

South Ayrshire Council

**Report by Director - Place
to Cabinet
of 30 August 2022**

**Subject: Transfer of the Site of the John Pollock Centre to
 Housing Revenue Account**

1. Purpose

1.1 The purpose of this report is to obtain Cabinet approval to transfer the site encompassing the John Pollock Centre and playing fields in Mainholm Road, Ayr from the General Fund to the Housing Revenue Account (HRA) at nil value provided that the HRA meets the abnormal costs of £3,222,539 ahead of a proposed development of Council housing. The extent of the site is shown in [Appendix 1](#).

2. Recommendation

2.1 It is recommended that the Cabinet:

2.1.1 notes that the consultation carried out by the Director - Place with tenants and the public has been largely in favour of the proposed transfer of the site from the General Fund to the HRA for nil consideration; and

2.1.2 grants authority to transfer the site of the John Pollock Centre from the General Fund to the HRA at nil value ahead of a proposed residential development in accordance with the explanation set out below and provided that the Council's Housing Revenue Account meets the abnormal costs of £3,222,539; and [Appendix 1](#)) from the General Fund to the HRA at nil value ahead of a proposed residential development in accordance with the explanation set out below and provided that the Council's Housing Revenue Account meets the abnormal costs of £3,222,539.

3. Background

3.1 The playing fields at the rear of the John Pollock Centre had been identified for development of affordable housing within the Strategic Housing Investment Plan 2018-2023 (SHIP). The site currently occupied by the John Pollock Centre was also added and approved within the Strategic Housing Investment Plan 2020-2025 (SHIP) for further development of affordable housing. The site is scheduled in the SHIP to start this financial year and is attracting over £11m of funding, over four years from the Affordable Housing Supply Program (AHSP) fund.

3.2/

- 3.2 On 26 November 2019, a report was presented to Leadership Panel with a recommendation for the approval to submit a New Project Request to SWHub for the procurement and delivery of affordable housing at Mainholm Road, Ayr inclusive of the demolition of the John Pollock Centre. The site, which extends to approximately 5.89 hectares (14.55 acres), would see a development of around 160 units comprising a mix of flats and houses. The extent of the site is shown in [Appendix 1](#).
- 3.3 A report was submitted to Leadership Panel on 24 August 2021 seeking approval to transfer the site at Mainholm Road, Ayr from General Services to Housing Revenue Account (HRA). The report was continued to allow the development of a policy for asset transfer between General Services and Housing Revenue Account to be considered at a meeting of the Council in October 2021.
- 3.4 On 18 January 2022, approval was obtained from Leadership Panel to commence an enabling works contract to demolish the existing buildings on the site (John Pollock Centre and the former Mainholm Academy) to facilitate the development of new affordable homes funded from the General Services Capital Programme. This work is underway and will be complete Summer 2022.
- 3.5 On 29 June 2022, Council approved an Updated Policy for the Acquisition and Disposal of Land and Buildings. This followed an audit undertaken by Glasgow City Council to establish the facts around the proposed transfer and resulted in an audit action to: 'review (of) the Policy for the Acquisition and Disposal of Land and Buildings to be undertaken by Director of Place at an early date.' The policy on HRA land acquisition and disposal was included as part of the review and incorporated within the updated policy.
- 3.6 The Audit also concluded that an update report on the transfer of the site at Mainholm to the HRA be presented to elected members, following approval of the updated policy
- 3.7 Section 74 (2) of the 1973 Act places a duty on the Council to achieve the best consideration that can reasonably be obtained in the disposal of land or buildings, except where disposal at less than the best consideration is in accordance with the above Act and/ or Regulations. In addition the disposal of land or buildings from the Housing Revenue Account (HRA) may require the consent of Scottish Ministers under section 12(7) of the Housing (Scotland) Act 1987. Similarly, consent is required under section 203(2) of the 1987 Act to transfer land or buildings between the HRA and the General Fund.
- 3.8 The Scottish Government has introduced guidance on how Councils seek consent to dispose of assets from their HRA or to transfer assets between the General Fund and HRA. In order to improve efficiency and introduce uniformity across General Fund and HRA disposals, a general consent process in line with the existing 'Disposal of Land by Local Authorities (Scotland) Regulations 2010' has been developed. Under General Consent, Councils are able to 'self-certify' consent where two key considerations have been met: the disposal price is in line with a best consideration valuation performed by a surveyor accredited to the Royal Institution of Chartered Surveyors (RICS) and an appropriate level of tenant and public consultation has taken place

3.9 In the case of a proposed transfer from the General Fund to the HRA where the end use is the development of council housing, the market value test may not be met but the Council may determine that a transfer for less than market value will in fact represent 'best value' as the supply of social housing in the area will increase. In such cases, the Council should self-certify the following:

- That the disposal fits with the Council's strategic housing context (i.e. that a below market value disposal can be justified);
- The site value and anticipated disposal value; and
- That appropriate consultation has taken place.

3.10 The Market Value is the 'headline' amount a buyer could reasonably expect to pay to purchase the site for the development of housing, if it was being sold on the open market. As the site will be developed for Social Housing DM Hall has valued the site based on market value and Social housing value.

4. Proposals

4.1 In order to comply with the approved policy and be in a position to self-certify consent valuations have been obtained from an independent surveyor and consultation on the proposal has taken place with tenants.

The values reported by DM Hall were as follows:

- Market Value – assuming social housing £2,200,000; and
- Market Value – assuming private housing £3,400,000.

4.2 Both of the opinions of value reflect the subjects on a cleared site basis and assume the buildings presently on site have been demolished.

4.3 Abnormal development costs include items such as demolition of the buildings and the cost of addressing any unusual ground conditions or contamination. These costs are normally deducted from the gross Market Value to arrive at the amount payable. For this site, the abnormal costs have been estimated at £3,222,539 and consist of the following works:

Ground consolidation	£428,514
Preparatory ground works	£539,185
Demolitions	£590,000
Removal of roads, paths, pavings and surfaces	£340,240
Removal of fencing, railings and walls	£54,600
Drainage works	£1,155,000
Service diversions	£115,000
Total	£3,222,539

- 4.4 Building affordable housing on this site offers a number of social and economic benefits to the Council and its partners including:
- Increased economic activity throughout the construction process;
 - Improved health, poverty and environmental outcomes from providing warm and energy efficient affordable housing;
 - Increasing the supply of affordable homes that better meet the needs of South Ayrshire's ageing population; and
 - Contribution toward meeting some of the unmet housing needs in South Ayrshire and reducing homelessness attracting over £13m of grant to South Ayrshire's development costs.
- 4.5 Increasing the supply of good quality affordable housing is identified as a strategic priority in South Ayrshire's Local Housing Strategy 2017-22 and Council Plan 2018-22. The Council's Strategic Housing Investment Plan identifies Mainholm as a key site for delivering 160 affordable homes that will make a significant contribution towards meeting existing housing need in South Ayrshire. There are currently no other potential housing sites of this size immediately available to the Council in this locale.
- 4.6 Whilst recognising that a higher value may be obtained if the ground was sold on the open market it is proposed that the Council accepts the market value - social housing at £2,200,000 in order to support the delivery of affordable housing.
- 4.7 It is proposed that the abnormal costs of £3,222,539 are deducted from the market value – social housing. and that the site in Mainholm Road in Ayr is transferred from the General Fund to the HRA at nil value ahead of the proposed development of Council housing.
- 4.8 It is proposed that the HRA is responsible for the abnormal development costs as detailed in paragraph 4.36 which are part of the overall development costs for the proposed development.
- 4.9 Council tenants were consulted on this proposal at the Tenants Monitoring Group on the 2nd of August. An online consultation was available on the Council's consultation web page to both tenants and residents from the 1st of August until the 22nd of August.

5. Legal and Procurement Implications

- 5.1 Legal advice has been provided with regard to the content of this report, but there will be no legal documentation required to transfer the site from the General Fund to the HRA.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 The HRA would be expected to pay the abnormal development costs of £3,222,539 resulting in a nil transfer value from the General Services account to the HRA.

6.2 The enabling works cost of £590,000 (demolitions) was originally funded from an allowance of £1.2m in the General Services Capital Programme. It is proposed that this cost is now funded by the HRA to facilitate a transfer of the asset at nil value from General Services to HRA.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are risks that the abnormal costs associated with adopting the recommendations will increase.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 If this proposal is rejected the site will not be able to be developed for Council housing, as approved by the Council in the SHIP, which will impact adversely on housing supply numbers.

8.2.2 If this proposal is rejected the costs incurred by the general services budget as part of the enabling works would be abortive. It is estimated that this would be approximately £590,000.

8.2.3 If this proposal is rejected there is a risk that the Council could lose the funding allocated to the project from the Affordable Housing Supply Programme (AHSP).

8.2.4 If this proposal is rejected there is a risk that the wider economic benefits of significant construction activity in Ayr will not be realised.

8.2.5 If this proposal is rejected there is a risk that housing list waiting times and time spent in temporary homeless accommodation will increase.

8.2.4 If this proposal is rejected, there is a risk that the housing capital programme, as approved, will not be delivered.

9. Equalities

9.1 The proposals in this report were recently equality impact assessed and, as the completed Equalities Impact Assessment still applies, it is attached as [Appendix 2](#).

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - The proposals in this report do not represent a qualifying plan, programme, policy, or strategy for consideration for SEA. There exists therefore no obligation to contact the Scottish Government Gateway and no further action is necessary. An SEA has not been undertaken.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Commitment 6 of the Council Plan: A Better Place to Live/ Enhanced environment through social, cultural and economic activities.

13. Results of Consultation

13.1 Consultation on the proposed transfer has taken place with tenants of South Ayrshire Council and been available to all through the Council's consultation web page. Both tenants and residents were broadly in favour of the proposal.

13.2 Consultation has taken place with Councillor Martin Kilbride, Portfolio Holder for Buildings, Housing and Environment, and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

14.1 If the recommendations above are approved by Members, the Director - Place will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Transfer site from General Fund to HRA	2 September 2022	Service Lead - Asset Management and Community Asset Transfer; and Head of Finance and ICT

Background Papers [Report to Leadership Panel of 29 November 2019 – Affordable Housing – Proposals for New Developments](#)

[Report to Leadership Panel of 26 October 2021 – Review of Capital Estimates: General Services Capital Programme 2021-22 to 2030-31](#)

[Report to Leadership Panel \(Special\) of 30 November 2021 - Strategic Housing Investment Plan \(SHIP\) - 2022/23 - 2026/27](#)

[Report to Leadership Panel of 18 January 2022 – Affordable Housing - Mainholm Enabling Works](#)

[Report to South Ayrshire Council of 29 June 2022 - Updated Policy for the Acquisition and Disposal of Land and Buildings](#)

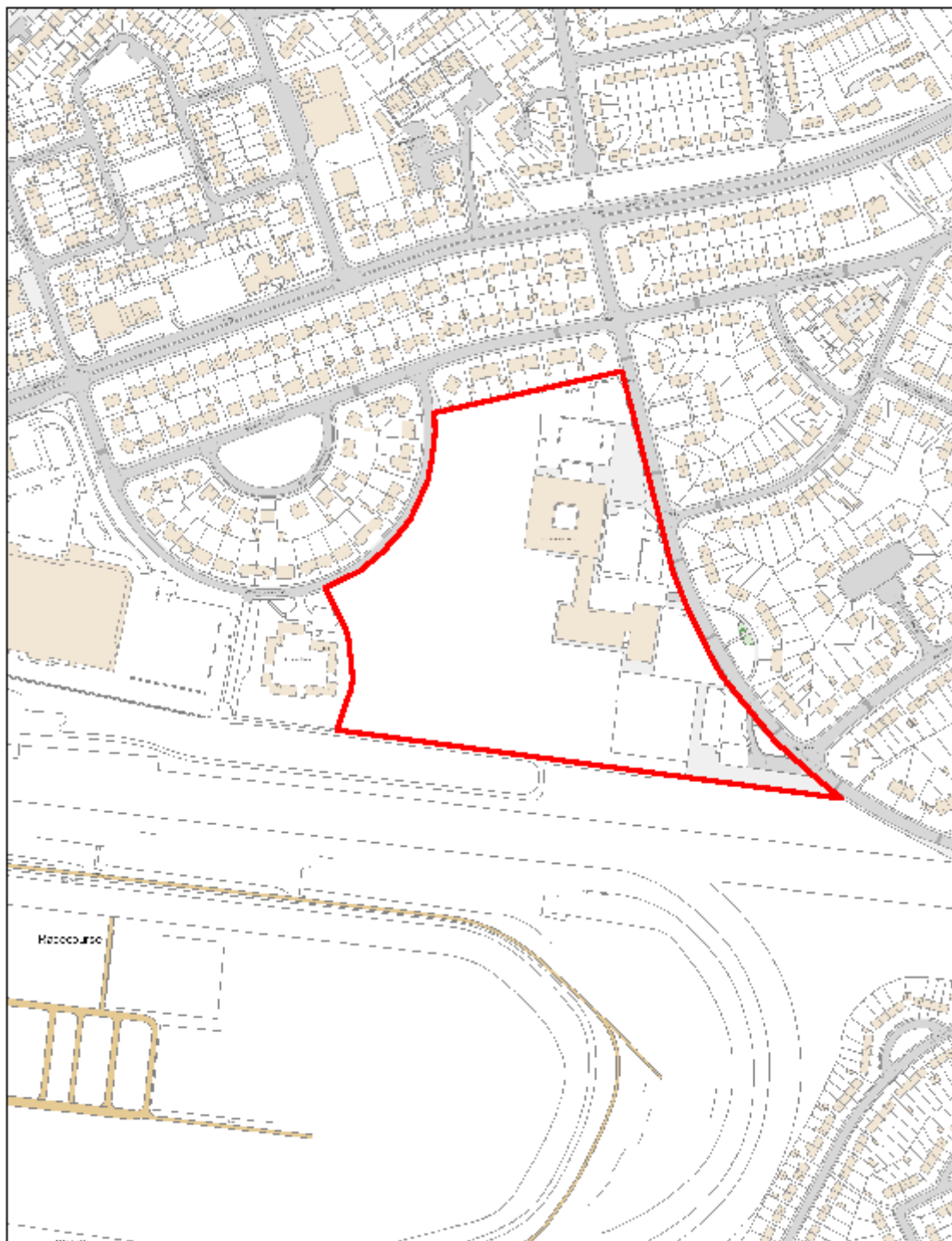
Person to Contact

**Derek Yuille – Service Lead Special Property Projects
County Buildings, Wellington Square, Ayr KA7 1DR
Phone 01292 612820
Email derek.yuille@south-ayrshire.gov.uk**

**Tom Burns Service Lead - Asset Management and Community
Asset Transfer
County Buildings, Wellington Square, Ayr KA7 1DR
Phone 01292 612845
E-mail tom.burns@south-ayrshire.gov.uk**

**Mike Newall – Assistant Director – People
County Buildings, Wellington Square, Ayr KA7 1DR
Phone 01292 616231
E-mail mike.newall@south-ayrshire.gov.uk**

Date: 23 August 2022



c 5.89 Ha at Mainholm Road, Ayr

Scale 1:3500



This product includes mapping data licenced from Ordnance Survey with the permission of the Controller of Her Majesty's Stationery Office. © Crown copyright and/or database right 2016. All rights reserved. Licence number 100020765.

1. Proposal details

Proposal Title Transfer of John Pollock Centre from General Fund to HRA	Lead Officer Tom Burns
---	----------------------------------

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this proposal? Please indicate whether these would be positive or negative impacts

Community, Groups of People or Themes	Negative Impacts	Positive impacts
The whole community of South Ayrshire	No	No
People from different racial groups, ethnic or national origin.	No	No
Women and/or men (boys and girls)	No	No
People with disabilities	No	No
People from particular age groups for example Older people, children and young people	No	No
Lesbian, gay, bisexual and heterosexual people	No	No
People who are proposing to undergo, are undergoing or have undergone a process to change sex	No	No
Pregnant women and new mothers	No	No
People who are married or in a civil partnership	No	No
People who share a particular religion or belief	No	No
Thematic Groups: Health, Human Rights, Rurality and Deprivation	No	No

3. Do you have evidence or reason to believe that the proposal will support the Council to:

General Duty and other Equality Themes	Level of Negative and/or Positive Impact (high, medium or low)
Eliminate discrimination and harassment faced by particular communities or groups	-
Promote equality of opportunity between particular communities/groups	-
Foster good relations between particular communities or groups	-
Promote positive attitudes towards different communities or groups	-
Increase participation of particular communities or groups in public life	-
Improve the health and wellbeing of particular communities or groups	-
Promote the human rights of particular communities or groups	-
Tackle deprivation faced by particular communities or groups	-

4. Summary Assessment

Is a full Equality Impact Assessment (EQIA) required? (A full EQIA must be carried out on all high and medium impact proposals)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Rationale for decision: The proposal does have a significant positive impact with regards to community participation and health and wellbeing therefore an EQI is required	
Signed : Tom Burns – Service Lead – Asset Management and Community Asset Transfer	
Date: 07 June 2022	Copy to equalities@south-ayrshire.gov.uk