



Heritage Management Directorate

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**Listed Building Consent Referral Report of Handling**  
**Listed Building Consent Application: 11/01083/LBC**

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**Location:** Perth City Hall, King Edward Street, Perth, PH1 5UG

**Proposal:** Demolition of Perth City Hall

**Applicant:** Perth & Kinross Council

**Planning Authority:** Perth & Kinross Council

**Associated Planning Permission:** 11/01083/FLL

**HB Number/Listing Category:** HB 39318 - Category B

**HS Case Reference:** 201105248

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## Summary

1. Perth & Kinross Council owns Perth City Hall and believes that its demolition is essential to the delivery of significant economic and wider community benefits through the creation of a new public square. The Council considers that the proposal complies with Scottish Ministers' historic environment policies contained within the Scottish Historic Environment Policy (July 2009). The Council also considers the proposal complies with their own economic, social and environmental objectives derived from the Community Plan, Corporate Plan, Economic Development Strategy and Development Plans. The Development Control Committee of Perth & Kinross Council recommended approval of this listed building consent application on 16 November 2011. The application was referred to Historic Scotland on 24 November. As the listed building is in Council ownership Scottish Ministers determine the application.

## Description and Background to Site

2. Perth City Hall is a prominently-sited civic building sitting within Perth's former market place, beside the A-listed St John's Kirk. The architects were H. E. Clifford and Thomas Lunan, appointed after a competition assessed by John James Burnet. Clifford was one of a generation of prominent Glasgow-based architects influenced by the architecture of the Ecole des Beaux-Arts in Paris, and this is reflected in the building's architectural style. The memorial stone was laid by Lord Provost Cuthbert on 26 June 1909 to a crowd of around 15,000 people. The exterior is of dressed sandstone with coupled giant Ionic columns and sculptural enrichments. The interior has a galleried large main hall and a correspondingly classical character. It was built to accommodate 2000 persons in the main hall with an organ chamber and 500 persons in the smaller hall, with meeting rooms and amenities. Build costs were approximately £30,000 and the design was exhibited at the Royal Scottish Academy in 1912.

3. Perth City Hall was listed at Category B on 26 August 1977. The description in the Scottish Ministers statutory list is as follows:

*H E Clifford and Lunan (Glasgow) 1909-14 Renaissance, ashlar, tall single storey and basement, with hall clerestory set back above; symmetrical frontages, centre section of W front recessed, with 3-bay coupled column Roman Ionic portico, 3 arched doorways within 1-window side bays, with broken pediments and side scrolls: raised quoins, modillioned eaves cornice, blocking course: large scale sculptures above. 5 arched windows with triple keystones and aprons on E front: 5 windows with broken pediments and aprons between channelled end bays with ionic columns and lunette attics on north and south fronts: galleried rectangular hall with 5 bays of lunettes and arched ceiling.*

*References: Academy Architect, 1909. Koch British Competitions. Builder, June 15 1923.*

4. The building is located in Perth Central Conservation Area and within the city centre character area, as defined in the Perth Central Conservation Area Appraisal 2008, which identifies the City Hall as a key building.

5. There has been a long tradition of a city hall on this site; the present building having replaced the first city hall of 1844. The area where the City Hall stands was originally the burgh's flesh, butter and meal markets and is of significant historic and archaeological interest with medieval street patterns and routes still evident.

### **Recent History**

6. Following the 2005 opening of a new concert hall in the Horsecross area of Perth, the City Hall became redundant. It was closed and has been disused ever since.

7. In February 2004 the Council had advertised the City Hall as a development opportunity offering to grant interested parties a 125-year lease. Marketing resulted in a variety of proposals coming forward but the Council decided on a preferred bidder, Wharfside Regeneration, which proposed a mixed-use retail scheme. The proposals were granted permission in 2006. In 2008, following a failure to secure tenants, approval was granted to increase non-retail uses within the building. The development did not progress and the Council terminated its agreement with Wharfside in September 2009.

### **The Proposal**

8. The application before Scottish Ministers is for listed building consent for the demolition of Perth City Hall.

9. A concurrent application was made to the Council for planning permission for the creation of a new civic space and associated uses on the site of the City Hall.

10. The applications were accompanied by drawings describing the proposed treatment of the replacement square together with a Listed Building Supporting Statement and Supporting Planning Design Statement.

11. Both applications were considered at the Council's Development Control Committee meeting on 16 November 2011. Planning permission was approved with conditions and the Council was also minded to grant listed building consent.

### **Historic Scotland's Role**

12. Historic Scotland is an executive agency of the Scottish Government responsible for safeguarding the nation's historic environment and promoting its understanding and enjoyment on behalf of Scottish Ministers.

13. Under section 11 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997 and associated regulations, Historic Scotland has a statutory duty to determine, on behalf of Scottish Ministers, local authority listed building consent applications. Historic Scotland, therefore, is the 'determining authority' for this application.

### **Legislative and Policy Context**

#### Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997

14. Section 14(2) of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997 (as amended in 2011) requires a planning authority or Scottish Ministers, in considering whether to grant listed building consent for any works, to *"have regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses."*

#### Scottish Planning Policy

15. Scottish Planning Policy (SPP) is a statement of the Scottish Government's policy on nationally important land use planning matters and its core principles and policies. Sections 110-117 concern the historic environment and therefore are the most relevant to this case. SPP states that the *"historic environment is a key part of Scotland's cultural heritage and it enhances national, regional and local distinctiveness, contributing to sustainable economic growth and regeneration."* It further states that, *"decisions should be based on a clear understanding of the importance of heritage assets. Planning authorities should support the best viable use that is compatible with the fabric, setting and character of the historic environment. The aim should be to find a new economic use that is viable over the long term with minimum impact on the special architectural and historic interest of the building or area... When preparing development plans or considering development proposals with a potentially significant impact on historic character, planning authorities should consider the capacity of settlements and the surrounding areas to accommodate development without damage to their historic value."*

16. There is a presumption against demolition or other works that will adversely affect a listed building or its setting.

### Scottish Historic Environment Policy - SHEP

17. This listed building consent application when considered by the Council was assessed against Scottish Historic Environment Policy (SHEP) 2009. SHEP was updated in December 2011 to reflect changes from the new Historic Environment (Amendment) (Scotland) Act 2011. These changes to SHEP do not alter the approach to be taken in dealing with proposals for demolition.

18. Section 3.44 of SHEP indicates that where the application proposes the demolition of a listed building, applicants will be expected to provide evidence to meet the tests set out in section 3.50.

19. Section 3.50 states *“In the case of applications for the demolition of listed buildings it is Scottish Ministers’ policy that no listed building should be demolished unless it can be clearly demonstrated that every effort has been made to retain it. Planning authorities should therefore only approve such applications where they are satisfied that:*

- a. the building is not of special interest; or*
- b. the building is incapable of repair; or*
- c. the demolition of the building is essential to delivering significant benefits to economic growth or the wider community; or*
- d. 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.”*

20. Section 3.40 emphasises that once they are lost, listed buildings cannot be replaced and that their special interest can be removed by inappropriate alteration or demolition. It therefore states there should be a presumption against demolition or other works which adversely affect a building’s special interest.

21. Section 3.42 indicates that the importance of the building should be clearly understood and those features which contribute to its special interest identified.

22. Section 3.43 offers advice on making a case for change and states *“...Where the application would have a significantly adverse effect on the building’s special interest, but is believed to offer significant benefits to economic growth or the wider community, applicants should prepare a statement which justifies the intervention in relation to these benefits. This statement should demonstrate that the benefits could not be realised without the intervention proposed.”*

### Managing Change in the Historic Environment Guidance Note – Demolition

23. The Managing Change Series of guidance notes produced by Historic Scotland provides operational guidance to clarify and aid understanding of the policy requirements.

24. The guidance states *“Scottish Ministers are committed to the sustainable use and management of the historic environment. This means meeting the needs of today without compromising the opportunity for future generations to understand, appreciate and benefit from the historic environment. In the context of listed buildings this involves recognising the advantages to be gained from retaining existing buildings and ensuring that their special interest is protected. Consent for demolition of a listed building is therefore only granted in exceptional circumstances.”*

#### Perth and Kinross Structure Plan 2003

25. Whilst a new Structure Plan (to be known as Tayplan) is currently in preparation, the 2003 Structure Plan remains the adopted Structure Plan for Perth. The plan’s Environment and Resources Policy 8 states *“The Council will seek to ensure that the rich and varied cultural heritage resources of Perth and Kinross are recognised, recorded, protected and enhanced as appropriate. New development which would adversely affect Listed Buildings, Conservation Areas, ... or their settings will not be permitted unless there is a proven public interest where social, economic or safety considerations outweighs the cultural interest in the site. ... Local Plans will bring forward policies for their protection and enhancement.”*

#### Perth and Kinross Council Central Area Local Plan 1997

26. Whilst a new local development plan is currently in preparation, the 1997 plan remains the adopted development plan for Perth.

27. Policy 15 states *“There will be a presumption against the demolition of Listed Buildings and a presumption in favour of consent for development involving their sympathetic restoration.”*

28. Policy 16 states *“Changes of use of Listed Buildings will be favourably considered where this ensures their retention in an appropriate manner and would not have an adverse effect on adjoining land uses.”*

29. Proposal 15 states *“Consideration will be given to the creation of a major new civic space through the removal and relocation of the City Halls in addition to pedestrianisation and environmental improvement in St John’s Place, South St John’s Place and King Edward Street.”*

30. Policy 17 supports the creation of additional public and open spaces as part of environmental improvement schemes.

### **Perth & Kinross Council’s Case**

31. The Council has presented various documents in support of its case. In summary, it considers that it has met both tests (c) and (d) of SHEP (Section 3.50) in making the case for demolition.

32. SHEP tests (a) and (b) have not formed part of the Council's case and are set aside with no further consideration.

**SHEP test (c) “the demolition of the building is essential to delivering significant benefits to economic growth or the wider community”**

33. The expected benefits of the proposed scheme for the creation of the public square dependent on demolition of Perth City Hall were summarised in a letter from Perth & Kinross Council's Head of Planning and Regeneration Service, David Littlejohn, dated 18 August 2011. Anticipated benefits would be as follows:

**Economic**

- Generate 210,000 visits to city centre
- Generate total gross expenditure of £1.6m with a net present value of £13.7m
- Deliver net benefits of £2.379m to the economy
- Respond to demand from the majority local business community and events and market organisers for enhanced space
- Stimulate investment in adjoining property

**Social**

- Generate 60,000 visits motivated by markets, cultural events and activities
- Providing a civic square as a ceremonial and informal meeting place where citizens and visitors can meet and mingle, can entertain and be entertained and do business.
- Respond to demand from the majority of local residents for increased events and markets
- Promote social understanding of the area's cultural heritage and environmental context through art and interpretation

**Environment**

- Re-creating the historic commercial, civic and cultural heart of the city with St John's Kirk as the focal point.
- A high quality flexible space for *al fresco* use, events, markets and social interaction
- Creation of a pedestrian focused environment as part of a balanced transport strategy promoting accessibility by a variety of transport means
- Sustainable growth of local markets selling local produce.

34. The Council indicates one of the economic drivers is to increase the number of farmers' market stalls from 40 to up to 90 if the City Hall is demolished. With the

scaling up and possible increased frequency of the farmers' market, together with a full programme of other markets, cultural events and activities, it is estimated that visits motivated by such attractions in a civic square would generate a further 60,000 visits per annum and an additional per capita spend of £20. The combined benefit would therefore be an additional 210,000 visits per annum (on top of current visits) generating a total gross expenditure of £1.65m per annum. These figures are set out in an options appraisal upon which the Council has relied heavily to demonstrate the benefits a new civic square on the site of Perth City Hall could deliver.

35. The Council commissioned Locum Consulting / Colliers International to prepare the *Perth City Hall Options Appraisal* (June 2010, up-dated 2011). This evaluated tangible and intangible costs and benefits to the economy and community, as well as associated risks, of 8 selected options for the City Hall and its site:

1. Do nothing/do minimum
2. Re-use of building – retail/commercial development
3. Re-use of building - cultural led redevelopment
4. Partial demolition and re-use – retail / commercial development
5. Partial demolition and re-use – cultural led development
6. Full Demolition and re-use of site for civic square
7. Full Demolition and new build of a new facility – retail / commercial-led development
8. Full Demolition and new build of a new facility – cultural led development

36. Each of the options was considered against five appraisal criteria: - (i) best value (development costs and receipts); (ii), best value (socioeconomic and environmental benefits); (iii), time; (iv), risk and (v,) quality.

37. The Appraisal Update 2011 concludes that in financial terms no positive capital receipt can be achieved from a development scheme, based on the 8 options set out and all options appraised show some degree of deficit. The update was produced to support the listed building consent and planning applications. Demolition and creation of a new city square was the preferred option, under the adopted appraisal exercise, offering the greatest opportunity to provide Perth city centre with an attraction it presently lacks and to maximise economic benefits. The Council considers that there is no viable alternative for the City Hall, and re-marketing would be unlikely to solicit any interest unless given a subsidy, which the Council is unable to do. Maximum economic and social benefits cannot be realised through the restoration of the building and this provides significant justification for demolition, outweighing the presumption against demolishing a listed building.

38. The Council believes that *“The creation of a civic square in this location will complement the restaurant and café quarter that has already formed in this locale supported by Local Plan Policy 39. It has the potential to accommodate additional outdoor seating areas for the catering establishments in the café quarter to increase the vitality and footfall. Additionally the proposal should increase the evening economy and vibrancy of the central area outwith usual retail hours.”*

39. The Council considers there is no other site within central Perth that will deliver similar economic and community benefits; creation of a high quality, traffic free, informal and formal gathering space on the site of the City Hall will be of regional significance. Therefore the Council believes it has met the requirements of SHEP test (c).

**SHEP test (d) “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”**

40. The Council considers that it has marketed Perth City Hall albeit ultimately the redevelopment scheme failed to be realised. The Council's committee report states *“It should be noted that between the termination of agreement with Wharfside in 2009 until now no other private sector developer has come forward with a formal proposal for an alternative use of the City Hall. This re-confirms the Council's belief that a commercially viable re-use of the building is highly unlikely given Perth's limited commercial/retail catchment area and particularly in the current property investment market which is unlikely to improve substantially over the next 5 years.”*

41. The Council also indicates that alternative proposals in 2004 all involved substantial intervention / partial demolition of the building, raising planning issues and concerns about the impact on surrounding public space and the setting of St John's Kirk.

42. The Council concludes that repair is not economically viable, and that the building has been marketed at a price reflecting its location and condition to potential restoring purchasers for a reasonable period. They believe on that basis the requirements of SHEP test (d) have been met.

## **Representations**

43. Historic Scotland received representations as part of the planning process from the date of registration of the application with Perth & Kinross Council. Following referral to Historic Scotland, the application was advertised in the *Edinburgh Gazette* and a local paper, the *Perthshire Advertiser*, for a 3-week period from 9 December 2011 until 23 December 2011 to allow for public comments on the proposal.

44. A total of 250 representations have been received by Historic Scotland since the application was lodged with Perth & Kinross Council. Of those, 240 are opposed to demolition, 9 are in favour and 1 remains undecided.

45. In this report, Historic Scotland has not reviewed the 353 representations submitted to the Council as part of their processing of the application but has noted their contents.

46. Issues against demolition:

- The application is contrary to Scottish Historic Environment Policy and does not meet the SHEP tests.
- The building has not been adequately marketed and is capable of re-use.
- Other uses/users of the building have not been fully explored or encouraged.
- The building is structurally sound and would remove the heart of the city.
- Once the building has gone it is lost to future generations and cannot be replaced.
- The building is well loved, important to the history of Edwardian Scotland and belongs to the people.
- There are alternative locations for a gathering space worthy of consideration such as the Inches and Murray Street.
- The options appraisal figures and objectives are disputable especially as to how the consultants arrived at their assumptions and the seemingly high level of public support for the building's retention.
- Europe and other UK places manage to adapt old buildings to meet present day needs and City Halls are usually a focus for locals and tourists and provide multiple uses.
- Perth is applying for city status so it's ironic seeking to demolish the City Hall at the same time.
- The proposed square will not provide significant benefits but will be cold, windswept and attract anti-social behaviour.
- The Council's proposed events programme may not be compatible with the need to maintain adequate standards of residential amenity.
- There is still demand for the use of the building for community group/ family facilities in central Perth, as the new concert hall is too expensive to hire.

47. Issues for demolition:

- The building is redundant, no longer useful and unattractive with little architectural merit.
- Retaining the building is emotional not pragmatic.
- Must balance the economy with the environment – investment is required for sustainable future.
- Building dominates St John's Kirk
- Building is a useless open space which is the same as it would be if it was demolished.

## Historic Scotland's Assessment – Reasoned Conclusions

48. The proposal to demolish Perth City Hall must be viewed firstly against the statutory requirement of s14(2) of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997 which is to "*have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses.*"

49. Government policy set out in SHEP requires that no listed building should be demolished unless it can be clearly demonstrated that every effort has been made to retain it. Meeting one or more of the four SHEP test criteria for demolition (as set out below) allows for the presumption for retention to be set aside in exceptional cases.

50. SHEP sets out four tests against which all applications for demolition must be assessed and planning authorities (which is Historic Scotland's role in this case) must be satisfied are met, namely, that:

- a. the building is not of special interest; or*
- b. the building is incapable of repair; or*
- c. the demolition of the building is essential to delivering significant benefits to economic growth or the wider community; or*
- d. 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.*

51. As the application proposes complete demolition it is a given that the proposal would not “*preserve*” but instead harm the “*the building or its setting or any features of special architectural or historic interest which it possesses*” and thus be contrary to the national and local policies set out in the structure plan, local plan and SHEP. It is, therefore, necessary in examining the case made by the Council to determine whether overriding factors justify setting aside the policy presumption for retention of Perth City Hall.

### **SHEP tests (a) and (b)**

52. There is agreement by all parties that the building is of special interest and is capable of repair. Therefore SHEP tests (a) and (b) are set aside without further consideration.

### **SHEP test (c)**

53. The Council's case largely relies on SHEP test (c), that the building's demolition is “*essential to delivering significant benefits to economic growth or the wider community*”.

54. The terms ‘economic growth’ and ‘benefits [to the] wider community’ are not defined in SHEP. However, Historic Scotland's Managing Change guidance note on Demolition refers to wider public benefits and acknowledges that “*in exceptional circumstances the retention of a building may prevent wider public benefits flowing from the redevelopment of a site. Typically these cases would involve development of national or regional significance and applicants will need to demonstrate that there is no practical way of realising the benefits without demolishing the building. In advancing a justification in such cases it will be important to set out not only the benefits of the development but also clear evidence*

*that every effort was made to incorporate the listed building into it, or to place the development in an alternative location.”*

55. There is no clear explanation why the Council believes a square is essential to deliver regeneration to Perth, nor of why the site of the City Hall is the only practicable location for such a square.

56. It has not been clearly demonstrated that there is no practical way of incorporating the building in a wider regeneration scheme. Further it has not been demonstrated that similar benefits could not be achieved with a site elsewhere. The listed building is perceived as blocking rather than potentially forming a key part of a scheme for the regeneration of Perth city centre. There is a lack of clear evidence that every effort has been made to incorporate the listed building or to place the potential square in an alternative location.

### **The Options Appraisal Process**

57. Locum Consulting reviewed previous evidence of socio-economic impacts in relation to cultural, retail and markets and events and assessed this in relation to evidence of market opportunity to identify socio-economic impact of potential uses. They set out to establish and evaluate the costs and benefits of each of the 8 selected development options against five appraisal criteria:

- Best value (development costs/receipts)
- Best value (social economic and environmental benefits)
- Time
- Risk
- Quality

58. The stated aim was to establish a strategy for Perth City Hall which met with the objective *“To utilise Perth & Kinross Council’s property assets in such a way that delivers ‘best value’ for Perth and the local authority area”*. This objective appears to be a general objective that the Council holds for the management of its assets, rather than one specifically geared to consideration of the options for a listed building. The primary consideration in terms of the SHEP is the preservation of the listed building and this does not appear to be reflected in the objective. However, it is necessary to give further consideration to the appraisal criteria.

59. The first criterion is based around delivering best value to the Council by determining the best financial outcome to the building’s owner (the Council). The definition of the ‘Time’ criterion as set out in the report is based upon the three-year period for the disposal of surplus assets set by the Scottish Public Finance Manual (SPFM). The SPFM is for Central Government and does not apply to local councils. However, the SHEP does not prescribe a timescale and the Managing Change in the Historic Environment guidance note suggests temporarily ‘mothballing’ a building may be an appropriate alternative to demolition, pending a potential new use.

60. Whilst, in appraising development options for a building, considering the risk and quality of options may be understandable, these factors do not address the SHEP test. In the options appraisal, the listed status of the building seems to be viewed as a risk to the ability to deliver a number of options, rather than forming a central point from which all options may be considered. Seeking to obtain best value for an asset may simply involve achieving the market value of the City Hall on the open market. This is discussed below under SHEP test (d).

61. It is the second of the appraisal criteria (Best Value: social economic and environmental benefits) which may have been the most relevant as it appears to be the only one of the appraisal criteria where preservation of a Category B listed building could be taken into account. However, the appraisal mentions the impact of listing only briefly in its consideration of a number of the options, doing so generally in the context of how a grant of listed building consent may lead to compromising the current proposed scheme, give rise to planning risk or have an adverse impact on the permissible development footprint.

62. The consultants state the options appraisal has been completed 'with reference to' HM Treasury Guidance: Green Book, Appraisal and Evaluation in Central Government. However, meeting the requirements of the Green Book is not a requirement in considering the options when making an application to demolish a listed building. The consultants go on to align the purpose of the appraisal directly with the stated purpose of the Green Book, advising that, *"the purpose of this options appraisal is to ensure that no policy, programme or project is adopted without having first considered the answers to these questions:*

*Are there better ways to achieve this objective?*

*Are there better uses for these resources?"*

63. These objectives are in line with the approach of SHEP. However, there is a lack of evidence to show that they have been fully addressed.

64. The stated purpose of the appraisal was to *"robustly examine development options for the City Hall."* This is clearly different from and does not necessarily encompass considerations of the action required to meet the SHEP tests. However, as the appraisal report is being used by the Council in support of its proposals to demolish the City Hall, consideration has to be given to whether the options appraisal also satisfies this SHEP test. It appears to us that there is a fundamental mismatch between the appraisal's purpose and SHEP.

### **The Anticipated Benefits**

65. The appraisal concluded that out of the 8 options, the demolition and creation of a new public space option, with development of events and markets, would deliver the most significant community and economic benefits. The appraisal estimates that 150,000 people per annum would extend their stay in the city centre if the City Hall is completely demolished and a civic square created in its place and additional spend per visit will be £3. It also states that an attractive public space in central Perth could

in turn contribute to increased private sector investment and tourism as well as resulting in a potential uplift in the property values and rental levels in the immediate area.

66. The appraisal also highlights research exploring the economic and social impacts of public spaces. The rationale is that an attractive, well-designed public space with appropriate uses such as markets and events will increase footfall and dwell times, thus increasing retail and leisure spend; but it does not explain why the site of Perth City Hall is the only location where this can effectively be delivered. The appraisal identifies the additional value to the local economy of full demolition and re-use of the site as a civic square / public space. Taking into account an optimism bias of 51%, the appraisal estimates the cost of the project would be in the region of £4.4m (2011 Update figures) with a potential benefit of £6.8m, giving a net positive effect.

67. The Council's economic development studies and analyses, provided as background, have indicated that Perth is under-performing economically and requires significant new public and private sector investment to stimulate economic growth.

68. The Perth & Kinross Retail Review 2011 forecasts spare capacity for non-food retail expenditure in the region. The Council considers *"The spare capacity would support an additional, major retail development by 2016. However, analysis suggests that demand of the type of small floorplate retail uses that could be accommodated within the form of the City Hall remain low, given the already large supply of small units within the city centre."* However, evidence which supports this conclusion about options for the City Hall is lacking. It is not possible to say that this option has limited potential as the ability for the City Hall to house larger retail units (defined in the retail review at 7000sq ft+) has not been examined or tested by marketing.

69. It is clear from the retail review that current difficult economic conditions are at least in part due to the recession affecting the whole sector and cannot wholly be attributed to Perth's performance overall. The report evidence concludes that there is spare comparison capacity in Perth and that an investment in a retail scheme is needed to retain and promote investment within the city centre. This provides a basis for an alternative scheme for the building to come forward which may look at a range of different unit sizes and mixed uses.

70. In terms of benefits to the townscape, the Council also believes a well-designed public square would provide enhanced views of St John's Kirk and enhance the setting for properties on St John's Place and South St John's Place, several of which are listed buildings. There is the potential for uplift in property values and rental levels in the immediate area which, the Council argues, will encourage owners to invest in the fabric of their buildings. However, while this may be a benefit to be expected after any form of investment, no evidence has been provided that the demolition of the City Hall is essential to achieve this, nor that it might not also be achieved by a proposal involving retention or re-use of the City Hall. In our view, the proposition that the heritage benefits to Perth would be

outweighed by loss of this listed building is misconstrued or based on misunderstanding.

71. The 1997 local plan highlights considerable scope for further pedestrianisation and environmental improvement in the heart of the city around the City Hall, St John's Kirk and into St John's Street. It expresses also a desire to limit parking and traffic penetration in this area and to improve the quality of the environment through the use of natural traditional materials to improve the setting of St John's Kirk and provide space for greater leisure / cultural use of the area in the form of pavements cafes, street markets and civic events. The Council at that time thought the scale of improvement which could be undertaken and the extent to which traffic penetration and parking could be limited were dependent on whether or not it was viable to retain the City Hall. It is not clear how that conclusion was reached. However, it is clear that improvements and investment in the public realm continue to be implemented around the City Hall and the central area. Therefore, such improvements cannot now be seen to be wholly dependent on the removal of the City Hall.

### **Review of the Anticipated Benefits**

72. The Council's case is heavily reliant on benefits to economic growth identified through the options appraisal. This goes beyond the financial return examined in the options appraisal.

73. Historic Scotland considers that the potential events and activities identified including markets, food festivals, concerts, sports, Christmas fairs and a seasonal ice skating rink with the opportunity for further *al fresco* cafe/restaurant seating is not of such significant public benefit such that it outweighs the loss of the City Hall. Evidence is lacking to show there to be no other practical means of achieving this benefit either by retaining the building in total or in part. The Council's case demonstrates a range of benefits but we consider these have not been shown to be achievable only through demolition of Perth City Hall.

74. SHEP aside, in assessing the findings of the appraisal we had difficulty with a number of elements:

- It is debateable whether a full range of options has been considered, particularly as there is no option to sell the City Hall to a private developer/restoring purchaser.

75. A list of all options initially considered was not submitted with the documentation, thus making it difficult to ascertain from the appraisal if all appropriate options had been covered. The appraisal refers to an interim report provided by the Council's consultants where these options were considered but it does not include the assessment made of these options at that time. It is clear that a wider-ranging set of options had been considered. However the outright sale of the building was not considered. In addition, the interim report does not provide the evidence which underlines the strengths and weaknesses of each option.

76. One interpretation of analysis provided in Option 2.1 “Re-use of the Building: Retail / Commercial Development” is that the Council would need to pay a developer £1.4 million to take the building ‘off the Council’s hands’. That may be the case. However, the way to test that would be to market the building and see what offers were made. It is also not clear how the £1.4m figure was derived when no valuation of the building as it stands is provided or reasons given as to why it has a negative land value.

- The appraisal period of 10 years does not allow costs and benefits across the useful life of the project to be fully considered.

77. Limiting the appraisal period to 10 years makes it difficult to judge fully the costs and benefits of each option. Presumably the city square, for example, will last more than 10 years and may, for example, require refurbishment and additional maintenance over that period; likewise, other options would have other costs needing to be included were the appraisal’s time period extended.

- There is a lack of evidence underpinning the assumption of visitor numbers; and yet these numbers underpin the expenditure estimates that have a significant impact on the ranking of the options.

78. Given the significance of these figures to the estimates of expenditures that are critical to the final net present values, this is an issue of concern. There is an adjustment for “optimism bias” to take account of the risk of either over estimating benefits or underestimating costs. Whilst this is standard practice in economic and financial appraisals to take account of risk, in this case optimism bias has been applied on a uniform basis across options implying the risks of overestimating benefits and underestimating costs are the same in each of the options. There appears to be no discussion of or evidence for this assumption. The risks of over or under estimation of costs and benefits attached to the preferred option are likely to be greater (since all costs and benefits are estimates and hence likely to be subject to more uncertainty) than those attached to the do-nothing option where, for example, the maintenance costs of the existing building for example, are already well known.

79. There is also a concern that the appraisal relies on high-level assumptions regarding revenue costs and potential benefits. The costs associated with the demolition or partial demolition of the existing structure and the costs of carrying out public realm improvement works have been subject to costing exercises by the Council. Page 31 of the updated Options Appraisal, however, states “While the preferred option has now been defined in greater detail, the appraisal continues to rely on high-level assumptions regarding the revenue costs and the potential benefits. Further more robust assessments could be undertaken to ground our initial estimates as appropriate to future resource decisions.” This clearly suggests that there is further work required to establish what the exact benefits of the project will be, so as they stand, the figures are far from definitive and not fully evidenced.

80. Within the options appraisal scoring against weighted objectives, missing from the overall list is the value of the existing building. This is a significant oversight. The

weighted scorecard also appears to be a subjective assessment. In looking at the 'do nothing' option the value of placemaking is ranked very low. This is clearly at odds with the fact that the City Hall is considered by the Council to be a key building within the conservation area and contributes to its character and placemaking potential.

81. In summary, Historic Scotland considers that the basis of the options appraisal is flawed and lacking evidence for its assertions and conclusions. It is a financial appraisal which took 8 ideas and assessed them for the most cost-effective solution of dealing with a particular building without fully assessing the wider public benefit of these options or the other options available, or concentrating on whether these could be achieved elsewhere or with the building retained.

### **Selection of the Perth City Hall Site**

82. Whilst it may be the case that demolition of Perth City Hall could provide the range of economic, social and cultural benefits identified for the centre of Perth a number of key questions have not been fully addressed:

- why is the site of the City Hall the only practicable location?
- could a square with the listed building retained and converted deliver similar benefits?
- could similar benefits be achieved with a site elsewhere?

83. The basis of the options appraisal "*to utilise Perth and Kinross Council's property assets in such a way that delivers 'best value' for Perth and the local authority area*" indicates that the Council has focussed on its own interests as property owner and did not investigate the full range of options for improving the economic performance of Perth, including wider options for the listed building and city centre as a whole.

84. The options appraisal should have considered and assessed the merits of the various alternative locations in which such a square could be located, not simply options for Perth City Hall itself. One of a full range of options for consideration might be the demolition of a Category B listed building. However, consideration of each of the options should have taken into account the B-listed status of the building and how this impacts upon the deliverability of options.

85. Whilst the benefits identified could happen with the proposed scheme, there is a lack of evidence to show whether these benefits could also be achieved all or in part with the City Hall remaining as a focus of investment. These benefits could happen in other locations (or a range of locations across Perth) whilst retaining and adapting the listed building for a variety of potential uses, and this should have been examined in the appraisal. However, this was not examined, meaning it has not therefore been demonstrated that the demolition of Perth City Hall is essential to delivering a square and all its perceived benefits. All of the range of economic, social and environment benefits identified could also potentially be realised by a scheme which retains the listed building as a focus for regeneration without public subsidy.

This has not been satisfactorily investigated, and the overall value to be gained from the building's retention has not been assessed.

86. In addressing test (c), the Council has built its case around a limited set of options for the building on the site in which it is located. Possible alternatives have been set aside, as the Council's focus has been on that particular site. In considering if test (c) has been met, it is important to investigate if the options chosen for appraisal encompass the range of issues sufficiently and whether without demolition the associated benefits of this specific scheme could still be realised.

87. Whilst it is agreed that the proposed uses are consistent with the land use aims and objectives of the local plan, the case has not been made that the perceived significant economic impact of increased visits, dwell times and expenditure to be generated could not happen elsewhere in Perth or still happen within this central location with a retained and regenerated listed building as a key focus.

88. The Council also states that the new owner of the St John's Shopping Centre (Universities Superannuation Scheme Ltd) is excited by the opportunities to improve the city centre. The new owners have instructed a project team to consider their options for further significant investment and rejuvenation of the shopping centre with an aspiration to implement improvements in a similar timescale to the proposed completion of the city square project. While no detail of these options has been given and things are clearly at an early stage, this level of interest might equally be shown with a scheme which retains the listed building as a focus and continues to improve the public realm around the building and links to the area adjacent to the entrance of the shopping centre.

89. There is no doubt that much assessment has been undertaken by Perth & Kinross Council since the mid 1990s to identify issues affecting the Perth central area and its performance. However it remains unclear as to why other possible locations for a civic square identified through these urban design / feasibility studies were discounted for further investigation for the provision and / or integration of public space as part of an overall strategy for improving the city centre. It seems the recent focus has been on trying to remove a problem building for the Council rather than focussing on whether or how it can be incorporated positively in new plans to deliver regeneration.

90. The Council highlights in the information submitted that a number of potential sites for the creation of public spaces were assessed as part of the 1997 local plan process. From this, specific proposals were made for Horse Cross, St Paul's Church and Perth City Hall. However, as far as we can ascertain the focus at the time of the local plan preparation and subsequent review was on finding a new conference, concert and exhibition venue to replace the function of the City Hall. No further clarification has been provided explaining why the Council considers essential benefits can only be provided on the site of Perth City Hall nor is it explained as to why the other sites identified through a variety of earlier urban design studies were discounted from further detailed consideration in the Perth City Hall Options Appraisal.

91. The Perth Economic Development Strategy & Action Plan 1997 identified 'creating a heart in the city' as a key theme to reinforce the identity of the city centre, create a critical mass of activity in the central area and give appropriate status to the 'St Johnstoun' historical area. It highlighted some options for the areas mentioned above through projects and set out a vision for Perth in 2010. The Council considered that the future of the City Hall is identified in this Action Plan as crucial to the transformation of the city centre through either conversion, partial demolition or full demolition and it highlights the need for detailed studies to finalise selection of a preferred option.

92. Section 6.4 of the Action Plan states "*Schematic proposals have also been developed by consultants for a new square based on the premise that the City Halls building could be removed.*" This contrasts with analysing a range of sites whilst having a regard for listed buildings, making a conclusion on the basis of that analysis, and on that basis deciding which site was the best location to achieve the Council's aspirations and goals. It is not clear why the starting point of this scheme was the demolition of the City Hall when other parts of the Action Plan sought transformation through conversion and partial demolition options.

93. It has not been demonstrated that alternative uses for the building without significant demolition and improvements in the adjacent public realm could not also bring benefits for the local community and associated economic growth. Thus it has not been demonstrated that the demolition of Perth City Hall is essential to realising benefits to the local or wider community and that the potential benefits would be significant in the context of this application and this building.

### **SHEP Test (d)**

94. For test (d) to be met, both parts must be satisfied – i.e. repair must be economically unviable and marketing, aimed at those who have the potential to restore the building, must have been carried out and have been unsuccessful. Thus the questions to address are (i) whether or why the repair of the building is not regarded as being economically viable and (ii) whether it has been marketed at a price reflecting its location and condition to potential restoring purchasers for a reasonable period.

95. The Council relies on assertions that marketing of Perth City Hall took place, albeit this ultimately failed – and concludes on that basis that this means the SHEP test has been met. They further consider it has been available for over 7 years and make assumptions on potential for re-use and the value of the building, as highlighted earlier in this report.

96. The Council's Heritage Assessment of July 2011 states of the City Hall that "*its scale, prominence and city centre location make it a key feature within its immediate townscape.*" However this assessment goes on to say "*The buildings characteristics and its internal layout limited its potential within the cultural and conference market and limit the potential for viable conversion as evidenced by*

*failure of previous proposals, assessment of options and lack of development interest.”*

97. Further advice referred to by the Council from Colliers, the consultants, which highlights a continuing weak letting environment and reductions in commercial property values resulting in negative development values are taken by the Council as showing a market-led solution in the prevailing market conditions mean *it is unlikely that further marketing would solicit any interest* without council subsidy.

98. While it may be argued that the lack of offers for the building evidences a lack of economic viability, the continuing interest expressed publicly by groups such as the Perth City Market Trust runs counter to that argument. These groups seem well-placed to demonstrate whether or not Perth City Hall can have a viable future, and the thrust of SHEP is that they should have the opportunity of doing so if ‘every effort’ is to be made to retain the building.

99. Referring to the HM Treasury ‘Green Book’ and the options appraisal, the Council concludes that potential re-uses for the building are limited because of the building’s physical constraints, meaning capital costs are likely to outweigh a reasonable return on investment. Our view is that even should the building present constraints to re-use, this might be solved by a scheme proposing radical alterations, but less radical than demolition. This has not been tested.

100. The Council gives an overview of a marketing campaign undertaken in 2004 which, although some considerable time ago, appeared initially to have been successful with an agreement reached with Wharfside Regeneration; but ultimately, a solution for the building failed to be delivered. The Council, however, considers it has met that part of the SHEP test as the building has been marketed. The fact that the most recent active marketing exercise was started and concluded in August 2004 raises questions as to the resources targeted at finding ‘a restoring purchaser’.

101. The Council argues that because no other private sector developer has come forward with formal proposals since the agreement with Wharfside was terminated in 2009, commercially viable re-use is highly unlikely. However, the building has not been actively marketed to evaluate the economic viability of alternative proposals which might avoid demolition. The Council acknowledges that there has been a level of continuing interest in the building since it was first marketed in 2004.

102. Historic Scotland has seen no evidence from the Council of the interest being shown in the building by third parties nor how this has been handled by the Council, nor have we seen reasons why this speculative interest has not been pursued. Evidence suggests that the Council has been rebuffing or actively ignoring speculative proposals because they regarded them as requiring public subsidy and substantial intervention, and may not be economically viable.

103. The Council states that alternative proposals received at the time of marketing in 2004 all involved substantial intervention / partial demolition of the building, raising planning issues and issues surrounding impacts on public space and the setting of

104. There has been no explanation as to why the City Hall, as a surplus asset, was not considered for full disposal after the failure of the Wharfside proposals. It is unclear why the Council wishes to retain control of site at the expense of trying to find an appropriate solution which seeks to retain and adapt the listed building and meet national policy requirements. The overriding aim as set out in SPP should be to find a new economic use that is viable over the long term with minimum impact on the special architectural and historic interest of the building.

105. Marketing should have been undertaken after the Wharfside scheme failure to help demonstrate the lack of recent interest asserted by the Council and to meet the requirements of SHEP test (d). The building should have been marketed and targeted towards potential restoring purchasers. We contend, therefore that marketing of the building that meets the SHEP requirements has not taken place. There remains interest in the building from parties whose intentions would be to retain and adapt it. Whilst we accept the evidence supports the fact that no formal offers have been received by the Council for the building, any approaches by prospective developers for an alternative solution have not been pursued by the Council.

106. The Council considers *“The essence of the fourth test is that a proposal involving demolition should only be permitted where it can reasonably be demonstrated that no other party exists that would be prepared to acquire and restore the building”*. Whilst this may be broadly fair, the fact remains that the market has not been adequately tested.

107. The Council’s statement that *‘The options appraisal suggests’* successful marketing in the current economic climate would be *‘unlikely’* does not meet the SHEP criteria as this is an untested prediction as opposed to a demonstrated fact.

108. The Council considers test (d) has been met by the marketing undertaken in 2004, evidence of no recent offers and professional advice which considers commercially viable re-use highly unlikely. However Historic Scotland considers that the Council has not met test (d) as a marketing campaign would have had to be recent, testing and targeting the market for any restoring purchasers, at a price reflecting its location and condition for a reasonable period of time. It has also not been evidenced beyond reasonable doubt that repair is economically unviable.

## Summary Conclusions

109. With regard to the Council's understanding of the site and its contribution to the conservation area, paragraph 3.20 of the Council's Perth Central Conservation Area Appraisal 2008 states "*Perth today is popular as a retail centre for the surrounding area, with a range of specialist and independent retailers, as well as a pedestrianised high street and St John's shopping centre. Development opportunities such as the redundant City Hall are intended to enhance the city's retail offer whilst utilising its unique historic character.*" Paragraph 15.5 continues "*Perth has experienced a growing cultural sector with the establishment of the Perth Concert Hall, the Perth Festival of Arts and a host of other cultural and educational facilities and events. The intention to further enhance this cultural offer may place pressures on the historic environment. However, again it provides a good opportunity to prioritise re-use and rationalisation of existing historic building stock where it can be readily adapted for new uses.*" In paragraph 17.3, Perth City Hall is identified as a development and regeneration opportunity which has been competitively marketed for conversion into a speciality shopping centre with restaurants and market stalls. The demolition proposal is not only at odds with the overall Conservation Strategy as set out in the council's Conservation Area Appraisal, but it demonstrates this option was absent from consideration.

110. The Council was awarded Scottish Government Town Centre Regeneration Fund monies for the refurbishment of St John's Kirk as a cultural, education, religious and tourist venue. "*The city square proposal has the potential to complement this investment by providing an area next to St John's Kirk for commercial, civic and cultural life within the heart of the city centre which would relate back to the site's historical context.*" It is our view that the Council has not fully engaged with the historic context of the area within their heritage statement as the site, since medieval times, has always had a combination of buildings and smaller open spaces within the surrounding character of dense tight-knit streets.

111. The area where the City Hall is located would not have always been a completely wide open space as is being suggested now. There have always been a collection of buildings with a variety of functions in this location, adjacent to the market place. The information provided is clearly at odds with section 3.42 of SHEP which states "*Knowing what is important about a building is central to an understanding of how to protect its special interest. Applications should demonstrate that in arriving at a strategy for intervention, the importance of the building has been clearly understood and those features which contribute to its special interest have been identified.*"

112. The Council is not arguing that the proposal to demolish Perth City Hall meets the first and second SHEP tests (a) and (b). They have based their considerations on meeting SHEP tests (c) or (d).

113. The proposal, as set out in the application, has been an aspiration of the Council for a considerable number of years. The local plan proposal and its policies and subsequent reviews do not assist in the difficult question posed of whether the point has been reached where other considerations outweigh the desirability of retaining the listed building. The Council is of the view there is no other site within

central Perth that will deliver similar economic and community benefits and that the creation of a high quality, traffic free, informal and formal gathering space on the site of the City Hall will be of regional significance but the options appraisal does not provide the evidence for this belief.

114. Whilst Historic Scotland recognises the proposal would deliver economic benefits, our view is that these would not be so significant as to outweigh the presumption against demolition. Economic and social benefits would also be gained from seeking the repair and restoration of the building; therefore, its demolition is not essential to realising these benefits.

115. Historic Scotland considers that Perth & Kinross Council has not clearly demonstrated an adequate case for demolition through the information provided for SHEP tests (c) or (d). Insufficient evidence has been submitted to show why a civic square on the site of Perth City Hall is essential for Perth's economic growth, nor to explain why the square cannot go elsewhere. The Council has not adequately assessed alternative locations to prove that the need to have a square can only be fulfilled by demolishing a listed building. We consider that the Council has not identified the proposal as essential but one that maximises economic and social objectives in their favour without due consideration of the listed building.

116. The Council should have examined all the options for creating a square or other form of public space within Perth city centre and the potential wider benefits and disbenefits from the outset. The Council has failed also to fully explore alternatives for City Hall itself. The listed building has not been offered on the open market for sale meaning the current market remains untested.

117. In conclusion, it has not been demonstrated that the Scottish Historic Environment Policy tests for the demolition of a listed building have been met, and there remain unexplored options which may preserve all or part of Perth City Hall to provide a variety of uses and developments for the benefit of Perth city centre and the wider community.

### **Historic Scotland Recommendation**

118. In our assessment we consider the Council in its case has not met SHEP tests (a), (b), and (d). The listed building remains of special interest and in reasonably good condition and has not been recently marketed to identify a range of potential restoring end uses / users with viable proposals. There remain some options which the Council has not yet explored which could allow for the re-use of the building or the preservation of elements of its special interest.

119. In relation to SHEP test (c), on which the Council's case was mainly based, we consider not enough evidence has been provided to prove that the demolition of Perth City Hall is essential to deliver the significant benefits predicted by the Council for Perth and its continuing economic growth. Therefore we consider this test to not have been adequately met.

120. As none of the SHEP tests have been met adequately, we are not satisfied that the case has been made to the extent we can accept the loss of the listed building, nor that the case made by the Council overrides policy on the retention of listed buildings. Therefore the demolition of Perth City Hall has not been justified and we recommend that listed building consent be refused.

### **Reasons for Refusal**

121. The proposal does not meet the SHEP tests as the evidence provided by Perth & Kinross Council does not demonstrate that:

- the anticipated benefits for Perth can only be delivered by the demolition of the building and that similar benefits cannot be achieved through its retention and conversion;
- there are no alternative sites which might offer similar benefits;
- there is no alternative to demolition via marketing to potential restoring purchasers at a price reflecting its location and condition for a reasonable period.

### **Leigh Johnston**

Heritage Management Team Leader, Historic Buildings North  
2 May 2012