

South Ayrshire Council

**Report by Director - Place
to South Ayrshire Council
of 4 October 2018**

Subject: Proposed Purchase of the Belleisle Hotel and South Lodge House, Ayr

1. Purpose

- 1.1 The purpose of this report is to seek the Council's approval to purchase the former Belleisle Hotel, its associated grounds and South Lodge House, Ayr, hereafter referred to in the report collectively as the Belleisle Hotel as shown highlighted in [Appendix 1](#).

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 agrees to the purchase of Belleisle Hotel at the value specified by the independent valuer;**
- 2.1.2 reallocates capital expenditure from the later years of the 2018/19 to 2025/26 capital programme to meet the cost;**
- 2.1.3 delegates authority to the Director – Place to request Legal Services to conclude this transaction on such other terms and conditions as may be required; and**
- 2.1.4 agrees to Council officers reviewing future use options for the Belleisle Hotel and reporting back to the Leadership Panel on these options once the purchase has been concluded.**

3. Background

- 3.1 The Belleisle Hotel and its associated grounds of 2.11 acres of land and Lodge House was purchased from South Ayrshire Council for £300,000 in August 2012 by @SIPP (Pension Trustees) Ltd. The purchaser intended to refurbish and extend the original hotel, significantly increasing the amount of hotel rooms available and creating a 5 star hotel, leisure and conference facility.
- 3.2 A Minute of Agreement (MOA) was concluded between the Council and the purchaser and registered with the Registers of Scotland on 14 August 2012. This MOA tied the purchaser to completing the development within a set period of time and re-opening and operating the property as a hotel. Failure to do so would enable

the Council to consider re-purchasing the property at 'Market Value' as set out in section (5) of the MOA.

- 3.3 The purchaser has carried out partial redevelopment works to the main hotel building including demolition of newer extensions to the original building. The interior of the building is far from complete and the planned extension has not commenced.
- 3.4 The failure to progress with the development has attracted a wide level of criticism and concern about the dangers and risks associated with, in essence, an un-manned building site in the middle of one of the Council's most popular public parks.
- 3.5 The developer has been contacted on number of occasions over the last 5 years by officers from both the Building Standards and the Grounds Maintenance teams about the condition of the building and the lack of maintenance provided to the protective fencing surrounding the development sites.
- 3.6 Efforts have also been made to seek confirmation from the developer as to when works would recommence at the former Belleisle Hotel. These efforts have proved unsuccessful.
- 3.7 South Ayrshire Council together with Heritage Lottery Fund has invested £5.2million pounds into the rejuvenation of Belleisle Park and Golf Courses. Through this investment Belleisle now has a new club house, new play area, refurbished conservatory and new arrival centre. To date we have seen numbers of visitors rise. However if there is no positive change in the condition and use of Belleisle House this will have a significant negative impact to the Park caused by a deteriorating building to which there is no identifiable plan for improvement.
- 3.8 The purchaser has failed to complete the development by the specified time and is not in a position to do so in the immediate future, as a result the Council is proposing to invoke section (5) of the MOA and buy back Belleisle Hotel.
- 3.9 The valuation firm, CDLH, who specialise in the valuation of hotels was appointed by the Chairman of the Royal Institution of Chartered Surveyors (RICS) to carry out an independent valuation for Belleisle Hotel, and this valuation has recently been completed and sent to both the Council and @SIPP (Pension Trustees) Ltd.

4. Proposals

- 4.1 CDLH has valued the Belleisle Hotel at £275,000. This valuation takes into account the work already carried out and the cost of works required to complete the refurbishment and modernisation of the main hotel building only.
- 4.2 It is proposed that the Council buys back Belleisle Hotel at the valuation price of £275,000.
- 4.3 If approval is granted to buy back the Belleisle Hotel the Council will contact the owner to offer to purchase the property back for the sum of £275,000. The Council's Legal Services have advised that should the owner refuse to sell, or enter into negotiations to sell, the Council will most likely have to take @SIPP (Pension Trustees) Ltd to court to enforce the MOA.

4.4 In terms of future use Planning have advised that the Local Development Plan considers that any recreational/leisure use associated with the park would likely to be considered acceptable. They have highlighted that the building is category B listed and any proposals that result in the sensitive restoration and re-use of the building would require to be justified. If the Council purchases the Belleisle Hotel, then a report will be submitted to Leadership Panel for its consideration on the options available with regard to its future development.

5. Legal and Procurement Implications

5.1 The recommendations within this report are consistent with legal requirements. Legal Services will be required to conclude the transaction in line with the MOA.

5.2 A licence, drawn up as part of the sale of the Belleisle Hotel in 2012, to use the west lawn of Belleisle Estate adjacent to the Belleisle Hotel, with reserved tee-off times at Belleisle Golf Course for the exclusive use of the proposed hotel, was never put in place due to the fact that the '*Date of Entry*'¹ for the use of the assets never materialised.

5.3 There are no other procurement implications arising from this report.

6. Financial Implications

6.1 There will be a capital spend of £275,000. It is anticipated that the Council will require to pay the seller's legal costs, and the potential of further legal costs if the Council has to proceed with an enforced sale. The Council would also require to pay the Land and Building Transaction Tax on this purchase which would amount to £3,750. It is proposed that this expenditure is funded from the uncommitted sums in the later years of the 2018/19 to 2025/26 capital programme.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

Risk Implications of Adopting the Recommendations

8.1.1 There is a risk that the Council could enter into a protracted legal process with the owners of the Belleisle Hotel and be responsible for significant legal costs in order to purchase this property.

Risk Implications of Rejecting the Recommendations

8.2.1 This building sits within a public park with access routes around the red line site. As the building continues to deteriorate and with poor perimeter fencing there is a potential future Health and Safety issue from the structure. If there is no positive change in the condition and use of the Belleisle Hotel, this will detract from the significant investment made within Belleisle Park by South Ayrshire Council and Heritage Lottery Fund over the last number of years.

9. Equalities

¹ "Date of Entry" means the Hotel opening date.

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 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 the Council strategic objective of 'Enhanced Environment through Social, Cultural and Economic Activities' and within that to the outcome 'Work with partners to improve roads and other infrastructure, to encourage house building and business investment that sustains local communities'.

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 Peter Henderson, Portfolio Holder for Resources and Performance, 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:

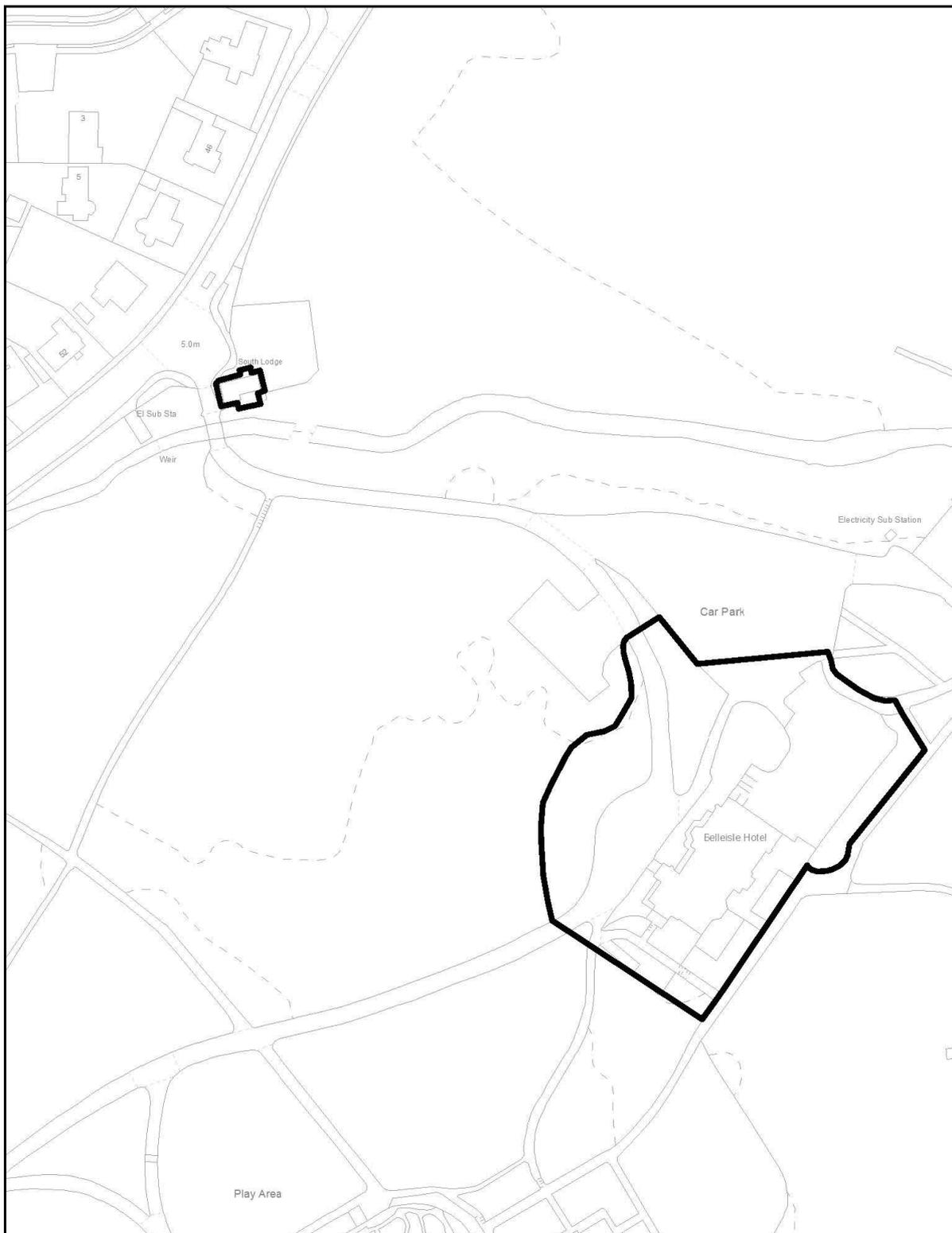
<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Conclusion of purchase of Belleisle Hotel	31 March 2019	Service Lead – Asset Management and Community Asset Transfer

Background Papers **None**

Person to Contact **Tom Burns, Service Lead – Service Lead - Asset Management**

and Community Asset Transfer
Newton House, Green Street Lane, Ayr, KA8 8BH
Phone 01292 612845
E-mail tom.burns@south-ayrshire.gov.uk

Date: 27 September 2018



Belleisle House Hotel & South Lodge.

Total Area = 2.11 Acres

Scale 1:1500



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 2018. All rights reserved. Licence number 100020765.

1. Proposal details

Proposal Title Proposed Purchase of the Belleisle Hotel and South Lodge House, Ayr	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 or 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 not have a significant negative or positive impact on any particular group.		
Signed : Donald Gillies	Director - Place	
Date: 13 September 2018	Copy to equalities@south-ayrshire.gov.uk	

