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## NORTH AYRSHIRE COUNCIL

15 June 2021

### Cabinet

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**Title:** North Ayrshire Council Recovery and Renewal Funding and Investment Proposals

**Purpose:** To advise Cabinet of Recovery and Renewal Investment proposals

**Recommendation:** That Cabinet:

Approves the investment proposals to be met from North Ayrshire Council's Recovery and Renewal resources and notes the phased approach in allocating financial resources subject to achieving a balanced outturn position in 2021-22

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### 1. Executive Summary

- 1.1. The General Services Revenue Estimates 2021/22 to 2023/24 report to Council on the 4 March 2021 included a reference to further non-recurring funding being made available to local authorities in 2020/21 to help manage the financial impact of the pandemic. The report noted that depending on the final outturn position for 2020/21, resources would be considered for carry forward into 2021/22 to help address the ongoing financial impact and that further expenditure proposals would be developed as part the Council's recovery and renewal planning.
- 1.2. Further funding from Scottish Government has been announced in 2021/22 to support the Education recovery and help address ongoing financial pressures throughout the year. Building on the work undertaken during 2020/21 as part of North Ayrshire Councils Financial Recovery Plan, the current financial position presents scope for strategic investment in Recovery and Renewal activities whilst continuing to monitor the ongoing financial impact of the pandemic. Recovery and Renewal investment of up to £14.744m has been identified, however, it is recommended that this is made available on a phased proportionate basis, with an Initial £10.000m released and the balance of £4.744m becoming available later in the financial year, subject to a projected balanced year end position in 2021/22.
- 1.3. Investment in Recovery and Renewal activity is set within the context of the Council Plan priorities and the Community Wealth Building strategy and aligns to the principles included in the Recovery and Renewal Strategy approved at Cabinet on 8 September 2020, with specific investment priorities identified to support:

- The economic recovery
  - Environmental Initiatives for a green economic recovery
  - Vulnerable families, citizens and communities
  - Sustainable Investment in physical infrastructure and open spaces, and
  - Investment in mental health and wellbeing initiatives.
- 1.4. Recovery and Renewal investment has also been considered within the context of various other related funding opportunities. Whilst an aim is to maximise any available investment opportunities, it is important to align this investment to the Recovery and Renewal key principles and areas of strategic investment priority.

## 2. Background

- 2.1 The General Services Revenue Estimates 2021/22 to 2023/24 report to Council on the 4 March 2021 included a reference to further non-recurring funding being made available to local authorities in 2020/21 to help manage the financial impact of the pandemic. The report noted that depending on the final outturn position for 2020/21, resources would be considered for carry forward into 2021/22 to help address the ongoing financial impact and that further expenditure proposals would be developed as part the Council's recovery and renewal planning.
- 2.2 Further funding from Scottish Government has been announced in 2021/22 to support the Education recovery and to help address ongoing financial pressures throughout the year. Building on the work undertaken during 2020/21 as part of North Ayrshire Councils Financial Recovery Plan, the current financial position and level of unearmarked reserves presents scope for strategic investment in Recovery and Renewal activities whilst continuing to monitor the ongoing financial impact of the pandemic. Recovery and Renewal investment of up to £14.744m has been identified, however, it is recommended that this is made available on a phased proportionate basis, with an Initial £10.000m released and the balance of £4.744m becoming available later in the financial year, subject to a projected balanced year end position in 2021/22. The breakdown of the £14.744m funding is included in the undernoted table and consists of general Scottish Government funding across 2020/21 and 2021/22.

Specific / General	Description	Total Allocation	Comment
General	Non-Recurring COVID funding 2020/21	£5.872m	Share of £275m. C/F to 21/22
General	Addressing Financial Hardship	£0.705m	Share of £20m. C/F to 21/22.

General	Level 4 Social / Welfare Support to 31 March 2021	£0.397m	Level 4 restrictions. Share of £15m. C/F to 21/22
General	Non-Recurring COVID Funding 2021-22	£6.731m	General allocation share of national £259m.
General	Additional Flexible COVID Funding allocation 2021-22	£1.039m	Share of national £40m
	<b>TOTAL</b>	<b>£14.744m</b>	

- 2.3 The financial position will continue to be monitored throughout 2021/22. It is recognised that financial pressures will continue to be present across a range of Council budgets including various areas of income generation for the Council, waste services, Council tax collection levels, Council tax reduction, PPE costs and the ongoing financial pressures faced by North Ayrshire Leisure limited (NALL).
- 2.4 The 2020/21 provisional outturn position (after earmarking resources for carry forward into 2021/22) indicates an anticipated General Fund underspend of £1.656m. The underspend results in an increase in unearmarked reserves to £11.315m at 31 March 2021, which represents 2.9% of the General Fund budget. This remains within the parameters of the recommended Reserves policy of between 2% and 4%. It is recognised that the level of the Council's unearmarked reserves will provide further financial resilience in managing ongoing pressures related to the pandemic.
- 2.5 Funding from Scottish Government to address Income loss totalled £2.476m in 2020/21. This funding has been carried forward to 2021/22 to help address income pressures faced by the Council and NALL. A further allocation is expected during 2021/22.
- 2.6 Any Investment in Recovery and Renewal activity should align to the priorities included within the Council Plan and Community Wealth Building strategy and the principles included within the Recovery and Renewal Strategy approved at Cabinet on 8 September 2020. The key principles included:
- Prioritise the health and wellbeing of our residents by protecting the most vulnerable in our society against the immediate threat of coronavirus and the consequences of changes to the way we live.
  - Work with our communities in the renewal of services to ensure they meet their needs and priorities.
  - Build community capacity and resilience.
  - Support the economic recovery of North Ayrshire, helping to create a strong, sustainable and inclusive economy for the future that supports local resilience using the Ayrshire Growth Deal and Community Wealth Building as a means of creating an inclusive economy.
  - Learn lessons from the challenges of Covid 19, promoting a system that utilises the strengths of North Ayrshire to the benefit of all North Ayrshire's residents and businesses.

- Ensure our children and young people get the best start in life by creating opportunities for education and employment, including through Community Wealth Building and Renewal.
- Prioritise and help tackle poverty, including child poverty.
- Protect and prioritise the North Ayrshire environment and reinforce our work to mitigate and adapt to climate change.
- Pursue improvements in service delivery where they have been identified as part of the response and recovery phase, creating a more efficient and resilient system.
- Prioritise investment towards services that make a greater contribution to key outcomes.

2.7 The Recovery and Renewal principles were reaffirmed following virtual community engagement sessions undertaken as part of the annual budget process back in November and December 2020. From listening to the shared experiences of communities through the pandemic and understanding what is important to them, this has helped inform and develop the areas of strategic investment priority, with investment targeted across 5 main themes to support:

- The economic recovery
- Environmental Initiatives for a green economic recovery
- Vulnerable families, citizens and communities
- Sustainable Investment in physical infrastructure and open spaces, and
- Investment in mental health and wellbeing initiatives.

2.8 A number of investment proposals have been developed across the 5 strategic themes for consideration. Cabinet should also note there is currently a varied funding landscape with further potential opportunities for both capital and revenue investment outlined further in the agenda. It is therefore important to maximise investment opportunities by considering and integrating any match fund implications within the Council's Recovery and Renewal proposals. This has been considered in the development of the proposals. A summary of the recommended investment is included in the table:

Investment Priority Area and Proposal	Total Investment £m	Priority 1 £m	Priority 2 £m	Total £m	Other Funding Source £m
<b><i>Support to Vulnerable Families, Citizens and Communities</i></b>	<b>4.705</b>	<b>2.705</b>	<b>2.000</b>	<b>4.705</b>	
Community Asset Transfer Start Up Fund	1.000	1.000		1.000	
Community Investment Fund (CIF)	3.000	1.000	2.000	3.000	
Financial Insecurity Investment Fund	0.705	0.705		0.705	

<b><i>Environmental Initiatives to Support a Green Recovery</i></b>	<b>5.630</b>	<b>1.966</b>	<b>2.264</b>	<b>4.230</b>	<b>1.400</b>
Shewalton Solar Photovoltaic Farm Development	5.280	1.866	2.014	3.880	1.400
Participatory Budgeting – Crowd Funding Environmental Works	0.350	0.100	0.250	0.350	
<b><i>Investment in Physical Infrastructure and Open Spaces</i></b>	<b>31.345</b>	<b>3.884</b>	<b>0.150</b>	<b>4.034</b>	<b>27.311</b>
Coastal Playpark Improvements	0.500	0.500		0.500	
Parks Improvement Works	0.150	0.150		0.150	
Street Furniture Improvement Programme	0.250	0.100	0.150	0.250	
Tourism Infrastructure Investment – <i>Rural Tourism Infrastructure Fund</i>	0.445	0.134		0.134	0.311
Levelling Up Fund* – 10% Match – Transport B714 and potential contribution towards Economic Regeneration Bid match	30.000	3.000		3.000	27.000
<b><i>Investment to Support the Economic Recovery</i></b>	<b>1.330</b>	<b>1.000</b>	<b>0.330</b>	<b>1.330</b>	
Stimulating Start Up and Early Stage Business Growth	1.000	1.000		1.000	
Intermediate Labour Market Scheme	0.330		0.330	0.330	
<b><i>Investment in Mental Health and Wellbeing</i></b>	<b>0.454</b>	<b>0.445</b>		<b>0.445</b>	<b>0.009</b>
Delivery of a range of Community Based Mental Health and Wellbeing Supports	0.454	0.445		0.445	0.009
<b>Investment Summary</b>	<b>43.464</b>	<b>10.000</b>	<b>4.744</b>	<b>14.744</b>	<b>28.720</b>

***\* Subject to approval by UK Govt. Note. Match funding to help support the transport and regeneration bid. A further LUF bid and match funding requirement will be considered within current capital and revenue resources.***

## 2.9 Support to Vulnerable Families, Citizens and Communities - £4.705m

2.9.1 The Community Asset Transfer Start up Fund and a further allocation across each Locality Partnership in respect of the Community Investment Fund (CIF) will see up to £4.000m shared across localities to strengthen community empowerment, locality planning and place planning and support Community Wealth Building through increased community ownership of land and assets. It is recommended an initial £2.000m is released for investment, with a further £2.000m subject to a projected balanced outturn position later in 2021/22.

2.9.2 The Financial Insecurity Investment Fund will deliver investment of £0.705m covering a range of supports to communities, including:

- Access to Finance Fund – Grant support to 1<sup>st</sup> Alliance Credit Union providing access to finance aimed at meeting the needs of the most vulnerable - £0.150m
- Further develop the long-term sustainability of organisations within the Community Fairer Food Network through community economic development and linking into the Cost of the School Day programme - £0.150m
- Develop the Community Support for Mental Health Pandemic Response PB Fund to extend the informal network - £0.075m
- Using a Community Wealth Building approach, further develop the Children and Families Investment Fund, linking into the existing commitments to reduce the Cost of the School Day - £0.075m
- Progress digital access, connections and skills through provision of devices and support for those citizens not accessing digital support via school or family channels, including elderly people - £0.255m.

#### 2.10 Environmental Initiatives to Support a Green Recovery - £4.230m

2.10.1 Building on the Nethermain project, progress with a solar PV farm development at the Shewalton former landfill site. The proposal would generate 5,482 MWh of electricity annually with an anticipated annual carbon reduction of 358 tCO<sub>2</sub>. The total required capital investment is £5.280m, with £1.400m met from the Council's Investment Fund, leaving a funding requirement of £3.880m. It is recommended an initial £1.866m is released from the Recovery and Renewal Fund, with the balance of £2.014m released subject to the outturn position in 2021/22. With an anticipated return of investment of £0.642m annually, should the balance of investment (£2.014m) not be available to support the proposal, additional capital borrowing is recommended, with the cost of financing met fully from the annual revenue savings.

2.10.2 Development of an initial pilot Participatory Budget scheme to support a crowd funding approach to community based environmental projects. The Council would aim to match fund projects that can demonstrate a positive environmental impact. An initial £0.100m is recommended with a further £0.250m investment subject to a successful pilot and a balanced outturn position in 2021/22.

#### 2.11 Investment in Physical Infrastructure and Open Spaces - £4.034m

2.11.1 Recognising the importance of the physical environment and outdoors as part of the recovery from the pandemic and to ensure the Council has sustainable infrastructure for communities to enjoy and to help promote tourism, recommended infrastructure works include investment in coastal playparks (£0.500m), development of a programme of parks improvement works including drainage and furniture upgrades (£0.150m) and street furniture improvement works targeted at tourist and coastal areas including new litter bins, benches and signage (up to £0.250m).

2.11.2 Through the Scottish Government Rural Tourism Infrastructure fund, 70% funding is available to support tourism related infrastructure investment, with local authorities providing 30% funding. Total proposed investment of £0.445m, with £0.134m from the Council to support car park improvement works, footway and paving solutions at tourist destinations.

2.11.3 The UK Government has launched a Levelling Up Fund, inviting regeneration capital bids based on a Member of Parliament constituency basis and an additional transport bid. Match funding of 10% requires to be committed by local authorities in support of the bids. A transport bid in respect of the B714 with an estimated capital cost of up to £30.000m is due to be submitted by 18 June 2021 along with a regeneration bid for Ardrossan North Shore and Lochshore (£15.000m). Based on the materiality of the bids and in recognition of the financial pressure on the Council's 10 year capital programme, it is recommended that a contribution to the match funding requirement (£3.000m) is met from Recovery and Renewal Investment funds. It should be noted if this bid is not successful then the £3.000m will be available for further Recovery and Renewal investment. Further match funding requirement will be met from existing capital and revenue resources. A further joint capital bid with South Ayrshire Council will be considered for submission later in the year with match funding requirements advised at this time.

## 2.12 Investment to Support the Economic Recovery - £1.330m

2.12.1 The impact on businesses through the period of the pandemic continues to be significant. The full effect of the economic impact will be better informed when the Furlough support scheme comes to an end in September 2021. To support the economic recovery in North Ayrshire a proposal has been developed to stimulate start up and early stage business growth through development of a locality specific range of incubation space including industrial, yard space and office space. The proposal also includes development of shared services to support new businesses, including finance and HR support and a "Share Shop" using retail space to rent out tools and equipment for businesses to use. The investment cost of the development is estimated at £1.000m.

2.12.2 Subject to a balanced outturn position in 2021-22, investment of £0.330m is recommended to support an Intermediary Labour Market Scheme. The proposal will involve the Economic Development and Regeneration team working in association with the Council's Streetscene service to help facilitate delivery of active travel, landscaping and tree planting work whilst providing employment and work skills development opportunities.

## 2.13 Investment in Mental Health and Wellbeing - £0.445m

2.13.1 In recognising the impact on mental health through the pandemic, the Health and Social Care Partnership have developed a range of community based mental health and wellbeing proposals. Investment of £0.445m is recommended to support:

- Expansion of the perinatal mental health service across the whole of North Ayrshire - £0.065m

- Development of non-statutory community based mental health and wellbeing supports and approaches - £0.071m
- Funding a mental health practitioner post to support children and young people in the Meadowcroft Wellbeing Initiative - £0.048m
- Expansion of the neighbourhood network for mental health across localities. Introduce 5 networks with capacity to support up to 60 people and employing up to 6 local people - £0.181m
- Alcohol and Drug partnership match funding for a whole family approach PB event, enabling funding for community and grass roots organisations - £0.040m
- Alcohol and Drug partnership match funding for Eglinton Community Gardens initiative, providing support for mental health, training and access to green activities - £0.040m.

### **3 Proposals**

#### **3.1 That Cabinet:**

Approves the investment proposals to be met from North Ayrshire Council's Recovery and Renewal resources and notes the phased approach in allocating financial resources subject to achieving a balanced outturn position in 2021-22

### **4 Implications / Socio-economic Duty**

#### **Financial**

- 4.1 The financial implications are outlined in the report. Total Recovery and Renewal investment of £14.744m with an initial release of £10.000m investment and a further £4.744m released subject to achieving a balanced outturn position in 2021/22. The ongoing financial impact of the pandemic will continue to be monitored through 2021/22 with the current level of unearmarked reserves at 2.9% of the General Fund budget and SG Income loss Recovery funding providing further financial resilience to mitigate against further financial risk.

#### **Human Resources**

- 4.2 Investment in Recovery and Renewal activity will have positive workforce implications with the creation of additional posts across a range of investment proposals. The extent of employment opportunities will be progressed as projects are further developed.

#### **Legal**

- 4.3 Grant support to a credit union as part of the Financial Insecurity Investment Fund is expected to fall within the de minimis exemption threshold and therefore be exempt from the relevant subsidy control obligations.



## **Equality/Socio-economic**

- 4.4 The projects identified will assist in meeting the socio-economic duty as set out in the Fairer Scotland Duty by reducing economic, social and physical decline and reducing socio-economic disadvantage in the identified areas. The projects will increase community cohesion and advance community empowerment in the identified areas.

## **Environmental and Sustainability**

- 4.5 The proposals align with the proposed Environmental Sustainability and Climate Change Strategy and will deliver positive environmental and sustainability benefits through the environmental projects noted in the report to help deliver a green recovery.

## **Key Priorities**

- 4.6 The project proposals will contribute to achieving the Council Plan priority outcomes and will contribute to the ambitions for: active and strong communities; an inclusive, growing and enterprising economy; a vibrant, welcoming and attractive environment; and a sustainable environment. In particular, the proposals will: build stronger relationships between the council, communities and partners; enable us to support our communities to maximise the use of community assets; and enable us to work with communities to improve the quality of the local environment through a participatory approach.

## **Community Wealth Building**

- 4.7 The proposals will contribute to the delivery of the Land and Assets pillar, objectives and associated actions of the Community Wealth Building Strategy. They will support equitable land development and the development of underutilised assets for community use and ownership. They will also contribute to the Procurement pillar through the inclusion of appropriate community benefit or local supplier clauses within projects in line with the Council's community benefit policy.

## **5 Consultation**

- 5.1 Chief officers across the Council and the Health and Social Care Partnership have been consulted in developing the investment proposals.

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For further information please contact Mark Boyd, Head of Service (Finance) on 01294-324560.

## **Background Papers**

None