

Request for Delegated Authority Approval (Emergency Powers – 2020 COVID-19 Pandemic)

Completed form should be emailed to the Chief Executive

Directorate:	Place
Service:	Planning and Building Standards
Subject:	Former Station Hotel, Ayr
Author:	Julie Nicol
Date of Request:	16/06/20
Background:	<p>In May 2018 the Council served a Dangerous Building Notice on the absentee owner under the Building (Scotland) Act 2003. The risk posed by the unstable roof structure to the immediate environment led to the introduction of an exclusion zone, which resulted in the closure of the station and railway line.</p> <p>A multi agency Government led Task Force was set up with the purpose of re-establishing train services and to determine longer term options for the building and potential regeneration of the area.</p> <p>Mitigatory measures in the form of a full roof encapsulation were agreed together with a funding agreement between the Council and Scottish Government for 12 months until 30th April 2020.</p> <p>An options appraisal has now been commissioned by Transport Scotland to help inform future discussions with the owner, impending action by the Council to recover costs and potential building use/ viability.</p> <p>In addition, a new 12 month funding agreement between the Council and Scottish Government for scaffolding and encapsulation of the roof structure has been agreed. The estimated cost of this is £1m with the Council liable for £500k of this amount.</p> <p>The Scottish Government has instructed the Council to lead on the resolution of the former Station Hotel and development of the wider area. A new governance arrangement has been established to facilitate this and ensure engagement across the stakeholders and those Council Services who have a key role to play in this project.</p>

Approval Sought For:	<ul style="list-style-type: none"> • notes the events to date and progress made in relation to the former Station Hotel, Ayr; • notes that the costs incurred by the Council will be sought to be recovered from the owner however should this prove unsuccessful, funding of £500,000 towards ongoing structural stabilisation and project development costs covering 1 year, as set out in Appendix A; • delegation of the expenditure and allocation of funds, in line with the amount set out above to Director of Place; • the recommended governance arrangements as set out in Appendix B
Additional Information:	<p>In response to a query from Cllr Henderson, Eileen confirmed that political oversight will be through Sounding Board for Ayr Town Centre</p>
Legal Implications:	<p>The Head of Regulatory Services will continue to advise on matters relating to the recovery of debt from the property owner and matters relating to the Council's statutory responsibilities in relation to the dangerous building.</p>
Procurement Implications:	<p>Any procurement implications arising from this report relate to the appointment of external expert advice. This will be managed through existing frameworks and in close collaboration with the procurement service.</p>
Financial Implications:	<p>There is a requirement to fund the additional cost to the Council of £500,000 over the coming 12 month period from 1st May 2020 until 30th April 2021. Whilst the cost associated with this and other costs already incurred by the Council will be sought from the owner, the timescale associated with this is unknown and with no guarantee of success in obtaining repayment it may ultimately require to be recovered through Council Reserves.</p>

Chief Executive's Office use only:

Name(s) of Elected Member(s) consulted:	Douglas Campbell, Brian McGinley, Martin Dowey, Alec Clark, Peter Henderson
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Elected Member Feedback:	
Decision:	Approved

South Ayrshire Council

Report by Director – Place to Chief Executive 18^h June 2020

Subject: Former Station Hotel, Ayr

1. Purpose

- 1.1 This report provides a status update in relation to the former Station Hotel, Ayr. It outlines events to date and sets out key actions moving forward.

2. Recommendation

- 2.1 **It is recommended that the Chief Executive, under Delegated Authority Approvals, Emergency Powers – 2020 Covid 19 Pandemic :**

2.1.1 **notes the events to date and progress made in relation to the former Station Hotel, Ayr;**

2.1.2 **notes that the costs incurred by the Council will be sought to be recovered from the owner however should this prove unsuccessful, approves funding of £500,000 from reserves towards ongoing structural stabilisation and project development costs covering 1 year, as set out in [Appendix A](#);**

2.1.3 **delegates the expenditure and allocation of funds, in line with the amount set out in 2.1.2 to Director of Place**

2.1.4 **approves the recommended governance arrangements as set out in [Appendix B](#)**

3. Background

- 3.1 The former Station Hotel, Ayr is listed category “B” in the Scottish Ministers’ list of Buildings of Special Architectural or Historic interest. The hotel ceased trading within the last 10 years and since then has lain empty and in a deteriorating condition.

- 3.2 The Hotel forms the majority share of the main building at the railway station and is substantially owned by an absentee owner, with Network Rail owning the remaining part which comprises the ground floor of the north wing. This section housed Ayr Railway Station’s ticket office and all other associated station facilities.

- 3.3 In May 2018 the Council served a Dangerous Building Notice on the absentee owner under the Building (Scotland) Act 2003. As no remedial works specified in the Notice were carried out within the required timescales, safety works were therefore instructed which included a tactile survey of the full building.

- 3.4 The survey highlighted that parts of the structure were in a more dangerous condition than first thought and therefore prompted the erection of a protection scaffold, to ensure public safety and to allow remedial works to be carried out.
- 3.5 During the remedial works, further significant structural issues were uncovered. The Council commissioned structural engineers Mott Macdonald to undertake an assessment of these and the risk posed by the unstable roof structure to the immediate environment during a high wind event. This led to the introduction of an exclusion zone, which resulted in the closure of the station and railway line.
- 3.6 In response to this significant step and in view of the ongoing cost to the Council of ensuring public safety, Scottish Government in 2018 established a multi agency Government led Task Force chaired by Transport Scotland's Rail Director. The purpose of this group was to re-establish train services and to determine longer term options for the building and potential regeneration of the area.
- 3.7 At an early stage the Task Force agreed after an option appraisal to the full encapsulation of the south section of the building, including the roof. This allowed restricted operation of railway services to be resumed and for the implementation of a reduced safety exclusion zone around the building to protect members of the public. These arrangements remain in place.
- 3.8 The encapsulation costs of circa £2m including the hire of scaffolding until 30th April 2020 were funded by Network Rail/Transport Scotland through a funding agreement with the Council.
- 3.9 In 2019, the Council instructed Mott MacDonald to undertake a full structural condition survey to provide a detailed analysis of the building's condition and also to provide an estimate of the costs required to restore the building such that it would comply with baseline Building Standards requirements. This report was published on South Ayrshire Council's website on 8th October 2019.
- 3.10 Following a review of this structural condition report in December 2019, the Task Force concluded that further information was required and consequently an options appraisal, to help establish a better understanding of the economic viability and sustainability of the building, was commissioned by Transport Scotland in May 2020. Atkins was appointed to undertake this work which is underway and will be complete by October 2020 at a cost of £150,000 to Transport Scotland.
- 3.11 The outcome of this study is important in identifying a clear way forward for the Station Hotel and will inform future discussions with the owner and any impending action by the Council and other stakeholders in relation to the recovery of costs, potential use, viability and ownership scenarios.
- 3.12 A clear timescale for action is imperative in view of the ongoing cost in relation to maintaining public safety and the cost implications to the public purse of continued intervention. The total cost of work undertaken to date is £3,088,937. This has been borne by Scottish Government and the Council, with £1,096,297 of that incurred by the Council.
- 3.13 The Council currently has 2 inhibitions registered against the property, with associated payment decrees for a total of £494,432.39 (plus expenses). The purpose of the inhibitions is to prevent a sale of the property without the sums provided for in the decrees being repaid to the Council. Specialist advice is being obtained on options and potential costs for enforcement of these decrees either in UK or Malaysia.

A further sum of £581,864.87 also remains outstanding and advice is being sought on the potential cost of raising a further court action in respect of this, enforcement of decree in either jurisdiction, and prospects for recovery.

4. Proposals

- 4.1 The expiry of the funding agreement with Scottish Government on 30th April 2020 has led to subsequent discussions and agreement on a way forward.
- 4.2 On 12th May 2020 Michael Mathieson MSP, Cabinet Secretary for Transport, Infrastructure and Connectivity confirmed that Scottish Government would meet 50% of the maintenance costs for the scaffolding and encapsulation, from 1st May 2020.
- 4.2 The funding agreement between the Council and Scottish Government will be administered through Network Rail. Whilst the Council had pushed for a 24 month agreement to enable sufficient time for a course of action to be identified, agreed and implemented, we have now been advised that it will only cover a 12 month period from 1st May 2020 to 30th April 2021.
- 4.3 Estimated costs for the scaffolding and encapsulation, together with maintenance, inspection and management of the structure and safety protocols have been prepared by the Council. In addition, following discussions with stakeholders, costs have also been included for the appointment of a Project Manager to lead project development, consultation, stakeholder liaison and reporting. It is proposed that this appointment is made by the Council but is jointly funded with Scottish Government.
- 4.4 The total costs for a 12 month period to be split equally between Scottish Government and the Council is estimated at £1,000,000 resulting in a direct cost to the Council of £500,000. A breakdown of the estimated costs are set out in [Appendix A](#).
- 4.5 The Minister, in his letter of 12th May also advised that the role of chairing the Task Force should now sit with South Ayrshire Council and that the Council should lead on the resolution of the former Ayr Station Hotel and development of the wider area.
- 4.6 To enable this a governance arrangement has been established which is attached as [Appendix B](#). This will facilitate stakeholder engagement at officer and senior management level and will provide collaborative working across Council Services through a Local Delivery Group which will report through the Ayr Town Centre Sounding Board.
- 4.7 The Council will now lead the options appraisal, although the cost of this will remain with Transport Scotland. Phase 1 of this work, which is currently ongoing, will identify and review potential options for the future use of the building and associated market/investment' viability.
- 4.8 Phase 2, which is dependent upon the outcome of Phase 1, will provide a detailed evaluation of viable/preferred options for use of the building together with a conclusion and recommendation which will help inform future action by the stakeholders.
- 4.9 As part of this study work the consultants will undertake stakeholder and community consultation and a programme for this is currently being drawn up. To support this, the stakeholders will prepare a Communications Strategy which will be agreed by the Task Force and, when implemented, will ensure a consistent message in relation to

the Station Hotel across all parties. This is important as we move further into the project development phase.

- 4.10 At this stage the outcome of the options appraisal is not known and as yet there is no known solution for the Station Hotel. The provisions which have now been put in place however provide the basis for a comprehensive and collaborative approach to this problem. There will be continued liaison with the stakeholders and internally the Local Delivery Group will ensure that those Services which have a role to play in this project form part of the governance arrangement.

5. Legal and Procurement Implications

- 5.1 The Head of Regulatory Services will continue to advise on matters relating to the recovery of debt from the property owner and matters relating to the Council's statutory responsibilities in relation to the dangerous building.
- 5.2 Any procurement implications arising from this report relate to the appointment of external expert advice. This will be managed through existing frameworks and in close collaboration with the procurement service.

6. Financial Implications

- 6.1 There is a requirement to fund the additional cost to the Council of £500,000 over the coming 12 month period from 1st May 2020 until 30th April 2021. Whilst the cost associated with this and other costs already incurred by the Council will be sought from the owner, the timescale associated with this is unknown and with no guarantee of success in obtaining repayment it may ultimately require to be recovered through Council reserves.

7. Human Resources Implications

- 7.1 There are no HR implications for the Council from this report.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

- 8.1.1 The risk associated with adopting the recommendations is that there is an ongoing cost to the Council and wider public purse with no clear solution in place at this time.

8.2 Risk Implications of Rejecting the Recommendations

- 8.2.1 If these recommendations are rejected funding will not be available to ensure that measures exist to protect public safety and adjacent buildings, and to find a solution to this dangerous building. This will result in the introduction of a wider exclusion zone which will require the closure of the railway line and numerous access routes. It will have a detrimental impact on the local economy and reputation of the Council.

9. Equalities

- 9.1 The proposals in this report have not 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.

10. Sustainable Development Implications

10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not seek recommendations that would require a Strategic Environmental Assessment.

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 specifically contributes to the Council strategic objective of 'Make the Most of the Local Economy'

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation will take place with Councillor Peter Henderson (SNP Group Leader), Councillor Brian McGinley (Labour Group Leader and Portfolio Holder for Economy and Culture), Councillor Martin Dowey (Conservative Group Leader), Councillor Alec Clark (Independent Group) in accordance with delegated approval procedure,

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>
Funding agreement Signed	TBC	Head of Regulatory Services
Governance arrangements implemented	18th June 2020	Service Lead – Planning and Building Standards

Background Papers **None**

Person to Contact **Julie Nicol, Service Lead – Planning and Building Standards**
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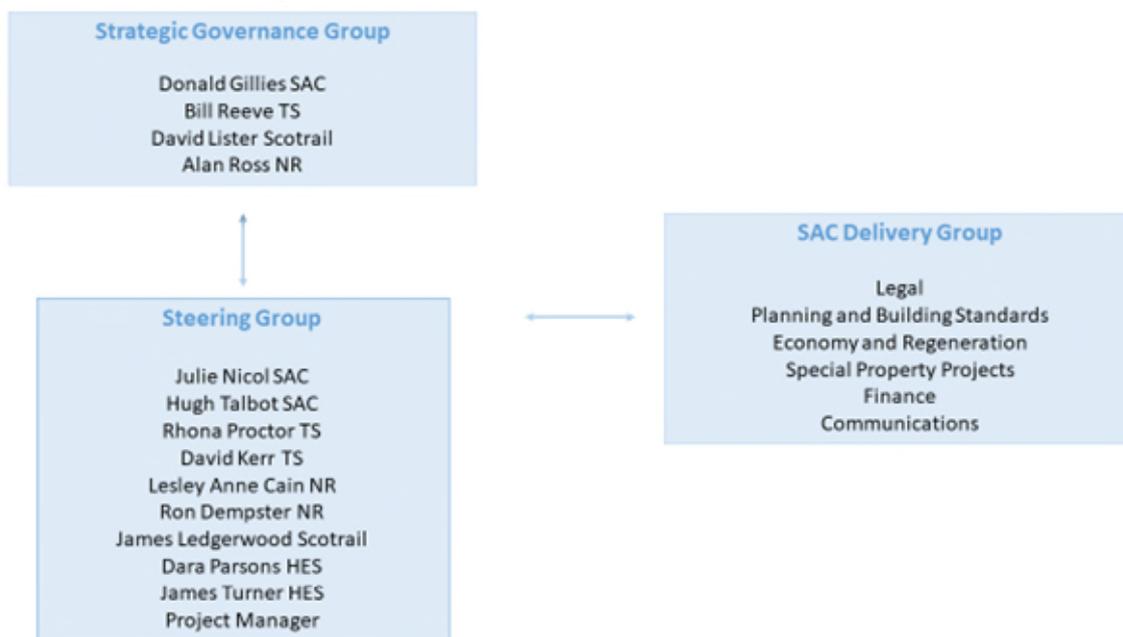
Date: 16th June 2020

Station Hotel Costs May 2020- April 2021*Appendix A*

	£	
CPMS	698,000	roof, scaffold, netting, inspections (May 2020 - April 2021)
	77,000	emergency works for storm damage and future proofing
Mott Macdonald	16,000	Risk assessments and protocols, inspections and management (May2020 - April 2021)
Project Manager	100,000	project development, consultation, liaison with stakeholders
ARA	5,500	Station Bridge Ayr Traffic Management
Met Office	3,500	Specific weather forecast for location and structure (May 2020 - April 2021)
Contingency	100,000	Contingency allowance for storm damage and any further unforeseen costs
Total	1,000,000	

Station Hotel, Ayr Governance

Appendix B



Strategic Governance Group

The Strategic Governance Group will replace the Task Force. It will comprise senior representatives from South Ayrshire Council, Transport Scotland, Network Rail and Scotrail. The group will be chaired by South Ayrshire Council.

The purpose of the group will be to oversee and approve the work being undertaken by the Stakeholder Group in relation to the ongoing feasibility study, business continuity and communications.

The group will receive updates from South Ayrshire Council in relation to the condition of the Station Hotel, funding and future development proposals.

Membership	<ul style="list-style-type: none"> • South Ayrshire Council • Transport Scotland • Network Rail • Scotrail
Role	<ul style="list-style-type: none"> • Feasibility Study approval • Business continuity overview • Communications Strategy approval
Operating Arrangements	<ul style="list-style-type: none"> • Meets quarterly • Minuted meetings • Papers sent out 3 working days in advance • Forward plan in place to inform future agendas

Steering Group

The Steering Group is equivalent to the existing arrangement and will comprise officers who have a working knowledge of the Station Hotel site and respective operational requirements. If agreed a jointly funded Project Manager will also sit on this group.

This group will be chaired by South Ayrshire Council and will report to the Strategic Governance Group.

Membership	<ul style="list-style-type: none"> • SAC Planning and Building Standards • Transport Scotland
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	<ul style="list-style-type: none"> • Network Rail • Scotrail • Historic Environment Scotland • Project Manager
Role	<ul style="list-style-type: none"> • Feasibility Study project management ** • Business continuity monitoring • Communications Strategy development and implementation
Operating Arrangements	<ul style="list-style-type: none"> • Meets quarterly • Minuted meetings • Papers sent out 3 working days in advance • Forward plan in place to inform future agendas

****TS will continue as client for the feasibility study contract. Contract output will be considered by the Steering Group and signed off by the Strategic Governance Group**

SAC Delivery Group

This new group will sit at the local authority level and will comprise officers with key roles in the project delivery. The group will provide a regular overview to senior management and elected members through the Ayr Town Centre Sounding Board.

Membership	<ul style="list-style-type: none"> • Regulatory Services • Planning and Building Standards • Finance • Economy and Regeneration • Special Property Projects • Communications • Others as required
Responsibilities	<ul style="list-style-type: none"> • Lead resolution of the Station Hotel site • Lead action under Building (Scotland) 2003 Act • Ensure continued financial monitoring • Report to Corporate Management Team and Leadership Panel
Operating Arrangements	<ul style="list-style-type: none"> • Meets monthly • Minuted meetings • Papers sent out 3 days in advance • Forward plan in place to inform future agendas

Attendees listed below

Strategic Governance Group:

Donald Gillies	Director of Place, South Ayrshire Council
Bill Reeve	Director of Rail, Transport Scotland
David Lister	Sustainability and Safety Director, Scotrail
Alan Ross	Director of Engineering and Asset Management, Network Rail

Steering Group:

Julie Nicol Council	Service Lead, Planning and Building Standards, South Ayrshire
Hugh Talbot	Team Leader, Building Standards, South Ayrshire Council
Rhona Proctor	Project Sponsor, Transport Scotland
David Kerr	Transport Scotland
Lesley Anne Cain	Sponsor, Network Rail
Ron Dempster	Network Rail
James Ledgerwood	Head of Economic Development and Communities
Dara Parsons	Historic Environment Scotland
James Turner	Historic Environment Scotland

Project Manager TBC

SAC Delivery Group:

Catriona Caves	Regulatory Services
Karen Briggs	“
Fiona Ross/ Christine McMenamin	“
Julie Nicol	Planning and Building Standards
Hugh Talbot	Building Standards
Gordon Hunter	Finance
Theo Leijser	Economy and Regeneration
Derek Yuille	Special Property Projects
Gillian Farrell	Communications