

**South Ayrshire Council**

**Report by Depute Chief Executive and Director  
of Housing, Operations and Development  
to Cabinet  
of 20 June 2023**

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**Subject:       Redevelopment of Former Hourstons Building and  
Arran Mall, Ayr**

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**1.       Purpose**

- 1.1       The purpose of this report is to update Cabinet on emerging feasibility to redevelop the former Hourstons building and Arran Mall, Ayr and to seek approval for the next stages towards redevelopment.

**2.       Recommendation**

**2.1       It is recommended that the Cabinet:**

- 2.1.1       agrees that officers complete draft tenders to enable the demolition of the former Arran Mall, except the building fronting onto Alloway Street which is within a Conservation Area;**
- 2.1.2       agrees that unallocated capital of £0.6m from 2034/35 (£11.26m) be brought forward to undertake the demolition works of Phase 1 and the work and fees involved in obtaining consents for Phases 1 & 2 demolition;**
- 2.1.3       agrees that work continues with South Ayrshire Health and Social Partnership, NHS Ayrshire and Arran and relevant services to confirm detailed development options for the former Arran Mall and Hourstons building accompanied by business cases for these options; and**
- 2.1.4       agrees that a report be brought to Cabinet on 31 October 2023 with detailed proposals and funding proposals.**

**3.       Background**

- 3.1       On 15 February 2023 Cabinet agreed that a feasibility study be undertaken to look at options for a future use of the former Hourstons site. On 14 March 2023, Cabinet agreed to conclude the purchase of the Arran Mall and that a report be brought back to this meeting of Cabinet in June 2023.
- 3.2       Negotiations on purifying the two outstanding conditions on the missives regarding the purchase of the Arran Mall are continuing. Harper Macleod LLP, and the sellers

solicitors are still working on the two remaining suspensive conditions relating to reciprocal access rights and vacant possession and this stage of work is required to be purified in order to enable the remainder of the process for the purchase of the Arran Mall site to complete.

- 3.3 Feasibility work has been undertaken into an option to redevelop the Hourstons building for accommodation for Health and Social Care Partnership (HSCP) and option Arran Mall living well village, residential reenablement, care experienced accommodation, family centre and day centre. In addition a mix for varying needs, amenity housing, wheelchair accessible and potential general needs affordable housing, associated landscaping, servicing and access arrangements.
- 3.4 The outcome of the feasibility work has concluded that the site and buildings available are potentially suitable for these uses.
- 3.5 [Appendix 1](#) provides a map outlining the sites and buildings the subject of this report. The site is located at the top end of Ayr's High Street flanked by main access routes through the town and can be broadly split into two zones: a denser area fronting onto Alloway Street and a more open area to Dalblair Road. The former Hourstons building comprises 3 parts: 1) The original Grade C Listed Building comprising 2,500 sqm floorspace; and 2) A 1962 three storey extension comprising 4,000 sqm floorspace adjoining the Listed Building and further extension over four storeys comprising 2,900 sqm floorspace. There are options within the later part of the building to demolish part of that building and retain another part of the extension. However, the part of the building comprising the Listed Building should be sufficient to meet the office accommodation requirements of the HSCP.
- 3.6 South Ayrshire HSCP have confirmed that these proposals meet with their current and emerging operational needs and that these proposals can be accommodated within the former Hourstons Listed Building and the former Arran Mall/Hourstons site.
- 3.7 Some of the potential proposals would involve relocation from existing premises owned by the Council. A view would then require to be undertaken as to whether to declare these building surplus and any disposal would be undertaken in line with the Council's policy for the Acquisition and Disposal of Land and Buildings.
- 3.8 Building Warrant approval and Listed Building Consent are required to demolish the extension part of the former Hourstons building. Listed Building Consent is required to ensure the integrity of the Hourstons Listed Building with removal of the extension.
- 3.9 Other than the building fronting onto Alloway Street, Arran Mall is outwith of the Conservation Area. A building warrant is required to demolish the Arran Mall and Conservation Area Consent to demolish the building fronting onto Alloway Street. It is a requirement of Conservation Area Consent for demolitions to have in place a proposal for the redevelopment of the building. For this reason demolition of the building fronting onto Alloway Street may not be possible in the same timescale as works to demolish the remainder or the Arran Mall at the earliest time.
- 3.10 Officers are working up draft tenders for the demolition work referred to in the paragraphs above. There is a risk that a successful tender may be available to award prior to the completion of the site acquisition of Arran Mall and in these circumstances the award could not be made until the acquisition is completed. Any tender would remain available to accept for a period of 120 days.

## **4. Proposals**

- 4.1 It is proposed that officers proceed with the tender process for the demolition of the former Arran Mall, except the building fronting onto Alloway Street which is within a Conservation Area. Officers will continue to work with South Ayrshire HSCP and NHS Ayrshire and Arran to confirm their operational requirements that could be accommodated within the former Hourstons Listed Building and the Arran Mall. It is also proposed that the potential for specialised and general affordable housing needs be confirmed. Affordable housing could potentially be council owned or new build provision from an Registered Social Landlord (RSL) partner.
- 4.2 It is proposed that properties the subject of relocation be valued for potential redevelopment as potential disposal in lieu of redevelopment.
- 4.3 It is proposed that development proposals continue to progress on an option to fund the redevelopment proposals from a combination of bringing forward £11.26m unallocated capital from 2034/35, potential sale of surplus property, Housing Revenue Account and other potential government grant funding.
- 4.4 Whilst the office requirements of HSCP can be accommodated in the Listed Building part of the former Hourstons and the extensions are both surplus to these requirements, it has not been currently established the structural arrangements necessary to remove the extension adjoining the Listed Building and retain the Listed Building. Reinstatement works for the rear wall of the Listed Building and methodology for demolition of the extensions will also be required for Listed Building Consent.
- 4.5 It is recommended that building warrants be submitted for the demolition of the former Arran Mall and the buildings comprising the former Hourstons extension. It is recommended that a Listed Building Consent be submitted for the demolition of the former Hourstons extension (Phase 1) but a Conservation Area Consent for the demolition of the building fronting Alloway Street be brought forward following any subsequent Council approval of redevelopment proposals for the Arran Mall (Phase 2).
- 4.6 It is recommended that unallocated capital of £0.5m be brought forward from 2034 to undertake a tender to commence Phase 1 demolition works. This ensures that the Council limits cost of holding including any payment of rates following acquisition of the Arran Mall.
- 4.7 It is recommended that a report be brought to Cabinet with detailed proposals and funding proposals together with an update on progress towards Phase 1 demolition and potential Phase 2 demolition of the extensions to Hourstons and the building fronting Alloway Street.

## **5. Legal and Procurement Implications**

- 5.1 Works to undertake Phase 1 demolition will require appropriate statutory approvals and conclusion of purchase of the Arran Mall prior to proceeding. Any disposal of surplus property will require to follow Council policy for Acquisition and Disposal of Land and Buildings and in accordance with relevant statutory requirements and guidance.

5.2 Procurement of Phase 1 demolition works will be undertaken through Public Contracts Scotland.

5.3 The suspensive conditions relating to vacant possession and reciprocal temporary rights and further servitudes require to be purified by the Seller. After this the conveyancing can move towards completion of the acquisition of the Arran Mall site.

## **6. Financial Implications**

6.1 Phase 1 demolition work will be funded through unallocated capital from 2034/35. Proposals for redevelopment will be brought forward through a business case involving a range of potential funding that would also include revenue costs from current and future premises.

## **7. Human Resources Implications**

7.1 Progressing demolition and options for redevelopment will involve officers from a range of Council services, including Building Standards, Planning, Property and Design Services, Asset Management, Finance, Legal, Housing and H&SCP. Specialised and non-specialised legal services will continue to be procured for conveyancing and will require to be involved with progressing the recommendations forming this report and on any subsequent redevelopment and construction contract work. Proposals for redevelopment will include a cost of legal support involved in progressing.

## **8. Risk**

### **8.1 *Risk Implications of Adopting the Recommendations***

8.1.1 There remains a risk that vacant possession of the Arran Mall site may not be achieved by the sellers. There is a risk that a successful tender may be available to award prior to the completion of the site acquisition of Arran Mall and in these circumstances the award could not be made until the acquisition is completed. Any tender would remain available to accept for a period of 120 days.

8.1.2 Redevelopment of either the former Hourstons Building and Arran Mall will require confirmed users to occupy the site. Demolition could proceed without confirmed redevelopment proposals being in place and the cost of a redevelopment scheme then being unknown.

8.1.3 Demolition and subsequent redevelopment will require appropriate statutory consents, and possibly third party consent, and there is a possibility that these may not be obtained for the options currently being progressed though users and consents could be obtained for alternative proposals. It is important to note that the redevelopment options expressed in this report do not form recommendations to Cabinet at this stage.

8.1.4 Construction and demolition costs are increasing so Phase 1 demolition may cost more than originally budgeted for, due to inflationary pressures. It should be noted that there are specific legal and policy requirements and Scottish Government guidance for HRA transfers/ disposals which have to be met.

- 8.1.5 There is the risk that, if buildings are declared surplus and disposed of, the Council could encounter difficulty in disposing of any buildings which are declared surplus and of securing best value for those properties.

## 8.2 ***Risk Implications of Rejecting the Recommendations***

8.2.1 The Council has acquired the former Hourstons building and is in the final stages of acquiring the Arran Mall. These buildings/site lie vacant and without redevelopment they form a planning and financial blight. Rates are charged after a period of ownership. In order to limit payment of rates for the Arran Mall following acquisition demolition requires to be undertaken in advance of redevelopment proposals being confirmed.

8.2.2 There may also be security/ vandalism risks with empty buildings/ property. The cost of protecting both those properties, e.g. hiring security guards and erecting sufficient fencing, would have to be borne by the Council. There would in addition be insurance costs.

## 9. **Equalities**

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 2](#).

## 10. **Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## 11. **Options Appraisal**

11.1 This report is seeking agreement to continue to develop detailed development options.

## 12. **Link to Council Plan**

12.1 Space and Places – moving around the environment and Live Work Learn – work and housing

## 13. **Results of Consultation**

13.1 No consultation has been undertaken on this report. Subsequent proposals for redevelopment will be the subject of consultation through the planning application process.

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 Depute Chief Executive and Director of Housing, Operations and Development 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 Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

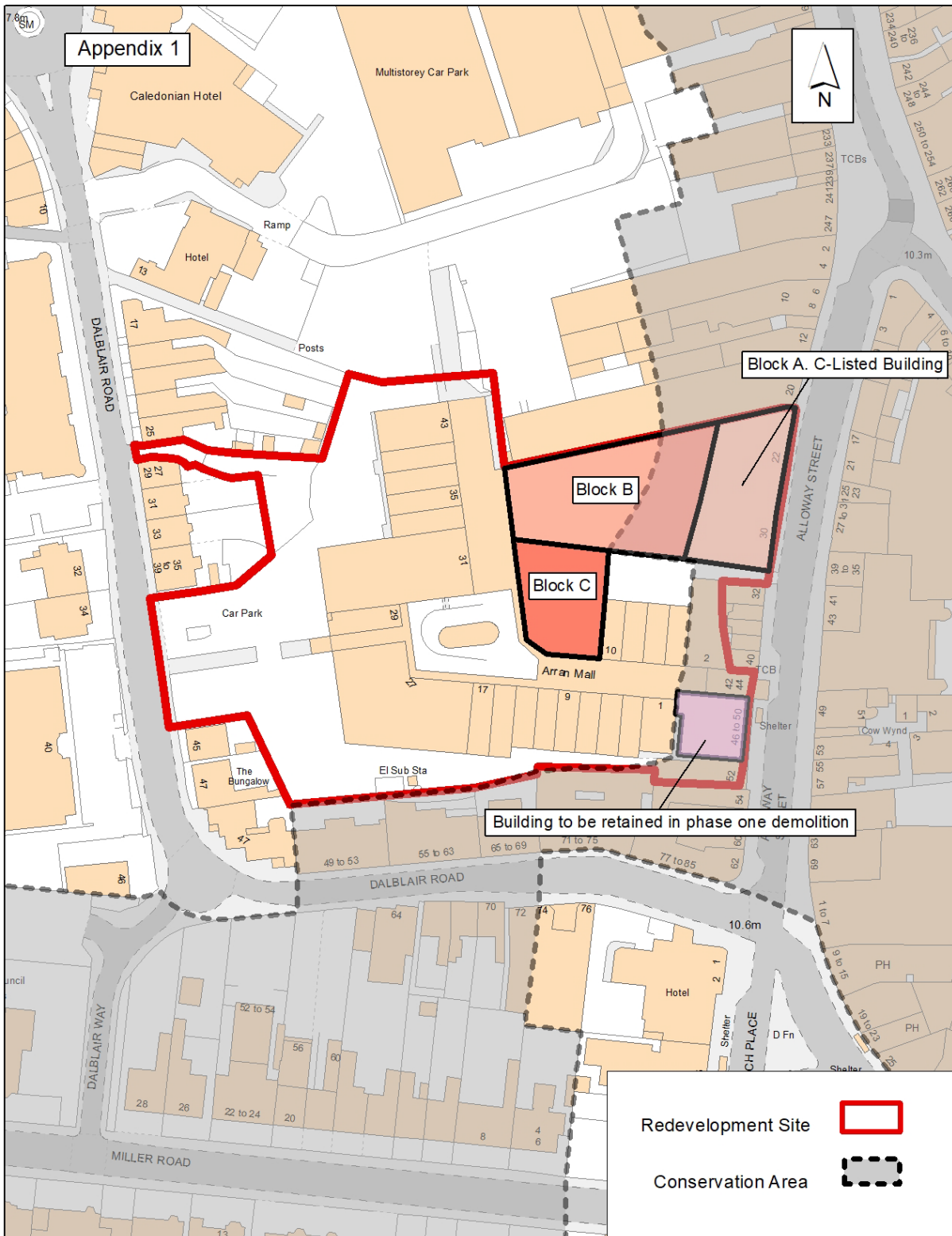
<b>Implementation</b>	<b>Due date</b>	<b>Managed by</b>
Report to Cabinet with detailed proposals and demolition update	31 October 2023	Assistant Director - Planning and Development

**Background Papers**      **Report to Cabinet of 14 March 2023 - Arran Mall Update (Members only)**

**Person to Contact**      **Chris Cox, Assistant Director – Planning and Development  
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**Date:** 12 June 2023

Map - Arran Mall/ Hourstons



Redevelopment of Former Hourstons Building and Arran Mall, Ayr



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Scale 1:1250

**South Ayrshire Council**  
**Equality Impact Assessment including Fairer Scotland Duty**

**Section One: Policy Details\***

Name of Policy	Redevelopment of Former Arran Mall and Hourstons
Lead Officer (Name/Position)	Chris Cox Assistant Director – Planning and Development Chris.cox@south-ayrshire.gov.uk
Support Team (Names/Positions) including Critical Friend	K

\*The term Policy is used throughout the assessment to embrace the full range of policies, procedures, strategies, projects, applications for funding or financial decisions.

What are the main <b>aims</b> of the policy?	To provide an update on feasibility to redevelop these buildings/site and to start first stage in demolition and clarifying redevelopment details.
What are the intended <b>outcomes</b> of the policy?	<ul style="list-style-type: none"> <li>To move forward to redevelopment for potential health and social care and housing purposes</li> </ul>

**Section Two: What are the Likely Impacts of the Policy?**

Will the policy impact upon the whole population of South Ayrshire and/or particular groups within the population? (please specify)	The decision will potentially impact on people with health, social or affordable housing needs.
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**Considering the following Protected Characteristics and themes, what likely impacts or issues does the policy have for the group or community?**

List any likely positive and/or negative impacts.

Protected Characteristics	Positive and/or Negative Impacts
<b>Age:</b> Issues relating to different age groups e.g. older people or children and young people	<b>Positive:</b> Potential new accommodation will meet increasing age related needs of the population
<b>Disability:</b> Issues relating to disabled people	<b>Positive:</b> Potential new accommodation will improve disability facilities.
<b>Gender Reassignment – Trans/Transgender:</b> Issues relating to people who have proposed, started or completed a process to change his or her sex	<b>Positive:</b> New arrangements would be inclusive to all irrespective of a person’s gender.
<b>Marriage and Civil Partnership:</b> Issues relating to people who are married or are in a civil partnership	<b>Positive:</b> New arrangements would be inclusive to all irrespective of a person’s marital/civil partnership status.



<b>Pregnancy and Maternity:</b> Issues relating to woman who are pregnant and/or on maternity leave	<b>Positive:</b> New arrangements would be fully inclusive to this group.
<b>Race:</b> Issues relating to people from different racial groups,(BME) ethnic minorities, including Gypsy/Travellers	<b>Positive:</b> New arrangements would apply equally to Individuals of all racial groups
<b>Religion or Belief:</b> Issues relating to a person's religion or belief (including non-belief)	<b>Positive:</b> New arrangements would be fully inclusive to all religions and beliefs (including non-belief).
<b>Sex:</b> Issues specific to women and men/or girls and boys	<b>Positive:</b> new arrangements would have a positive impact on both men and women.
<b>Sexual Orientation:</b> Issues relating to a person's sexual orientation i.e. LGBT+, heterosexual/straight	<b>Positive:</b> New arrangements would be fully inclusive to all irrespective of a person's sexual orientation.

<b>Equality and Diversity Themes Relevant to South Ayrshire Council</b>	<b>Positive and/or Negative Impacts</b>
<b>Health</b> Issues and impacts affecting people's health	<b>Positive:</b> Potential new accommodation will improve health service provision
<b>Human Rights:</b> Issues and impacts affecting people's human rights such as being treated with dignity and respect, the right to education, the right to respect for private and family life, and the right to free elections.	<b>Positive:</b> Any potential new accommodation will require planning permission with opportunity to comment, staff affected by any relocation will be consulted.

<b>Socio-Economic Disadvantage</b>	<b>Positive and/or Negative Impacts</b>
<b>Low Income/Income Poverty:</b> Issues: cannot afford to maintain regular payments such as bills, food and clothing.	<b>Positive:</b> Potential new accommodation will directly assist persons in poverty needing services. <b>Negative:</b> Potential relocation of services may result in service users requiring to travel further for services.
<b>Low and/or no wealth:</b> Issues: enough money to meet basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	<b>Positive:</b> Potential new accommodation will directly assist persons of low income needing services. <b>Negative:</b> Potential relocation of services may result in service users requiring to travel further for services.
<b>Material Deprivation:</b> Issues: being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	<b>Positive:</b> Potential new accommodation will directly assist persons experiencing material deprivation needing services. <b>Negative:</b> Potential relocation of services may result in service users requiring to travel further for services.

<b>Area Deprivation:</b> Issues: where you live (rural areas), where you work (accessibility of transport)	<b>Positive:</b> Potential new accommodation may assist persons in area deprivation needing services by providing improved services in a location accessible by a variety of public transport. <b>Negative:</b> Potential relocation of services may result in service users requiring to travel further for services.
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### Section Three: Evidence Used in Developing the Policy

<b>Involvement and Consultation</b> In assessing the impact(s) set out above what evidence has been collected from involvement, engagement or consultation? <b>Who</b> did you involve, <b>when</b> and <b>how</b> ?	Consultation has involved South Ayrshire H&SCP 2023. None externally for the purposes of this recommendation. Any forthcoming recommendation involving service relocation will involve consultation with staff and service users.
<b>Data and Research</b> In assessing the impact set out above what evidence has been collected from research or other data. Please specify <b>what</b> research was carried out or data collected, <b>when</b> and <b>how</b> this was done.	Site visit to similar facility in Blantyre in May 2023.
<b>Partners data and research</b> In assessing the impact(s) set out in Section 2 what evidence has been provided by partners?  Please specify partners	South Ayrshire H&SCP – no direct consultation in section 2 but this will be forthcoming in an EQIA for any recommendation recommending development for H&SCP
<b>Gaps and Uncertainties</b> Have you identified any gaps or uncertainties in your understanding of the issues or impacts that need to be explored further?	Not for the purpose of this report

### Section Four: Detailed Action Plan to address identified gaps in:

- a) evidence and
- b) to mitigate negative impacts

No.	Action	Responsible Officer(s)	Timescale
1			

**Note: Please add more rows as required.**

### Section Five - Performance monitoring and reporting

Considering the policy as a whole, including its equality and diversity implications:

When is the policy intended to come into effect?	Decision on redevelopment options October 2023
When will the policy be reviewed?	

Which Panel will have oversight of the policy?	Cabinet
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**Section 6**

**South Ayrshire Council**



**Summary Equality Impact Assessment Implications & Mitigating Actions**

**Name of Policy:** Redevelopment of Former Arran Mall and Hourstons

This policy will assist or inhibit the Council's ability to eliminate discrimination; advance equality of opportunity; and foster good relations as follows:

<p><b>Eliminate discrimination</b></p> <p>Neither assist nor inhibit.</p>
<p><b>Advance equality of opportunity</b></p> <p>Potential redevelopment will enhance equality of opportunity</p>
<p><b>Foster good relations</b></p> <p>This will continue to foster good relations by developing meaningful communication and engagement with local communities to identify their needs and views.</p>
<p><b>Consider Socio-Economic Disadvantage (Fairer Scotland Duty)</b></p> <p>This will be undertaken in any decision to proceed with redevelopment</p>

<b>Summary of Key Action to Mitigate Negative Impacts</b>	
<b>Actions</b>	<b>Timescale</b>
None	N/A

<p><b>Signed: Chris Cox</b></p> <p><b>Date: 25 May 2023</b></p>
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