
NORTH AYRSHIRE COUNCIL

11 June 2019

Cabinet

Title: Acquisition of Land for Council House Building

Purpose: To seek Cabinet approval for the Housing Revenue Account to purchase land at Ayrshire Central, Irvine for Council House Building.

Recommendation: That Cabinet approves the acquisition of land at Ayrshire Central, Irvine from the NHS for a sum of £2,700,000, subject to the deduction of abnormal development costs.

1. Executive Summary

- 1.1 The Strategic Housing Investment Plan (SHIP) 2019-2024 was approved by Cabinet on 2 October 2018. The SHIP sets out the priorities for affordable housing investment in North Ayrshire over the next five years to support the outcomes articulated within the Local Housing Strategy 2018-2022 (LHS).
- 1.2 The development programme includes provision for the redevelopment of 100 units at Ayrshire Central, Irvine, which is currently owned by the NHS (see plan at Appendix 1). The site is listed as 'Redevelopment 12' within the SHIP. The site will contribute towards meeting the target of constructing 1,375 new Council homes by March 2024.
- 1.3 The site is currently scheduled for works to commence during spring 2021; however, early acquisition of the site would allow the works to be accelerated. This will help to ensure that any additional funding that may become available from the Scottish Government due to the slippage in other local authority house building programmes can be utilised within North Ayrshire.
- 1.4 This report therefore seeks Cabinet approval for the Housing Revenue Account to purchase land at Ayrshire Central Hospital, as referenced in the site boundary plan at Appendix 1, from the NHS at a gross value of £2,700,000. The acquisition value will be subject to the deduction of abnormal costs to be agreed between the Council and the NHS. This gross site valuation has been established through assessment by the District Valuer. Site investigations have been instructed jointly to inform negotiations regarding abnormal development costs.

2. Background

- 2.1 The Strategic Housing Investment Plan (SHIP) 2019-2024 was approved by Cabinet on 2 October 2018. The SHIP sets out the priorities for affordable housing investment in North Ayrshire over the next five years to support the outcomes articulated within the Local Housing Strategy 2018-2022 (LHS).

- 2.2 The Council's development programme includes provision for the redevelopment of 100 units in Irvine, listed as 'Redevelopment 12' within the SHIP. The site will contribute towards meeting the target of constructing 1,375 new Council homes by March 2024.
- 2.3 When preparing the SHIP, the Council and its RSL partners committed to delivering the projects detailed within it. However, the nature of development means that unexpected delays or constraints may emerge. Scottish Government guidance therefore indicates that a slippage programme is required. To meet the requirement for 'slippage', the Council has over committed the funding within the SHIP. This also provides the opportunity to take advantage of grant funding not utilised within other local authority areas.

Development Programme

- 2.4 From April 2016 to March 2019, North Ayrshire has been able to secure additional funding of £9.87m by accelerating projects within the SHIP, demonstrating the Council's consistent ability, along with our RSL partners, to deliver an ambitious development programme.
- 2.5 The construction work to develop new housing at Ayrshire Central is currently scheduled to commence during spring 2021 and be completed by winter 2023. The development of the site for housing complies, in principle, with the Local Development Plan.
- 2.6 Early acquisition of the site would allow the development to be accelerated and provide the opportunity for the Council to utilise funding which may become available from the Scottish Government due to slippage in other local authority programmes.
- 2.7 The housing mix for the site is currently being established for the proposed 100 Council housing units. The mix will be set with reference to the Council's Housing Need and Demand Assessment, analysis of the North Ayrshire Housing Register, and engagement with the Health and Social Care Partnership.

Site Valuation

- 2.8 A District Valuation has been instructed for the site, with the gross valuation subject to the deduction of any abnormal costs anticipated as part of the development project. The abnormal costs will be obtained from site investigations which are currently underway. The gross site value is £2.7m, subject to the deduction of abnormal costs to be agreed between the Council and the NHS.
- 2.9 The site measures 13.8 Hectares and is anticipated to accommodate in excess of 100 units. The final site capacity will be confirmed following the completion of the site investigation works. Any additional land will either be utilised for further phases of Council house building or private residential development following resolution or mitigation of site constraints. The use of any additional land to develop private housing would contribute to the Council's commitment through the Local Housing Strategy 2018 – 2022 to use the affordable housing development programme to provide opportunities to front-fund infrastructure works for private development.

Abnormal Development Costs

2.10 In order to determine the extent of abnormal development costs associated with the development site, the Council and the NHS have jointly instructed site investigations which will take place during spring / summer 2019.

2.11 The following items are known site constraints which may contribute to the abnormal development costs associated with the site:

- Existing B-listed buildings which are in poor condition
- Existing trees and associated Tree Protection Orders
- Peat removal / mitigation
- The culverted Red Burn and associated potential flooding to localised areas
- The requirement for a landscaped buffer between the Hospital and residential site

2.12 The land at Ayrshire Central has been privately marketed by the NHS for over a decade with no firm interest. New Council house building at this site will contribute to the regeneration of the area and complement the NHS's wider redevelopment of the Ayrshire Central Hospital site.

3. Proposals

3.1 It is proposed that Cabinet approves the acquisition of the Ayrshire Central, Irvine site from the Housing Revenue Account for the sum of £2,700,000, subject to the deduction of abnormal costs.

4. Implications/Socio-economic Duty

Financial:	The sum of £2,700,000, less agreed abnormal deductions, which will be confirmed when the joint site investigations are concluded, will be transferred from the Housing Revenue Account to the NHS. The Housing Revenue Account 30 year Business Plan includes budget provision for the development of 1,375 new units of Council housing by March 2024.
Human Resources:	There are no human resource issues arising from this report.

Legal:	Legal services have been instructed to undertake the necessary legal agreements.
Equality/Socio-economic Duty:	The Council House Building Programme makes a direct contribution to the Council's socio-economic duty by providing affordable housing. Our rent levels are below the Scottish national average for local authority housing providers. Our new build housing also meets the latest Building Standards, and we adopt a range of sustainable technologies at each project to provide lower running costs and alleviate fuel poverty.
Children and Young People:	There is an evidential link between the quality of housing and educational attainment. Our new build Council house build programme therefore has a positive impact on children and young people.
Environmental & Sustainability:	<p>New homes have a low environmental impact, with the aim of reducing fuel use and associated fuel costs. All projects will be delivered in accordance with Building Standards regulations for energy efficiency. In addition, the projects will meet the Scottish Government's 'Greener Standard'.</p> <p>Innovative approaches to sustainable development will be considered for the site (e.g. biomass boilers, solar photovoltaic panels and smart home technologies).</p>
Key Priorities:	The provision of new affordable housing supports the draft Council Plan priority to provide affordable, modern and well-designed homes that meets residents' needs.
Community Benefits:	Community benefits will be sought as part of the contract with the development contractor.

5. Consultation

5.1 Consultation with the Health and Social Care Partnership was undertaken in the preparation of this report.

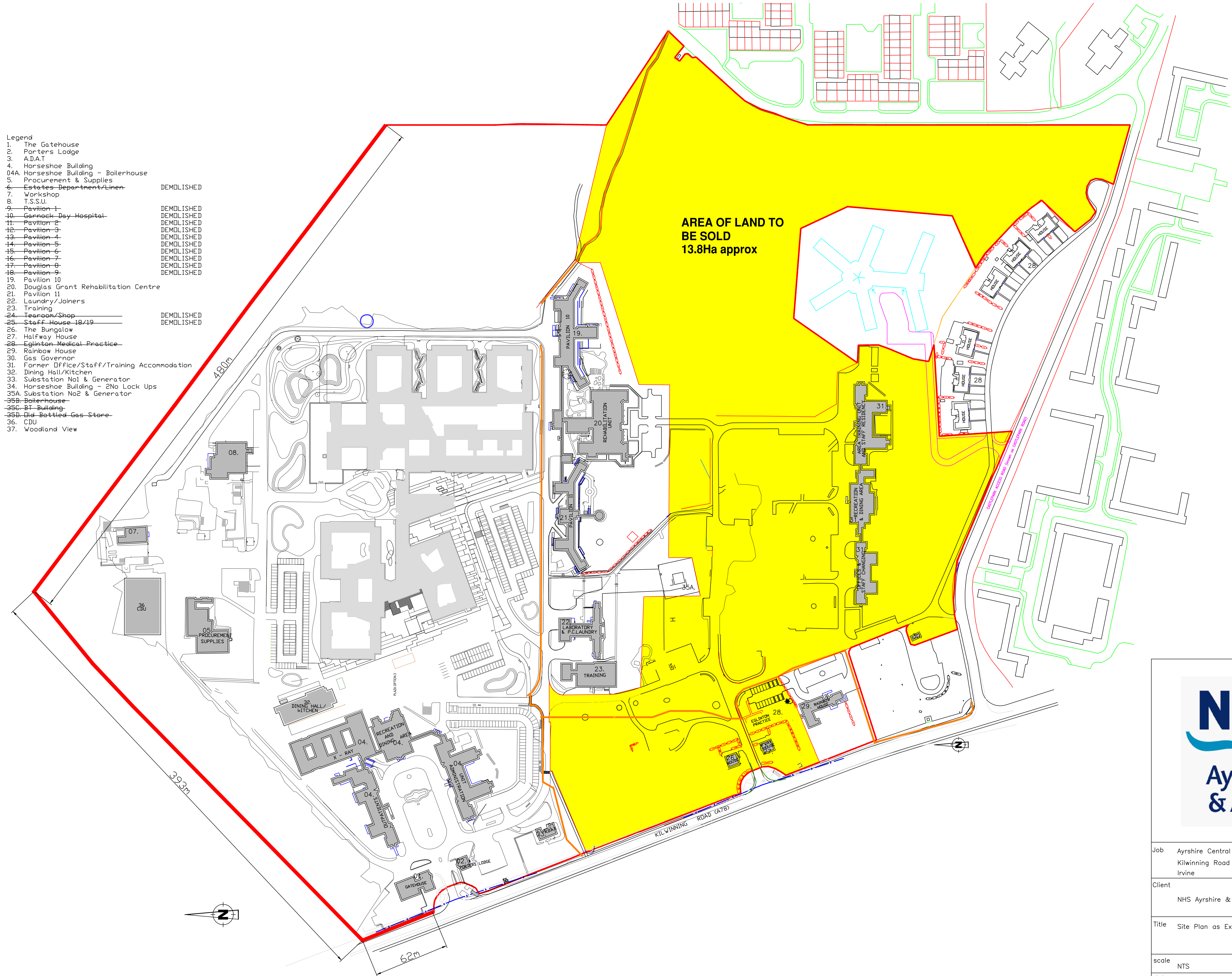
YVONNE BAULK
Head of Physical Environment

For further information please contact **David Hammond, Senior Manager (Housing Strategy & Corporate Sustainability)**, on **01294 324764**.

Background Papers

N/A

- Legend
- | | |
|--|------------|
| 1. The Gatehouse | |
| 2. Porters Lodge | |
| 3. A.D.A.T | |
| 4. Horseshoe Building | |
| 04A. Horseshoe Building - Boilerhouse | |
| 5. Procurement & Supplies | |
| 6. Estates Department/Linen | DEMOLISHED |
| 7. Workshop | |
| 8. T.S.S.U. | |
| 9. Pavilion 1 | DEMOLISHED |
| 10. Gerneck Day Hospital | DEMOLISHED |
| 11. Pavilion 2 | DEMOLISHED |
| 12. Pavilion 3 | DEMOLISHED |
| 13. Pavilion 4 | DEMOLISHED |
| 14. Pavilion 5 | DEMOLISHED |
| 15. Pavilion 6 | DEMOLISHED |
| 16. Pavilion 7 | DEMOLISHED |
| 17. Pavilion 8 | DEMOLISHED |
| 18. Pavilion 9 | DEMOLISHED |
| 19. Pavilion 10 | |
| 20. Douglas Grant Rehabilitation Centre | |
| 21. Pavilion 11 | |
| 22. Laundry/Joiners | |
| 23. Training | |
| 24. Tearoom/Shop | DEMOLISHED |
| 25. Staff House 18/19 | DEMOLISHED |
| 26. The Bungalow | |
| 27. Halfway House | |
| 28. Eglinton Medical Practice | |
| 29. Rainbow House | |
| 30. Gas Governor | |
| 31. Former Office/Staff/Training Accommodation | |
| 32. Dining Hall/Kitchen | |
| 33. Substation No1 & Generator | |
| 34. Horseshoe Building - 2No Lock Ups | |
| 35A. Substation No2 & Generator | |
| 35B. Boilerhouse | |
| 35C. IT Building | |
| 35D. Old Bottled Gas Store | |
| 36. CDU | |
| 37. Woodland View | |



Job Ayrshire Central Hospital
Kilwinning Road
Irvine

Client NHS Ayrshire & Arran

Title Site Plan as Existing

scale NTS drg.no rev

date February 2018