

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).

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

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.