

WEST DUNBARTONSHIRE COUNCIL

Report by the Acting Executive Director of Housing, Environmental and Economic Development (Housing and Regeneration Services)

Council : 19 December 2007

Subject: Kippen Dairy Site, Alexandria

1. Purpose

- 1.1** The purpose of this report is to provide background information, option appraisal and recommendations in respect of a motion submitted for consideration by the Council concerning the Kippen Dairy site, Alexandria.

2. Background

- 2.1** The Council has assembled a site measuring 1.38 acres (or thereby) at Main Street/North Street, Alexandria (the Kippen Dairy site). In assembling the site, it was considered that this location could possibly be appropriate for the construction of a new medical centre to serve the wider Alexandria area. For a variety of reasons this proposal did not proceed at this location and subsequently planning consent was granted by the Planning Committee for a new medical centre at a site at the Vale of Leven Hospital.
- 2.2** On 2 November 2005, the Community Safety and Environmental Services Committee agreed that the Kippen Dairy site should be sold on the open market for private residential use. Subsequently, at a meeting held on 2 August 2006, the Community Safety and Environmental Services Committee agreed to convene a consultation meeting involving relevant community planning partners and local representative organisations to consider the preparation of a regeneration plan for Alexandria and establishment of a Forum to oversee its implementation. The Committee also agreed to delay the disposal of the Kippen Dairy site until a more comprehensive planning brief for the site and its surrounding area had been developed.
- 2.3** Consultants have been appointed to prepare a masterplan for central Alexandria. A progress report concerning this masterplan exercise will be presented to the meeting of the Housing, Environment and Economic Development Committee, scheduled for 9 January 2008.

- 2.4** Following the decision of the Community Safety and Environmental Services Committee of 2 August 2006, a forum has been established to take forward the preparation of the Masterplan for central Alexandria. Members and key agencies sit on this forum together with representatives of business and community organisations. Within this forum, the view has been strongly expressed that the proposed new medical centre for Alexandria should be developed at the Kippen Dairy site rather than at the Vale of Leven Hospital.
- 2.5** Representatives of the Health Board have indicated that it is their intention to develop a Health Centre in a style closely aligned to that for which Planning Consent has been obtained at the Vale of Leven Hospital with all patient care facilities on the ground floor with only administrative accommodation on the first floor. Around 190 car parking spaces will be provided in line with the requirements of the Roads Division. A business case in order to secure funding for the construction of this facility at the Vale of Leven Hospital site has been submitted for consideration by the Scottish Government in the current funding round.
- 2.6** While the Kippen Dairy site could accommodate the footprint of the medical centre presently proposed for the Vale of Leven Hospital site, only 50-60 car parking spaces could be provided and because inadequate parking could be provided, Roads Officials would be unlikely to recommend the approval of a Planning Application. One option which has been considered is the extension of car parking areas. This would require the demolition of adjacent Council blocks of housing at McAllister Road and Alexander Street. Given that there are eleven owner/occupiers within these blocks, this process would be dependent not only on the strategic review of housing provision which is presently being carried out by the Council, but also the willingness of private owners to sell. This could be an expensive and drawn out process which would not meet the present requirements of the Health Board with respect to the proposed programme of development for the Medical Centre.
- 2.7** At a meeting of the Alexandria Forum held on Wednesday, 5 December 2007 and at a subsequent public meeting, the Director of Cordale Housing Association, made a presentation concerning the proposed Medical Centre. He indicated that studies carried out by Cordale Housing Association indicated that a Medical Centre could be developed on the current Kippen Dairy site over 2½ storeys with all surgeries on the ground floor, other patient care facilities on the first floor and office accommodation on the third floor. It was indicated that around 140 parking spaces could be achieved. While it is accepted that this is an improvement with respect to the parking provision identified as being available in paragraph 2.6, it still falls short of the Roads Division's requirement of around 190 spaces.
- 2.8** The proposal prepared in outline by Cordale Housing Association included within the boundaries of the development site, an area of land at Susannah Street, presently owned by Dunbritton Housing Association. The motion before the Council indicates that this site has recently been donated at no cost to the Council by Dunbritton Housing Association.

In fact, the site remains within the ownership of Dunbritton Housing Association who have offered to dispose of it to the Council subject to approval by Communities Scotland as part of an excambion or transaction which would result in the Housing Association acquiring an alternative development site from the Council elsewhere in the Alexandria area. This proposal is still at an early stage and officers are not in a position to prepare a report for consideration by the relevant Committee.

- 2.9** It is fair to say that the proposal by Cordale Housing Association received widespread support from business and community representatives attending the Forum meeting and from the individuals present at the public meeting. Equally, it remained clear that the Health Board had substantial reservations concerning the desirability and feasibility of the proposal outlined by Cordale Housing Association and it remains the case that their submission in respect of an outline business case for the development of a medical centre at the Vale of Leven Hospital site has been lodged for consideration by the appropriate authorities.
- 2.10** In terms of value, it is understood that Dunbritton Housing Association paid £120,000 to acquire the Susannah Street location and have spent a further £20,000 on demolition etc.. They will be required by Communities Scotland to secure a site of at least equivalent worth from the Council as part of any excambion. On assembly, the Kippen Dairy site was valued at £500,000. The current open market capital value is £650,000. Arising from the above, the total value of sites under consideration in terms of the resolution before the Council is put at in the region of £800,000.

3. Main Issues

- 3.1** The Council is required to determine its view on the motion which has been submitted for consideration.
- 3.2** While detailed Planning Consent has been granted for a medical centre at the Vale of Leven Hospital site, the Health Board has indicated that it would require to submit a further full planning application concerning the proposed medical centre. In the event that its outline business case is approved, a design team would be appointed to prepare the necessary drawings so that a further full planning application could be submitted in 2008.
- 3.3** The arguments advanced by Cordale Housing Association, and community and business representatives in respect of their preference for the Kippen Dairy site concern the desirability of locating a facility of this nature which attracts a significant number of visits from the general public within a town centre area. It is argued that visitors to the medical centre would also visit other shops and services within the town centre, promoting footfall and to develop the medical centre at the Vale of Leven Hospital site would have a significant detrimental effect upon the viability of the commercial centre of Alexandria. The consultants who have been appointed to prepare the Alexandria masterplan have taken note of this view.

Arising from the consultations which they have carried out they make reference to the desirability of maintaining the medical centre within the town centre area.

- 3.4** In planning terms the desirability of locating the medical centre within a town centre area should a suitable site be available is accepted. It is likely that the Alexandria Masterplan will seek to promote the regeneration of the area based on mixed use proposals concerning an enhanced commercial offer with residential development involving both private sector and social housing. The location of the medical centre would be complementary to this mixed use strategy.
- 3.5** On the other hand, the Health Board owns a site at the Vale of Leven Hospital, has submitted an outline business case and would be in a position to proceed in early course with the construction of the facility should funding be granted.
- 3.6** The motion seeks to require the Council to sell the Kippen Dairy site to the Greater Glasgow and Clyde Health Board for the sum of £1. It would be appreciated that the Council can only offer to dispose of this site to the Health Board and cannot require that this transaction should be concluded. Representatives of the Health Board have expressed their concern at the form of building proposed under the option advanced by Cordale Housing Association. In the event that the Council agrees to offer the site to the Greater Glasgow and Clyde Health Board, then it seems clear that this transaction should not take place until such times as it is clear that the Health Board has the necessary commitment, funds and planning consent to carry out the development of the medical centre. As indicated above, there is a small site in Susannah Street presently in the ownership of Dunbritton Housing Association and again, it would not seem appropriate to conclude a transaction with the Health Board until such times as this site has been acquired by the Council or has otherwise been made available to the Health Board.
- 3.7** It would appear that the Council has the following options.

Option 1: Agree to offer the site to the Greater Glasgow Health Board for the purposes of a Medical Centre Development

This option is based upon the proposal worked up by Cordale Housing Association for a 2½ storey building with 140 car parking spaces. It will be appreciated that no technical checks have been carried out either by Council or Health Board officials as to the technical feasibility of this proposal. It will be noted that this proposal is based on the provision of 140 car parking spaces as calculated by Cordale Housing Association and this remains below the Roads Division's normal requirement of around 190 spaces of this nature. This proposal would meet the aspirations of the Alexandria Forum in respect of the location of a medical centre as an integral part of the town centre masterplan and meet planning arguments in support of siting facilities of this nature within town centre areas. In the event that it proves to be technically feasible to develop a medical centre at this location and crucially that this proposal is accepted as being appropriate by the Health Board, then a medical centre.

The Council would require to determine at what value it proposed to offer the site to the Health Board. Options would be:

- (a) peppercorn, recognising that this transaction would require the consent of the Scottish Government because it is at a value below the assessed market value of the site;
- (b) £340,000 representing a return of the funds invested by the Council in assembling and clearing the Kippen Dairy site and in acquiring the Susannah Street site, noting that this transaction would also require the consent of the Scottish Government; and
- (c) full market value (presently put at around £800,000 including the Susannah Street site to be acquired from Dunbritton Housing Association).

In the event that there proves to be a need to develop the Health Centre predominantly as a single storey building as preferred by the Health Board, implementation of this proposal at the Kippen Dairy site together with the necessary car parking would require the demolition of Council housing at McAllister Road and Alexander Street and the incorporation of the cleared site within the Health Centre proposal. As noted above, there are eleven owner/occupiers within these blocks and their properties would have to be acquired. This would require considerable additional resources to be expended and would result in significant delay.

Option 2: Maintain the status quo

As indicated above, the Council has delayed marketing this site for private residential development pending the preparation of a masterplan for the area. In the event that this site is not to be made available for medical centre purposes through the selection of option 1, the masterplanners would be required to identify a use for this location. Residential development has been considered in the past though commercial development could also be an option. On approval of the masterplan, a report would be submitted to the relevant Committee seeking approval to dispose of this site and a market receipt would be generated.

The Council has a requirement to demonstrate Best Value in the manner in which it manages its assets. The Council has recently been subjected to some criticism by Auditors when disposing of assets for less than market value. Accordingly, the views of Auditors may require to be obtained prior to the Council taking a final division on any disposal. Any proposal to dispose of assets at below market value requires the consent of the Scottish Government and requires to be properly justified. The Government will not normally consent to such disposals where the buyer can afford to pay market value.

As indicated above, there are planning and regeneration arguments as to why the Health Centre should be located within the Alexandria central area. At this stage, the Council has not had detailed discussion at officer level with Health Board representatives concerning the proposal advanced by Cordale Housing Association. Moreover, it has not been established whether the Health Board would be in a position to consider the Kippen Dairy site. Any financial arrangements concerning the Kippen Dairy site have not been discussed with the Health Board and it has not been established whether the Health Board would be willing or able to buy the Kippen Dairy site at market value or enter into an alternative arrangement such as an excambion. To that extent it is premature to offer the site to the Health Board at anything other than market value.

4. Personnel Issues

4.1 There are no Personnel Issues.

5. Financial Implications

5.1 As indicated above, the current Kippen Dairy site is valued at around £650,000. The Council invested £200,000 in assembling and clearing this site. Acquiring the Susannah Street site from Dunbritton Housing Association would require an excambion or an exchange of a site of similar value presently put at around £140,000. The disposal of the site at peppercorn would result in the Council foregoing on an assessed market value of around £800,000. In the event that the site was put on the market for development, then it is likely that the most economically advantageous offer would be accepted by the Council.

6. Risk Analysis

6.1 Should it agree to dispose of land to the Health Board prior to any formal commitment to construct a medical centre at the Kippen Dairy location, there is a risk that a disposal could take place at below market value with the development not subsequently taking place. There is a risk that agreement will not be reached with Dunbritton Housing Association concerning an excambion or other means of acquiring their site at Susannah Street, Alexandria. In the event that the Health Board agree to submit a new revised business case for the Health Centre at the Kippen Dairy site, there is a risk that the project will be delayed, though, of course, it will be noted that there is presently no guarantee that funds will be made available for the project as currently proposed. In the event that the Council agrees to a less than market value transaction without proper justification, there is a risk that the Council will be subject to criticism by auditors and that the Government will decline to authorise the transaction.

7. Conclusions

- 7.1 Development of a medical centre at this location by the Health Board would meet the aspirations of local business and community representatives who argue that this would assist in maintaining the viability of the Alexandria commercial centre, and there are planning arguments to support this view.
- 7.2 At this stage, the Health Board have given no commitment to development of a medical centre at this location. The Health Board have indicated a strong preference for the development of a centre with all patient care facilities on the ground floor and have as yet given no indication that a 2½ storey development of the type proposed by Cordale Housing Association would meet their requirements. Ultimately, it is for the Health Board to determine the location and format of the project it wishes to pursue, bearing in mind the need to gain planning consent.
- 7.3 The Health Board has submitted a business case seeking funding for this project to be built at the Vale of Leven Hospital. A submission based on an alternative site such as the Kippen Dairy would presumably require a new or amended business case to be submitted and there is a risk of further delay with respect to this project. However, the Council may consider that it wishes to offer the Kippen Dairy site to the Health Board. To date there have been no discussions with the Health Board as to their wish or ability to buy this site. The Health Board have not been asked directly whether they would wish to purchase the site at market value or enter into an alternative arrangement suitable to the Council such as an excambion. At this stage, it is considered premature to offer the site to the Health Board at anything other than the market value.

8. Recommendations

- 8.1 **That the Council instructs the Acting Executive Director of Housing, Environmental and Economic Development (Housing and Regeneration Services) to offer to sell the Kippen Dairy site at market value to the Health Board for the purposes of a medical centre development.**
- 8.2 **That the Council instructs the Acting Executive Director of Housing, Environmental and Economic Development (Housing and Regeneration Services) to continue negotiations with Dunbritton Housing Association concerning the acquisition of their site at Susannah Street, Alexandria.**

8.3 That the Acting Executive Director of Housing, Environmental and Economic Development (Housing and Regeneration Services) be instructed to submit a further report to a future meeting of the Council indicating progress with respect to these matters and indicating any issues arising.

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Date: 11 December 2007**

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Appendix: None

Background Papers: Report to the community Safety & Environmental Services Committee of 2 November 2005

Report to the Community Safety & Environmental Services Committee on 2 August 2006

Wards Affected: Wards 1 & 2