

South Ayrshire Council

**Report by Depute Chief Executive and Director
of Housing, Operations and Development
to South Ayrshire Council (Special)
of 15 September 2023**

Subject: Affordable Housing – Riverside Place, Ayr

1. Purpose

- 1.1 The purpose of this report is to provide Members with an update on progress of the Affordable Housing Project at Riverside, Ayr, including the most up to date scheme, costs and programme; and, to seek approval to execute the necessary documents.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 considers and approves the outcome of the HubSW Stage 2 detailed design phase for the project, including the most up to date scheme (affordable housing), costs and programme; and

2.1.2 delegates authority to the Head of Legal and Regulatory Services to arrange for execution of the necessary documents at Financial Close on behalf of the Council.

3. Background

- 3.1 On 29 November 2019, approval was obtained from Leadership Panel to submit a New Project Request (NPR) to Hub South West (HubSW) for the procurement and delivery of an affordable housing project for the Council at Riverside Place, Ayr.

- 3.2 Significant work has taken place since then, including consultation with stakeholders, to shape the design, and the proposals for the site to deliver affordable housing appropriate to the needs of the area.

- 3.3 On 18 January 2022, approval was obtained from Leadership Panel to commence an enabling works contract to demolish the high flats to facilitate the development of new affordable homes. This work has been partially completed, with Blocks 2 and 3 demolished and cleared. Block 1 remains in situ due to the telecommunications mast remaining on the roof of the building. [Appendix 1](#) includes a plan of the development site, including the location of Block 1 in the shaded area.

- 3.4 The development site has been reduced in size to account for the remaining Block 1 with the number of proposed new build units being reduced in number from 90 units to 75 units. A Permitted development application was resubmitted to SAC Planning as per the housing/planning protocol agreement and approved by SAC Planning to reflect the reduction in the development site.
- 3.5 Increasing the supply of good quality affordable housing is identified a key strategic priority in South Ayrshire's Local Housing Strategy 2023-28 and Council Plan 2023-28. The Council's Strategic Housing Investment Plan identifies Riverside as a key site for delivering 75 affordable homes that will make a significant contribution towards meeting existing housing need in South Ayrshire.

4. Proposals

- 4.1 The project is now at a stage where the Council is ready to enter into a contract with HubSW to construct 75 affordable housing units at Riverside Place, Ayr. The 75 units consist of 43 x 1 bed flats, 32 x 2 bed flats to include 5 x wheelchair accessible units. The development will also consist of resident/visitor parking and amenity spaces.
- 4.2 The total project cost for the main works provided by HubSW in May 2023 which includes all construction related costs, development and professional fees is £17,288,527.
- 4.3 The proposed funding package for the project is detailed within paragraph 6.3 and the Head of Legal and Regulatory Services would be required to execute the necessary documents on behalf of the Council at financial close.
- 4.4 Discussions have been held with the Scottish Government with regards to their contribution towards the project. They have agreed to contribute £6,736,425 (equivalent to £89,819 per unit).
- 4.5 If approved, the development would be carried out over 5 phases with the first phase of the works starting in October 2023. Units would then be handed over for occupation starting Phase 1 October 2024 with the final phase handing over in May 2025.

5. Legal and Procurement Implications

- 5.1 Shepherd and Wedderburn are appointed by the Council as specialist legal advisors to develop the project agreements with HubSW to deliver the project.
- 5.2 Scottish Futures Trust (SFT) alerted the Council to some concerns that exist that some Hubcos have breached their authorised thresholds for the contract works placed with them. Were this to be the case, it would raise a potential procurement issue and Councils who were nearing financial close were asked to investigate and satisfy themselves with their own Hubcos that no such issue would affect any project they intended to place through their Hubco which was close to financial close. HubSW confirmed to the Council that at the date of financial close of the Riverside project they will not have exceeded their authorised threshold of £1 billion for contract works as advertised in their original published contract notice. They have therefore advised there would not be a basis for a procurement challenge to the use of HubSW for this project and the project proceeding to financial close with them as set out in the recommendations in the report.

5.3 The recommendations in this report are consistent with the Council’s Standing Orders Relating to Contracts for HubSW, specifically Standing Order 4.5.2 - Where the contract is for works, goods or services of a value equal to or exceeding £500,000, a report on the procurement process followed shall be submitted to the Council or Cabinet seeking approval to procure and award. For the avoidance of doubt, the report referred to in paragraph 3.1 above seeking approval for a New Project Request is the report referred to in Standing Order 4.5.2.

6. Financial Implications

6.1 The development is an approved identified project within the Housing Capital Programme and the Strategic Housing Investment Plan.

6.2 The overall cost for the main works is £17,288,527. This includes construction of the units, associated parking/pavements, landscaping, utilities provisions and connections, all design/ survey/ test/ statutory fees associated with the design and construction of the units.

6.3 The proposed revised funding package for the project is broken down in the following table:

	Original Funding Package (90 units 2019)	Revised funding package (75 units 2023)
Expenditure Total	£16,200,000	£17,288,527
Income		
Borrowings	£10,890,000	£9,186,134
Commuted Sums		£183,687
2nd Homes Council Tax		£1,182,281
SG grant	£5,310,000	£6,736,425
Income Total	£16,200,000	£17,288,527

6.4 Although the number of units has been reduced from 90 to 75, due to the retention of one of the Riverside tower blocks, the costs have increased due to high levels of construction inflation.

6.5 Additional enhancements required to provide lifetime homes have also been included with various examples detailed below along-with the total project enhancement costs:

- Sprinkler Mist Installation
- Sustainability Enhancements (Retained Air Tightness improvements, increased Ground Floor insulation, etc)
- Increased M & E additions from our standard Authority Construction Requirements (Deaf alarms, additional sockets, haver points, smoke detectors in attic, etc)
- Curtain Walling & Smoke Automatic Opening Vents

- Future Hoisting Provision in a number of units
- Lift Installations
- Electric Vehicle Charging Infrastructure

Indicative Project Enhancements Total £1,217,712

6.6 There is £1,182,281 currently uncommitted from second homes council tax and £183,687 uncommitted from Commuted Sums in 2022/23. It is proposed that these funds are used for this project which reduces the borrowings requirement. The amount of Scottish Government Grant has also increased.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There is a risk that an application for funding from the Scottish Government might not succeed and if so the HRA would be required to fund any shortfall.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Not proceeding with the project may impact on the reputation of the Council by failing to increase the supply of affordable housing and make best use of available Scottish Government subsidy. This subsidy would be diverted to other Local Authorities if South Ayrshire cannot commit to delivery of sites within the SHIP.

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)*** - 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 2 of the Council Plan: Reduce Poverty and Disadvantage, specifically to Increase the number of affordable and warm homes for those on limited income.

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Martin Kilbride, Portfolio Holder for Buildings, Housing and Environment, and Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, 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:

Implementation	Due date	Managed by
Arrange for the execution of the main works contract documentation	30 September 2023	Service Lead – Professional Design Services

Background Papers **Report to Leadership Panel of 26 November 2019 – [Affordable Housing – Proposals for New Developments](#)**

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

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Date: 11 September 2023



South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Affordable Housing – Riverside Place, Ayr
Lead Officer (Name/Position/Email)	Pauline Bradley, Service Lead – Professional Design Services – pauline.bradley@south-ayrshire.gov.uk

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 policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	No	No
Disability	No	Yes
Gender Reassignment (Trans/Transgender Identity)	No	No
Marriage or Civil Partnership	No	No
Pregnancy and Maternity	No	No
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	No	No
Religion or Belief (including lack of belief)	No	No
Sex – (issues specific to women & men or girls & boys)	No	No
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	No	No
Thematic Groups: Health, Human Rights & Children's Rights	No	No

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	No	No
Low and/or no wealth – 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	No	No
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	No	No
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	No	No
Socio-economic Background – social class i.e. parent’s education, employment and income	No	No

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low impact
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low impact
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low impact
Increase participation of particular communities or groups in public life	Low impact
Improve the health and wellbeing of particular communities or groups	Low impact
Promote the human rights of particular communities or groups	Low impact
Tackle deprivation faced by particular communities or groups	Low impact

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)	YES
	NO
Rationale for decision: The proposal does not have significant positive or negative impact with regards to equality therefore an EQI is not required	
Signed : Pauline Bradley	Service Lead
Date: 12 July 2023	