

PERTH AND KINROSS COUNCIL

16 June 2010

PERTH CITY HALL

Report by Depute Chief Executive

This report advises of the results of the consultation on options for the future of the City Hall and recommends its complete demolition to allow the creation of a civic square/public space. It further recommends that detailed proposals be prepared to enable this option to be progressed through the planning process.

RECOMMENDATIONS

The Council is asked to;

- i) Note the results of the consultation process.
- ii) Note the costs and benefits of the various options identified through the “Green Book” Appraisal process.
- iii) Agree to give further consideration to the complete demolition of the City Hall and the creation of a civic square/public space on the basis that it will deliver significant benefits to economic growth and the wider community.
- iv) Instruct officers to develop detailed proposals for the public space including consultation with key stakeholders.
- v) Instruct officers to submit applications for planning and listed building consents in due course.

BACKGROUND

1. In January 1996, following a public consultation exercise for a proposal to demolish the City Hall and to construct a replacement at Horse Cross, the former District Council agreed to;

“make application for financial assistance to the Millennium Commission for the creation of a new City Square and the erection of a new City Hall at Horse Cross”.
2. In addition, the adopted Perth Central Area Local Plan 1997 indicated that consideration would be given to;

“the creation of a major new civic space through the removal and relocation of the City Halls...”

3. The new Perth Concert Hall at Horse Cross was subsequently opened in 2005, but the planned removal of the City Hall and the creation of a public space did not proceed at that time.
4. In February 2004, the Strategic Policy and Resources Committee agreed to;
“advertise the availability of the Perth City Hall site as a development opportunity”.
5. In November 2005 – after a period of further public consultation – Wharfside Regeneration (Perth) Ltd was selected as the preferred developer.
6. Unfortunately, Wharfside was unable to bring its proposed development to fruition and, following a report to Council on 2 September 2009, it was agreed to terminate the agreement with Wharfside and bring forward options for the building.
7. At its meeting on 16 December 2009 the Council agreed to undertake consultation with the public and key stakeholders on all previously identified options for the Perth City Hall and how these might assist in delivering its vision for a vibrant and viable town centre with a high quality environment and diverse range of land uses. The options for consultation were agreed as:
 - Do nothing/do minimum
 - Re-use of the building
 - Partial demolition
 - Full demolition of the City Hall and creation of a civic square/public space
 - Full demolition and redevelopment on part of the site
8. Consultation with the public, businesses and other organisations was undertaken between 15 February and 15 March 2010 to establish their views on the options, and most importantly what they considered the benefits of these options would be. Previous surveys undertaken through local media and business organisations had not asked the reasons for any preferences.
9. A range of consultation techniques was used in order to maximise opportunities for response, engagement and informed opinion. These included a special edition of Viewfinder, online questionnaires, stakeholder focus groups and a manned exhibition in the St John’s Centre, Perth from 17 February to 24 February 2010.
10. Consultees included the public, businesses, organisations and residents in the immediate area of the City Hall, the broader business community, market operators and event organisers. Youth groups and schools were contacted to encourage a response from younger people.
11. Background information, details of the online survey questionnaires and hard copies of questionnaires were made available at all Council offices, community campuses, libraries, the St John’s Centre exhibition and at shops

in Perth city centre. Businesses, market operators and event organisers were emailed links to the online survey.

12. Detailed questions were asked on existing and potential experiences in the city centre, potential impact of the options for the City Hall on amenity and economic impact. Businesses, market operators and event organisers were asked specific additional questions to provide information on economic impact given their local market knowledge.

RESPONSES TO CONSULTATION

13. The consultation resulted in a total of 2738 responses being submitted – 2502 public (including 861 Viewfinder) questionnaires, 212 business questionnaires and 24 market operators and event organisers questionnaires were completed.
14. Locum's Options Appraisal, which is available online on the Council website www.pkc.gov.uk contains an analysis of the consultation. The main headline responses to the consultation in relation to the potential options for the City Hall are summarised below:

Do nothing until the economic climate improves

15. 6% of the public, 6% of businesses and 8% of market operators and event organisers supported this option.

Re-use of City Hall

16. 36% of the public, 25% of businesses and 33% of market operators and event organisers supported re-use of the City Hall. However, 81% of local businesses indicated that they had no interest in occupying any space within the building. The majority in favour of re-use supported re-use for cultural uses. The main reasons given in support of this option were:
 - City Hall adds to the history of Perth
 - the attractiveness of the building
 - re-use would benefit the economy
17. The majority of all respondents indicated that they did not think the Council should subsidise any re-use of the building.

Partial demolition of City Hall

18. 10% of the public, 11% of businesses and 12% of market operators and event organisers supported partial demolition. The main reasons given were:
 - City Hall adds to the history of Perth
 - re-use would benefit the economy
 - partial demolition would improve the setting of St John's Kirk
 - the attractiveness of the building

Full demolition of City Hall and the creation of civic square/public space

19. 43% of the public, 52% of businesses and 38% of market operators and event organisers indicated that full demolition and the creation of a public space was their preferred option. The main reasons given in support of this option were:
- it would improve the setting of St John's Kirk
 - demolition would benefit the local economy
 - City Hall had no sentimental value to the respondents
 - they did not consider it an attractive building
20. The majority of these respondents wanted an attractive space to be used for a variety of purposes including events, markets and pavement cafes.

Full demolition of City Hall and redevelopment on part of the space

21. 4% of the public, 6% of businesses and 8% of market operators and event organisers supported this option. Similar potential uses were identified for a new building as for re-use of the existing City Hall. The main reasons given in support of this option included:
- it would improve the setting of St John's Kirk
 - it would benefit the local economy
 - City Hall was not an attractive building and had no sentimental value to them
 - this could provide both a high quality new building and a useful high quality public space

Conclusion of consultation

22. The consultation exercises have confirmed that there continues to be polarised public opinion in relation to the future of the City Hall.
23. The overall results indicate that 57% of the public, 69% of businesses and 58% of market operators and event organisers support the creation of a civic square/public space following some form of demolition (either full or partial) of the City Hall.

APPRAISAL OF OPTIONS

24. The Treasury's Guide to Appraisal and Evaluation (usually referred to as the "Green Book") is a mandatory tool for government departments in assessing the costs and benefits of different proposals.
25. The process sets out to establish and evaluate the costs and benefits of each of the options in financial, socio-economic, environmental, time, risk and quality terms.

26. To allow the Council to fully evaluate the tangible and intangible costs and benefits, as well as the risks associated with the various options, Locum Consulting and Colliers CRE, who have been assisting with the identification and evaluation of options, were instructed to carry out a “Green Book” type Appraisal of all previously identified options. For completeness, some sub options were also considered.
27. As discussed later in this report, any form of demolition or partial demolition will require a case to be made to Historic Scotland, as the City Hall is a Listed Building. Any case will require to demonstrate that this will deliver significant benefits to economic growth and the wider community, and the “Green Book” Appraisal is an authoritative method of assessing the relative costs and benefits of the options.
28. The Executive Summary of Locum’s Options Appraisal is appended to this report, and the full document is available online on the Council website at www.pkc.gov.uk.
29. Specifically each option has been measured against the following criteria:
- Best Value – including:
 - i) Development costs/receipts to provide the highest financial return
 - ii) Socio economic and environmental benefits to provide the highest level of benefit
 - Time - Target delivery within 3 years - in line with guidance set by Scottish Public Sector Finance Manual for dealing with Surplus Assets
 - Risk - Target to provide the lowest risk option
 - Quality – Target to supply the best quality possible based on the targets above and the relationship of options to other schemes and the wider impacts on the urban landscape
30. The Options Appraisal exercise identifies the development costs for each of the proposed options and using a development appraisal, calculates the financial viability of each. It is noteworthy that where the option generates income, this income is capitalised and will offset the costs to some degree. The Appraisal goes on to identify the potential additional value to the local economy in predicted expenditure. Combining this figure with the result of the development appraisal, the overall net financial cost or benefit of the option is calculated. Intangible costs and benefits in relation to each option are also assessed in relation to environmental and economic objectives and weighted to allow these to be considered within the final ranking of each option.
31. In relation to the identified options the Appraisal indicates:

Do nothing/do minimum

32. Taking account of all factors it is estimated there could be a cost of £1.661M with no benefits giving a potential **net cost of -£1.661M**. This option (which includes completion of the local environmental improvements around the

building) has limited value in relation to any of the objectives. This is on the basis that it does not have significant support locally either from the public or businesses and extends the uncertainty for an indefinite period.

33. As noted within the Appraisal, the Scottish Public Finance Manual advises against holding on to unwanted assets and avoiding uncertainty which suggests the Council should take action as soon as possible to progress matters.

Re-use of the building – retail commercial development

34. Taking account of all factors it is estimated that costs could amount to £3.755M and generate benefits with a value of £1.307M, leading to a **net cost of -£2.448M**. This option has some support from the public but less so from local businesses. Local and national demand for the type of retail use that could be accommodated within the current form of the building remains low with consequential low probability of securing any immediate benefits to the economy or the wider community. The recent experience of Wharfside is further evidence of that low demand. Conversion costs are estimated to be greater than the end value generated and would likely require public subsidy. The scale of any potential development is unlikely to have any significant benefit to the retail economy and could potentially displace existing retail use rather than attract new investment.

Re-use of the building – cultural led development

35. Taking account of all factors it is estimated that costs could amount to £8.829M and generate benefits of £8.853M leading to a **net benefit of £0.808M**. This option also has some support from the public. It has less support from local businesses but could contribute economic, social and community benefits. The type of cultural use and market opportunity are largely undefined creating significant risk in pursuing this option. Although sensitive conversion of the building could contribute to the placemaking agenda, the conversion costs and the operating and promotional costs would require substantial public subsidy which is unlikely to be affordable within any reasonable or foreseeable timescale.

Partial demolition and re-use of the building - retail/commercial led redevelopment

36. Taking account of all factors it is estimated that costs could amount to £2.807M and generate benefits of £2.831M leading to a **net cost of -£0.040M**. This option has limited support from the public and businesses. Risks and benefits are similar to above.

Partial demolition and re-use of the building - cultural led redevelopment

37. Taking account of all factors it is estimated that costs could amount to £4.258M and generate benefits of £2.946M leading to a **net cost of -£1.312M**. This option also has limited support from the public and businesses. Risks and benefits are similar to above.

Full demolition of the City Hall and re-use of the site - civic square/public space

38. Taking account of all factors it is estimated that costs could amount to £2.972M and generate potential benefits of £6.260M leading to a **net benefit of £3.288M**. This option has considerable support from the public and businesses and would contribute significant economic, social and cultural benefits. The creation of a public space would contribute greatly to place-making in Perth recreating the historic setting of the iconic St John's Kirk. There are costs associated with the creation and management of a space but this option has the potential to generate additional value to the economy. The greatest risk associated with this option is in securing planning permission as discussed later in this report.

Full demolition and new build of a new facility - retail led/commercial redevelopment

39. Taking account of all factors it is estimated that costs could amount to £1.792M and generate potential benefits of £3.323M leading to a **net benefit of £1.531M**. There is limited support for this option from the public and businesses. Although the creation of more useable retail/commercial floorspace may potentially generate greater benefits than re-use of the building, there would be difficulties in securing investment and occupation. The current delay in implementing the approved retail development at Mill St/ High St is further evidence of that locally.

Full demolition and new build of a new facility – cultural led redevelopment

40. Taking account of all factors it is estimated that costs could amount to £8.402M and generate benefits of £8.829M leading to a **net benefit of £0.427M**. There is also limited support for this option from the public and businesses. As with the re-use option for cultural uses this would require significant public subsidy and is extremely unlikely to be deliverable.

Preferred option for the delivery of benefits to economic growth or the wider community

41. It is clear from the “Green Book” type assessment that complete demolition of the City Hall and the creation of a new Civic Square/Public Space delivers significantly greater quantifiable benefits to the local economy than any of the alternative options. In the current and foreseeable financial climate, at an approx cost of £3M, it is also the most affordable option. There are significant risks in relation to obtaining planning consent for this option, but it does have the potential to make a significant contribution to local place making.

PLANNING ISSUES

42. The Council's interest in the building and its listed status mean that after initial consideration by the Development Control Committee, any proposals affecting the City Hall would be considered by Historic Scotland and then by Scottish Ministers.

43. Historic Scotland has already been involved in initial discussions about the policy criteria to be taken into account in the Council's decision making processes, but has advised that any formal consultation with them at this stage would be premature until a preferred option has been identified.
44. More detailed information on each of the options would be required before a definitive statement can be made in relation to planning policy. However, some of the policy criteria that could generally inform selection of the preferred option are summarised below.

Planning considerations for re-use options

45. Applications for planning consent and Listed Building consent for re-use would be considered within the context of guidance in Scottish Historic Environment Policy (SHEP) and the Local Development Plan to assess the impact on its architectural and historic interest.
46. Both retail and commercial development and cultural led development would be appropriate uses within the city centre and proposals that involve the least intervention to the fabric of the building and best preserve features of architectural or historic interest could be supported.

Planning considerations for options involving full or partial demolition

47. Applications involving substantial demolition and alteration of a Listed Building are treated similarly to full demolition in relation to the policy criteria to be applied.
48. National policy guidance (SHEP) and local policy guidance indicate a general presumption in favour of the retention of Listed Buildings.
49. Notwithstanding that general presumption, specifically in relation to the City Hall, the adopted Perth Central Area Local Plan 1997 states that:

“Consideration will be given to the creation of a major new civic space through the removal and relocation of the City Hall in addition to pedestrianisation and environmental improvement in St John's Place, South St John's Place and King Edward Street”
50. However, Historic Scotland's advice makes it clear that, where demolition of a Listed Building is proposed, this should be assessed in relation to the main policy criteria identified in SHEP and that demolition will be considered if it can be shown that:
 - i) the building is not of special interest; or
 - ii) the building is incapable of repair; or
 - iii) the demolition of the building is essential to delivering significant benefits to economic growth or the wider community; or

- iv) the repair of the building is not economically viable and that it has been marketed at a price reflecting its location and condition to potential restoring purchasers for a reasonable period.

These particular policy criteria are discussed briefly below:

Special interest

- 51. The consultation exercise has shown that a number of people and organisations believe the City Hall adds to the history of Perth and think it is an attractive building. However, many also think it is not an attractive building.
- 52. Many people and organisations believe that improving the setting of the adjacent St John's Kirk, which is a Category A Listed Building, is of greater priority than preserving the City Hall itself.
- 53. The main local amenity body, Perth Civic Trust have written to confirm their support for demolition and the creation of a space on the basis of the benefits to the setting of the Kirk and their belief that there is no economic prospect for re-use of the City Hall.
- 54. Representatives of the St John's Kirk have also indicated their support for demolition and have indicated that this would benefit the setting of the Kirk and assist their imminent conversion works to allow enhanced usage of the building for cultural activity.
- 55. The creation of a multi functional public space which reflects historic context is consistent with government policy and guidance in relation to placemaking through Designing Streets and Designing Places which Council has recently endorsed through its own Placemaking Guide.

State of repair

- 56. The building is currently in a reasonable condition and not incapable of repair. However, as identified in the "Green Book" type Appraisal the costs of bringing it back into use would be substantial and difficult to finance without public subsidy. The consultation exercise revealed that the majority do not support public subsidy for this purpose.

Benefits to economy and wider community

- 57. Although there is some support for re-use on the basis that this would benefit the local economy, there is greater support for some form of demolition with a preference for total demolition.
- 58. The "Green Book" type Appraisal clearly indicates that, taking all matters into account, demolition and the creation of a public space is the option that provides the greatest economic and community benefit.

59. Evidence from elsewhere demonstrates the benefits of civic spaces and squares to the economy and communities in terms of civic pride and cultural enhancement.

Marketing

60. The most recent marketing of the building which resulted in the selection of Wharfside as the preferred developer, failed to secure an economically viable re-use of the building.
61. Locum's current assessment indicates that the potential re-use of the building is likely to be limited because of the physical constraints imposed by the form of the building. Further advice from Colliers highlights reductions in commercial property values and a continuing weak letting environment.
62. As a result of this combination of the building's physical limitations and prevailing market conditions, their advice continues to be that no positive value can be generated in relation to potential re-use.
63. An assessment of other potential cultural uses also suggests that these would not be viable without both capital and revenue support from the public purse.
64. From a planning perspective the Council therefore has to assess whether or not it is satisfied that there is already sufficient evidence that there is no viable re-use of the building and therefore no need for further market testing.
65. Alternatively, the Council may take the view that regardless of any potential re-use of the building, the consultation and Appraisal provide sufficient evidence of significant benefit to the economy and wider community to justify consideration of demolition and the creation of a new civic square/public space.

Planning Conclusions

66. It is clear that any of the identified options for the re-use or demolition of the City Hall can be justified in planning terms.
67. The option to demolish will clearly attract the greatest scrutiny from Historic Scotland and the most appropriate grounds on which demolition can be substantiated is on the basis that it will deliver significant benefits to economic growth and the wider community.
68. Full details of the proposed public space and potential use would need to be submitted concurrently with any application for demolition to indicate the quality of the proposals, their potential benefits to the Kirk and surrounding townscape and their economic impact and community benefit.

PROPOSALS

69. It is recommended that the Council agree to give further consideration to the complete demolition of the City Hall and the creation of a civic square/public space on the basis that this is the option that delivers best value for Perth and the local authority area and contributes the most to economic growth and the wider community.
70. It is further recommended that the Council instruct officers to develop detailed design and management proposals for the civic square/public space and undertake consultation with key stakeholders to assist the development of a fully detailed proposal.
71. The critical consultation to be undertaken will be with Historic Scotland prior to preparing applications for planning and listed building consents for full consideration through the planning process. Historic Scotland would also require to be consulted on a planning application for the proposed public space given the potential impact on the setting of St John's Kirk as a Category A Listed Building.

CONSULTATION

72. The Head of Legal Services, the Head of Democratic Services and the Head of Finance have been consulted in the preparation of this report.

RESOURCE IMPLICATIONS

Capital

73. The total estimated cost of demolition and the creation of an attractive public square is currently estimated at approx £3M.
74. The Council's capital plan makes provision for City Centre Regeneration Projects of £1.8M and this is currently programmed for 2013/14.
75. The potential £1.2M gap would need to be filled by reprioritising existing approved projects, prudential borrowing and/or grant funding.

Revenue

76. There is no specific revenue budget for the City Hall, aside from ongoing ad-hoc maintenance and utility charges through the property maintenance budget.
77. Revenue costs associated with the maintenance cost of a civic square/public space are estimated at £28k per annum. The cost of operation of markets and events is estimated at a net revenue cost of approx £100k per annum and would need to be prioritised within The Environment Service budget for public space management and economic development.

COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

78. The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. This report impacts on the following:-
- i) A Safe, Secure and Welcoming Environment
 - ii) A Prosperous, Sustainable and Inclusive Economy

EQUALITIES ASSESSMENT

79. The Council's Corporate Equalities Assessment Framework requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.
80. The function, policy, procedure or strategy 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 an impact on people's wellbeing.

STRATEGIC ENVIRONMENTAL ASSESSMENT

81. Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).
82. The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

CONCLUSION

83. The Council has articulated a vision for a vibrant and viable city centre with a high quality environment and mixture of land uses.
84. Potential options for retention and conversion of the City Hall or its demolition have also previously been identified through the local planning framework.
85. Wide public consultation on these options has now been carried out and confirms that, whilst there continues to be polarised views in relation to the future of the City Hall, the majority opinion favours some form of demolition (either full or partial) and the subsequent creation of a civic square/public space.

86. A Treasury “Green Book” type assessment of the options has also been carried out, and indicates that the complete demolition of the City Hall and the creation of a civic square/public space will provide significant benefits to economic growth and the wider community.
87. It is therefore recommended that detailed proposals are prepared for full consideration through the planning process following further consultation with directly affected parties and key stakeholders.

J F IRONS
DEPUTE CHIEF EXECUTIVE

NOTE

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 by Locum Consulting and Colliers International – Perth City Hall Options Appraisal June 2010

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If you or someone you know would like a copy of this document in another language or format, (On occasion only, a summary of the document will be provided in translation), this can be arranged by contacting
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Executive Summary

Perth City Hall Options Appraisal

Perth & Kinross Council

June 2010



Report by Locum Consulting and Colliers International



Executive Summary

Locum Consulting and Colliers International have been instructed by Perth & Kinross Council to prepare an Options Appraisal as a follow up on the Interim Options Appraisal prepared by Locum Consulting in December 2010. The Report examines a variety of options and sub-options for the future use of the City Hall building site in Perth City Centre. The options considered are:-

Option	Option Title
1.	Do Nothing / Do Minimum
2.	Re-Use of the Building 2.1. Retail/Commercial Development 2.2. Cultural led Development
3.	Partial Demolition 3.1 Partial Demolition and Re-Use of the Building for a Retail/Commercial led redevelopment. 3.2. Partial Demolition and Re-Use of the Building for a Cultural Led Redevelopment
4.	Full Demolition of the City Hall and Re-Use of the site for a Civic Square
5.	Full Demolition and New Build of a New Facility 5.1. Retail Led/Commercial Redevelopment 5.2. Cultural Led Redevelopment

To inform the Options Appraisal, Perth & Kinross Council conducted a public consultation exercise with online questionnaires via the Council's website, a manned exhibition in the St John Centre, convening stakeholder focus groups and additional questionnaires sent out via the Council's "Viewfinder" survey mechanism.

The consultation exercise demonstrated that proposals regarding the future of the City Hall divide local opinion and for many is an emotive and polarising issue. It was noted that the largest groups of the public (49%), businesses (52%) and

market and event organisers (38%) supported the demolition of the City Hall. Around 33% of the public and 33% of market and event organisers as well as a quarter of businesses support the reuse of the existing building.

Amongst those who support the re-use of the City Hall there is a preference for cultural uses over retail uses. However, if the City Hall is demolished, respondents favour a variety of cultural and social uses such as an attractive public space, activities and events and markets rather than a retail led/commercial redevelopment and only a very small number of businesses indicated any interest in taking potential space within either a converted building or redeveloped space.

The Viewfinder results were less conclusive with 43% supporting re-use and 45% supporting either complete demolition, partial demolition or demolition and redevelopment. The main reason given for supporting re-use was the “City Hall adds to the History of Perth”.

The overall results of the consultation exercise (i.e. Viewfinder, public questionnaires, business questionnaires and market operators and events organiser questionnaires) indicate that 57% of the public, 69% of businesses and 58% of market and event organisers support the creation of a public space following some form of demolition (either full or partial) of the City Hall. Although it cannot be assumed that someone who supports partial demolition would necessarily support full demolition.

Further research to inform the report was conducted by the review of relevant literature and comparison with other projects; particularly with regard to public space and cultural activities where the benefits are typically less tangible. Where possible, regard was had to local studies. In particular we would acknowledge the Ryden and Rodderick McLean Associates Retail Review 2006; the consumer marketing research non food catchment analysis report prepared by RCT Analytics for Perth & Kinross Council (August 2009) and the consumer marketing research central shopping area visitor survey again prepared by RCT Analytics for Perth & Kinross Council and others (September 2009).

The report notes some recent retail statistics which indicate a 68% increase in availability of retail space within Perth, and a fall in stated property requirements of 82% following the general decline in the retail market. Prime rents have fallen across Scottish towns and cities and Perth has seen a 21.4% fall, which although disappointing is not as bad a result as some were predicting and as has been experienced in other parts of the United Kingdom.

The report provides a detailed context for the potential re-use of the building or site and some key observations result from this review. The case studies referenced include Hornsey Town Hall, Accrington Victorian Market Hall, Shoreditch Town Hall, The Ferry Building in San Francisco, and The Tobacco Factory, Glasgow amongst others.

Reference was made to key national policy documents Designing Places, Designing Streets, Scottish Historic Environment Policy, and local policy guidance including the Community Plan, Corporate Plan, Economic Development Strategy, the Local Development Plan and emerging local Placemaking guide in relation to the policy context of the Appraisal

Considerable wider literature and research into the reuse of buildings and public space is also used to inform the report and to provide context for the appraisal. including local impact studies (the 'Economic Impact Study: Perth Farmers' Market' by SAOS and 'Perth Concert Hall and Perth Theatre Impact Assessment' by EKOS) and other relevant documents such as 'The Social Value of Public Spaces' by the Joseph Rowntree Foundation and 'The Value of Good Design' by the Commission for Architecture and the Built Environment.

A number of the options require the demolition of a listed building which will require an application to be made to Historic Scotland and this process is likely to be both controversial and time consuming. There will be a requirement to provide a clearly demonstrated case for demolition and further detailed work will be required in order to support this.

The report investigates a number of examples for the provision for both cultural and retail led re-use, the provision of civic space, be that via partial or complete demolition and also discusses the current difficult commercial property market which relates to the retail/commercial led prospects of the options considered.

The opportunities for creating a development opportunity at the City Hall building or site which in purely development terms is financially viable, are very limited and contain a high degree of uncertainty. However, where possible regard was had to previous marketing and consideration of the options for the City Hall. Building cost assumptions have been based on Building Cost Information Service (BCIS) indices, technical information provided by Perth & Kinross Council, regard to previous schemes, and our own professional knowledge and experience of development costs.

It is clear that potential socio economic and environmental benefits can be derived from each of the options. The opportunities for creating these conditions within the context of a public space are significant albeit difficult to quantify in tangible terms, the report references previous examples of the provision of high quality public space and commentary in relation to the economic benefits of these initiatives.

The report provides an analysis on the historic and current retail market with a Perth perspective and concludes that although Perth city centre, has many challenges, these are as a result of macro economic conditions rather than being particular to Perth. The property market commentary notes that although particularly difficult development conditions presently exist, some of the factors which impact upon the City Hall options will persist beyond the current difficulties, a view supported by the failure of the most recent re-use retail led proposals.

The report identifies a probability that under any of the use assumptions other than Option 1.0 - 'Do Nothing / Do Minimum' or Option 4.0 'Demolish and Full Demolition of the City Hall and Re-Use of the site for a Civic Square'; much of the turnover generation will be displaced rather than 'new' money and with the relatively small scale nature of the opportunity, unlikely to generate significant new trips to Perth city centre.

The review of the retail market indicates a clear decline in rental value and occupier requirements and significant increase in available retail units and incentives required to attract tenants. As the City Hall occupies a secondary (as opposed to prime) retail position and much of the available stock is secondary retail space, it could be argued that the displacement effect could create a disbenefit. We believe this could be too severe a view but have made a significant allowance for displacement in evaluating the respective options.

The aim of the report is to appraise the options for the City Hall building or site, in the context of the stated objective; *“to utilise Perth & Kinross Council’s property assets in such a way that delivers ‘best value’ for Perth and the local authority area”*.

The appraisal criteria were set out to establish to evaluate at a high level the costs and benefits of each of the proposals in financial, socio economic and environmental, time, risk and quality terms. In order to produce a consistent and thorough ‘best value’ approach, the options were scored taking into consideration both tangible and intangible costs and benefits for each of the options under consideration.

The results of the option appraisal exercise are presented in a detailed matrix scorecard with a full supporting explanation of the approach and methodology adopted.

The simplified version of the matrix below confirms that ‘Option 4 - Full Demolition of the City Hall and Re-Use of the site for a Civic Square’ is the best performing option when judged on these particular criteria. We would refer the reader to section 9 (of the main report) for the full version of the Options Appraisal Scoring Matrix.

Exhibit 1: Simplified Options Appraisal Scoring Matrix

		Do Nothing / Do Minimum	Re-Use of the Building: Retail/Commercial Development	Re-Use of the Building: Cultural led Development	Partial Demolition and Re-Use of the Building: Retail/Commercial led redevelopment	Partial Demolition and Re-Use of the Building: Cultural Led redevelopment	Full Demolition of the City Hall and Re- Use of the site for a Civic Square	Full Demolition and New Build of a New Facility: Retail Led/Commercial Redevelopment	Full Demolition and New Build of a New Facility: Cultural Led development
		1.0.	2.1.	2.2.	3.1.	3.2.	4.0.	5.1.	5.2.
BEST VALUE	Combined Financial Factors								
	Rank	7	8	3	5	6	1	2	4
BEST VALUE	Socio Economic and Environmental - Intangible Factors								
	Rank	8	3	2	5	4	1	7	6
	Time								
	Rank	1	3	4	5	7	2	6	8
	Risk								
	Rank	1	3	4	5	6	2	7	8
	Quality								
	Rank	7	6	3	3	2	1	7	3
Total Weighted total including Optimism Bias									
	Score (500)	263.4	273.4	425.3	308.6	304.2	474.1	277.3	366.9
	Overall Percentage	55.6%	57.7%	89.7%	65.1%	64.2%	100.0%	58.5%	77.4%
	Rank	8	7	2	4	5	1	6	3

Of the 8 options considered, Option 4.0 ranks no worse than second under each of the 5 measures. The Combined Financial Outputs comprises both the Development Financial Outputs and the Socio Economic Environmental derived benefits and the highest scoring Option is judged to be that which provides the highest net benefit in this instance Option 4.0 with £3.288m.

The Socio Economic and Environmental Intangible Factors are a subjective measure against listed objectives, further detail is provided in appendix 11, and the Option which scores highest is that which is judged to best meet the objectives.

Time is scored on the basis of length of time required to deliver each option, and a comparison of this against the Public Sector Finance Manual guidance which indicates that surplus public sector assets should be disposed of or have action taken within a 3 year period. The option with the shortest time period required is determined to be the best, details of the composition of the time scores are contained in appendix 24.

The Risk score is comprised of a detailed risk matrix under the headings, Planning/Statutory Risk; Operational Risk; Deliverability Risk; Market Risk and Political Risk. Two dimensions are considered when scoring each of the options in regard to these headings, on the basis of their Probability and Severity. The Option with the lowest associated risk receives the highest mark, and details of the scoring are contained in appendix 12.

The score for Quality is measured on the basis of the extent to which each option delivers facilities not currently provided within Perth City centre area and for which there is a reasonable level of demand. The options which meet this objective best score highest in this category.

It should be noted that all regeneration projects including those involving the creation of enhanced public realm have a tendency to over estimate potential benefits and underestimate costs, however within the option scoring, optimism bias has been taken into account at 51% as directed within the Supplementary Green Book Guidance on Optimism Bias contained in HM Treasury Guidance: 'Green Book, Appraisal and Evaluation in Central Government' (Green Book).

As part of the sensitivity testing we also evaluated each of the proposals without considering 'optimism bias'. The final result remains unaltered for the top 5 positions with Option 4 remaining the preferred option.

Exhibit 2: Optimism Bias Comparison

		Do Nothing / Do Minimum	Re-Use of the Building; Retail/Commercial Development	Re-Use of the Building; Cultural led Development	Partial Demolition and Re-Use of the Building; Retail/Commercial led redevelopment	Partial Demolition and Re-Use of the Building; Cultural Led redevelopment	Full Demolition of the City Hall and Re- Use of the site for a Civic Square	Full Demolition and New Build of a New Facility; Retail Led/Commercial Redevelopment	Full Demolition and New Build of a New Facility; Cultural Led development
		1.0.	2.1.	2.2.	3.1.	3.2.	4.0.	5.1.	5.2.
Total Weighted total ex Optimism Bias									
Score (500)		242.8	238.9	387.9	268.7	263.5	442.2	235.1	321.8
Overall Percentage		54.9%	54.0%	87.7%	60.8%	59.6%	100.0%	53.2%	72.8%
Rank		6	7	2	4	5	1	8	3
Total Weighted total including Optimism Bias									
Score (500)		263.4	273.4	425.3	308.6	304.2	474.1	277.3	366.9
Overall Percentage		55.6%	57.7%	89.7%	65.1%	64.2%	100.0%	58.5%	77.4%
Rank		8	7	2	4	5	1	6	3

In conclusion we generally note the importance of the various retail led options as being relatively small. This is a result of a number of factors. The depressed state of the retail property market nationally is a clear problem. It is also a concern that in retailing terms the location of the City Hall is a secondary location as opposed to prime. The quality of space likely to be created does not match any perceived demand thus increasing the risk profile. Finally, with the total usable floorspace under any of the options representing less than 1% of the total retail floorspace the development lacks the critical mass to materially alter the shopping patterns in Perth.

Option 2.2 – Cultural-led re-use, is the second ranking option under the adopted appraisal exercise. This would potentially become a more attractive option should clear evidence of additional need be demonstrated and capital and revenue funding become available.

The cultural led options all demonstrate greater potential impact and, on the evidence of the consultation exercise, have greater public support than the equivalent retail options. There remains, however, a continuing shortfall and ongoing subsidy requirement to support cultural reuse. Furthermore significant

operational/financial risk would be associated with this option given that no specific cultural occupier or use type has yet been identified.

The do nothing / minimum option unsurprisingly produces a poor appraisal score.

The preferred option, Option 4 – Full Demolition of City Hall and Re-use of the site for a Civic Square, is a clear winner under the adopted appraisal exercise. Whilst this might initially seem surprising, on closer consideration of the opportunity it is the option which offers the greatest opportunity to provide Perth with an attractor that the city centre presently lacks.

Examples from elsewhere suggest that a new public space embodying best practice in design, management and animation could make a significant contribution towards the revitalisation of the city centre and the Council's wider social, economic and environmental objectives. The potential benefits could include increasing visitor dwell times, stimulating private sector investment, increasing turnover for visitor economy businesses in the immediate area and providing a space for social interaction and the promotion of civic and cultural life in Perth.

Exhibit 3: Artists impression of a new square on the site of the City Hall

