

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.

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

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

