

South Ayrshire Council

**Report by Report by Depute Chief Executive and Director
of Housing, Operations and Development
Cabinet
of 28 November 2023**

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

1. Purpose

1.1 The purpose of this report is to update Cabinet on progress of potential redevelopment of the former Hourstons building and Arran Mall, Ayr and to seek approval of a preferred development option and for the next stages.

2. Recommendation

2.1 It is recommended that the Cabinet:

2.1.1 approves the user space requirements indicated by South Ayrshire Health and Social Partnership NHS Ayrshire as a basis to inform outline proposals for Hourstons to be prepared for the redevelopment of the property;

2.1.2 notes the preferred development option for the Hourstons building to comprise conversion of the listed building part of the buildings and one of the extensions and the remaining extension to be demolished as outlined in Appendix 1 as Blocks A and B;

2.1.3 approves the instruction of engineering, structural and condition surveys of the former Hourstons buildings to include costed options appraisals of all development options and which shall be the subject of a report to Cabinet on 23rd April 2024;

2.1.4 agrees that unallocated capital of £2m from 2034/35 (£11.26m) be brought forward, following acquisition of the Arran Mall, to undertake the cost of demolition of the former Hourstons building Block C and the entire Arran Mall involved with the preferred development scheme and the specialised technical work involved in recommendation 2.1.3 above;

2.1.5 approves the indicative development scheme for the former Hourstons Building and Arran Mall, set out in Appendix 2, as the basis for progressing statutory consents and instructing demolition and development works;

- 2.1.6** notes the indicative timescale to commence demolition of the Hourstons extension (Block C) and the former Arran Mall of May 2024 and the commencement of new development in April 2025 (subject to conclusion of legal agreements to acquire Arran Mall and required statutory consents being granted);
- 2.1.7** agrees that the outline capital cost of the redeveloped Hourstons of £20m, on the basis of the preferred development option, be submitted as a Capital Business Case for consideration by the Capital Asset Management Group as part of the Capital Budget Setting process 2024/25; and
- 2.1.8** notes the intention to progress submission of a Planning Permission in Principle to cover the former Hourstons and Arran Mall as a basis to provide a masterplan that will coordinate development proposals.

3. Background

- 3.1** On 20 June 2023 Cabinet considered the outcome of feasibility work that concluded that the former Arran Mall site and Hourstons site and buildings are potentially suitable to be development as a mixed use care centred community development with the following options:
- i)** The Arran Mall be demolished and developed into a living well village, residential reablement, 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; and
 - ii)** The former Hourstons be part demolished (retaining the listed building and demolishing the extensions) and developing the listed building part of the building for office purposes to be occupied by South Ayrshire Health and Social Partnership NHS Ayrshire NHS.
- 3.2** Following consideration of the development options (outlined in 3.1 above), Cabinet agreed that work continues with South Ayrshire Health and Social Partnership, NHS Ayrshire and Arran to confirm detailed development options for the former Arran Mall and Hourstons building. Cabinet also approved commencement of phase 1 demolition comprising the Arran Mall. It was also agreed that a report be brought to Cabinet on 31 October 2023 with detailed proposals and funding proposals and reporting on progress with advancing stage 2 demolition concerning extension buildings of the former Hourstons and the building fronting onto Alloway Street.
- 3.3** Since Cabinet approval to progress development options regular meetings have taken place between representatives of South Ayrshire Health and Social Partnership, NHS Ayrshire and Arran and officers of the Council to define the user requirements for the potential development. The focus of consideration has been to define the user requirements for the former Hourstons building.
- 3.4** Detailed technical work has concluded that the partnership wish to progress user requirements of 6,500m². The space requirement is considerably in excess of that anticipated in the report to Cabinet of June 2023 which concluded that the listed building part of the former Hourstons would be sufficient for the partnership's needs. The reason for the increase in space requirement is largely due to increased clinical

space being identified and opportunities for Primary Care/General Practitioner facilities being accommodated within the facility.

- 3.5 With this clarity on the extent of user space requirements this means that to accommodate these requirements either a new building extension will be required to be added to the listed building part of Hourstons or that that one of the existing extensions (Block B in Appendix 1 - ie the extension immediately adjoining the listed building) be retained. Other development options could include retaining all the existing Hourstons extensions or demolition of the listed building and the building of a new building. The latter option could also involve a façade retention with new buildings behind the facade.
- 3.6 Regarding the former Arran Mall, missives have now been concluded for the Council purchase and acquisition of the site and buildings. However, disposition of title transfer has been delayed due to a delay with the owner of the Arran Mall ensuring vacant possession of the site. It is expected that title and Council ownership of Arran Mall will be complete in January 2024.
- 3.7 With the delay in completing the acquisition of the former Arran Mall site it has not been possible to commence demolition works as these buildings are not yet in Council ownership. Similarly, with the change in user requirements it has only recently been possible to scope the extent of demolition of the Hourstons building that will be required.

4. Proposals

- 4.1 South Ayrshire Health and Social Partnership, NHS Ayrshire and Arran have undertaken significant work across their services to confirm their outline user requirements. Whilst it is inevitable that in the time between the planning of new accommodation and the development of that space that there will be ongoing dynamics to work with, it is considered that the work undertaken to date provides sufficient clarity to progress design and development options to the next design stage beyond feasibility. The next stage is RIBA Stage 2 (outline design).
- 4.2 The former Hourstons building comprises a listed building and two 1960s extensions as outlined in Appendix 1. None of the buildings are in good condition. With these buildings all being interconnected, demolition of any part of the building network requires detailed structural assessment as to how demolition would impact on the structural integrity of the remaining structure. Furthermore, to advise on the methodology for development, the cost of development and the benefits of different options, further detailed technical survey work is required. The type of technical survey work required involves the following:
- i) A condition survey. A condition survey was undertaken in 2017 when proposals for a leisure centre were being developed. However, in the intervening period the building have continued to deteriorate. An updated survey will be required for any part of the building being considered for retention.
 - ii) A structural survey will be required for any building being considered for demolition. As with the condition survey the survey undertaken in 2017 will require to be updated.
 - iii) An engineering study and methodology statement will also require to be developed for all parts where a building to be demolished adjoins a building

to be retained to advise on how the remaining structure retains structurally intact and the methodology to undertake the demolition.

- 4.3 The above work is highly specialised and in the interests of best value it is recommended that a preferred building option be approved to limit the extent of work required. Progressing with a preferred building option also considerably quickens the demolition and development timescales. The timeline for progressing with a preferred building option to demolition and having an outline design proposal is set out in Appendix 2.
- 4.4 Block A of the Hourstons building fronting onto Alloway Street is a listed building. This part of the building will require consents to demolish entirely or to demolish and retain the façade. Listed Building consents involve a number of considerations and are often difficult to satisfy within a short timescale. There are also considerable heritage and placemaking benefit from retaining the listed building part if the space can be converted and developed to meet new user requirements. The 1960s extensions, as part of a former department retail store comprise large floor plates and with current window arrangements this provides insufficient daylight across the interior of the building. In retaining one of the extensions (Block B) for conversion this will require a new exterior fabric to the building structure to provide new light opportunities and provide an internal layout that will meet user requirements. Nonetheless this development option, stripping back the exterior to provide a structural frame to be redeveloped, will likely be considerably less expensive than a demolition and new build extension. It is also likely that the resulting demolition of Block C will have simpler consequences than demolition of Blocks B and C and the consequential structural impact on the remaining listed building. The listed building was built in era involving more complex construction considerations than the 1960s construction methods. In addition, there are embodied carbon benefits from retaining as much of the existing buildings as possible.
- 4.5 With the above considerations it is recommended that the development option of retaining Block A and Block B proceed as the preferred development option, subject to confirmation of the outcome of the technical survey work outlined in paragraph 4.2 and more informed development costs.
- 4.6 With the conclusion of the above-mentioned technical survey work an options appraisal will be developed. The options appraisal will explore the costs and benefits of each option. Clearly, the option related to the preferred option will be the most detailed and will be worked up to Royal Institute of British Architects Outline Stage (RIBA stage 2). The options appraisal and the outline design will be presented to the 23rd April 2024 Cabinet with a recommendation on which development option to progress. If, considering the outcome of the options appraisal, the recommendation is to progress with the preferred option then this will move to finalised stage (RIBA 3),
- 4.7 On the basis of providing a floorspace of circa 6,500m² involving the retentions of Blocks A and B, it recommended that approval is given to progress to commission the work outlined in paragraph 4.2 and to continue to work with South Ayrshire Health and Social Partnership NHS Ayrshire to confirm their user requirements for the purpose of outline design stage.
- 4.8 For the reasons outlined in paragraphs 3.5 to 3.7 progress with demolition and development has not happened in the manner anticipated in June 2023. However, these changes in circumstance brings with it a new timeline for development that provides for a more simplified sequence of development that should enable

demolition to progress within one phase instead of two or more phases. It is more cost efficient to undertake demolition in one single phase.

- 4.9 The 20 June 2023 Cabinet approved the cost of demolition (£0.6m) to be met from capital costs uncommitted capital in 2034/25. The cost of demolition of the full Arran Mall, Block C of the former Hourstons building and the building fronting onto Alloway Street (Arran Mall) is estimated at £2m. It is recommended that this cost and the estimated cost of the survey work in 4.2 be met from capital budgets in uncommitted capital 2034/35.
- 4.10 To enable one single phase of demolition to take place there are a number of statutory consents that require to be in place. Appendix 2 provides an indicative scheme of development to outline stage (RIBA stage 2). It can be seen that to provide the information necessary to approve these consents that some further planning and design work is required to be progressed. Working with an approved level of floorspace and a preferred development option, it is recommended that these consents are now progressed. Subject to this work being complete in the timeframe set out in Appendix 2, in particular confirmation of the preferred development option through outline design, it is anticipated that demolition of the Arran Mall, including the building fronting on to Alloway Street and Block C of the former Hourstons building, will commence in May 2024.
- 4.11 There are 8 RIBA stages involved in taking a development from Strategic Definition to In use. With an outline design for the redevelopment of the former Hourstons building being recommended to Cabinet in April 2024, it is intended that this will be accompanied with a timeline setting out the remaining stages of development to completion. On the basis of information known at this time and working with the preferred development option it is considered possible that development of the new Health and Social Care Partnership/NHS Ayrshire and Arran care village, starting with the conversion of Hourstons, could commence in April 2025.
- 4.12 Indicative costs of £20m have been estimated for the conversion of Blocks A and B of the former Hourstons building on the basis of the 6,500m² of floorspace for office and clinical needs. This estimated cost will be considered as part of the Capital Budget setting process. The provision of a budget, albeit estimated and in advance of detailed proposals, enables work to progress without delay pending further approvals.
- 4.13 The focus of discussions with South Ayrshire Health and Social Partnership ('HSCP'), NHS Ayrshire and Arran have been on the user requirements for office and clinical needs. There are a range of proposals for varying levels of supported and care housing for the Arran Mall development. The HSCP supports these proposals in principle. With confirmation of the plans for the former Hourstons building attention will then turn to confirming and progressing proposals for the Arran Mall redevelopment. This work is expected to commence in the Spring of 2024. In the meantime, with the level of support ascertained and the relative ease of development of this site, members are asked to note that a planning permission in principle will be submitted with a masterplan to cover the whole Hourstons and Arran Mall site. A Planning Permission in Principle is essential to provide cohesion, provide the basis for phasing of development and coordinate all planning consents and planning conditions,

5. Legal and Procurement Implications

- 5.1 Works to undertake demolition will require appropriate statutory approvals and conclusion of the legal agreements for the 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 be in accordance with relevant statutory requirements and guidance.

6. Financial Implications

- 6.1 Demolition work will be funded through unallocated capital from 2034/35. A business case involving a range of potential funding will accompany the recommended outline design being presented to Cabinet in April 2024.

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, Professional 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.
- 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 a confirmed Development Agreement being in place between South Ayrshire Health and Social Partnership NHS Ayrshire and the Council. Demolition could proceed without finalised costs being in place.
- 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.
- 8.1.4 Construction and demolition costs are increasing so the cost of 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. However, it is not known if there will be higher rates charged on a cleared site or site with the buildings in place.

8.2.2 There may also be security/ vandalism risks with empty buildings/ property. The cost of protecting both those properties – for example, 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 3.

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 on the basis of a preferred option which has considered high level likely costs and benefits.

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 Housing, Buildings 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:

Implementation	Due date	Managed by
Report to Cabinet with outcome of an Options Appraisal and Proposed Development Option for the former Hourstons Building	23 April 2024	Assistant Director – Planning and Development

Background Papers **Report to Cabinet of 20 June 2023 – [Redevelopment of Former Hourstons Building and Arran Mall, Ayr](#)**

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