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## **NORTH AYRSHIRE COUNCIL**

**20<sup>th</sup> March 2018**

### **Cabinet**

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**Title:** **Vacant and Derelict Land Funding**

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**Purpose:** To seek approval for the expenditure of funds allocated by the Scottish Government through the Vacant and Derelict Land Fund in 2018/19.

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**Recommendation:** It is recommended that Cabinet:

- a) Note the VDLF award of £1.709M for 2018/19;
- b) Agree to the submission of a local delivery plan for the expenditure of funds in 2018/19 to the Scottish Government.

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## **1. Executive Summary**

- 1.1 North Ayrshire contains a significant legacy of vacant and derelict land due to the closure of former industrial uses within the area. The sites which housed ICI, Volvo, Ayrshire Metal Products and Shell are examples. The Scottish Government administered Vacant and Derelict Land Fund (VDLF) aims to tackle long term vacant and derelict land by providing funding to authorities where the issue and its impact on communities is greatest.
- 1.2 Following a review of the funding criteria, in February 2016 the Scottish Government announced the inclusion of North Ayrshire in the VDLF funding settlement from 2016/17. A funding allocation of £1.709M funding allocation has recently been confirmed for 2018/19. This paper advises Members of intentions for the expenditure of the funding award for the financial year 2018/19 through the submission of a Local Delivery Plan.

## **2. Background**

- 2.1 Vacant land as defined by the Scottish Government is “Vacant land within a settlement that has been previously developed, without physical constraint, and which the planning authority has indicated is available for redevelopment”. Derelict land is defined as land 'damaged by development, so that it is incapable of development for beneficial use without some remedial works'. Both are sometimes referred to as 'brownfield' sites.
- 2.2. The Scottish Vacant and Derelict Land Survey (SVDLS) provides a national data source for vacant and derelict land. In 2016, there were 3,762 vacant and derelict sites covering 12,435 hectares of land in Scotland, a 2% decrease from the previous year. North Ayrshire contains the third highest level of vacant and derelict land in Scotland with 1,333 ha of land,

11% of the Scottish total, across 283 sites. The figure includes large sites such as Ardeer (407ha), Riverside (111ha), Hunterston (67ha) and Lochshore North (40ha).

- 2.3. The Scottish Government's Vacant and Derelict Land Fund (VDLF) aims to tackle the presence of long-term vacant and derelict land in Scotland and in doing so stimulate economic growth/job creation, an improved environment and quality of life. Following its inception in 2007 and until 2016, access to the Fund was restricted to 5 local authorities to focus financial resource, and to reflect both the extent of vacant and derelict land and levels of deprivation.
- 2.4. Representations were made by officers to a review of the fund in 2015. As a result of this and revisions to the criteria, the Council were advised in February 2016 that it was to be one of five authorities to benefit from access to the fund from the financial year 2016/17. The other four authorities which benefit from the funding are South Lanarkshire, North Lanarkshire, Fife and Glasgow City.
- 2.5. Further to Cabinet approval on 14<sup>th</sup> March 2017 and the subsequent agreement of SG to expenditure in August 2017, expenditure of the funding allocation of £1.751M in 2017/18 was focused on the following sites.

<b>Site</b>	<b>Proposal and end use</b>
Lochshore, Kilbirnie	Development of a masterplan for the site in line with the Cabinet approval of 31 <sup>st</sup> January 2017. Some initial site remediation and preparation to support masterplan delivery
Quarry Road, Irvine	Contribution to phase two of the mixed use commercial and leisure development. This will see the provision of buildings and outcomes rather than preparatory works
Ardrossan North Shore (subject to site purchase and agreement with JV partner).	Revision of masterplan with Peel Land and Property as Joint Venture Partners, and site investigation works
Kyle Road, Irvine	Provision of 3 x 100 sq m workshop units and 1 x 200 sq m unit
Gasworks, Dalry	Site improvement works including the removal of the Japanese Knotweed invasive species
McDowall Place, Ardrossan	Site improvement works including the removal of the Japanese Knotweed invasive species

- 2.6. Where required, agreement has been secured from the Scottish Government to carry the allocation forward into the 2018/19 financial year to allow the completion of projects.
- 2.7. The criteria by which the funds may be allocated is contained at Appendix 1. It should be noted that this criteria restricts interventions to sites which are owned by the Council, have been on the register since 2000 and are over 0.1 ha (refer to plans). In addition the funds may not be used on housing, infrastructure or flood defence projects. In recommending an allocation of funds for 2018/19, the following factors have been considered:

- The Scottish Government funding criteria (Appendix 1);
- The economic development focus of the funding;
- The need to balance feasibility and site preparation work, with interventions that see physical space and employment created, and the SG aspiration for around 25% of funding to be spent on greening projects.
- The need to secure a spread of interventions in terms of type and geography; and,
- The deliverability of projects within the 2018/19 financial year. Allocations is expected to be confirmed in June 2018 and projects need to then be committed by March 2019.

2.8 Looking to the allocation for 2018/19, the following is proposed:

Site	Proposal and end use	Indicative Cost
Lochshore	Allocation to initially focus on gaining a further understanding of ground conditions and associated risks. Spend of the full allocation will be subject to this, and to further development of the proposed mechanism for delivery and management with Scottish Enterprise. Intention that a report on progress is provided to Cabinet in June 2018.	£0.6M
Quarry Road, Irvine	Contribution to phase two of the proposed mixed use commercial and leisure development and to allow the assembly and preparation of land for a third phase	£0.6M
Greenwood, Irvine Enterprise Area	Contribution to project funded by Regeneration Capital Grant Fund to allow the creation of an Irvine Enterprise Area Hub and commercial units	£0.325M
Ardrossan North Shore	Provision of coastal park alongside relocated national cycle route (subject of a separate funding application). Expenditure subject to agreement with Peel Land and Property as Joint Venture owners of site	£0.164M
Former NACCO site, Irvine	Masterplan considering improved access from west and marketing of industrial land	£0.02M
<b>Total</b>		<b>£1.709M</b>

2.9 It should be noted that some of the above allocations (Lochshore and Ardrossan North Shore) are subject to formal agreement with third parties (Scottish Enterprise and Peel Land and Property). Any major changes to the above allocations or expenditure being diverted to substitute projects will be agreed with the Chief Executive, the portfolio holder and Scottish Government Officers. This may include additional spend to implement works at Greenwood or at Annickbank within the Irvine Enterprise Area.

2.10 Assuming a continued allocation beyond 2018/19, major sites such as Lochshore and Ardrossan North Shore will remain a priority for the allocation of an increased level of funds

as these projects develop. In addition, other projects which are at an early stage of development and subject to feasibility work could see future allocation of funds include:

- Annickbank, Irvine – Additional investigation, research and development of designs for the future expansion of the site.
- Corrie Crescent, Saltcoats – Potential community greening or food project.
- McDowell Place, Ardrossan – Potential community greening or food project.
- Moorpark Road East, Stevenston – Removal of disused sports pitches.

### **3. Proposals**

3.1. A Local Delivery Plan requires to be submitted to the Scottish Government to allow Ministerial approval of our intentions for expenditure of the funding within the new financial year.

3.2. It is recommended that Cabinet:

- a) Note the VDLF award of £1.709M for 2018/19;
- b) Agree to the submission of a local delivery plan for the expenditure of funds in 2018/19 to the Scottish Government.

3.3. Projects will be subject to assessment by Scottish Government officers and approval by Ministers is envisaged by August 2018.

### **4. Implications**

<b>Financial:</b>	£1.709M has been allocated by the Scottish Government in the financial year 2018/19 for expenditure on relevant projects. The final detail of projects and expenditure will be agreed with Scottish Government and North Ayrshire Council Finance Department.
<b>Human Resources:</b>	There are no human resource implications arising from the report.

<b>Legal:</b>	Expenditure of funding to the Lochshore and Ardrossan North Shore sites will require agreement with current landowners Scottish Enterprise and Peel Land and Property.
<b>Equality:</b>	There are no equality implications arising from the report.
<b>Children and Young People:</b>	N/A
<b>Environmental &amp; Sustainability:</b>	The proposals will see considerable environmental benefit through the positive improvement or reuse of several vacant or derelict sites.
<b>Key Priorities:</b>	This proposal supports the Council Plan core priority 1 – ‘Growing our economy, increasing employment and regenerating towns.’
<b>Community Benefits:</b>	Any construction contracts let will see the provision of appropriate community benefit in line with the Councils community benefit policy.

## 5. Consultation

- 5.1 Consultation has taken place with officers of the Scottish Government, and relevant Corporate Services. The proposals were also informed by the North Ayrshire Vacant and Derelict Land Strategy.



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For further information please contact **Gareth Picken** on **01294 324746**.

### Background Papers

Insert titles of any background papers or N/A

## Local Delivery Plans – Guidance – 2017/18

1. The key objectives of the VDLF are to:
  - Objective 1: Tackle Long Term<sup>1</sup> Vacant<sup>2</sup> and Derelict<sup>3</sup> Land (VDL)
  - Objective 2: Stimulate economic growth and job creation
  - Objective 3: Develop a diverse sustainable environment with a focus on temporary and permanent greening.
  - Objective 4: Support Communities to flourish and tackle inequalities
2. Access to the fund will remain limited to five Local Authorities in order to maximise the impact of the fund. Local Authorities cannot hold some of the fund on behalf of others.
3. Due to the size of the fund, it is unlikely to make a meaningful impact on large site of 100+ hectares. Therefore these sites will remain excluded from the funding eligibility calculations and Local Delivery Plans.
4. It has been agreed that delivery plans can cover a full spending review period. As 2017/18 is a single year spending review period, delivery plans should cover the period 2017/18 only. The delivery plan will remain a live document that can be amended and adapted in agreement with ourselves until such time as a grant offer issues. Thereafter it can be reconsidered as your work programme progresses and if amendments are required.

### Link to Government's Purpose

5. The content of your LDP should relate to your authority's Single Outcome Agreement, reflecting Scottish Government's Purpose - To focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth – and outcomes.
6. Outcomes which have a direct read across to the objectives of the VDLF, as follows:

**We value and enjoy our built and natural environment and protect it and enhance it for future generations.**

**We realise our full economic potential with more and better [employment opportunities](#) for our people.**

**We live in well-designed, [sustainable places](#) where we are able to access the amenities and services we need.**

**We have strong, resilient and supportive [communities](#) where people take responsibility for their own actions and how they affect others.**

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<sup>1</sup> For the purposes of the 2017/18 allocation long term is defined as land out of use since at least 2000. For future spending review periods this date will be rolled forward.

<sup>2</sup> Vacant land is land which is unused for the purposes for which it is held and is viewed as an appropriate site for development. This land must either have had prior development on it or preparatory work has taken place in anticipation of future development.

<sup>3</sup> Derelict land (and buildings) is land which has been so damaged by development, that it is incapable of development for beneficial use without rehabilitation. In addition the land must currently not be used for the purpose for which it is held or a use acceptable in the local plan. Land also qualifies as derelict if it has an un-remedied previous use which could constrain future development. For both vacant and derelict land, site records must be at least 0.1 hectares in size to be included.

**We have tackled the significant inequalities in Scottish society.**

7. It would be useful to show in your delivery plan the link to these outcomes and any others you feel are relevant to the Fund, and therefore how the VDLF will contribute to the delivery of your SOA. In turn, this will allow you to demonstrate how the VDLF feeds into the Government's overarching Purpose, i.e. *To focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.* The attached spreadsheet should help you capture this information. More detail on the Purpose and the related Strategic Objectives can be found here <http://www.scotland.gov.uk/About/purposestratobjis>
8. The LDP should also demonstrate clearly how they fit with the holistic outcomes of the Regeneration Strategy.

### **Link to Local Plans and Priorities**

9. Where possible links should be made between delivery plans and other local strategies / plans / priorities, e.g. wider regeneration strategies, land use plans. Your SOA should also already contain detail of how local outcomes and indicators feed into the national outcomes, and again it would be helpful if you could identify the link between these and your delivery plan in the attached spreadsheet.

### **Expected Outputs**

10. As well as information on outcomes, delivery plans should provide information on the likely outputs of the proposals. These will relate to the information we will be requesting in your annual reports, and in the short term, this might cover reductions in quantity of vacant and derelict land, sites acquired, estimates of land that will be: temporarily greened; park/landscaped; used for sport/recreation; number of houses and jobs on site. The attached spreadsheet has been set up to help you capture this information.

### **Evidence of Partnership Approach**

11. The delivery plan should, where appropriate, be agreed with key stakeholders and demonstrate how you plan to work with local partners and communities to deliver specific projects.

### **Support of the Community and Other Interests**

12. Where relevant, evidence should be provided that delivery plans have the support of local partners, the local community, and other interested groups.

### **Support for the Natural Environment**

13. Access to good quality natural environments can have a strong positive influence on health and health inequalities. Plans should be able to provide evidence of support for the natural environment, such as temporary and permanent greening, and for the

### **Demonstration of Added Value / Additionality**

14. Delivery plans should demonstrate clearly the added value that will be gained from use of the Fund, for example through leveraging in additional resources from other sources, including the private sector and European funding. Plans should also be able to demonstrate that additionality is being achieved and that the Fund is not therefore being used for projects that would otherwise have been funded through existing budgets.

### **Local management of VDLF resources**

15. Delivery plans should identify the agreed grant recipient for the Fund. This will depend on the nature of the proposals being put forward and the most efficient way of complying with different funding rules e.g. State Aid Rules; VAT regulations etc.

### **Progress reporting**

16. Local authorities will be expected to submit light-touch annual reports, reporting spend against agreed outcomes, and half-yearly progress reports. Early warning should be given outside these times of need for end year flexibility.

### **Monitoring and evaluation arrangements**

#### *Scottish Vacant and Derelict Land Survey*

17. The annual Scottish Vacant and Derelict Land Survey, will be used to track overall rates of change in relation to the amount of vacant and derelict land within each of the local authority areas covered by the Fund. The survey questionnaire, which will be used to collect information from relevant local authorities, enables us to see if the Fund has had a direct impact on reducing levels of vacant and derelict land in your area.

### **Eligible Costs**

18. The Fund can be used to cover a range of costs associated with the remediation of vacant and derelict land e.g.
- Feasibility costs;
  - Professional fees, eg, surveyor's costs;
  - Acquisition costs associated with packaging land in multiple ownership – delivery plans will have to demonstrate that the benefits of increased land value remain within the communities or areas where land remediation work is being carried out and does not leak away from these areas if land is sold on to third parties;
  - Maintenance costs associated with the greening of sites that are unlikely to be developed in the short/ medium term;
  - Demolition costs.
19. Please note that, while purchase costs are eligible, they should not represent 100% of a project's requested funding.



20. We want the VDLF to be as flexible as possible and would welcome discussion on other uses of the Fund that you may be considering. If you are in doubt about whether costs are eligible or not, you should seek early clarification from us.

### **Ineligible Projects and expenditure**

21. The fund is not intended to be a primary source of funding for:

- Housing projects.
- Major infrastructure projects relating to transport.
- Purchase of moveable infrastructure, furniture and fittings.
- Projects relating solely to hotel or retail developments are unlikely to be supported if there are no clear regeneration outcomes.
- Projects that focus solely on public realm improvements, new roads / paths or upgrades are unlikely to be funded. However, these will be eligible if they are elements within wider regeneration projects which will produce economic and social outcomes.
- Flood protection/work/upgrades are not eligible.
- Staffing Costs

### **Timetable**

22. To ensure the Fund is operational as soon as possible we will require to adhere as closely as possible to the following timescale.

<b>Action</b>	<b>Date</b>
Delivery plans submitted	By 28 February 2017
Appraisal of delivery plans by Government	March 2017
Initial feedback on plans by Government	April /May 2017
Ministerial approval of delivery plans	By end May 2017
Final grant offer letters issued	By end June 2017
Mid year progress reports submitted	End October 2017
Annual reports submitted	End June 2018