Commissioning and Organisational Development   | June 2018          |
| 1.3 | Evaluation of the `learn innovate grow` approach across the Council.                | Head of Strategic Commissioning and Organisational Development   | October 2018       |
|     | <b>Partnerships and Community Leadership</b>                                        |                                                                  |                    |
| 2.1 | Review impacts of first year of Local Outcome Improvement Plan.                     | Head of Public Service Reform, Culture and Community Development | December 2018      |

| REF | DEVELOPMENT ACTIVITY                                                                                                                                       | LEAD RESPONSIBILITY                                                 | DELIVERY TIMESCALE |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------|
| 2.2 | Review effectiveness of partnership working across the Community Planning Partnership                                                                      | Head of Public Service Reform, Culture and Community Development    | August 2018        |
|     | <b>Community Engagement</b>                                                                                                                                |                                                                     |                    |
| 3.1 | Develop a systematic feedback approach for communities to be incorporated into our self evaluations.                                                       | Head of Strategic Commissioning and Organisational Development      | June 2018          |
|     | <b>Governance and Accountability</b>                                                                                                                       |                                                                     |                    |
| 4.1 | Evaluate the Council's Internal Audit functions approach in supporting the balance between the authorising environment, and effective governance controls. | Head of Legal and Governance                                        | December 2018      |
|     | <b>Performance Management and Improvement</b>                                                                                                              |                                                                     |                    |
| 5.1 | Evaluate our revised approach to risk, to identify whether it has been successful in supporting the authorising environment culture.                       | Head of Strategic Commissioning and Organisational Development      | December 2018      |
|     | <b>Use of Resources</b>                                                                                                                                    |                                                                     |                    |
| 6.1 | Review our approach to asset management, and alignment to financial planning, and workforce                                                                | Depute Chief Executive Corporate and Community Development Services | September 2018     |



## PERTH AND KINROSS COUNCIL

22 June 2016

**River Tay Heat Pump and Network Project  
Business Case**

**Report by The Director (Environment)**

The purpose of this report is to provide details of the outline business case for the River Tay Heat Pump and Network Project to be deployed at North Muirton as part of the Tay Eco-Valley initiative and recommends approving the financial package using funding from the Local Energy Challenge Fund, Commercial Property Investment Programme, Housing Improvement Programme and prudential borrowing.

## **1. BACKGROUND / MAIN ISSUES**

- 1.1 At its meeting on 20 April 2016, the Strategic Policy and Resources Committee agreed to support the River Tay Heat Pump and Network project and asked for an outline business case to be submitted in order to finalise the financial package (Report 16/183 refers).

## **2. PROPOSAL**

- 2.1 An outline business case is attached for consideration as Appendix 1. A summary is provided below.
- 2.2 The outline business case identifies three available options:
- Option 1 (Do nothing/do minimum): Replace existing electric heating systems in 400 social housing units with modern and more efficient gas fired boilers.
  - Option 2: Create a District Heating Network supplying affordable and renewable heat to 4 business plots, 211 social housing units, North Muirton Primary School and Colonsay Centre).
  - Option 3: Create a District Heating Network supplying affordable and renewable heat to 10 plots at the Perth Food & Drink Park, four community buildings (Primary and Secondary schools, day centres) and up to 500 social housing units.
- 2.3 The outline business case looks at the Strategic Case, the Economic Case, the Commercial Case and the Financial Case. As part of the Economic Case, available options have been assessed against the following project critical success factors:
- Provide sustainable low cost renewable heating to residences, thereby reducing fuel poverty,
  - Provide sustainable low cost renewable heating to businesses, thereby encouraging investment and job creation,
  - Reduce carbon emissions from heating,

- Create and operate an innovative renewable energy supply capable of being replicated elsewhere and being used as a flagship demonstrator.

### Project Overview

- 2.4 The River Tay Heat Pump and District project will use water heat pumps to capture renewable energy from the ecologically sensitive River Tay without harming wildlife. It will create a District Heating Network supplying affordable heat to 4 business plots, 211 social housing units and North Muirton Primary School with the possibility of future expansion.

### Benefits

- 2.5 The project will deliver the following benefits:
- It will reduce fuel poverty in one of the most deprived areas in Scotland by reducing bills and controlling tariffs - £46,700 annually. £200 per year from electric heating and £100 per year from gas heating for tenants.
  - It will reduce carbon emission by 450 tonnes CO2 / year
  - It will attract businesses to Perth Food and Drink Park allowing them to access cheaper heat and electricity from renewable energy. Thereby boosting their green credentials and promoting resource efficiency in the Food and Drink sector through an innovation hub.

### Costs

- 2.6 The project costs are estimated at £8.2m and are apportioned, as follows:
- Energy Centre/innovation hub building and heat pumps (2MW) (to be located within plot 9 at Perth Food & Drink Park). The building will provide the business park with shared service facilities (e.g. reception, offices, meeting rooms) and promote resource efficiency in the Food and Drink sector. The costs of this element are estimated at £4.5m.
  - Heat network (2.3kms of pipe and related infrastructure) and individual heat interface units. The following buildings will be linked to the network: 4 plots including 5 small business units at Food and Drink Park, 211 residences and North Muirton Primary School. The costs of this element are estimated at £2.3m.
  - Development costs including contingency, planning and professional fees including project management. These costs are estimated at £1.4m

### Finance

- 2.7 It is proposed to finance the scheme as follows:
- £2m from the Local Energy Challenge Fund (secured in principle subject to due diligence) towards heat pipe network
  - £1.4m from the Commercial Property Investment Programme towards the energy centre and innovation hub as approved on 20 April 2016.

- £0.2m from the Housing Improvement Programme towards the individual heat interface units as approved in the Capital Programme and £0.1m from contributions from businesses to be connected
- £4.5m from prudential borrowing to be repaid from heat sales and Renewable Heat Incentive over 20 years towards the cost of the energy centre building and heat pumps.

### Risks

2.8 The following risks have been identified with related mitigation actions:

- Development risk: the project will require to secure planning and other consents within a tight timescale in an area with complex environmental constraints and flood defense requirements.
- Preliminary designs and water extractions have been discussed at an early stage with SEPA, SNH, Perth & Kinross Council Flood Team and Perth and Kinross Council Planners. Planning has indicated that an Environmental Impact Assessment (EIA) is not required and SEPA, SNH and the Flood Team have all indicated support. The Project Team will continue to engage with these bodies to ensure that consents are secured and deadlines are met. Early discussions are also taking place with possible affected parties.

### Construction Risk

2.9 The construction will be complex and could be subject to delays. Preliminary design and pipe routes have been developed to minimise risk during construction using information provided by potential contractors and suppliers. The Project team will continue to liaise with potential contractors and suppliers as well as accessing specialist advisers such as flooding engineers, project management and procurement specialists. The construction programme will also be timed to minimise risk due to water levels or environmental constraints.

2.10 The Project team has established contacts with the St Andrews University Project Team, which is currently delivering a district heating project at Guardbridge. This resource will be used as part of peer review process.

### Financial Risks

2.11 The overall financial viability is marginally positive with an IRR of 3.84% (Internal Rate of Return - metric measuring the profitability of potential investments). However, this may be affected by increased project costs or reduced income. The risks are:

1. The projects costs could exceed budget. A dedicated and experience project team will be set up with access to project management, procurement and technical advice. Procurement will be structured to minimise risk to the Council during construction. Contingency allocation has been built into the project budget to provide some flexibility. Go/No-Go stages have been included in the programme to allow financial assessments to be carried out to inform the decision process.

2. The projected income during construction and operation may not be sufficient to cover costs. Financial advice will be accessed to manage cash flow during construction particularly by putting in place bridging finance before income is generated (interest on loans will have to be paid on borrowing during construction years). Income from heat sales has been assessed and different scenarios of slower take-up have been tested and will require pro-active sales management during the construction phase and beyond. However, heat sales are either controlled by the Council (i.e Council's own buildings) or closely linked to the Council (e.g. Council's housing) which would facilitate take-up. Income from Renewable Heat Incentive (RHI) can drop depending on changes to UK Government incentive regimes. Sensitivity analysis has been carried out showing that project finance can be sustainable even with a slight fall of RHI income. However, pre-registration with Ofgem will be sought to determine as soon as practical level of RHI. Technical specifications have also been developed to meet RHI requirements. Project team will continue to liaise closely with Ofgem and potential contractors and suppliers to anticipate any issues.
- 2.12 To finalise the financial package and implement option 2 as detailed in the Outline Business Case, it is recommended that the Council borrow £4.5m to be repaid from heat sales and Renewable Heat Incentive over 20 years.
- 2.13 If the proposed scheme is successfully delivered, the network could be expanded towards Gowans Terrace to serve Perth Grammar School, North Inch Campus, other Council's buildings, Caledonian social housing providing 12MWh heat. This would place Perth scheme at the same level as other schemes in Europe. This scheme could be linked to other schemes in Perth as part of Heat Master plan.

### **3. CONCLUSION AND RECOMMENDATIONS**

- 3.1 The River Tay Heat Pump and Network project is transformational and would help to boost enterprise, reduce fuel poverty and reduce carbon emission supporting Perth City Plan's ambitions to be smarter and fairer.
- 3.2 It is recommended that the Council agree to:
  - (i) Support option 2 as detailed in the outline business case for the development of the River Tay Heat Pump and Network project.
  - (ii) Note that the offer of £2m from the Local Energy Challenge Funding is finalised.
  - (iii) Borrow £4.5m to finalise financial package using prudential borrowing to be paid back through heat sales and income from renewable heat incentive.

**Author(s)**

| <b>Name</b>  | <b>Designation</b> | <b>Contact Details</b>                                                     |
|--------------|--------------------|----------------------------------------------------------------------------|
| Serge Merone | Investment Manager | 01738 475536<br><a href="mailto:smerone@pkc.gov.uk">smerone@pkc.gov.uk</a> |

**Approved**

| <b>Name</b>   | <b>Designation</b>                                                                             | <b>Date</b> |
|---------------|------------------------------------------------------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive, Environment (Sustainability Strategic and Entrepreneurial Development) | 8 June 2016 |

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All Council Services can offer a telephone translation facility.

## 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>Yes</b>        |
| Legal and Governance                                | <b>Yes</b>        |
| Risk                                                | <b>Yes</b>        |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>None</b>       |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>Yes</b>        |

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 The Community Plan/Single Outcome Agreement 2013 – 2023 lays out five outcomes focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and 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 objective (iii) by supporting business growth at Food and Drink Park and strengthening clean and renewables sector as well as attracting investments. It also relates to objective (iv) by decreasing carbon footprint and reducing fuel cost in affordable housing.

#### Corporate Plan

- 1.3 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and 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 objective (iii) by supporting business growth at Food and Drink Park and strengthening clean and renewables sector as well as attracting investments. It also relates to objective (iv) by decreasing carbon footprint and reducing fuel cost in affordable housing.

## **2. Resource Implications**

### Financial

- 2.1 Capital – £1.4m funding towards the Energy Centre building are already contained in the CIP. £0.2m towards the individual heat units are contained in the Housing Improvement Programme. £0.1m will come from contributions from businesses willing to connect to the scheme. The report recommends approval to secure prudential borrowing of £4.5m.
- 2.2 Revenue – There is not anticipated to be any revenue implications arising from this project however there may be a requirement for up to a £130k bridging loan to cover the cost of interest over the construction phase.

### Workforce

- 2.3 There is no workforce implications from the report.

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

- 2.4 Project will create new Council's assets which would be managed through contracted services funded from income generated by the project.

## **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 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been 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 information contained within this report has been considered under the Act. Pre-screening has identified that the PPS will not need an Environmental Impact Assessment.

#### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. The proposals will enhance socio economic and economic development opportunities to the benefit of businesses and local communities as well as environmental enhancement.

#### Legal and Governance

- 3.7 The Head of Legal Services has been consulted on these proposals. There are legal implications relating to entering into an agreement with the Energy Saving Trust for Local Energy Challenge Fund. There are also legal implications in creating a legal entity to operate the scheme when commissioned as well as legal implications from procurement and contractual arrangements with contractors and suppliers.

#### Risk

- 3.8 There are key risks associated with the proposed project.
- (i) Risks associated with Project Development/consents. This risk will be managed through a strategy and pro-active engagement with Development Planning, SEPA and SNH as well as other stakeholders.
  - (ii) Risks associated with the Project construction such as design and procurement of infrastructure and buildings. This risk will be managed by The Environment Service Senior Management Team and Project Board. External advisers will be recruited for project management, procurement and will take an active role in mitigating that risk and reporting regularly to the Head of Planning and Development. A procurement strategy will be developed
  - (iii) Risks associated with finance. This risk will be mitigated through close engagement with Finance team, close engagement with Ofgem and customers.
  - (iv) Risks associated with beneficiaries. This risk will be mitigated through engagement plan with stakeholders and in particular tenants via Housing and Community Care Services



#### **4. Consultation**

##### Internal

- 4.1 The Director (Education and Children Services), the Director (Housing and Community Care Services), the Head of Democratic Services, the Head of Finance and the Head of Legal Services have been consulted in the preparation of this report.

#### **5. Communication**

- 5.1 The projects will be promoted as part of the Tay Eco-Valley Initiative through Invest in Perth and opportunities explored to highlight key stages through local and national media. A communication and engagement plan will be developed to engage with beneficiaries such as tenants.

#### **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.

#### **3. APPENDICE**

Appendix 1: Outline Business Case





## Outline Business Case

*FOR PROPOSED CAPITAL FUNDED PROJECT*

|                           |                                                 |                 |            |
|---------------------------|-------------------------------------------------|-----------------|------------|
| <b>Title:</b>             | <b>River Tay Heat Pump and District Heating</b> |                 |            |
| <b>Executive Sponsor:</b> | David Littlejohn                                | <b>Version:</b> | 2          |
| <b>Author:</b>            | Serge Merone                                    | <b>Date:</b>    | 30/05/2016 |

# Executive Summary

## 1. Strategic Case

### 1.1. Project Objectives

The Perth City River Tay Heat Pump District Heat Network will innovatively demonstrate that it is possible to safely use water-source heat pumps to capture renewable energy from an ecologically-sensitive river without harming wildlife. The River Tay is a famously beautiful salmon river with Special Area of Conservation (SAC) status.

Providing affordable heat to businesses and residences in Perth (North Muirton), the heat pump and district heat network (DHN) will help to boost local enterprise, to reduce fuel poverty, and to reduce carbon dioxide emissions from heating. Businesses, Council education buildings and residences in North Muirton will connect to the DHN.

The project will contribute to a thriving, expanding economy and will bring employment opportunities by supporting eco-innovation and supporting businesses to reduce their carbon footprints to increase their green credentials. These opportunities will help to create direct and indirect jobs in new Food and Drink park development as well as the clean, low carbon and renewable technologies and construction field.

The project will also contribute to longer, healthier lives for Perth residents by providing affordable heat and reducing fuel poverty in social and private housing.

This project will aim to demonstrate how river-source heat pumps can be used in an environmentally sensitive river with a DHN to provide affordable heat.

Through project management and partnership, the business model aims to capture and retain greater value at the local level.

This project is part of Perth City Investment Plan and the Tay Eco- Valley wider initiative which is a living lab - the result of an exciting private/public sector partnership – focused on the food and drink supply chain, clean, low carbon technology and renewables. Here, national and international businesses work to develop the products and services that will shape future best practice in resource efficiency and the use of smart technologies. The Tay Eco-Valley provides easy access to world-leading research centres and a hub of like-minded businesses to inspire and support commercial eco-innovation.

PKC will engage with public and private partners to promote the development of the DHN in Perth City supported by the Tay Eco-Valley steering group.

We have further locations in mind for follow up schemes that will build on the learning from delivering this project. We see water source heat pumps with district heating as offering a sound solution to increasing the proportion of renewable heat within the PKC area, helping to meet the national target of 11% of heat from renewables by 2020. This will also help North Muirton to become a low carbon neighbourhood and be used as a model.

The project would also raise the profile of Perth City at the core of the Tay Eco-Valley across the UK and Europe. PKC will use that experience to engage with the Heat National Partnership Local Authority District Heating Strategy Programme led by the Scottish Government and coordinated by Resource Efficient Scotland. We are learning from cities leading in district heat networks through the Stratego Project facilitating cooperation with Denmark but also via the Scottish Cities Alliance.

The Project objectives are:

- provide affordable heat and reduce fuel poverty in social and private housing – cost savings of around £100 per year for each home against gas heating or £200 per year against electric heating are expected (gas price of 5.2p/kWh and off-peak electricity cost of 9p/kWh). This gives total savings of £42,200 for homes based on electric heating
- reduce heat costs for businesses and public buildings – cost savings of around £3,400 are expected for the four buildings in the Food and Drink park, while savings of around £1,100 will result for the two public buildings
- reduce carbon dioxide emissions from heating – an average of 450 tonnes per year (allowing for grid decarbonisation)
- promote Perth City and Tay Eco-Valley as a leading Eco-innovation living lab in the UK and Europe
- provide enhanced fuel security by utilising the River Tay to provide renewable heat, also contributing to Scotland's renewable heat targets – around 4,000 MWh of renewable heat will be provided by the initial scheme. It will also provide greater flexibility in the heat sources for the buildings. The heat network will allow easier changes to different heat sources in future for economic, environmental or fuel security reasons.

## 1.2. Existing Arrangements

Residents and businesses in the North Muirton area currently derive their heating primarily from gas fired boilers and the electricity grid. A large proportion of the target residents in the North Muirton are PKC tenants whose heating is provided by outdated and relatively inefficient electrical systems.

PKC Housing has developed a proposed scheme to replace and update the existing electrical heating systems serving the top priority 211 homes within the North Muirton area. Their existing plan is to replace these with modern and more efficient gas fired boilers.

This project proposes to replace these older less efficient electrical heating systems with heating supplied from a new district heating system using heat exchangers and pumps to draw renewable heat from the nearby River Tay.

### 1.3. Business Needs

A total of 1538 houses were originally built in the North Muirton Housing Estate. Of these only 551 houses remain in Council ownership.

The breakdown of fuel types for the remaining Council houses is 289 Gas and 262 Electric.

### 1.4. Potential Scope

The phase covered by the project will provide the foundation for the network and its future expansion. At this stage the following buildings are included:

- Four buildings at the Food and Drink Park
- North Muirton Primary School
- Colonsay Centre (and possibly Rannoch Centre)
- 211 Council owned houses in the North Muirton Estate

The extents of this initial phase have been based on providing tangible benefits with over 200 homes provided with affordable heat, the initial buildings of the Food and Drink park provided with low carbon heat and Council owned buildings also benefiting from the lower cost heat. Building the network to this point reduces the grant required for a larger network while still providing a scheme that can produce an acceptable return (after grant funding) and be expanded out, to the remaining 1,200 homes in North Muirton, the Grammar School and North Inch Community Campus and further Council and other buildings.

### 1.5. Strategic Risks

- Environmental – there is a possibility of species being discovered that could prevent development being discovered. Flood risk to the energy centre site. The development will follow recommendations from the site flood risk assessment. Specialist flood defence engineer will validate work design and supervise works and specific measures will also be in place during the construction phase to avoid weakening the flood defence performance.
- Construction timescales – the abstraction point construction activities will require to be done when river flows are at a low enough level for the time required. This should be possible through summer but if there is rainfall similar to November to January 2015 – 2016 then the works could not be carried out.
- Finance – the project costs are such that for the project to attract investment support in the form of grants will be necessary to establish the scheme initially. Once the main sections of the district heating network are established, expanding the scheme is financially attractive. There are risks associated with changes in fuel costs, RHI rates and other factors considered in the sensitivity analysis but these are in general moderate or low in impact and low in likelihood.

## 1.6. Constraints

### Financial and Political Constraints

The total project investment required to deliver the project is significant, c.£8m. The availability of funding sets a constraint on the project and requires that a phased approach is taken to implementation. The initial project has therefore been developed to focus on areas of highest fuel poverty need targeting 211 homes in the North Muirton area. The scheme has been designed to be financially viable based on this level of use. Once in place the scheme subject to securing approval and future funding could be extended further as future extensions of the scheme should become more financially viable.

### Statutory Constraints

An Abstraction (CAR) Licence will be required from SEPA. SEPA have been consulted at the stakeholder workshop and stated that the CAR licence would be favourably received as it is for renewable energy and the water is returned to the river close to the abstraction point. As the volume of the abstraction is low compared to the river flow, at all flow conditions, the temperature difference of up to 3°C was not expected to cause any concerns. They noted that as it is a new type of development for SEPA it would take longer to process the application than the standard 3 – 6 months. Up to nine months has been suggested for this and allowed for in the project plan.

Planning Consent will be required. As part of this process other stakeholders will require to be further consulted including SNH and neighbouring landowners.

### Commercial Constraint

The proposals will have to operate on a financial viable and sustainable manner. There is therefore a commercial constraints in that future expansion of the scheme will be limited by the economic viability and sustainability of the initial development.

### Legal Constraint

A legal structure will require to be developed and put in place for future governance of the new District Heating Network as a trading entity.

### Environmental Constraint

The proposed scheme involves abstracting water from the River Tay which is classified as an Special Area of Conservation.

## 1.7. Dependencies

| Internal                    |                                                                                        | External |                                                         |
|-----------------------------|----------------------------------------------------------------------------------------|----------|---------------------------------------------------------|
| Area                        | Description of dependency                                                              | Area     | Description of dependency                               |
| Planning                    | Detailed Planning Consent will be required.                                            | SEPA     | An abstraction (CAR) Licence will be required from SEPA |
| Greenspace<br>Flood defense | The proposed route of the DHN will cross areas of public open space and flood defense. | OFGEM    | Certification for Renewable Heat Incentive              |

## 1.8. Impact on the Community and Community Co-production

The local residents (social and private housing), local businesses and public buildings will all be direct beneficiaries of the project.

It is anticipated that the local businesses will benefit from the first year by reducing their energy bills by £3,400 per year in total, reducing their overheads, using green credentials to develop market shares and be able to invest in their growth with the potential to maintain and create jobs.

The Council will also be able to reduce energy costs (£1,100 per year in total), reducing overheads and avoid possible staff reduction if such savings were not realised.

211 home owners will share £42,200 of benefit annually, and it is expected that some of this will be spent in the local economy. North Muirton is an area of high fuel poverty so the scheme will bring major benefits in tackling this.

The financial benefits are annual savings and these will continue. In the first 5 years these are likely to remain similar, and heat costs are pegged at 10% below the equivalent cost for individual gas boilers, meaning the benefits continue regardless of fuel cost changes.

Within the first five years the scheme will expand and will serve more customers, with a longer term goal of over 1,700 homes in North Muirton and the New Muirton estate, further tenants in the Food and Drink park, further Council buildings and other local commercial customers.

Overall, the local economy will benefit by improving the area attractiveness as an eco-innovation leader and costs reduction generating inward investment and business growth. The Project will also stimulate job creation through construction, but also maintenance and operations.



## 1.9. Sustainability

The Project will meet Scottish Government policy aims by

- Increasing low carbon heat production to meet local demand and contributing to Scotland's target
- Reducing Carbon emissions and contributing to Scotland's target
- Offering cheaper heat price to social and private housing to reduce fuel poverty
- Reducing heat costs for businesses and public buildings and their carbon footprints

### 1.10. Inclusion and Equality

The project seeks to help address fuel poverty in residences in the North Muirton area of Perth by providing low cost heating to targeted local houses. The project will contribute to tackle inclusion issues due to lack of financial capacity.

The project also seeks to provide low cost heating to prospective occupiers of the Perth Food & Drink Park, thereby providing an incentive for business investment and the creation of local employment opportunities.

### 1.11. Resource efficiency

The project is inherently resource efficient in seeking to use a highly dependable and sustainable source of heat (the River Tay) to provide low cost heating to local residences and business premises.

A feasibility study was carried out by AECOM, completed in March 2015. This study include concept designs for the river heat exchange and district heating network, and modelled options for the heat source including the heat pumps, biomass and CHP. Different network options were investigated based on possible phasing options.

The AECOM team included specialists from the district heating, water and environment teams. Different aspects of the scheme were discussed with suppliers and manufacturers with quotes and indicative costs provided for the heat pumps (Star Refrigeration), river heat exchange filtration and heat exchangers (GEA and Industrial Purification Systems), district heating pipes (PowerPipe).

Heat loads for the buildings were developed from the Scotland Heat Map, energy consumption data for Council buildings and benchmarks for the buildings on the Food and Drink park.

The design developed from a workshop with environmental stakeholders. The main challenges identified during the workshop are protecting the species in the river and crossing the flood defences to reach the energy centre building.

A further workshop was carried out midway through the feasibility study to discuss the design proposals. This included district heating specialists from Zero Waste Scotland and the Edinburgh Centre for Carbon Innovation, who made suggestions about the proposals to help improve the design.

The intake has low intake speed filtration designed to protect the species present in the river. The lade design helps to protect both the species and the filtration pods. One of the main species of concern was fresh water pearl mussels. Survey work has been carried out and it has been confirmed that they are not present at the location, and it is not favourable habitat.

The lade intake design was based on the number of filtration modules, which was determined from the required flow rate at the peak design heat load condition. The temperature change on the river water side was set at 3°C, based on typical requirements and confirmed by SEPA and SNH. The abstraction rate at the peak condition was found to be under 2% of the lowest recorded flow at a gauging station 15km upstream. The stakeholders did not express any concerns at this level of abstraction. At times of low water temperature, from close to 3°C or lower, the heat pump output would reduce or the heat pumps would shut down to prevent ice formation. The design includes full backup boiler plant.

The heat source options and the district heating network were modelled using AECOM's in-house modelling software, which has been used for numerous projects throughout the UK. It provides pipe sizes for the network and the fuel requirements for the different heat sources. Different network configurations were considered to optimise the pipe routes to reduce costs and improve efficiency of the network. A whole life cost model was used to assess the financial performance of the different options and phases. The performance of the heat pumps was calculated using river temperature data obtained from SEPA.

This project will be highly innovative as it will be one of the first district heating schemes in Scotland and the UK to use river source heat pumps, particularly at the scale of interest (2 - 4MW). The River Tay is an iconic salmon river, and also has other environmental designations including the location for this scheme. Finding an approach that will work in this location should allow many further river source schemes to be developed, using the learning from this project. The feasibility study included a section on the methodology for assessing further schemes, as a first step to the dissemination of learning.

SEPA and SNH were involved in the feasibility study, providing input through a stakeholder workshop. This allowed all parties to get a better understanding of the requirements and challenges facing the project. Discussions at the workshop and a site survey led to the lade based design for the abstraction point. This is innovative and achieves a number of advantages:

- Filtration pods are protected from large debris that may be swept down the river during high flow conditions
- There is less work required in the main river channel reducing the impact
- The concrete channel of the lade will not be an attractive habitat, particularly for fresh water pearl mussels, reducing the likelihood of future threat to the scheme in the case of a colony becoming established

- Lades were often used on the River Tay in the past so there is some precedence to this approach

SEPA noted that the abstraction (Controlled Activities Regulations (CAR)) licence would be a new type for them, so this would also bring some wider innovation and benefit future schemes by allowing them to develop the required processes.

Large heat pumps for district heating have been used in other countries, such as Norway and Sweden, but are yet to be established in Scotland for this purpose. The scheme once fully built out would have a capacity of 4 MW of heat output from the heat pumps, with 2MW included in the scheme covered under this application. This initial phase is providing new buildings at the Food and Drink Park, housing with wet heating systems to be installed and two existing Council buildings. In line with the Heat Networks Code of Practice the aim will be to run the network at the lowest possible temperatures, which gives better heat pump efficiency and reduces heat loss. It is expected that a design flow temperature of 75°C will be targeted for the initial phase, which might require some modifications to the existing building systems. If higher network temperatures are required, this can be achieved with heat pumps, as demonstrated at the Drammen scheme in Norway for instance.

The scheme will follow the Heat Networks Code of Practice for the UK for the remainder of the project to ensure that the heat network is designed, constructed and operated to a high standard and with high levels of service for customers.

An addition, a possible further development of a second network at the southern side of the network proposed in this application possibly using heat recovery for waste water could create a unique and very innovative ways of recovering heat using different water heat pump systems. Contacts have been made with Scottish Water Horizons who has indicated an interest.

## 2. Economic Case

### 2.1. Critical Success Factors *(the crucial attributes essential to the successful delivery of the project against which the available options are assessed);*

| Critical Success Factors                                                                                                       |                                                         |                                   |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------|
| Critical Success Factor                                                                                                        | Option Appraisal Scoring Weighting (W) (cumulative 100) | Reason for Weighting              |
| CSF1 – Provide sustainable low cost renewable heating to residences, thereby reducing fuel poverty.                            | 40                                                      | Fit with PKC strategic priorities |
| CSF2 – Provide sustainable low cost renewable heating to businesses, thereby encouraging investment and the creation of jobs.  | 30                                                      | Fit with PKC strategic priorities |
| CSF3 – Reduce carbon emissions due to heating.                                                                                 | 20                                                      | Fit with PKC strategic priorities |
| CSF4 – Create and operate an economically viable and innovative renewable energy supply capable of being replicated elsewhere. | 10                                                      | Fit with PKC strategic priorities |

### 2.2. Options *(including do minimum and a transformational option)*

Each option outlined below should include the following elements:

- Narrative summary of option
- Economic appraisal of cost and benefits
- Optimism bias – describe what this means
- Risk assessment

#### Option 1

| Summary of Option                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Do nothing/ do minimum</p> <p>The Housing Service has identified funding to renew heating systems serving around 400 residences in the North Muirton area. The heating systems currently serving these residences are nearing the end of their operational life and require to be renewed or replaced.</p> |

The Do Minimum option is therefore to restrict the Council's investment to that required to replace these existing heating systems with modern and more efficient gas fired boilers. The 400 residences would include the 211 priority residences in the target North Muirton area that currently use the most inefficient electric heating systems.

Due to the improved efficiency of new gas boiler systems, carbon emissions would be reduced by these replacement boilers however not to the extent of alternative options discussed below.

#### Summary of Financial Resource Requirements

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indicative Capital Investment Required | £400k                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Optimism Bias (**%)                    | £20k (5%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Rationale for Optimism Bias            | <p>Do nothing/ do minimum</p> <p>The Housing Service has identified funding to renew heating systems serving around 400 residences in the North Muirton area. The heating systems currently serving these residences are nearing the end of their operational life and require to be renewed or replaced.</p> <p>The Do Minimum option is therefore to restrict the Council's investment to that required to replace these existing heating systems with modern and more efficient gas fired boilers.</p> <p>The 400 residences would include the 211 priority residences in the target North Muirton area that currently use the most inefficient electric heating systems.</p> <p>Due to the improved efficiency of new gas boiler systems, carbon emissions would be reduced by these replacement boilers however not to the extent of alternative options discussed below.</p> |
| Total Capital Investment Required      | £420k                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Source of Indicative cost:             | PKC Housing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

Professional Fees included ☒

Inflation included ☐

|                                       |                                                                                              |
|---------------------------------------|----------------------------------------------------------------------------------------------|
| Recurring Annual Revenue Requirements | These should be lower as the new heating systems should require less maintenance and repairs |
| Source of Indicative cost:            | PKC Housing                                                                                  |

## Appraisal of Options against Critical Success Factors

| Critical Success Factor                                                                                                    | Benefits of implementation of Option 1 (Strengths)                                                                                                                                                                                                                                         | Score (S)<br>0 - 5 | Weighted Score<br>(A) = (S x W) |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------|
| 1: Provide sustainable low cost renewable heating to residences, thereby reducing fuel poverty.                            | Due to improved efficiency of new boilers, heating costs would be reduced from current levels, especially where electrical heating systems are replaced with new gas boilers. Despite the improved efficiency costs to consumers will still be higher than other more sustainable options. | 3                  | 120                             |
| 2: Provide sustainable low cost renewable heating to businesses, thereby encouraging investment and the creation of jobs.  | There is no alternative plan to provide sustainable low cost heating to local businesses.                                                                                                                                                                                                  | 0                  | 0                               |
| 3: Reduce carbon emissions due to heating.                                                                                 | The improved efficiency of new residential gas boilers will help reduce carbon emissions.                                                                                                                                                                                                  | 2                  | 40                              |
| 4: Create and operate an economically viable and innovative renewable energy supply capable of being replicated elsewhere. | There would be little or no innovation in the Do Minimum option.                                                                                                                                                                                                                           | 0                  | 0                               |

Risks associated specifically with option

### Likelihood Scoring

|   |                  |
|---|------------------|
| 5 | Highly Likely    |
| 4 | Likely           |
| 3 | May or not occur |
| 2 | Unlikely         |
| 1 | Highly Unlikely  |

### Impact Scoring

|   |                                        |
|---|----------------------------------------|
| 5 | Major impact to project delivery       |
| 4 | Significant impact to project delivery |
| 3 | Manageable impact on project delivery  |
| 2 | Minor impact to project delivery       |
| 1 | No impact to project delivery          |

| Description of Risk                                                                                                                                                                                                                | Likelihood of Risk (L) | Impact of Risk (I) | Score (B) = (L x I) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------|---------------------|
| Risk1 - Financial Risk – delivery of this option may cost more than initial estimates                                                                                                                                              | 2                      | 4                  | 8                   |
| Risk2 - Reputational Risk – choosing an option that minimises innovation and sustainability may reflect poorly on the Council when other options are available.                                                                    | 2                      | 3                  | 6                   |
| Risk3 - Management Risk – this option will undermine the future viability of other more sustainable options for several years as it would be uneconomic (for some considerable time) to change once new gas boilers are installed. | 4                      | 2                  | 8                   |

## Option 2

### Summary of Option

This option would involve the creation of a river source heat pump and district heating network delivered on a limited basis to priority areas within the North Muirton area. The extent of the project would be to serve up to 4 plots at the Perth Food & Drink Park, two community buildings, and 211 priority residences.

The scope of the project would be limited to a scale that was sufficient to show scheme viability. Further expansion of the initial scheme would only follow once the initial scheme is implemented and shown to be viable.

### Summary of Financial Resource Requirements

|                                        |                                                                                                                                                                                                                                                           |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indicative Capital Investment Required | £7.5M                                                                                                                                                                                                                                                     |
| Optimism Bias (**%)                    | £700k (10%)                                                                                                                                                                                                                                               |
| Rationale for Optimism Bias            | There are more unknowns and risks both at the implementation stage (eg construction costs) and through future operational stages (eg level of ongoing sales, RHI income). The proposals involve a degree of innovation and hence a higher degree of risk. |
| Total Capital Investment Required      | £8.2M                                                                                                                                                                                                                                                     |
| Source of Indicative cost:             | Aecom feasibility study.                                                                                                                                                                                                                                  |

Professional Fees included ☒

Inflation included ☐

|                                       |                           |
|---------------------------------------|---------------------------|
| Recurring Annual Revenue Requirements | Should be self financing. |
| Source of Indicative cost:            | Aecom feasibility study.  |



## Appraisal of Options against Critical Success Factors

| Critical Success Factor                                                                                                    | Benefits of implementation of Option 2 (Strengths)                                                                                                                                                                                                        | Score (S)<br>0 - 5 | Weighted Score<br>(A) = (S x W) |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------|
| 1: Provide sustainable low cost renewable heating to residences, thereby reducing fuel poverty.                            | The restricted option delivers sustainable low cost heat and will allow for future expansion. The initial restricted proposal would focus on households likely to be subject to fuel poverty eg older residences currently using electricity for heating. | 4                  | 160                             |
| 2: Provide sustainable low cost renewable heating to businesses, thereby encouraging investment and the creation of jobs.  | As above the restricted proposal will make available low cost sustainable heating to local businesses with the prospect of a wider scheme once the initial scheme is proven.                                                                              | 4                  | 120                             |
| 3: Reduce carbon emissions due to heating.                                                                                 | A restricted scheme will reduce carbon emissions but to a more limited extent than a larger scheme.                                                                                                                                                       | 4                  | 80                              |
| 4: Create and operate an economically viable and innovative renewable energy supply capable of being replicated elsewhere. | The economic viability of the scheme will be closely monitored before extending or replicating the scheme. The restricted scheme has the added benefit of allowing the viability to be tested at lower cost than a larger scheme.                         | 5                  | 50                              |

Risks associated specifically with option

### Likelihood Scoring

|   |                  |
|---|------------------|
| 5 | Highly Likely    |
| 4 | Likely           |
| 3 | May or not occur |
| 2 | Unlikely         |
| 1 | Highly Unlikely  |

### Impact Scoring

|   |                                        |
|---|----------------------------------------|
| 5 | Major impact to project delivery       |
| 4 | Significant impact to project delivery |
| 3 | Manageable impact on project delivery  |
| 2 | Minor impact to project delivery       |
| 1 | No impact to project delivery          |

| Description of Risk                                                                                                                                                              | Likelihood of Risk (L) | Impact of Risk (I) | Score (B) = (L x I) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------|---------------------|
| Risk1 - Financial Cost: There is a risk that the costs to implement the restricted scheme are higher than initial estimates.                                                     | 3                      | 4                  | 12                  |
| Risk2 - Financial Risk: Sales of heat may be lower than estimated undermining the viability of the scheme. This risk is again limited due to the restricted scale of the scheme. | 2                      | 4                  | 8                   |
| Risk3 - Reputational Risk: As this scheme has a degree of innovation there will be reputational risks both at implementation and for the ongoing operation of the system.        | 4                      | 4                  | 16                  |

### Option 3

#### Summary of Option

This option would involve the creation of a full-scale river source heat pump and district heating network delivered to a larger area within North Muirton.

The extent of the project would be to serve up to 10 plots at the Perth Food & Drink Park, four community buildings, and up to 500 residences.

#### Summary of Financial Resource Requirements

|                                        |                                                                                 |
|----------------------------------------|---------------------------------------------------------------------------------|
| Indicative Capital Investment Required | £12.5M                                                                          |
| Optimism Bias (**%)                    | £2.5M (20%)                                                                     |
| Rationale for Optimism Bias            | This is a higher risk project which still involves a high degree of innovation. |
| Total Capital Investment Required      | £15M                                                                            |
| Source of Indicative cost:             | Aecom                                                                           |

Professional Fees included ☒

Inflation included ☐

|                                       |                                                   |
|---------------------------------------|---------------------------------------------------|
| Recurring Annual Revenue Requirements | The scheme should be self financing after 5 years |
| Source of Indicative cost:            | Aecom                                             |

#### Appraisal of Options against Critical Success Factors

| Critical Success Factor                                                                                                   | Benefits of implementation of Option 3 (Strengths)                                                     | Score (S)<br>0 - 5 | Weighted Score<br>(A) = (S x W) |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------|---------------------------------|
| 1: Provide sustainable low cost renewable heating to residences, thereby reducing fuel poverty.                           | The full scale option delivers sustainable low cost heat.                                              | 4                  | 160                             |
| 2: Provide sustainable low cost renewable heating to businesses, thereby encouraging investment and the creation of jobs. | As above the restricted proposal will make available low cost sustainable heating to local businesses. | 4                  | 120                             |
| 3: Reduce carbon emissions due to heating.                                                                                | A full scale scheme will reduce carbon emissions.                                                      | 4                  | 80                              |

|                                                                                                                            |                                                                                                                                                                                                                                    |   |    |
|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----|
| 4: Create and operate an economically viable and innovative renewable energy supply capable of being replicated elsewhere. | The economic viability of the full scale scheme will be closely monitored as it may take longer to make a larger full scale scheme viable. Operations may show that multiple smaller schemes are more viable than one large scheme | 3 | 30 |
|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----|

Risks associated specifically with option

#### Likelihood Scoring

- 5 Highly Likely
- 4 Likely
- 3 May or not occur
- 2 Unlikely
- 1 Highly Unlikely

#### Impact Scoring

- 5 Major impact to project delivery
- 4 Significant impact to project delivery
- 3 Manageable impact on project delivery
- 2 Minor impact to project delivery
- 1 No impact to project delivery

| Description of Risk                                                                                                                                                       | Likelihood of Risk (L) | Impact of Risk (I) | Score (B) = (L x I) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------|---------------------|
| Risk1 - Financial Risk: There is a risk that the costs to implement the larger scheme are higher than initial estimates.                                                  | 3                      | 5                  | 15                  |
| Risk2 - Financial Risk: Sales of heat may be lower than estimated undermining the viability of the scheme.                                                                | 2                      | 4                  | 8                   |
| Risk3 - Reputational Risk: As this scheme has a degree of innovation there will be reputational risks both at implementation and for the ongoing operation of the system. | 4                      | 4                  | 16                  |

### Success Factor (CSF) Summary

| CSF                                                                                                                        | Weighted Score (A) |     |     | Total Risk Score (B) |    |    | Total Scoring (A-B) |            |            |
|----------------------------------------------------------------------------------------------------------------------------|--------------------|-----|-----|----------------------|----|----|---------------------|------------|------------|
|                                                                                                                            | Options            |     |     | Options              |    |    | Options             |            |            |
|                                                                                                                            | 1                  | 2   | 3   | 1                    | 2  | 3  | 1                   | 2          | 3          |
| 1: Provide sustainable low cost heating to residences, thereby reducing fuel poverty.                                      | 120                | 160 | 160 | 8                    | 12 | 15 | 112                 | 148        | 145        |
| 2: Provide sustainable low cost heating to businesses, thereby encouraging investment and the creation of jobs.            | 0                  | 120 | 120 | 6                    | 8  | 8  | -6                  | 112        | 112        |
| 3: Reduce carbon emissions due to heating.                                                                                 | 40                 | 80  | 80  | 8                    | 16 | 16 | 32                  | 64         | 64         |
| 4: Create and operate an economically viable and innovative renewable energy supply capable of being replicated elsewhere. | 0                  | 50  | 30  | 0                    | 0  | 0  | 0                   | 50         | 30         |
| <b>Total</b>                                                                                                               |                    |     |     |                      |    |    | <b>138</b>          | <b>374</b> | <b>351</b> |

### Option appraisal scores summary

| Total Score |     |
|-------------|-----|
| Option 1    | 138 |
| Option 2    | 374 |
| Option 3    | 351 |

Preferred Option = Option 2

### 3. Commercial Case (for preferred option - to be completed in conjunction with Corporate Procurement)

#### 3.1. Procurement Strategy

Delivery of the project will require a staged approach to procurement.

An initial stage will require the procurement of i) technical and ii) project management expertise.

The second stage involves the main tender to commission a Design, Build and Operate (DBO) contractor.

Early technical expertise is required to assist in the preparation of a detailed technical brief for the subsequent DBO tender. In addition, the technical Expertise will be required through the DBO tender process to answer technical queries, to assess contractor suitability and to assess technical design submission proposals. The value of the Technical Expertise commission is estimated to be in the region of £50k to £100k over financial years 2016/17 and 2017/18. Client side technical expertise will be required after the DBO contract has been awarded to ensure that the DBO contractor is delivering in accordance with the brief.

Similarly early Project Management assistance is required to help take the project forward to project implementation stage. The implementation stage will be reached when Planning Consent is in place and the DBO contract is about to be awarded. It is estimated that external Project Management input can be secured for a budget in the region of £20k during financial year 2016/17. It is envisaged that by the “post-contract” stage, once the DBO contractor is appointed, PKC will have appointed a full time specialist project manager to help deliver the project. This full time role will take over project management responsibilities from the temporary Project Manager.

The DBO contract will comprise three elements:

Firstly, preparing the detailed technical designs and securing all necessary consents for the project. The technical design will be comprehensive and will include i) the Energy Hub building; ii) the water extraction systems; and iii) the heating distribution network. Secondly, the DBO contract will include the construction, testing and commissioning of the above elements.

Lastly the DBO contract will include on-going operation and management of the new network for a contract period of 10 to 20 years.

The DBO tender will be in the region of £8m capital (over financial years 2016/17 and 2017/18).

The design construction and operation of a District Heating Network is a specialist sector and hence early dialogue with prospective designer sand contractors/operators will be necessary to help ensure that an active and competitive market place can be achieved

through the procurement process.

The scale of the DBO opportunity will require the tender to be advertised through OJEU. The Project Management and Technical Expertise commissions referred to above will be required to assist through the DBO process. The Technical Expertise role will extend further as it will be necessary to monitor the performance of the DBO contractor through delivery of the design and construction stages of the DBO contract.

### **3.2. Service Requirements**

N/A

### **3.3. Charging Mechanism**

N/A

### **3.4. Risk Transfer**

The risks of securing all necessary consents (except for Planning) and for all technical design will be transferred to the contractor.  
Subject to normal contract terms the construction risk will be transferred to the contractor as the contractor will be delivering their own design.  
The risks of operating the new DHN will be transferred where possible however it is likely that the Council will require to retain a significant element of risk in respect of the future operation of the network. It is likely that a long term operator will require to have a base revenue income guaranteed by the Council. With a profit sharing arrangement in place for demand levels achieved above these base levels.

### **3.5. Key Contractual Arrangements**

N/A

### **3.6. Personnel Implications**

It is not envisaged that this project will give rise to any significant internal change to personnel.

### **3.7. Accountancy Treatment (to be completed in conjunction with Finance)**

The assets will be added to the Councils asset register with valuations/depreciation etc calculated in line with the appropriate IFRSs.

## **4. Financial Case (for preferred option - to be completed in conjunction with Finance)**



#### 4.1 Capital and Revenue Requirements

Total estimated capital costs are £8.2m.

This will be funded by:       £2m LECF grant;  
                                      £1.4m CPIP;  
                                      £0.2m Housing Improvement Programme;  
                                      £0.1m Contributions from Businesses;  
                                      £4.5m new PKC borrowing.

There is not anticipated to be any revenue implications arising from this project however there may be a requirement for up to a £130k bridging loan to cover the cost of interest over the construction phase.

#### 4.2. Net Effect on Prices

There are no anticipated effects of this project on prices.

#### 4.3. Impact on Balance Sheet

The assets will be added to the Councils asset register with valuations/depreciation etc calculated in line with the appropriate IFRSs.

#### 4.4. Impact on Revenue Budget

There is not anticipated to be any revenue implications arising from this project however there may be a requirement for up to a £130k bridging loan to cover the cost of interest over the construction phase.

#### 4.5 Funding Mechanisms and Affordability *(including partnership and leverage)*

£2m out of the total £8.2m will be funded by the Local Energy Challenge Fund.

## 5. Management Case (for preferred option)

### 5.1. Programme and Project Management Methodology

N/A

### 5.2. Programme and Project Management Plans

N/A

### 5.3. Use of Specialist Advisers

N/A

### 5.4. Change and Contract Management Arrangements

N/A

### 5.5. Benefits Realisation

N/A

### 5.6. Risk Management

N/A

### 5.7. Post Implementation Evaluation Arrangements

N/A

### 5.8. Contingency Arrangements

N/A

## PERTH AND KINROSS COUNCIL

22 June 2016

**Local Government Boundary Commission for Scotland – Fifth Statutory  
Review of Local Government Electoral Arrangements in Scotland – Final  
Recommendations to Scottish Ministers for Wards In Perth and Kinross  
Council Area**

**Report by Head of Democratic Services**

**PURPOSE OF REPORT**

This report advises that on 26 May 2016, the Local Government Boundary Commission for Scotland published its report to Scottish Ministers containing final recommendations for wards in the Perth and Kinross Council area in relation to the Fifth Statutory Review of Electoral Arrangements. The Council has until 7 July 2016 to make comments to Scottish Ministers.

**1. BACKGROUND**

- 1.1 The Council's current electoral arrangements with 41 members in 12 multi-member wards are set out in The Perth and Kinross (Electoral Arrangements) Order 2006. The Order came into force on 14 July 2006 following the Fourth Statutory Review of Electoral Arrangements by the Local Government Boundary Commission for Scotland ('the Commission'). The Review had been undertaken as required by the Local Governance (Scotland) Act 2004 which introduced multi-member wards, and the final recommendations of the Review were reported to the Council on 29 March 2006 (Article 226 and Report 06/217 refer).
- 1.2 The Commission began the Fifth Statutory Review of Electoral Arrangements in February 2014. Further detail on the Review is available on the Commission's website at [http://www.lgbc-scotland.gov.uk/reviews/5th\\_electoral/timetable.asp](http://www.lgbc-scotland.gov.uk/reviews/5th_electoral/timetable.asp).
- 1.3 The Council considered the Commission's proposals on 23 April 2014 (Article 251 and [Report 14/174](#) refer); 13 May 2015 (Article 310 and [Report 15/196](#) refer); and most recently on 7 October 2015 (Article 660 and [Report 15/424](#) refer).
- 1.4 On 7 October 2015, the Council agreed:-
  - (i) The revised proposals by the Local Government Boundary Commission for Scotland (LGBCS) for wards for the Perth and Kinross Council area, be noted.

- (ii) It be noted that there are no proposed changes to Ward 1 (Carse of Gowrie), Ward 6 (Strathearn), Ward 7 (Strathallan) and Ward 10 (Perth City South).
- (iii) It be noted that there are no proposed changes to ward names.
- (iv) The proposed changes to ward boundaries by Aberfeldy, Bamff and Logierait as suggested by the Council, be accepted.
- (v) It be agreed that the Council does not accept the proposals to reduce the number of councillors in Ward 8 (Kinross-shire) by 1 and agrees to maintain the Council's stated position that:
  - (a) given the GROS projected population increase for Perth and Kinross over the coming years, the Council feels that there is insufficient basis for a reduction in councillor numbers in Perth and Kinross and
  - (b) the "status quo" of 41 elected members should be retained for Perth and Kinross Council.
- (vi) The LGBCS be asked to:
  - (a) Take account of –
    - the precedent set in respect of another category 4 local authority, whereby the LGBCS agreed to retain the same number of councillors when the LGBCS methodology suggested a decrease of one, despite that authority's voter to councillor ratio being lower than that for this Council;
    - the local ties which will be broken by the LGBCS proposals for Ward 8 (Kinross-shire); and
    - the difficulty of identifying the boundary selected between Ward 8 (Kinross-shire) and Ward 9 (Almond and Earn);
  - (b) apply a special geographic consideration to Ward 8 (Kinross-shire); and
  - (c) give further consideration to the proposals to make changes to ward boundaries by Almondbank, Perth and north of Kinross.
- (vii) The Head of Democratic Services be instructed to respond to the Commission by 22 October 2015.

## 2. PROPOSALS

### Commission's Final Recommendations

- 2.1 In a letter to the Chief Executive dated 24 May 2016, the Commission advised that on 26 May 2016, it had submitted to Scottish Ministers its final recommendations for the number of Councillors and the electoral ward boundaries in each of Scotland's 32 local authorities. The reports and further information regarding the recommendations are available on the Commission's website at [http://www.lgbc-scotland.gov.uk/reviews/5th\\_electoral/](http://www.lgbc-scotland.gov.uk/reviews/5th_electoral/).
- 2.2 The letter also advised that the Council would have 6 weeks to make comments to Scottish Ministers on the final recommendations (ie by 7 July 2016). At the conclusion of that 6 week period, Scottish Ministers will determine whether to make an Order giving effect to the Commission's recommendations either as submitted or with modifications.

- 2.3 The Commission's report sets out the review process in detail, including the representations received in respect of the provisional proposals. The report also sets out the Commission's consideration of these representations.
- 2.4 The Commission developed its final recommendations following consideration at its meetings on 9 November 2015 and 19 April 2016 – copies of papers and minutes are available on the Commission's website at [http://www.lgbc-scotland.gov.uk/publications/meeting\\_papers/index.asp](http://www.lgbc-scotland.gov.uk/publications/meeting_papers/index.asp).
- 2.5 Copies of the Commission's report to Scottish Ministers were supplied to group leaders, and Councillors were made aware that the report to Ministers was available to download from the Commission's website.
- 2.6 Copies of the report were made available at display points in the Council area.
- 2.7 The Commission's recommendations are that the future electoral arrangements for the Council area should provide for a Council of 40 Councillors in 12 wards, comprising 4 wards each returning 4 members and 8 wards each returning 3 members as follows:

| Ward no. | Ward name             | Councillors | Electorate Sept 13 | Actual variation from parity | Forecast electorate | Forecast variation from parity |
|----------|-----------------------|-------------|--------------------|------------------------------|---------------------|--------------------------------|
| 1        | Carse of Gowrie       | 3           | 7,428              | -11%                         | 7,827               | -10%                           |
| 2        | Strathmore            | 4           | 11,855             | 6%                           | 12,430              | 7%                             |
| 3        | Blairgowrie and Glens | 3           | 8,640              | 3%                           | 8,993               | 3%                             |
| 4        | Highland              | 3           | 7,139              | -15%                         | 7,469               | -14%                           |
| 5        | Strathtay             | 3           | 8,678              | 3%                           | 8,965               | 3%                             |
| 6        | Strathearn            | 3           | 8,515              | 1%                           | 8,824               | 1%                             |
| 7        | Strathallan           | 3           | 7,923              | -6%                          | 8,544               | -2%                            |
| 8        | Kinross-shire         | 4           | 10,023             | -10%                         | 10,656              | -8%                            |
| 9        | Almond and Earn       | 3           | 7,280              | -13%                         | 7,935               | -9%                            |
| 10       | Perth City South      | 4           | 12,585             | 12%                          | 12,737              | 9%                             |
| 11       | Perth City North      | 3           | 9,406              | 12%                          | 9,439               | 8%                             |
| 12       | Perth City Centre     | 4           | 12,433             | 11%                          | 12,619              | 8%                             |
|          | <b>Total</b>          | <b>40</b>   | <b>111,905</b>     | <b>9%</b>                    | <b>116,438</b>      | <b>7%</b>                      |

2.8 In summary, the recommendations –

- (1) make changes to ward boundaries by Aberfeldy, Bamff and Logierait, as suggested by the Council.
- (2) amend the ward boundary by Almondbank.
- (3) retain the existing Kinross-shire ward boundary;
- (4) amend the ward boundaries in Perth, with the Perth City North ward becoming a 3-member ward, and a minor change to the boundary between the Perth City South and the Perth City Centre wards in the south of Perth to follow the A912 Edinburgh Road.

### 3. CONCLUSION AND RECOMMENDATIONS

3.1 The Fifth Statutory Review of Electoral Arrangements by the Local Government Boundary Commission for Scotland commenced in February 2014, with the Commission's final recommendations being submitted to Scottish Ministers on 26 May 2016.

3.2 The Council has 6 weeks from 26 May 2016 to comment to Scottish Ministers on the Commission's final recommendations.

3.3 It is recommended that the Council –

- i) Notes the final recommendations to Scottish Ministers by the Local Government Boundary Commission for Scotland for wards for the Perth and Kinross Council area.
- ii) Notes that there are no proposed changes to Ward 1 (Carse of Gowrie), Ward 6 (Strathearn), Ward 7 (Strathallan) and Ward 8 (Kinross-shire).
- iii) Notes that there are no proposed changes to ward names.
- iv) Agrees to accept the proposed changes to ward boundaries by Aberfeldy, Bamff and Logierait as suggested by the Council.
- v) Agrees that the Council's preferred position is that it does not accept the proposals to reduce the number of councillors by 1 but agrees to maintain the Council's previous position that:
  - (a) given the GROS projected population increase for Perth and Kinross over the coming years, the Council feels that there is insufficient basis for a reduction in councillor numbers in Perth and Kinross and
  - (b) the "status quo" of 41 elected members should be retained for Perth and Kinross Council.
- vi) Gives further consideration to the proposals to make changes to ward boundaries by Almondbank, Perth, and in Perth City.
- vii) Instructs the Head of Democratic Services to submit the Council's comments to Scottish Ministers by 7 July 2016.

**Author**

| <b>Name</b>           | <b>Designation</b>                 | <b>Contact Details</b>                                                |
|-----------------------|------------------------------------|-----------------------------------------------------------------------|
| <b>Gillian Taylor</b> | <b>Head of Democratic Services</b> | <a href="mailto:Committee@pkc.gov.uk"><u>Committee@pkc.gov.uk</u></a> |

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | N/A               |
| Corporate Plan                                      | N/A               |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | N/A               |
| Workforce                                           | N/A               |
| Asset Management (land, property, IST)              | N/A               |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | N/A               |
| Strategic Environmental Assessment                  | N/A               |
| Sustainability (community, economic, environmental) | N/A               |
| Legal and Governance                                | N/A               |
| Risk                                                | N/A               |
| <b>Consultation</b>                                 |                   |
| Internal                                            | N/A               |
| External                                            | N/A               |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | N/A               |

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 The proposals set out in this report do not relate directly to the achievement of priorities in the Community Plan / Single Outcome Agreement.

#### Corporate Plan

- 1.2 The proposals set out in this report do not relate directly to the achievement of the Council's Corporate Plan Priorities.

### 2. Resource Implications

#### Financial

- 2.1 There are no financial implications arising directly from the proposals set out in this report.

#### Workforce

- 2.2 There are no workforce implications arising directly from the proposals set out in this report.



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

- 2.3 There are no asset management implications arising directly from the proposals set out in this report.

## **3. Assessments**

- 3.1 No assessments have been undertaken in relation to the proposals set out in this report.

### Legal and Governance

- 3.2 There are no legal and governance implications arising directly from the proposals set out in this report.

### Risk

- 3.3 No key risks have been identified in relation to the proposals set out in this report.

## **4. Consultation**

### Internal

- 4.1 The final recommendations by the Local Government Boundary Commission for Scotland were circulated to group leaders on 25 May 2016.

### External

- 4.2 There has been no external consultation in relation to the proposals set out in this report.

## **5. Communication**

- 5.1 There is no requirement for the Council to undertake communications activity in relation to the proposals set out in this report.

## **2. BACKGROUND PAPERS**

No background papers other than those referred to in this report were relied on in preparing the report.

## **3. APPENDICES**

None



## PERTH AND KINROSS COUNCIL

22 JUNE 2016

## PROPOSED TIMETABLE OF MEETINGS 2017

## Report by Head of Democratic Services

**PURPOSE OF REPORT**

This report seeks approval of the proposed timetable of meetings for 2017 up to the local government elections.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 Since 2007, the Council has successfully operated an eight weekly cycle of committee meetings. In addition to this, the Development Management Committee operates on a four weekly basis, the Licensing Committee on a six weekly basis, and the Local Review Body meets approximately every four weeks. Timetables have also continued to take account of fixed recess periods at Easter, summer and October holiday periods.
- 1.2 In July 2015, the Council approved the 2016 timetable of meetings and an indicative timetable for 2017. The current timetable has continued to work well, and has enabled the programming of an increasing number of other meeting commitments for elected members and officers.

**2. PROPOSED TIMETABLE**

- 2.1 In line with the practice in previous years, the first meeting of the Housing and Health Committee has been timetabled to take place on 25 January 2017 to enable consideration of any proposed rent changes. A special meeting of the Council for setting the budget has been included provisionally for 9 February 2017.
- 2.2 The timetable includes dates up until the Scottish Local Government Elections on 4 May 2017 and follows a similar pattern to the 2016 timetable. Included is an indicative date of 17 May 2017 for the statutory meeting of the Council following the Elections, although the last date for the statutory meeting is 24 May 2017. It is also proposed that the Kirking of the Council take place on Sunday 4 June 2017.

**3. CONCLUSION AND RECOMMENDATION**

- 3.1 This report outlines the proposed committee timetable for 2017 up to the date of the Scottish Local Government Elections.
- 3.2 It is recommended that Council approve the proposed timetable of meetings as set out in Appendix 1.

**Author**

| <b>Name</b>  | <b>Designation</b>               | <b>Contact Details</b>                                                    |
|--------------|----------------------------------|---------------------------------------------------------------------------|
| Scott Hendry | Team Leader (Committee Services) | Ext.75126<br><a href="mailto:sbhendry@pkc.gov.uk">sbhendry@pkc.gov.uk</a> |

**Approved**

| <b>Name</b>    | <b>Designation</b>          | <b>Date</b> |
|----------------|-----------------------------|-------------|
| Gillian Taylor | Head of Democratic Services | 24 May 2016 |

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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>None</b>       |
| Workforce                                           | <b>None</b>       |
| Asset Management (land, property, IST)              | <b>None</b>       |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>None</b>       |
| Strategic Environmental Assessment                  | <b>None</b>       |
| Sustainability (community, economic, environmental) | <b>None</b>       |
| Legal and Governance                                | <b>None</b>       |
| Risk                                                | <b>None</b>       |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>None</b>       |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>Yes</b>        |

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 This proposals in this report support delivery of the Council's objectives within the Corporate Plan and the Community Plan.

### 2. Resource Implications

#### Financial

- 2.1 N/A

#### Workforce

- 2.2 N/A

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

- 2.3 N/A

### **3. Assessments**

#### Equality Impact Assessment

3.1 N/A

#### Strategic Environmental Assessment

3.2 N/A

#### Sustainability

3.3 N/A

#### Legal and Governance

3.4 N/A

#### Risk

3.5 N/A

### **4. Consultation**

#### Internal

4.1 An indicative timetable for 2017 up to the local government elections was approved by Council in July 2015. Consultation has also taken place through the Modernising Governance Member/Officer Working Group.

#### External

4.2 N/A

### **5. Communication**

5.1 Following approval, the timetable of meetings for 2017 will be implemented across the Council and published on the Council's website.

## **2. BACKGROUND PAPERS**

N/A

## **3. APPENDICES**

Appendix 1 – Proposed Council and Committee Timetable for 2017

## COUNCIL AND COMMITTEE TIMETABLE FOR 2017

|           | JANUARY                                      | FEBRUARY                                            | MARCH                                   | APRIL                                        | MAY                                                   | JUNE | JULY | AUGUST | SEPT | OCTOBER | NOVEMBER | DECEMBER |
|-----------|----------------------------------------------|-----------------------------------------------------|-----------------------------------------|----------------------------------------------|-------------------------------------------------------|------|------|--------|------|---------|----------|----------|
| Monday    | 2                                            |                                                     |                                         | 3                                            | 1                                                     |      | 3    |        |      | 2       |          |          |
| Tuesday   | 3                                            |                                                     |                                         | 4<br>LRB<br>(10.30am)                        | 2                                                     |      | 4    | 1      |      | 3       |          |          |
| Wednesday | 4<br>Property Sub<br>(10am)                  | 1<br>LL Insp<br>(10am)<br>Audit (2pm)               | 1<br>Property Sub<br>(10am)<br>CS (2pm) | 5                                            | 3                                                     |      | 5    | 2      |      | 4       | 1        |          |
| Thursday  | 5                                            | 2                                                   | 2<br>School Estate<br>Sub (11.30am)     | 6<br>Licensing<br>(11.30am)                  | 4<br>Scottish Local<br>Government<br>Elections        | 1    | 6    | 3      |      | 5       | 2        |          |
| Friday    | 6                                            | 3                                                   | 3                                       | 7                                            | 5                                                     | 2    | 7    | 4      | 1    | 6       | 3        | 1        |
| Monday    | 9                                            | 6                                                   | 6                                       | 10                                           | 8                                                     | 5    | 10   | 7      | 4    | 9       | 6        | 4        |
| Tuesday   | 10<br>LRB<br>(10.30am)<br>JNC(T)<br>(2.30pm) | 7<br>LRB<br>(10.30am)<br>Attendance<br>Sub (2.00pm) | 7<br>LRB<br>(10.30am)                   | 11                                           | 9                                                     | 6    | 11   | 8      | 5    | 10      | 7        | 5        |
| Wednesday | 11<br>Env (10am)<br>E&I (2pm)                | 8<br>SP&R (10am)<br>Scrutiny<br>(2pm)               | 8<br>Env (10am)<br>E&I (2pm)            | 12<br>Dev Mgt<br>(10am)                      | 10                                                    | 7    | 12   | 9      | 6    | 11      | 8        | 6        |
| Thursday  | 12<br>Licensing<br>(10am)                    | 9<br>Special<br>Council (2pm)<br>(Provisional)      | 9                                       | 13                                           | 11                                                    | 8    | 13   | 10     | 7    | 12      | 9        | 7        |
| Friday    | 13                                           | 10                                                  | 10<br>Licensing<br>Board (9am)          | 14                                           | 12                                                    | 9    | 14   | 11     | 8    | 13      | 10       | 8        |
| Monday    | 16                                           | 13                                                  | 13<br>CHS&W<br>(10am)                   | 17                                           | 15                                                    | 12   | 17   | 14     | 11   | 16      | 13       | 11       |
| Tuesday   | 17                                           | 14                                                  | 14                                      | 18                                           | 16                                                    | 13   | 18   | 15     | 12   | 17      | 14       | 12       |
| Wednesday | 18<br>Dev Mgt<br>(10am)<br>CS (2pm)          | 15<br>Dev Mgt<br>(10am)                             | 15<br>Dev Mgt<br>(10am)                 | 19<br>SP&R (10am)<br>Scrutiny<br>(2pm)       | 17<br>Council<br>Statutory<br>Meeting<br>(Indicative) | 14   | 19   | 16     | 13   | 18      | 15       | 13       |
| Thursday  | 19<br>Appeals Sub                            | 16<br>JCC (10am)                                    | 16<br>Appeals Sub                       | 20<br>Licensing<br>Board (9am)               | 18                                                    | 15   | 20   | 17     | 14   | 19      | 16       | 14       |
| Friday    | 20                                           | 17                                                  | 17                                      | 21                                           | 19                                                    | 16   | 21   | 18     | 15   | 20      | 17       | 15       |
| Monday    | 23                                           | 20                                                  | 20                                      | 24                                           | 22                                                    | 19   | 24   | 21     | 18   | 23      | 20       | 18       |
| Tuesday   | 24                                           | 21<br>Appeals Sub                                   | 21<br>JNC(T)<br>(2.30pm)                | 25<br>Appeals Sub                            | 23                                                    | 20   | 25   | 22     | 19   | 24      | 21       | 19       |
| Wednesday | 25<br>H&H (10am)<br>LL (2pm)                 | 22<br>Common<br>Good (11am)<br>Council (2pm)        | 22<br>LL Insp<br>(10am)<br>Audit (2pm)  | 26<br>Common<br>Good (11am)<br>Council (2pm) | 24                                                    | 21   | 26   | 23     | 20   | 25      | 22       | 20       |
| Thursday  | 26<br>Licensing<br>Board (9am)               | 23<br>Licensing<br>(10am)                           | 23                                      | 27                                           | 25                                                    | 22   | 27   | 24     | 21   | 26      | 23       | 21       |
| Friday    | 27                                           | 24                                                  | 24                                      | 28                                           | 26                                                    | 23   | 28   | 25     | 22   | 27      | 24       | 22       |
| Monday    | 30                                           | 27                                                  | 27                                      |                                              | 29                                                    | 26   | 31   | 28     | 25   | 30      | 27       | 25       |
| Tuesday   | 31                                           | 28                                                  | 28                                      |                                              | 30                                                    | 27   |      | 29     | 26   | 31      | 28       | 26       |
| Wednesday |                                              |                                                     | 29<br>H&H (10am)<br>LL (2pm)            |                                              | 31                                                    | 28   |      | 30     | 27   |         | 29       | 27       |
| Thursday  |                                              |                                                     | 30<br>Attendance<br>Sub (10am)          |                                              |                                                       | 29   |      | 31     | 28   |         | 30       | 28       |
| Friday    |                                              |                                                     | 31                                      |                                              |                                                       | 30   |      |        | 29   |         |          | 29       |

Scottish Local Government Elections – 4 May 2017

Recess Periods  
(all inclusive)

End of Cycle

Office Closed

1 – 2 January  
3 - 17 April

**Notes:** Development Management Committee (4 meetings)

Local Review Body (4 meetings)

The Joint Boards (Valuation and Tayside Contracts). Dates and venue to be confirmed.

Where a body is shown in italics, it is not for the Council to agree meeting dates for that body.

- CS

Env

E&I

Dev Mgt

H&H

LL

SP&R

JCC

CHS&W

JNC(T)

LL Insp

TVJB

TCJC

Appeals Sub
- = Community Safety

= Environment

= Enterprise & Infrastructure

= Development Management

= Housing & Health

= Lifelong Learning

= Strategic Policy and Resources

= Joint Consultative Committee

= Corporate Health, Safety and Wellbeing Consultative Committee

= Joint Negotiating Committee (Teachers)

= Lifelong Learning Executive Sub-Committee

= Tayside Valuations Joint Board

= Tayside Contracts Joint Committee

= Appeals Sub-Committee of Strategic Policy and Resources (These meeting dates are provisional and may not take place)