

The Highland Council

Agenda Item	7a
Report No	CIA/34/24

Committee: City of Inverness Area Committee

Date: 18 November 2024

Report Title: Inverness Common Good Fund, Inverness Town House - Update

Report By: Assistant Chief Executive - Place

1. Purpose/Executive Summary

- 1.1 This report updates Members on the progress made on the delivery and further development of a key asset of the Inverness Common Good Fund (ICGF) being the Inverness Town House.
- 1.2 The Inverness Town House (the Townhouse) was vacated by the Council as an office base for the delivery of Council Services in April 2023. Scoping has been undertaken and works progressed, on the future use and commercial opportunities of the building as a whole internally and, as reported to Members in May, we are now in the process of commissioning a feasibility study which will present options to enable the Town House to continue to play a key role in the future of the City well into the future. The Town House remains fully functional as a base for Civic events
- 1.3 Principal progress has been made in respect of:
 1. Website
 2. Civic Use
 3. Commercial Hospitality / Weddings
 4. Conferences
 5. Lettings
 6. Works
 7. Feasibility Study
- 1.4 Officers have progressed the selection of a successful bid for the provision of a feasibility study following approval of the budget for Town House Future Planning at CIAC on 5th February 2024. A separate report in this regard is presented to Committee later in the agenda.

2. Recommendations

- 2.1 Members are asked to:
 - i. Note the progress in respect of the Feasibility Study, the cost to be met from the ICGF Townhouse Future Planning budget with updates on the progress of the study being provided to the ICGF Sub-Committee. Further that due to the

number of submissions, additional time was required to select the successful tender with completion of the feasibility study being re-scheduled to March 2025

- ii. Note the progress made on the establishment of the website, extension of civic commercial use and in particular the success in letting parts of the townhouse to small businesses. and
- iii. Note the progress of works in relation to the former Town Clerk's office and the transformation of the Townhouse into a multi-functional venue without detriment to its primary civic use.

3. Implications

3.1 Resource

The Townhouse has seen significant investment in its infrastructure following the £7.4M renovation project. WIFI has been installed at a cost of £0.98m and non-structural works have been undertaken to enable occupation by a number of third-party tenants detailed in para 5.1.6 to the rear of the building. Funds to provide for the Feasibility study are being drawn from the Town House Future Planning budget as agreed by Members in May 2024, however any additional works recommended as a result of the feasibility study and not covered by Town House Maintenance, will be the subject of a further report to this committee. As part of any options for the operating of the Town House, a delivery model requires to be considered. The works to the Town Clerk's office have already been funded, within the current ICGF Revenue Budget. It is expected that the cost of other works immediately required will be minimal and fall within the townhouse general maintenance budget.

3.2 Legal

The Council will continue to meet all its legal obligations under the terms of any contracts agreed and processes will comply with the Council's Financial Regulations and Contract Standing Orders.

3.4 Risk

As an asset of the ICGF, the works programme along with the feasibility study fall in line with the obligations on the council to properly administer ICGF assets. The advent of the Inverness castle experience in 2025 will enhance the opportunity to develop the Townhouse.

3.5 Health and Safety (risks arising from changes to plant, equipment, process, or people)

In applying any resources within the Townhouse, the highest regard is given to Health & Safety policies and procedures.

3.6 Gaelic

There are no known Gaelic implications arising from this report. Any new signage will comply with Council policy.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring and/or update report and therefore an impact assessment is not required.

5. Background and current use

- 5.1 The Townhouse, is a property asset of the ICGF, administered by the Council. It ceased operating as an administrative base for Council Services in April 2023. It remains a fully functioning hub for civic activity in the City. Work is also underway to extend its use and increase income potential for the ICGF.
- 5.2 It is located in the centre of the 'capital of the Highlands' next to the refurbished Castle, which is soon to become a major visitor attraction. There is a requirement to consider a range of options for its future use, including the functions and uses, market sectors and interest. Unlike some larger former Council offices/chambers, the Town House is not of a scale or design that could readily convert to hotel or residential use.

6. Office Space

- 6.1 The office space, to the rear of the building, is now being advertised for lease. Whilst the Town House offers a unique environment with high quality civic space and meeting rooms, the office space is cellular and dated. Areas for improvement continue to be identified and addressed as new tenants occupy the building. Where possible the property will be adapted to attract tenants and make the office space competitive with other locations.
- 6.2 The Council continues to operate the Service Point from this location and a number of new tenants as listed below have taken entry. Current income is £62,460 per annum.

6.3

Tenant	Comment
Police Scotland	Located in Civic section
HITRANS	5-year lease
Social Security Scotland	Annual lease
The Highland Council	Service Point
Ream Properties	3-year lease
Larsen & Ross Group	Under Offer

- 6.4 It is unlikely the office space will ever be fully let in its current format as the layout works against multiple lets. For instance, access to some spaces is only possible via other offices. There are plans to amend some of the larger office spaces to create more flexible and useable suites which will be more attractive to new tenants. Without undertaking further work it is unlikely any new tenants will take space.

7 Website and Vison

- 7.1 To combine the benefits of the investment in the office space and the civic floor a new website has been designed and has been introduced using the new townhouse logo

designed through a collaborative process with Art & Design students from Inverness College UHI. A demonstration of the website will be shown at the meeting.

- 7.2 The fundamental vision for the Townhouse is for it to seamlessly transfer from being solely an administrative and civic hub for the city to having a multi-functional role in lifting and leading the ongoing vibrancy of the city for the benefit of the people. This will be met by retaining its civic pride as an institution for the city and the Highlands and at the same time extending its use to allow more access by the public but importantly also to provide for more sustainable income streams for the ICGF.

8 Works – update

- 8.1 Following the budget allocation been agreed, works to the town clerk's office are progressing and along with the members lounge, work are to start back up within the next week. A project manager and architect have been appointed to look at works required to look at the office spaces and refurbishment of toilets and kitchens, drawings and specification are currently being undertaken and working toward a tender package. Great care is being taken to ensure that the civic nature of the rooms and their history is preserved whilst providing for a modern flexible space that can be used for a variety of commercial operations alongside their attention as a civic space.
- 8.2 The new energy centre has been connected to the Town House heating system and the final stages of commissioning are being undertaken.

9 Feasibility Study

- 9.1 A feasibility study, which is also the subject of a separate report to this Committee, will assist in identifying the options and opportunities in order to provide for a strong and vibrant medium and long-term future for the Town House in the context of all the new developments that are taking place within the city. The work that's being undertaken now to enhance the capacity of the Townhouse is sympathetic and complementary to the vision and therefore will not prejudice the outcomes of the feasibility study.
- 9.2 **The Specification**

The feasibility study will focus on the following:

- 1. Options for the use of the building**, potential commercial options for the building both that could operate alongside the civic role and also options which could see a change in direction
- 2. Undertake engagement with stakeholders**, on the potential uses of the building.
- 3. Understanding the market** – what is the commercial environment for the potential options, could be highlighting the potential income and costs involved
- 4. Identifying the requirements** – what would be required in order to deliver/ operate each of the commercial options identified in terms of:
 - a. Structural changes required
 - b. Interdependencies

- c. Permissions/licenses etc
- d. Operational delivery model, including staffing requirements and consideration of potential joint operation of the Town House and Victorian Market

- 5. Deliver an outline business case** – to include potential capital costs and revenue implications for the options identified and how the development could be phased over time.
- 6. Consider Risks and Challenges** – to ensure that the feasibility study provides a robust and sustainable outcome.

Core principles to underpin this work:

- The building retains a core function as a Civic building in the heart of the City.
- Consider the position of the Town House and how it could align with the Castle Project and wider City developments.
- Any changes, renovations required to the interior to support future uses must be respectful of the building's history and status.
- Create a sustainable model for operation of the Town House with the potential to make the property cost neutral or profitable

- 9.3 As with the development of the Victorian Market Action Plan, a key element of the feasibility study work will be engagement with stakeholders, with the principal aim of delivering a first-class asset fit for the 21st century which provides for a sustainable future to the ICGF.
- 9.4 The advent of the completed Castle Project provides a major opportunity to consider how the principal City centre property assets of the ICGF fit with commercial opportunities whilst, at the same time, preserving their key Civic functions. The Market has arguably achieved success in re-inventing itself whilst enhancing the viability of the excellent array of pre-existing businesses.
- 9.5 The Townhouse has the chance to do the same, but not without careful consideration as to how this can be achieved.
- 9.6 The ongoing commitment of the committee to the work that officers are doing is essential and as we progress, through the feasibility study, stakeholders will become involved in the wider context of the townhouse as an asset to the city.
- 9.7 Once we know the outcome of the Feasibility Study, that will also allow for further consideration of alignment between operation of the Town House and other Common Good assets, such as the Market, as outlined at Paragraph 4.
- 9.8 Following quality and commercial evaluations, the most economically advantageous quote from the preferred supplier is recommended for approval.

Designation: Assistant Chief Executive - Place

Date: 30 October 2024

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Background Papers:

Appendices: None