



**North Ayrshire Council**  
Comhairle Siorrachd Àir a Tuath

## **North Ayrshire Council**

A Meeting of North Ayrshire Council will be held in the **Council Chambers, Ground Floor, Cunninghame House, Irvine, KA12 8EE** on **Wednesday, 18 December 2019** at **14:00** to consider the undernoted business.

- 1 Apologies**
- 2 Declarations of Interest**  
Members are requested to give notice of any declarations of interest in respect of items of business on the Agenda.
- 3 Previous Minutes**  
The accuracy of the Minutes of meeting held on 13 November 2019 will be confirmed and the Minutes signed in accordance with Paragraph 7(1) of Schedule 7 of the Local Government (Scotland) Act 1973 (copy enclosed).
- 4 Provost's Report**  
Submit report by the Provost for the period from 4 November - 8 December 2019 (copy enclosed).
- 5 Leader's Report**  
Submit report by the Leader of the Council for the period from 4 November - 8 December 2019 (copy enclosed).
- 6 North Ayrshire Council Minute Volume (issued under separate cover)**  
Submit, for noting, the Minutes of meeting of committees of the Council held in the period 9 September - 4 December 2019.

**7 Committee Appointment**

Consider the undernoted committee nomination:-

Committee	Position	Nomination
Police and Fire and Rescue Committee	Vice Chair	Jimmy Miller

**8 Financial Outlook 2021/22 to 2022/23**

Submit report by the Executive Director (Finance and Corporate Support) on the likely financial position of the Council's General Fund in the medium term in order to inform the development of budget proposals (copy enclosed).

**9 Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2020/21**

Submit report by the Executive Director (Place) on the proposed HRA capital investment programme and revenue budget for 2020/21 and the consequential rent levels (copy enclosed).

**10 Ardrossan Harbour Redevelopment**

Submit update report by the Director (Growth and Investment) on the proposed redevelopment of Ardrossan Harbour (copy enclosed).

**11 Questions**

In terms of Standing Order 12, submit:-

**(1) a question by Councillor Marshall to the Cabinet Member for Education in the following terms:**

"Noting that future economic growth and employment generation in North Ayrshire depends on a well educated workforce, what impact does the steady decline in PISA scores in Mathematics in Scotland, over at least the last 10 years, have on future prospects for young people in North Ayrshire."

**(2) a question by Councillor Murdoch to the Chair of the Planning Committee in the following terms:**

"At the Full Council Meeting held on Wednesday 25<sup>th</sup> September 2019 I asked the following question:-

When considering the original (EIA) screening and planning applications in 2017/2018 and the second (EIA) screening in 2019, what tide lines did NAC use as part of their determination? Was it means high water springs or means low water springs?

In his answer the Chair of Planning confirmed that the Legal Cadastre was the High Water Mark and I quote, "Planning Permission and consequential EIA Screenings would be required for works above the High Water Mark and below that mark would be the responsibility of Marine Scotland."

Can the Chair of Planning please confirm that the answer he gave was the correct answer?"

**(3) a question by Councillor Brahim to the Leader of the Council in the following terms:**

"To ask the Leader of the Council what his Administration's position is on Rates Reliefs for businesses."

**(4) a question by Councillor McNicol to the Cabinet Member for Place in the following terms:**

"According to an article in the Irvine Times edition dated 28<sup>th</sup>. November 2019, it stated that the Irvine Special Events Forum were 'promising a Sea of Lights through the High Street' after having been awarded £30,000 for the Big Event.

Will the Portfolio Holder for Place inform Members from which fund the £30,000 was granted and what the monies were spent on? Will he also inform Members what the Council's budget is for Decorative Lightings, for year 2019/2020, and what is the likely out turn?"

**12 Motions**

In terms of Standing Order 13, submit:-

**(1) a motion by Councillor Dickson, seconded by Councillor McMaster, in the following terms:**

“On 23<sup>rd</sup> February 2017, East Ayrshire Council presented a position paper on prostitution to their council that they wished to declare their view that prostitution as a form of commercial exploitation is a form of Violence Against Women and Girls and advocates a ‘challenge demand’ approach. The report was backed with research evidence on prostitution, the different approaches taken around the world and an analysis of what works, endorsed by the Scottish Government and National Violence Against Women and Girls Network.

They not only endorsed that position but instructed clear communication to their workforce that support for prostitution, in any form, is unacceptable.

Since then NAVAWP & SAVAWP have also signed up to this statement and all 3 Violence Against Women Partnerships in Ayrshire have adopted the approach of supporting women to leave prostitution, and advocating for the decriminalisation of those selling sex, and to move to ‘challenge demand’ ie move to criminalise the buyers of sex (on/off street: online).

This approach is fully supported by the Community Justice Ayrshire Board.

At the Safer North Ayrshire Partnership, the NAVAWP requested a similar endorsement from North Ayrshire Council. It is believed to do so would strengthen the knowledge base and incorporate the approach more widely via our staff, policies and governance.

I believe that it has been an oversight to not have endorsed this statement sooner.

The position statement clearly outlines that the root cause of prostitution is gender inequality. Narrowing inequalities is a key plank in the Councils Strategic Plan.

The approach and supporting work is consistent with other work undertaken by the NAVAWPs.

And this is a priority area to reduce harm, improve safety, reduce trauma, and is positively promoted by Cllr Jim Montgomerie as our White Ribbon Ambassador.

I therefore call for the Council to :

1. Endorse the position statement on prostitution;
2. Request that Directors and Heads of Service ensure that all council policies are consistent with this position statement;

3. Request that Directors and Heads of Service of service promote the position statement to all staff, making clear that support for prostitution in any form is unacceptable, and that staff should work with women using a harm reduction approach and help them to exit prostitution safely when they feel ready to do so;
4. Cascade this message to partner organisations, particularly those where contractual relationships are in place.

That this position statement, developed on a multi agency basis, also be reported to the NACPP.”

**(2) a motion by Councillor Ferguson, seconded by Councillor Marshall, in the following terms:**

“That Council is to be congratulated on formal adoption of LDP2, in particular page 23 which continues our support for large and small scale power generation at Hunterston.

That Council supports a small modular nuclear reactor, which will replace the current Hunterston B station when it enters decommissioning thereby protecting the nuclear industry and professional workforce in Scotland.

That Council writes to Paul Wheelhouse, MSP, and Minister for Energy, Connectivity and the Islands to ask what work has been undertaken to ensure that advanced nuclear technologies are being considered for Hunterston, in line with the recommendations of the Scottish Government Energy Policy document produced in 2018.”

**13 Urgent Items**

Any other items which the Provost considers to be urgent.

**Webcasting**

Please note: this meeting may be filmed for live and subsequent broadcast via the Council's internet site. At the start of the meeting, the Provost will confirm if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act 1998. Data collected during the webcast will be retained in accordance with the Council's published policy, including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Generally, the press and public seating areas will not be filmed. However, by entering the Council Chambers and using the press or public seating area, you are consenting to being filmed and consenting to the use and storage of those images and sound recordings and any information pertaining to you contained in them for webcasting or training purposes and for the purpose of keeping historical records and making those records available to the public.

If you have any queries regarding this and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact [committeeservices@north-ayrshire.gov.uk](mailto:committeeservices@north-ayrshire.gov.uk).

---

## North Ayrshire Council Sederunt

---

Ian Clarkson (Provost)  
Robert Barr (Depute Provost)  
John Bell  
Timothy Billings  
Joy Brahim  
Marie Burns  
Joe Cullinane  
Scott Davidson  
Anthea Dickson  
John Easdale  
Todd Ferguson  
Robert Foster  
Scott Gallacher  
Alex Gallagher  
Margaret George  
John Glover  
Tony Gurney  
Alan Hill  
Christina Larsen  
Shaun Macaulay  
Jean McClung  
Ellen McMaster  
Ronnie McNicol  
Louise McPhater  
Davina McTiernan  
Tom Marshall  
Jimmy Miller  
Jim Montgomerie  
Ian Murdoch  
Donald Reid  
Donald L Reid  
Angela Stephen  
John Sweeney

Chair:

Apologies:

Attending:





**IRVINE, 13 November 2019** - At a Meeting of North Ayrshire Council at 2.00 p.m.

**Present**

Ian Clarkson, Robert Barr, John Bell, Timothy Billings, Joy Brahim, Marie Burns, Joe Cullinane, Scott Davidson, Anthea Dickson, John Easdale, Todd Ferguson, Robert Foster, Scott Gallacher, Alex Gallagher, Margaret George, John Glover, Tony Gurney, Alan Hill, Christina Larsen, Shaun Macaulay, Tom Marshall, Jean McClung, Ellen McMaster, Ronnie McNicol, Louise McPhater, Jimmy Miller, Jim Montgomerie, Ian Murdoch, Donald Reid, Donald L. Reid, Angela Stephen and John Sweeney.

**In Attendance**

C. Hatton, Chief Executive; L. Friel, Executive Director (Finance and Corporate Support); S. Brown, Director (Health and Social Care Partnership); K. Yeomans, Director (Growth and Investment); D. Hammond, Head of Service (Interim) (Commercial) (Place); R. Arthur, Head of Service (Interim) (Connected Communities) (Communities); and A. Fraser, Head of Democratic Services, A. Craig, Senior Manager (Legal Services), M. McColm, Communications Manager; E. Gray and H. Clancy Committee Services Officers and M. Anderson, Committee and Member Services Manager (Chief Executive's Service).

**Chair**

Provost Clarkson in the Chair.

**Apologies**

Davina McTiernan.

**1. Provost's Remarks**

The Provost welcomed those present to the meeting and dealt with preliminary matters, which included an announcement that the Council meeting would be webcast.

On behalf of the Council, the Provost also offered his best wishes to Councillor McTiernan, who was absent from the meeting following recent minor surgery.

**2. Apologies**

The Provost invited intimation of apologies for absence, which were recorded.

### **3. Declarations of Interest**

There were no declarations of interest in terms of Standing Order 10 and Section 5 of the Councillors' Code of Conduct.

There were no declarations of the Party Whip.

### **4. Previous Minutes**

The accuracy of the Minutes of the Meeting held on 25 September 2019 was confirmed and the Minutes signed in accordance with Paragraph 7(1) of Schedule 7 of the Local Government (Scotland) Act 1973.

### **5. Provost's Report**

Submitted report by the Provost for the period from 6 September - 3 November 2019.

The Provost highlighted the following elements of his written report:

- recent events to raise funds for Macmillan Cancer Support and the Ayrshire Hospice;
- attendance at the Cream of Ayrshire Awards;
- the Kirkin' of the Deacon Convenor of Irvine Incorporated Trades;
- the launch of a breakfast club in Hayocks Hall, Stevenston;
- the festival of Juvenile Solo Piping at Auchenharvie Academy;
- the Scottish Older People's Assembly in the Scottish Parliament;
- attendances at receptions hosted by the Turkish Consul and Chinese Consul in Edinburgh;
- recent Remembrance events across North Ayrshire, including attendance at Irvine's Remembrance Parade and Service and the laying of a wreath on behalf of the Council; and
- the forthcoming annual White Ribbon 16 Days of Action campaign to promote an end to violence against women, including a vow by Councillor Montgomerie to complete 16 marathons during this time and plans by Councillors Ferguson and Montgomerie to submit a motion to the next Council meeting.

Noted.

### **6. Leader's Report**

Submitted report by the Leader of the Council for the period from 6 September – 3 November 2019.

Noted.

## **7. Council Minute Volume**

Submitted for noting, the Minutes of meetings of committees of the Council held in the period 29 August – 30 October 2019.

Noted.

## **8. North Ayrshire Community Planning Partnership (CPP) Board: Minutes of Meeting held on 19 September 2019**

Submit report by the Executive Director (Interim) (Communities) on the Minutes of the meeting of the North Ayrshire Community Planning Partnership Board held on 19 September 2019 (copy enclosed).

The Chief Executive highlighted a number of elements from the CPP Board meeting, including:

- the role of Community Planning Partners as corporate parents; and
- workshops on the Three Towns and Garnock Valley Locality Partnerships

Noted.

## **9. Congratulatory Motion**

In terms of Standing Order 13.3, submitted the undernoted motion, duly proposed and seconded, which seeks to congratulate, commend or recognise an individual or group in relation to their achievement or activities within North Ayrshire:

“That this Council congratulates St Bridget’s Primary School for the amazing achievement during Libraries Week of having every child in the school registered with the North Ayrshire Council Library Service; commends the efforts to teach each child to learn to love stories, to appreciate books, to want to regularly read, and to know that the library is where to go find such treasures; and applauds the school’s endeavours to encourage and support reading and library membership.”

There being no dissent, the motion was declared carried.

## **10. Committee Appointment**

The Head of Democratic Services referred to a vacancy in respect of the position of Chair of the Police and Fire and Rescue Committee and invited the Council to consider a nomination, duly proposed and seconded, which had been submitted in favour of Councillor Glover.

There being no amendment, the Council agreed to appoint Councillor Glover as Chair of the Police and Fire and Rescue Committee.

## **11. Outside Body Appointment**

The Council was invited to note the resignation of Councillor Joy Brahim as a Council representative on North Ayrshire Leisure Limited. Nominations, duly proposed and seconded, were received in respect of Councillors McClung and Murdoch. However, the Provost intimated that the latter nomination had been withdrawn.

There being no further nominations, the Council agreed (a) to note the resignation of Councillor Brahim as a Council representative on North Ayrshire Leisure Limited; and (b) to appoint Councillor McClung as her replacement.

## **12. McGavin Park Trust - Reorganisation Scheme and Winding Up**

Submitted report by the Head of Democratic Services on changes to the McGavin Park Fund and expenditure of the remaining funds, the transfer of the trust assets and the winding up of the Trust. The wording of the supplemental deed was appended to the report.

The Council, as Trustees of the McGavin Park Fund, agreed to (a) approve the changes to the wording of the McGavin Park Fund Trust Deed, as approved by the Office of the Scottish Charity Regulator; (b) confirm the proposed expenditure of the remaining trust funds; (c) the transfer of McGavin Park to the Council; and (d) approve the winding up of the Trust following the transfer of all assets.

## **13. Questions**

In terms of Standing Order 12, submitted:

- (1) a question by Councillor Murdoch to the Leader of the Council in the following terms:

"What is the long-term future of the Viking Experience in Largs? Will it continue to operate within its current location and are there any plans to remove it or change it in any way?"

Councillor Cullinane thanked the Member for his question and responded in the following terms:

"The Viking Experience, which is within the Vikingar facility in Largs, is currently operated by KA Leisure on behalf of North Ayrshire Council. Any changes to the Viking Experience would be a matter for KA Leisure and their Board. KA Leisure is an arms-length organisation and four North Ayrshire Councillors represent the Council on the Board. Any changes to delivery would need to be agreed by the Board. The Council would then discuss the proposals with KA Leisure at their regular management and support meetings and updates provided through KA Leisure's regular reports to Cabinet."

As a supplementary question, Councillor Murdoch referred to the negative impact of current uncertainty on staff and patrons of both the Viking Experience and Largs Library and asked whether the future of the latter would be put to the Cabinet before or after the General Election.

Councillor Cullinane responded by referring to the background to the current review of halls, centres and libraries and the rationale for the Working Group and NAFCO (the North Ayrshire Federation of Community Associations) seeking to undertake wider public engagement. Given the context in which the review started, namely Austerity and cuts to Council budgets, the Leader expressed the view that any decisions would likely have to be made as part of an overall budget process once the settlement from the Scottish Government was known following the UK Government's budget setting after the General Election.

(2) a question by Councillor Murdoch to the Cabinet Member for the Economy in the following terms:

"At the full Council meeting held on Wednesday 15 May 2019, the Member for the Economy stated that "Largs Matters Ltd are in the final stages of winding up and will be preparing a final set of audited accounts".

What is the current position regarding the winding up of Largs Matters Ltd? Are there any funds due to be returned to the businesses and is there an inventory of their assets?"

Councillor Gallagher thanked the Member for his question and responded in the following terms:

"Officers have made contact with one of the two directors remaining at Largs Matters Ltd and they have confirmed that the company is still in the process of winding up and preparing final accounts. Until final accounts are produced we are unable to confirm the amount of any refund due to businesses. Council officers will arrange to meet with the company directors early in the New Year to review and encourage progress to bring the matter to a conclusion."

As a supplementary question, Councillor Murdoch referred to the hundreds of thousands of pounds paid by Largs businesses to the levy and asked if the Cabinet Member shared his concerns about the significant delay in Largs Matters being wound up and funds repaid to those businesses.

Councillor Gallagher responded by emphasising the distinction between Largs Matters and the Council, advising that the former was going through the proper steps to wind up its business, with the Council only involved as a mediary. The Cabinet Member suggested that Councillor Murdoch approach some of the directors of Largs Matters.

Councillor Murdoch raised a point of order, which was ruled inadmissible by the Provost given that it did not relate to Standing Orders.

- (3) a question by Councillor Billings to the Cabinet Member for the Economy in the following terms:

"At a time when North Ayrshire is bringing forward plans for new tourism initiatives does the Cabinet Member not agree that further taxation on such an important industry makes no sense and will he agree to make this very clear in the Council's response to the Scottish Government's consultation on imposing a transient visitor levy?"

Councillor Gallagher thanked the Member for his question and responded in the following terms:

"Council agreed on 7 November 2018 to support taxation powers being given to Local Authorities, including the transient visitor levy. We are aware of industry concerns regarding the introduction of a levy and the business representations that will be made as part of the Government consultation. Whilst being supportive of increased powers for local taxation, there has been no decision made on whether North Ayrshire would implement a scheme locally or what form this would take. Further details would need to be known and wider engagement on this would need to be considered before doing so. We are particularly sensitive that a potential levy could exacerbate already high regional inequalities within Scotland. A holding response will be submitted to the consultation stating the Council's position as outlined."

As a supplementary question, Councillor Billings welcomed the reassurance that consultation would be undertaken before any decision was taken on imposing a levy and asked whether the Council's response would include a request that the levy be drawn as widely as possible to allow it to be implemented in the most appropriate way for North Ayrshire.

Councillor Gallagher responded by advising that no decision had been taken to implement a levy and the shape of the tax would determine whether or not the Council decided to implement it.

- (4) a question by Councillor Gallacher to the Cabinet Member for Education in the following terms:

"To ask the Cabinet Member for Education if he will give an update on the proposed work to drain the kids playing field at Woodlands Primary School. This work was agreed after an amendment to the budget last year released the funding for this."

Councillor Bell thanked the Member for his question and responded in the following terms:

"Property Management and Investment (PMI) are continuing to make progress with this project and have been keeping the school abreast of developments."

The PMI team has been working with the Council's flooding team, Hub South West (HubSW) and their supply chain to develop a drainage solution for the school playing field. Intrusive site investigations have been undertaken and the civil engineer has provided a design layout.

The proposed layout has been shared with the flooding team, officers in Education & Youth Employment and the Head Teacher. All parties recognise that the overall available external space for the children will be impacted slightly by these proposals, however they accept that this compromise is necessary to create a useable play area.

Following approval of the proposals, we were awaiting the final cost and programme from HubSW to enable the works to commence. The proposals involve draining water from the school playing field to a section of adjacent land. The area which will receive the diverted ground water had no identified flooding issues.

However, in recent months there have been flooding issues in this area of open space adjacent to the existing school. These had to be investigated and held up the project.

The new flooding issues were found to be connected with a build-up of silt which has now successfully been cleared and the flooding has subsided. The area continues to be monitored by the Council's flooding team. The design of the proposed flooding alleviation works is currently being reviewed to inform any potential amendments to the civils to prevent future silt build up and the programme to undertake works for the school playing field is now being finalised.

The Head Teacher is being kept updated as work progresses and officers continue to push for a satisfactory resolution to the drainage issues as quickly as possible."

As a supplementary question, Councillor Gallacher asked whether a 'ballpark' figure was available on the anticipated timescale for the works.

Councillor Bell responded by advising he did not have that information but would request it on Councillor Gallacher's behalf.

(5) a question by Councillor Gallacher to the Cabinet Member for Place in the following terms:

"To ask the Cabinet Member for Place if he will work with the relevant department to ensure that disabled anglers have easy access to the River Irvine, and that the disabled fishing platforms installed by the Council a few years ago, are all up to standard safety-wise, etc."

Councillor Montgomerie thanked the Member for his question and responded in the following terms:

"Officers will contact the angling club to establish what assistance can be provided to support their access to, and ongoing enjoyment of the facilities."

(6) a question by Councillor Davidson to the Cabinet Member for Place in the following terms:

"All Members will be aware of the recent serious Road Traffic Incident on Wednesday 30 October on Dalry Road Kilwinning, right outside the Academy, where an eight-year-old girl was struck by a car on leaving Abbey School.

In light of this accident, can I ask if a Road Traffic Assessment is to take place? If so, will it include the following:

- The recording, study and analysis of road use and speed of vehicles, in particular at times when the pavements and roads are busiest with pupils going to or coming from the Academy and Abbey Primary and also at lunch times.
- Observation of the amount of pupils using the pavements and determine whether the pavements are suitable, with particular attention to the narrow stretches of pavements.
- Look at the existing Twenty's plenty zone outside Kilwinning Academy, and look at the potential for increasing this zone and other traffic calming solutions.
- The feasibility of pedestrian safety fencing, such as that used at Garnock Academy, being fitted also along our pavements on Dalry Road to stop pupils drifting on to road, and to encourage them to use safe spaces to cross.
- A look at the speed limit coming into the town, from Dalry direction, and assess if vehicles are slowing down on entering Kilwinning at start of built up area prior to school.
- An assessment of the impact that the Dalry Bypass has had on any increase in volume of traffic arriving in Kilwinning and evaluate if this could be improved by an extension of the Dalry Bypass from the roundabout north of Wilson's to Sharphill Roundabout on the A78.
- Assess whether the redeployment of a Lollipop person to this busy stretch of road will have a beneficial impact to the safety of our young people who depend on crossing these roads safely."

Councillor Montgomerie thanked the Member for his question and responded in the following terms:

"The recent road traffic accident on Dalry Road, Kilwinning Road, Dalry is a very distressing incident. I know that the thoughts of everyone in this Chamber have been with the young girl involved and her family. I understand that she is in a stable condition.



The incident is the subject of a Police Scotland investigation and details of the incident and the factors contributing to it are still to be made available.

The A737 Dalry Road is a trunk road and therefore the responsibility of Transport Scotland and their management agent, Scotland Transerv.

We will await the findings of the investigation and then work with Police Scotland and Transport Scotland to review any measures which can be undertaken to improve road safety at this location.”

As a supplementary question, Councillor Davidson asked whether the Cabinet Member would meet him on site at Dalry Road, Kilwinning to look at existing safety measures and sought reassurance that the Cabinet Member would keep him informed of all relevant developments.

Councillor Montgomerie responded by confirming he would meet with Councillor Davidson but stressed the importance of awaiting the outcome of the Police investigation. The Cabinet Member confirmed that he would keep Councillor Davidson and the other local Ward Members informed with regard to any developments.

(7) a question by Councillor Dickson to the Leader of the Council in the following terms:

"Could the Leader advise why the CIF (Community Investment Fund) application, prepared by the 3 community councils of Beith, Dalry and Kilbirnie, submitted to the Cabinet from the Garnock Valley Locality Partnership, was not taken to Cabinet for decision?"

Councillor Cullinane thanked the Member for her question and responded in the following terms:

“The CIF (Community Investment Fund) application, which was prepared by the three community councils of Beith, Dalry and Kilbirnie, was considered by Cabinet on 29 October 2019. The application was put forward by the Garnock Valley Locality Partnership and Cabinet agreed to:

Defer the CIF applications in relation to (i) Garnock Valley Participatory Budgeting – Community Councils and and (ii) Participatory Budgeting, The Three Towns Locality Partnership pending the introduction of proposals to Cabinet for small-grant awarding Participatory Budgeting.

These proposals will be considered by the Cabinet early in the new year.”

As a supplementary question, Councillor Dickson referred to the delay in the Cabinet's consideration of the application and asked whether, in the interests of true partnership working and transparency, the process would be clear and adhered to from now on; that any proposition put forward by the Locality Partnership for a decision would go to the next available Cabinet meeting; that all submissions would be determined formally at the Cabinet meeting and nowhere else; that the outcome of consideration would be minuted; and that applicants would receive a written response.

Councillor Cullinane responded by referring to the stated aims of the Community Investment Fund, namely to support transformational projects with long-term sustainability, and confirming that, if this was not clear enough in the guidance, it was now addressed. The Leader provided examples of the type of large-scale projects which had already received CIF funding, contrasting these with small-grant participatory budgeting projects.

Councillor Dickson requested a response to her question with regard to the process for determining applications and, at the discretion of the Provost, the Leader was invited to respond.

Councillor Cullinane expressed the view that the process was set out clearly in the guidance contained in the Cabinet report of October 2019.

(8) a question by Councillor McNicol to the Leader of the Council in the following terms:

"Will the Leader of the Council inform members if an Environmental/Traffic Impact Assessment has or will be carried out at the North Shore site re the following:

- (a) Flooding and Sea Water inundation.
- (b) The likely result of a material increase in the volume of traffic.
- (c) What is the estimated cost and time scale for the remediation of the site?
- (d) What is the estimated cost and time scale for the installation of sea defences?
- (e) Will any materials be imported or exported from the site during the remediation phase?
- (f) What was and/or will be the involvement of SEPA prior to, during and after remediation?

For all the above from where will the costs be met?

What access has the Council had to records held by the previous occupants of the site in relation to procedures carried out on the land over a period spanning decades, and any health issues reported by staff during and after their service with the company?"

Councillor Cullinane thanked the Member for his question and responded in the following terms:

"An Environmental Impact Assessment has not been carried out at this stage, as the proposals remain subject to the statutory consultation process.

The need for an EIA will be determined with reference to the Environmental Impact Assessment (Scotland) Regulations 2017. Any proposed development would need to go through the screening process as the site exceeds 0.5 hectares and is classed as an 'urban development project' in terms of Schedule 2 of the EIA Regulations dating from 2017.

In determining whether an EIA is required, relevant factors will include the scale of the site, the proposals for the site and the potential impacts on the marine environment emerging from the proposed marina and works to the sea wall. If an EIA is required, its scope will be determined by the planning authority. If required, an EIA would accompany a planning application for the site.

**a) Flooding and Sea Water inundation.**

Flood risk assessments have previously been undertaken, most recently in 2012. This will require to be revised to inform the required ground level for the site and the nature of improvements required to the sea wall/revetment.

**b) The likely result of a material increase in the volume of traffic.**

A transport assessment will be undertaken to consider movement to and from the site and the requirement for any improvements to the sites access by car, or by pedestrians/cyclists. It should be noted that the site has previously benefited from planning consent for over 400 residential units with associated traffic volumes considered acceptable.

**c) What is the estimated cost and time scale for the remediation of the site?**

Around a quarter of the site has already been remediated. The remediation of the remainder of the site would be carried out in advance of site construction works. While a cost is not available at this stage given the need to masterplan the site and develop an associated remediation strategy, previous estimates associated with proposals for residential use had a projected cost of circa £2.5M.

**d) What is the estimated cost and time scale for the installation of sea defences?**

A flood risk assessment was carried out in 2012. This found a requirement to improve the sea wall/revetment. While again a cost is not available at this stage given the need to masterplan the site and revisit flood assessment work, previous estimates associated with the proposals for residential use had a cost of circa £2.25M.

**e) Will any materials be imported or exported from the site during the remediation phase?**

This will depend on the detailed remediation strategy to be developed for the site, however some movement of material is likely.

**f) What was and/or will be the involvement of SEPA prior to, during and after remediation?**

A detailed remediation strategy for the site requires to be developed by an accredited Geo-Environmental consultant. This will require to be agreed by SEPA before works are implemented.

SEPA's role is Consultee to Environmental Health and as the Regulator we must take cognisance of their advice. Works will be agreed with SEPA prior to commencing, they will be kept informed of progress and further advice will be requested from them if required. Verification that mitigation measures have been successful will also be agreed with them (for the water environment).

**For all the above from where will the costs be met?**

There are a variety of funding sources which are available to fund the costs including the Ayrshire Growth deal for the International Marine Sciences Environmental Centre (IMSE) and the Marina Proposals; Scottish Government, Vacant and Derelict Land Fund and NAC Capital budget for the School Campus.

The contribution to estimated remediation costs are being included in the business cases for each project as they develop.

**What access has the Council had to records held by the previous occupants of the site in relation to procedures carried out on the land over a period spanning decades, and any health issues reported by staff during and after their service with the company?**

The Council has had no access to records held by the previous occupants of the site in relation to procedures carried out on the land as far as Environmental Health are aware of at this time. During the site's previous use, any regulation would have been the responsibility of Her Majesty's Inspectorate of Pollution (HMIP) and the Health and Safety Executive (HSE). Environmental Health are not aware of any health issues reported by staff during and after their service with the company at this time. Personal health issues would be dealt with by local GPs and the appropriate Health Board."

As a supplementary question, Councillor McNicol asked the Leader how the public could make an informed decision when no traffic or environmental assessment has been carried out on the proposed site; how the site would be decontaminated and, if soil was to be removed, where it would be taken; from which budget the proposed acquisition of the site would be met; and whether Peel Land and property would contribute to the cost of decontamination.

Councillor Cullinane responded by referring to the fact that the Member had asked multiple questions rather than a single supplementary question. The Leader indicated that traffic management would be considered as part of the planning application; that remediation of the site was covered in the detailed response to the initial question; that the issue of joint ownership of the land would be part of commercial discussions and part of the business case which would be funded by the Council's capital budget, Scottish Government grant, the Vacant and Derelict Land fund, the Ayrshire Growth Deal, etc. The Leader urged the Member to back a school in the Three Towns area at some point in his three terms with the Council.

#### **14. Motion**

In terms of Standing Order 13, submitted:

- (1) a motion by Councillor Dickson, seconded by Councillor Larsen, in the following terms:

"This Council resolves: to support the RSPCA campaign to reduce the stress, fear and harm caused to people and animals by fireworks by strengthening controls within our powers; to require all public firework displays within the local authority boundaries to be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people; to actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the actions that can be taken to mitigate risks; to write to the UK Government urging them to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays; to encourage local suppliers of fireworks to stock 'quieter' fireworks for public display; and to review all licensing and trading standards policies and guidelines within the next year, to support the aims of this motion, i.e. with a view to minimise distress and maximise warnings for the public."

As an amendment, Councillor Billings, seconded by Councillor Ferguson, moved as follows:

"This Council supports the Fireworks Action Plan, October 2019, developed by the Scottish Government, that aims to promote the safe and appropriate use of fireworks in Scotland. The Council recognises that fireworks can be associated with antisocial behaviour and that animals can suffer distress. The Council would welcome additional appropriate controls on the sale and use of fireworks. The Council would seek to minimise the potential for harm to both people and animals caused by the use of fireworks, whilst continuing to recognise the importance of cultural events that are traditionally marked by fireworks and the community benefits created by organised firework displays."

Following questions and debate, the Provost agreed, in terms of Standing Order 5.7, that there would be short recess to allow an opportunity for the movers and seconders of the motion and amendment to discuss the possibility of reaching agreement.

The meeting duly stood adjourned at 3.30 p.m., reconvening at 3.45 p.m. with the same Members and officers present and in attendance.

The Head of Democratic Services advised that no agreement had been reached between the movers and the seconders of the motion and amendment.

The movers and seconders of the motion and amendment were then invited to sum up.

Thereafter, on a division, there voted for the amendment 19 and for the motion 11, and the amendment was declared carried.

Accordingly, the Council agreed as follows:

“This Council supports the Fireworks Action Plan, October 2019, developed by the Scottish Government, that aims to promote the safe and appropriate use of fireworks in Scotland. The Council recognises that fireworks can be associated with antisocial behaviour and that animals can suffer distress. The Council would welcome additional appropriate controls on the sale and use of fireworks. The Council would seek to minimise the potential for harm to both people and animals caused by the use of fireworks, whilst continuing to recognise the importance of cultural events that are traditionally marked by fireworks and the community benefits created by organised firework displays.”

## **15. Provost’s Concluding Remarks**

In closing the meeting, the Provost invited Members to sign the White Ribbon 16 Days of Action campaign pledge to promote an end to violence against women.

The meeting ended at 3.50 p.m.



# PROVOST'S REPORT

For the period covering: 4 November 2019 – 8  
December 2019

The attached report gives a summary and brief details to Council, of  
meetings and events attended by the Provost of North Ayrshire  
Council, Councillor Ian Clarkson.

# PROVOST'S REPORT

For the period covering: 4 November 2019 – 8 December 2019

Since the last meeting of the Council I have attended various events throughout North Ayrshire.

## ***DrEAM – Intergenerational Event, Arran View Care Home, Saltcoats, 4 November***

On 4 November, I attended a Drop Everything and Move (DrEAM) event in Arran View Care Home in Saltcoats. Local primary school children visited the residents for an intergenerational event which was a great success. DrEAM encourages people to have fun, while living healthier and more active lives.

## ***Ayrshire College (Kilwinning Campus) Graduation and Awards Ceremony, Abbey Church, Kilwinning, 7 and 8 November***

On 7 and 9 November, I attended the Ayrshire College (Kilwinning Campus) Graduation and Awards Ceremony in Kilwinning Abbey Church. I was delighted to celebrate the success of all those who graduated. The graduates were joined by family members, friends and lecturers.

## ***Remembrance Sunday, Irvine, 10 November***

I attended the Armistice Day Parade and Service in Irvine on 11 November. It was heartening to see so many people out showing their respects and the different generations remembering those brave men and women who lost their lives in conflicts. It is so important that we continue to recognise their efforts and never lose sight of what an impact they have had on the lives we live today.

## ***21-Gun Royal Salute, Stirling Castle, Stirling, 14 November***

I was delighted to attend the Royal Gun Salute, hosted by 154 (Scottish) Regiment, The Royal Logistic Corps at Stirling Castle on 14 November. The Salute celebrated the anniversary of HRH The Prince Charles, Duke of Rothesay's birthday which was carried out by 105 Regiment Royal Artillery and supported by the Band of HM Royal Marines Scotland.



### **Welcome Reception for Chinese Consul General, Glasgow, 18 November**

On 18 November, the Association of Chinese Entrepreneurs in Scotland hosted a welcome reception in Glasgow for the incoming Consul General of China in Edinburgh. I was delighted to be one of the invited guests at this event, which provides excellent networking opportunities and gives a platform to promote North Ayrshire to a wider audience.

### ***North Ayrshire Achieves, Saltcoats Town Hall, 21 November***

I was delighted to attend this year's North Ayrshire Achieves which took place on 21 November in Saltcoats Town Hall. North Ayrshire Achieves recognises the excellent work that our employees do. They work together, strive for excellence and push the boundaries to achieve great results. It was a privilege to celebrate with the winners in each category and acknowledge everyone who was nominated. Congratulations to all involved.

### ***Editing Robert Burns for the 21<sup>st</sup> Century, Wellwood Burns Centre, Irvine, 22 November***

On 22 November, Irvine Burns Club hosted an event in conjunction with the University of Glasgow on "Editing Robert Burns for the 21<sup>st</sup> Century". This is a multi-million pound project, funded by the Arts and Humanities Research Council (AHRC), producing the new Oxford University Press edition of "The Works of Robert Burns". So far, three volumes have been published. An afternoon of talks and discussion took place exploring aspects of Burns' early life and correspondence, and the work of the editorial team as they prepare this material for the new edition.

### **Launch of White Ribbon Campaign, Portal, Irvine, 25 November**

On 25 November, the Council's Violence Against Women team were joined by White Ribbon Scotland, local football teams and a host of partners at the Portal to launch a series of events over 16 days. The campaign included the annual 'Reclaim the Night' walk on 3 December. The walk started off from the Trinity Church steps at Bridgegate, Irvine, and the finale took place at the Harbour Arts Centre, Irvine.

I was again proud to support this worthwhile campaign. Women and girls face many forms of abuse and we all have a responsibility to end this type of behaviour. The main aim of the campaign is to raise awareness of the suffering faced by many women and how we all have a part to play in preventing it from happening again. It is particularly important for me to stand alongside girls and women to send out the strong message that violence against women will not be tolerated.

***Armed Forces Champions Network, East Ayrshire Council Headquarters, Kilmarnock, 27 November***

The Armed Forces Champions Network met on 27 November in East Ayrshire Council HQ, Kilmarnock. The event was hosted by Provost Jim Todd and we explored areas where we can further assist our Armed Forces community including veterans and looked at the current support network that is in place.

***5th Annual St. Andrew's Day Conga, Hampden Park, Glasgow, 28 November***

The Scottish Ahlul Bayt Society and Church of Scotland Minister the Rev Neil Galbraith, founder of aid charity Glasgow the Caring City hosted their annual conga at Hampden Park, Glasgow. The Conga was attended by children from local schools, the emergency services, charities, the Scottish Government and other civic bodies. The core ethos of the event was to demonstrate the need for social responsibility and working towards improving child welfare and tackling child poverty. The event was a great success and I was delighted to be able to attend and show our support.

***Reception to mark Consul General of China Assumption of Office, Consulate, Edinburgh, 28 November***

On 28 November, I attended a reception in the Chinese Consulate in Edinburgh to mark the Assumption of Office of Consul General Ma Qiang. The Consulate have been supportive of many events and activities in North Ayrshire and this was great opportunity to promote our Authority and further develop the links we have already established

***Irvine Town Twinning Business Breakfast, Cunninghame House, Irvine, 30 November***

On 30 November, I hosted a business breakfast meeting in Cunninghame House with a delegate from Voisins and representatives from Irvine's Town Twinning Association. This was a productive meeting where we heard about the plans of the Voisins Jumelages and about the recruitment drive to attract new members on to the Irvine Town Twinning Association.

### ***Irvine Seagate Rotary, Caring Trees at the Portal, Portal, Irvine, 1 December***

On 1 December, I launched the Caring Trees at the Portal project, Irvine. The aim of the project was to brighten up Christmas in Irvine by having various businesses sponsor a Christmas tree and have it on display in the Portal. Over twenty trees were on display and all proceeds from the project were donated to local charities. Following on from this event, I attended the Christmas lights switch-on, which was a great success and attended by many. My thanks to all those volunteers who work so hard behind the scenes and make events like these possible.

### ***Sensory Impairment Open Day at Poppyscotland, Kilmarnock, 4 December***

On 4 December, I attended a sensory impairment open day hosted by Poppyscotland at the MacRobert Centre, Kilmarnock. The aim of the event was to increase awareness of sensory impairment support available to the Armed Forces community in Ayrshire.

### ***Irvine Lasses Burns Club, St Andrew's Night Concert, Wellwood, Irvine, 5 December***

I was delighted to attend the Irvine Lasses Burns Club St. Andrew's Night Concert held in Wellwood Burns Centre on 5 December. This event which is firmly fixed in Irvine's calendar of events explores and celebrates Irvine's rich cultural heritage and its association with Robert Burns.

### ***Cash for Kids Christmas Lunch, Racecourse, Ayr, 6 December***

I, along with representatives from South and East Ayrshire Council, attended the annual Cash for Kids lunch held in Ayr Racecourse. For over 30 years Cash for Kids has been changing the lives of thousands who face unimaginable difficulties in their lives. Each year Cash for Kids support thousands of children up to 16 years old who are living in poverty or who simply need extra care and guidance.

### ***Take the Lead Celebration Day, Greenwood Academy, Dreghorn, 7 December***

On Saturday 7 December, I attended Take the Lead Celebration Day in Greenwood Academy. "Take the Lead" is a three-year project supported by CashBack for Communities through Creative Scotland's CashBack for Creativity Programme. The project works with young people in North Ayrshire and HMYOI Polmont and aims to increase ambition and aspiration by using dance to build young people's confidence and capacity, as well as their health and well-being.

***Celebration of Christmas, St Peter's Church, Ardrossan, 8 December***

It was a pleasure to attend the annual festive concert in St. Peter's Church in Ardrossan on 8 December. The concert featured excellent performances by North Ayrshire Schools' Junior Choir and the North Ayrshire Senior String Ensemble.



*Ian Clarkson*

Councillor Ian Clarkson  
**Provost North Ayrshire Council**



North Ayrshire Council  
Comhairle Siorrachd Àir a Tuath

# LEADER'S REPORT

For the period covering: 4 November – 8  
December 2019

The attached report gives a summary and brief details to Council, of meetings and events attended by the Leader of North Ayrshire Council, Councillor Joe Cullinane.

# LEADER'S REPORT

For the period covering: 4 November – 8 December 2019

## **COMMUNITY WEALTH BUILDING**

Over the past couple of months, I have been asked to speak at various Conferences about Community Wealth Building. For some time now North Ayrshire Council has been leading change on the local economy front, and now we are embarking on a key strategic and transformative piece of work which has the potential to reconnect the local economy with economic and social justice, putting fair work at the heart of the local economy and supporting alternative, more inclusive forms of business ownership.

The starting point for us with Community Wealth Building is recognising that for decades our approach to economic development hasn't worked for North Ayrshire. Ayrshire as a region hasn't fulfilled its economic potential and as a result local people haven't been able to achieve theirs.

However, for us to make a real change and difference, we need to work together. We need local businesses, employers and social enterprises to do the same, to think about what they can do to make a difference and contribute.

We need a Pan Ayrshire CWB regional approach where we:

- Pay the Living Wage
- Promote Fair Work Practices and position Ayrshire as a Fair Work region
- Support and fund social enterprises, employee ownership and procurement collaboration activities
- Encourage and support anchors, and wider Ayrshire Growth Deal project leads, to ensure their procurement practices and community benefits approach align to wider Ayrshire inclusive growth, Community Wealth Building and locality priorities.

At the beginning of the year we finally signed the heads of terms for our Ayrshire Growth Deal. £3million money has been set aside by the Scottish Government for a Community Wealth Building Fund. But it's not just the £3million fund, it's about the other £250m in the pot, and what we do with it.

It is important that we spread and deliver the message about Community Wealth Building and get others on board to understand how this has the potential to work for us all. I was therefore delighted to speak at the following three conferences on the subject:

### ***PAN AYRSHIRE THIRD SECTOR CONFERENCE, 6 November***

This was held at the Park Hotel in Kilmarnock on 6 November and organised by partners who have a responsibility to deliver the remit of the Third Sector Interface across Ayrshire, known as “Ready4Ayrshire”.

Ready4Ayrshire will identify areas of work where it makes sense to adopt a pan-Ayrshire approach going forward, hopefully including Community Wealth Building and the Conference was the first step in working more collaboratively for the sector with the added value of sharing best practice, skills and expertise.

### ***SCOTLAND'S TOWNS ANNUAL CONFERENCE, 20 November***

Scotland's Towns Conference held at the Music Hall in Aberdeen and hosted by Aberdeen City Council was attended by over 150 senior level stakeholders who work to support our towns and city districts from across sectors. The Conference provided the opportunity for attendees and stakeholders to share challenges and opportunities; and to feel inspired and re-energised by the latest thinking, pilots and supports, funding and resources.

### ***SENSCOT SOCIAL ENTERPRISE CONFERENCE, 25 November***

This was held at the Westerwood Hotel in Glasgow and the focus was building Community Wealth and Wellbeing and the role for social and Community Enterprises. Other speakers included Aileen Campbell, Cabinet Secretary for Local Government and Communities, Neil McInroy, CEO of the Centre for Local Economic Strategies (CLES).

### ***LIVING WAGE BUSINESS BREAKFAST, 14 November***

On 14 November, North Ayrshire hosted a Living Wage Business Breakfast Event at the Riverside Lodge hotel. The event was organized by the Poverty Alliance and was one of a series of events held that week to celebrate Living Wage Week.

I was delighted to be asked to say a few words at this event as it's a subject I feel very strongly and passionate about. North Ayrshire Council has been an accredited Living Wage Employer since 2015 and I am pleased to say that this is the fourth consecutive year in which North Ayrshire Council has committed to pay our staff the new Living Wage of £9.30; six months earlier than many other Living Wage Employers are. That makes a huge difference to the lives of many people working and living in North Ayrshire.

### ***NORTH AYRSHIRE ACHIEVES, 21 November***

It was another great night on 21 November at the Saltcoats Hall, when I attended North Ayrshire Achieves. The night enables us to acknowledge some of the great work our staff do in their day to day jobs, with some going over and beyond. I had the honour of presenting the exceptional employee of the year award, to Jim McHarg, who has contributed so much to the work of our local communities. It was an award well deserved.

Congratulations to all the finalists and winners in all the categories and of course, thank you to our Human Resources team for putting on such a great evening for all to enjoy.

### ***FAIR SAY STAFF ENGAGEMENT, 4 December***

On 4 December, together with North Ayrshire Council Chief Executive, Craig Hatton, I took part in the staff engagement FAIR SAY event held in Kilwinning. This engagement event provides North Ayrshire Council employees the opportunity to put any questions to myself or our Chief Executive, on Council-related matters, specifically in relation to our new Council Plan. There will be another FAIR SAY event in January.

### ***FINAL COMMENTS***

Finally, as we approach Christmas and the end of another year, I would like to take this opportunity to thank all the staff in NAC who work so tirelessly throughout the year to provide high quality public services to the people of North Ayrshire. I look forward to working with you all again in 2020.

I would like to wish you and your loved ones a very Merry Christmas and a happy New Year.



## LEADER'S REPORT



A handwritten signature in black ink, reading "Joe Cullinane". The signature is written in a cursive, flowing style.

Councillor Joe Cullinane  
**Leader North Ayrshire Council**



---

**NORTH AYRSHIRE COUNCIL**

**18 December 2019**

**North Ayrshire Council**

---

**Title:** **Financial Outlook 2020/21 to 2022/23**

**Purpose:** To outline the likely financial position of the Council's General Fund in the medium term in order to inform the development of budget proposals.

**Recommendation:** That Council considers the Financial Outlook 2020/21 to 2022/23, noting the potential scale of the financial challenge which the Council faces over the next 3 years and brings forward proposals to set a balanced budget for 2020/21 and beyond.

---

## **1. Executive Summary**

- 1.1. Councils continue to operate in an increasingly complex, challenging and uncertain environment with public sector funding not keeping pace with the increasing cost and demand for services. In this climate it is essential that Councils take a long term view. The Council's General Fund Long Term Financial Outlook was approved by Council in October 2017 and is due to be updated in 2020/21. This is the cornerstone of the Council's strategic financial framework and establishes a sound basis for the development of the medium term financial plan and annual budget, enabling the Council to address the challenges it faces and align resources to key priorities.
- 1.2. A review of the long term financial outlook identifies an estimated gross funding shortfall of £48.6m over the next three years with £17.1m of this occurring in 2020/21. This is based on best estimates. Sensitivity analysis highlights the implications of changes to the underlying assumptions.
- 1.3. The Council has used £13.6m of reserves and in year underspends to support the recurring spend of the Council since 2017/18. As in previous years all reserves will be reviewed as part of the budget considerations.
- 1.4. A full refresh of the 10 year Capital Investment Programme was undertaken for 2018/19 to 2027/28. For 2020/21 a high level review will be carried out. The current loan charges budget and loans fund reserve underpin this programme. New regulations were issued in 2016 which allow Councils to vary the period and / or amount of loans fund repayments, if it is considered prudent to do so.

Following a review of the current methodology it is projected that up to £9.8m can be released from the General Fund Capital Fund / Loans Fund Reserve over the period to 2025/26. This projection is based on the current Capital Programme, taking cognisance of the recent increase in PWLB borrowing rate. It should be noted however, that any subsequent changes to the capital programme could impact on the value of funds which can be released.

- 1.5. To address the financial challenges it is important the Council develops a sustainable Budget Programme which delivers change and transformation at scale and pace over the medium and long term and for this to be considered within the context of the key priorities set out in the new Council Plan 2019-2024, approved at Council on 26 June 2019.
- 1.6. In advance of the presentation of the Financial Outlook 2020/21 to 2022/23 to Council, all elected members were briefed in late October / early November 2019.

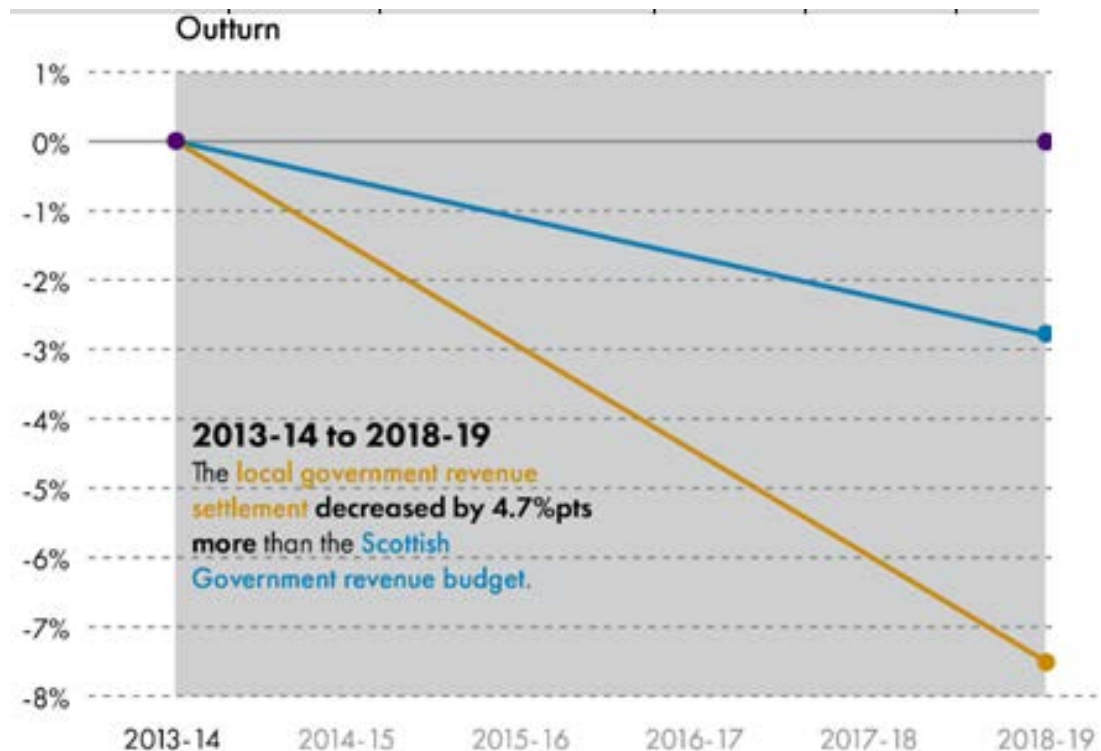
## **2. Background**

### **Introduction**

- 2.1. The Council's Long Term Financial Outlook was approved by Council in October 2017 and is due to be updated in 2020/21. This is the cornerstone of the Council's strategic financial framework and establishes a sound basis for the development of the medium term financial plan and annual budget. The financial framework was developed to steer the Council through the challenging economic climate and continuing real terms reduction in resources and support longer term financial sustainability of priority services.
- 2.2. The significant risks that the Council faces are set out in the Council's Strategic Risk Register. These are summarised below:
  - The financial environment including funding levels and cost pressures;
  - Inequalities; including poverty, poor health and the impact of welfare reforms; and
  - The financial sustainability of the Health and Social Care Partnership as it seeks to manage demand within its available financial resources, the failure of which continues to pose a risk to the Council as one of the funding partners.
  - The risks associated with the UK's withdrawal from the European Union across the workforce, supply chain and potential economic impact associated with the nature of the exit from the European Union.
- 2.3. In developing the medium term financial plan the Council should consider the issues and challenges noted in the Audit Scotland Report: *Local Government in Scotland: Financial Overview 2017/18* reported to Council on 13 February 2019 and the North Ayrshire Council External Audit report 2018/19, with commentary

on ensuring financial sustainability and the need to deliver the next phase of transformation. Further, the issues and challenges were included in a response by both the CIPFA Directors of Finance and COSLA in the recent Call for Evidence on the Long Term Financial Sustainability of Local Government. This response was submitted in August 2019 and provides a national context for consideration by the Scottish Parliament Local Government and Communities Committee, highlighting a number of significant challenges:-

- The scale of Scottish Government grant reductions in recent years and those forecast in future years mean it will become increasingly difficult for Scottish local authorities to remain financially sustainable under the current service delivery model.
- Local Government budgets have decreased significantly over a number of years. As the Scottish Parliament Information Centre (**SPICe**) highlighted in their most recent report on Local Government Finance, between 2013/14 and 2019/20, Local Government has been passed a disproportionate cut in comparison to budget reductions the Scottish Government has faced:



When comparing revenue settlements, real term impacts show that between 2013/14 and 2018/19, the local government revenue settlement decreased at a much faster rate (-7.5%) than the Scottish Government revenue budget (-2.8%). Although the 2019/20 settlement reported a 1% increase in local government funding, this included new funding for Scottish Government policy initiatives, principally the funding for Early Years expansion. The core grant for 2019/20 actually reduced by 1.52% in cash terms (North Ayrshire Council's reduction was 1.4%, £3.8m).

- Financial pressures through employee pay has significantly increased following recent pay settlements, with the commitments continuing into 2020/21.
- Funding non pay inflation places further pressure on Council budgets, with Councils having to fund the increases within a reduced financial envelope.
- Keeping pace with the increasing demands for social care services through demographic pressures continues to present a significant challenge to local authority budgets.
- Local authorities have responded well to the financial challenges and this is evidenced in the recent Audit Scotland report – *Local Government in Scotland - Challenges and Performance 2019*, where despite restrictions on funding and increasing demands, performance has improved in most local government performance indicators. However, it is recognised that the ability to continue to respond is increasingly limited, with decisions taken to balance budgets having an ever- increasing impact on communities.
- Current constraints continue to impact on decision making and the level of flexibility across local authorities. Financial settlements in one year cycles leave Councils with a great deal of uncertainty. Further, protection of key policy areas e.g. teacher numbers, whilst understandable, places additional strain on other Council budgets. It is recognised however, that the ability to increase Council tax (up to 4.79% in 2019/20) did provide a degree of flexibility in budget setting and the expansion of powers around discretionary taxes (e.g. Transient Visitor Tax) could offer further flexibility.
- It is a duty on all Councils to continue to consider all options around the services they deliver and for that to include opportunities for shared service delivery models, joint working, assessing which bodies are best placed to provide services, charging levels and also the discontinuation of services.

2.4 In addressing the financial stress in local government funding it is important to reinforce key lessons learned through Best Value Inspections;

- requirement for sound judgement and clear decision making and accountability by members and officers;
- the need for effective collaboration and partnership working;
- the requirement for robust and effective budget setting and scrutiny with clear corrective action where things don't go to plan;
- avoiding over reliance on the use of non-recurring funding sources to support recurring commitments;
- ensuring plans are in place to deliver savings;
- having robust business cases to support significant change.

### 3. Medium Term Financial Outlook

3.1. The Medium Term Financial Outlook updates the assumptions set out in the Long Term Financial Outlook for the period 2020/21 to 2022/23 considering:

- The Economic Outlook;
- The Scottish Landscape including factors affecting Scottish Government funding and funding for Local Government;
- The financial outlook for North Ayrshire including the anticipated demographic profile and the impact these will have on the Council's cost base; key costs pressures; and funding anticipated from Government Grant, Council Tax and Reserves;
- The Health and Social Care Partnership;
- The Council's approach to ensure future sustainability and alignment of resources with key priorities;
- The Capital Investment Programme.

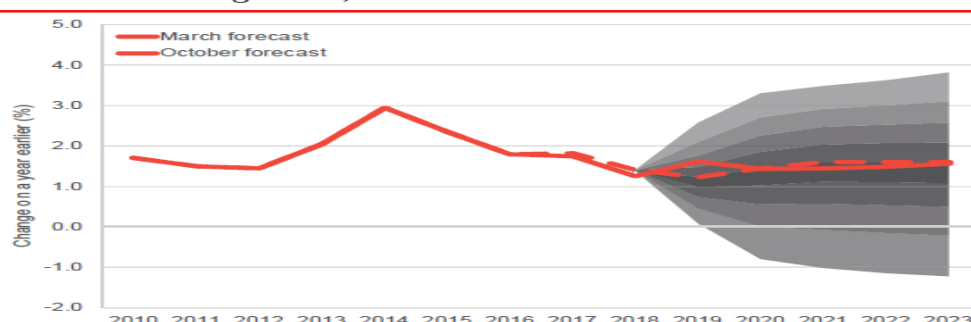
#### Economic Outlook

3.2 Funding for public services is inextricably linked to the performance of global and national economies. A review of financial commentators has informed the undernoted assessment.

3.3 Performance of the global economy is key to UK and Scottish trade. Following two years of robust growth a slowdown in global economic prospects is forecast. Both the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) suggest growth will slow to around 3.3% this year before edging up to 3.4% in 2020. This is below the growth rates seen over the last three decades. Contributing factors include rising geo-political tensions in the Middle East and heightened domestic policy uncertainty (including UK withdrawal from the EU) and trade tensions between the USA and China.

3.4 The UK economy continues to grow. GDP in the three months to September 2019 grew by 0.3% (source. Office for National Statistics). Most near-term indicators continue to point to weak growth forecasts, again influenced by the uncertainties around the UK withdrawal from the European Union. The Bank of England and the Office for Budget Responsibility have attached considerably large error bands around their projections for the UK economy over the next few years which is illustrated in the chart below;

**Chart 27: GDP growth, 2010 - 2023**



Source: OBR

- 3.5 The Chancellor announced his Spending Round in September 2019. This outlined the budget allocations to government departments for 2020/21. The key message within a Scotland context is through the operation of the Barnett formula the UK Government will provide the Scottish Government with an additional £1.21 billion in 2020/21 (£1.12b revenue, £0.09b capital). It is important to note that this does not include any potential implications around UK tax policy. The UK Government Budget was originally planned for the 6<sup>th</sup> November 2019. Due to the General Election on 12<sup>th</sup> December, 2019 the timing of the UK Budget remains uncertain. Ultimately the final distribution of resources for Scottish public services will be set out in the Scottish Government's Draft Budget. With the dependency on the UK Budget announcement it is recognised that any settlement announcement from the Scottish Government is likely to be late January / early February, 2020.

### **The Scottish Landscape**

- 3.6 Similar to UK economic growth forecasts, the Scottish forecasts follow a similar pattern of uncertainty. The Fraser of Allander Institute (October 2019) central forecast for GDP growth indicates increases of 1.0%, 1.2% and 1.3% through 2019 to 2021 which are not dissimilar to those of the UK as a whole, however, as is the case with UK forecasts, this is within significantly large error bands.

### **Scottish Government Medium Term Financial Strategy**

- 3.7 The Scottish Government published its second Medium term Financial Strategy (MTFS) in May 2019. The Strategy sets out the key financial challenges and opportunities that lie ahead, including the uncertain economic backdrop through a weakened global economy and the UK's withdrawal from the European Union, and the Scottish Government's approach to inclusive growth. The Strategy provides the context for the upcoming Scottish budget. It does not set out new policy commitments nor any detail of proposed allocation of funding.
- 3.8 The funding outlook is influenced by three key determinants: -
- UK Government's fiscal stance
  - UK Government's tax performance
  - Scottish fiscal performance, with estimated income tax reconciliation shortfalls requiring to be considered in 2020/21 to 2022/23.
- 3.9 The MTFS provides the direction for the Scottish Government Spending Review and the criteria through the National Performance Framework that will be used in formulating spending plans. In terms of capital expenditure, the budget is aligned to the National Infrastructure Commission which will inform the Capital Spending Review by June 2020.



## 2019/20 Settlement Summary and Conditions

3.10 The 2019/20 Settlement contained the following conditions and flexibilities;

- Flexibility to increase council tax by 3% in real terms which equated to 4.79%;
- Maintaining at a national level a pupil : teacher ratio at 13.7;
- Continuing to prioritise financial support for social care with flexibility to offset their adult social care allocation by 2.2% (NAC £1.2m)

3.11 The impact of conditions against such significant spend areas creates a “gearing” effect on savings delivery, impacting more severely on unprotected service areas.

3.12 Following additional core grant, at Stage 1 of the Budget debate, of £90m (NAC £2.398m) the total level of core grant reduction moved from a 2.3% reduction to a 1.4% reduction which equated to a £3.8m reduction.

## COSLA engagement with the Scottish Government

3.13 The broad strategy for engagement with the Scottish Government includes;

- Local Government’s significant contribution to delivery of the National Performance Framework;
- Full discretion on local taxation;
- Protection of the core local government settlement with removal of ring fencing and sustainable funding streams;
- Securing maximum flexibility for local government around the areas of grant settlement and investment.

## Publication of the Scottish Government’s Budget

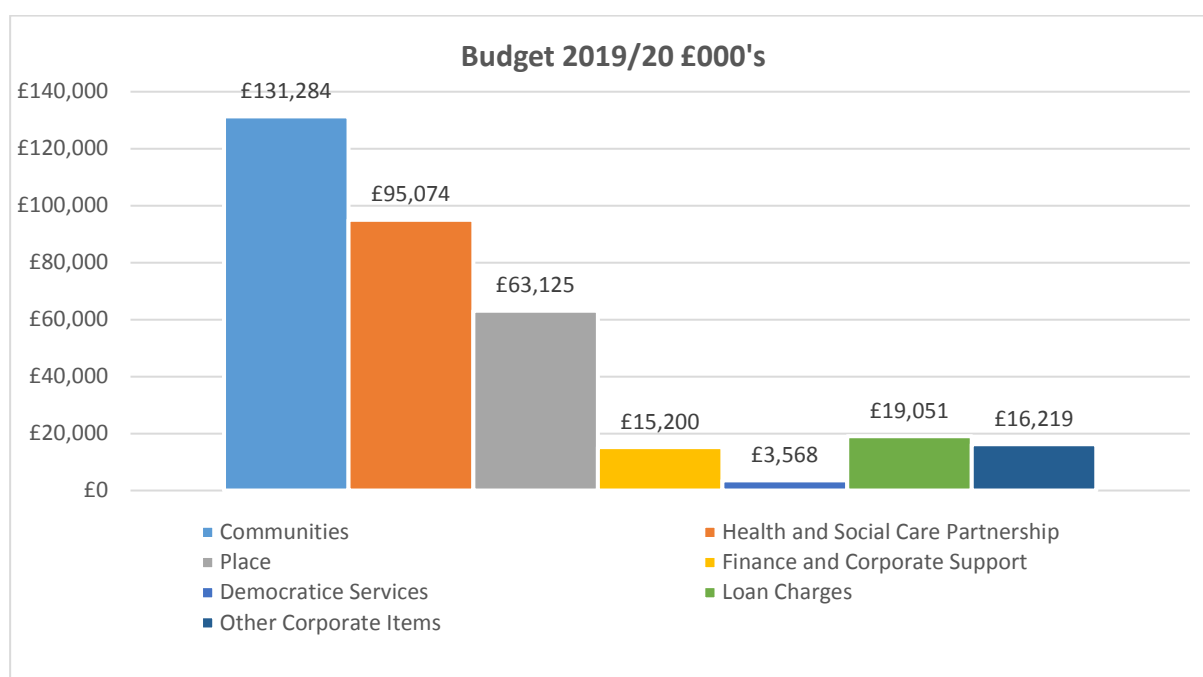
3.14 The Scottish Government continues to operate in a complex fiscal environment. The Fiscal Framework is such that the performance of the Scottish economy relative to the rest of the UK is the determinant of whether the Scottish Budget is better or worse off under the new arrangements.

3.15 The Scottish Government had originally planned to publish its Draft Budget on 12 December 2019. The new dates for the Draft Budget announcement and Stage 1 of the Budget are not known at this time. The Council is due to set its budget on 26 February 2020. It is recognised that the process from UK Budget setting through to Scottish Government Budget setting will present challenges to local authorities in setting a balanced budget within their current planned timeframe. Local authorities, through COSLA continue to monitor the current situation and engage with the Scottish Government around scenario planning and any potential contingency arrangements that may require to be put in place.

## Financial Outlook for North Ayrshire Council

### Allocation of Resources

- 3.16 The Chart below summarises the allocation of resources for 2019/20 approved at Council in February 2019, with 47% of relevant gross expenditure relating to employee costs;



### Medium term Outlook

- 3.17 A review of the assumptions set out in the longer term financial outlook has been carried out to reassess the significant pressures and income levels anticipated over the next 3 years based on the best available information. In terms of workforce costs, recent pay settlements have addressed years of pay restraint, however this has placed further pressure on Council budgets. The model recognises the following significant pressures with an anticipated cost of up to £35m over the next 3 years:

- Workforce costs including future pay settlements (see table), teachers' pension and adjustments for pension auto enrolment;

Staff Group	20/21 Agreed	21/22 Planning Assumption	22/23 Planning Assumption
Teachers	3%	3%	3%
Other Staff	3%	3%	3%

- Inflationary uplift for major commodities and contractual commitments only, with no provision for general inflation;
- Significant socio economic and demographic pressures including:

- A growing older population;
  - Increased demand for adult services;
  - Increased demand for support of vulnerable children and young people;
- 3.18 Single year settlements have been a feature of Scottish Government budget setting since 2015/16 creating a high level of uncertainty about funding levels. This, alongside, the complex interaction of block allocations from the UK Treasury, Scottish Government fiscal policy, priorities and commitments and the complexities of the distribution formulae make it difficult to forecast future grant funding levels.
- 3.19 Changes to core grant funding for North Ayrshire over the last 4 years have been -3.63% / -2.1% / +0.05% / -1.4%, with an average of 1.8%. Based on this a reduction of 2% has been built in for 2020/21. This is consistent with the planning assumption of a number of other Scottish local authorities and assumes the additional £2.398m (NAC share of £90m) announced at the first stage debate of the Finance Bill for the 2019/20 budget is recurring.
- 3.20 Specific adjustments have been included in 2020/21 and 2021/22 to reflect reducing loans fund support with an anticipated increase in 2022/23.
- 3.21 The model assumes a 3% annual increase to Council Tax, generating £6m over the next 3 years. This assumes the flexibility issued to local authorities as part of the 2019/20 to increase to 4.79% is not available in 2020/21.
- 3.22 Since 2017/18 the Council has used £13.6m of reserves and in year underspends to support recurring expenditure. As in previous years all reserves will be reviewed as part of the budget considerations.
- 3.23 The General Fund Capital Fund / Loans Fund Reserve underpin the funding of the Capital Programme. New regulations were issued in 2016 which allow Councils to vary the period and / or amount of loans fund repayments, if it is considered prudent to do so. Following a review of the current methodology it is projected that up to £9.8m can be released from this Fund over the period to 2025/26. This projection is based on the current Capital Programme, taking cognisance of the recent increase in PWLB borrowing rate. It should be noted however, that any subsequent changes to the Capital programme could impact on the value of funds which can be released.
- 3.24 A summary of the anticipated position of the Council over the next three years is provided in the table below. Further work continues to refine the underlying assumptions. Final savings proposals and the affordability of demographic pressures will be determined following the Local Government Financial Settlement.

	2020/21 £000's	2021/22 £000's	2022/23 £000's	Total £000's
Scottish Government Grant	-5,575	-5,413	-5,247	<b>-16,235</b>
Teachers Funding	687	0	0	<b>687</b>
Council Tax	2,256	1,876	1,934	<b>6,066</b>
Use of Reserves*	-3,460	-302	-118	<b>-3,880</b>
Pressures (Excluding HSCP)	-6,473	-7,528	-7,885	<b>-21,886</b>
HSCP Pressures	-4,590	-4,420	-4,389	<b>-13,399</b>
<b>Gross Funding Pressure</b>	<b>-17,155</b>	<b>-15,787</b>	<b>-15,705</b>	<b>-48,647</b>

### Sensitivity Analysis

3.25 Given the uncertainty that underpins the assumptions, sensitivity analysis has been carried out on the key components. A 1% movement on these is noted below;

- Scottish Government Grant £2.8m
- Council Tax Funding £0.6m
- Payroll incl. HSCP £2.2m (**note.** Settlement agreed until 2020/21)

3.26 The table below exemplifies the potential impact on the gross funding gap based on a number of scenarios around the level of grant funding. The shaded box highlights the assumptions within the current summary.

<b>Gross Funding Gap Scenarios Based on Scottish Govt Grant</b>	2020/21 £000's	2021/22 £000's	2022/23 £000's	Total £000's
Flat Cash	-11,580	-10,374	-10,458	<b>-32,412</b>
1% Reduction	-14,368	-13,081	-13,082	<b>-40,530</b>
2% Reduction	-17,155	-15,787	-15,705	<b>-48,647</b>
3% Reduction	-19,943	-18,494	-18,329	<b>-56,765</b>
4% Reduction	-22,730	-21,200	-20,952	<b>-64,882</b>

3.27 The medium term financial outlook assumes any new legislative requirements will be funded fully by the Scottish Government and makes no provision for new investment. Future local investment in new initiatives will increase the projected financial gap identified within the model.

### Reserves Strategy

3.28 The Council's reserves are classified as either earmarked or unearmarked. The Council's unearmarked reserves, i.e. those set aside to allow the Council to manage any unanticipated events, are in line with current policy of a minimum of

2% as set by Council on 1 March 2017. This level is the minimum of best practice between 2% and 4%. Earmarked reserves have been established to meet a range of known commitments. It is anticipated that these will reduce significantly over the next few years.

- 3.29 The level of Council reserves requires to be maintained at the right level to ensure the Council's future financial stability. These are kept under review and considered bi-annually on the setting of the Council's budget and on closure of the Council's Account.
- 3.30 To support the scale and pace of the next phase of transformation the level of resources available in the Change and Service Redesign Fund will require to be considered when the Council sets its budget.

### **Health and Social Care Partnership (HSCP)**

- 3.31 The Integration Scheme sets out the Integrated Joint Board's (IJB) responsibility for financial planning and management of the HSCP's resources. The IJB has an implicit statutory obligation to set a balanced budget.
- 3.32 Information on anticipated pressures and proposed savings options are shared with North Ayrshire Council to inform the allocation of resources delegated to the IJB. As part of the 2019/20 budget the Council made a net contribution to the HSCP of £2.145m which consisted of £1.389m net funding to meet demand and inflationary pressures (£5.618m gross pressures and £4.229m savings) and £1.730m to meet new expenditure requirements.
- 3.33 Despite significant investment by the Council in HSCP services over a number of years, including Challenge Fund resources to support transformation, consistent year end overspends, including non-delivery of savings have been returned. This has resulted in a cumulative deficit and debt to the Council of £5.1m as at 31 March 2019. The Council as one of the funding partners is exposed to financial risk unless the HSCP delivers services in a financially sustainable way.
- 3.34 The proposed timetable for the Integrated Joint Board setting its Budget is set out below;
- Budget Outlook (November)
  - Savings Proposals (November / December)
  - Updated Budget Outlook (January / February 2020 following the settlement)
  - Medium Term Financial Plan (March 2020)

### **The Council's Approach**

- 3.35 The reduction in resources noted above is happening at the same time as significant cost and demographic pressures. The scale of the financial challenge within the context of the savings which have already been delivered between

2010/11 and 2019/20, £102m, equivalent to almost 30% of the current budget, creates a greater future challenge.

- 3.36 The above together with the anticipation of continued pressure on public sector funds and in particular core local government funding and longer lead in times to deliver significant change and transformation requires the Council to take a longer-term approach to financial planning. The requirement for such an approach is recognised by a number of bodies including CIPFA and Audit Scotland.
- 3.37 The Council's approach as set out in the Long Term Financial Outlook will be considered within the context of the new Council Plan 2019-24, approved at Council on 26 June 2019. The Council priorities are defined across Aspiring Communities and Inspiring Place and a Council for the Future;

## Our Priorities:-

### Aspiring Communities

#### Priorities:

- ▶ Active and strong communities.
- ▶ Children and young people experience the best start in life.
- ▶ Inclusive, growing and enterprising local economy.
- ▶ People enjoy good life-long health and well-being.
- ▶ People and communities are safe.

### Inspiring Place

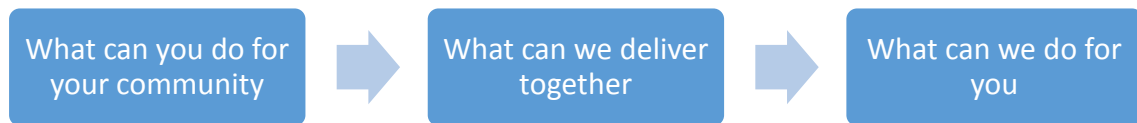
#### Priorities:

- ▶ Effective infrastructure and digital connectivity.
- ▶ Affordable, modern and well-designed homes that meet residents' needs.
- ▶ Vibrant, welcoming and attractive places.
- ▶ A sustainable environment.

## A Council for the Future

- An accessible Council that puts residents and communities at the heart of what we do.
- A valued workforce that delivers high quality services.
- An efficient Council that maximises resources and provides value for money.
- A powerful and respected voice.

- 3.38 A key component of the Council's approach will be defined by the relationship between the Council and communities within the context of service delivery and available financial resources and how a collaborative approach can generate positive outcomes for the citizens of North Ayrshire.



- 3.39 It is important to carefully plan and manage the impact of any change on the workforce. The Council continues to develop Workforce Plans that will support the pace and scale of change and transformation the Council requires to deliver.

### **Capital Investment Programme**

- 3.40 A full refresh of the 10 year Capital Investment Programme was undertaken for 2018/19 to 2027/28. For 2020/21 a high level review will be carried out. The Review will consider the phasing of projects and further refinement of current programme commitments.
- 3.41 Any new projects, not supported by external funding, will require to be supported by a robust business case and if additional resources are required this may increase the projected funding gap. Consideration will also require to be given to the impact on the loans fund, operational and maintenance costs alongside life cycle investment.

### **Progress and Next Steps**

- 3.42 In advance of the presentation of the Financial Outlook 2020/21 to 2022/23 to Council, all elected members were briefed in late October / early November 2019.
- 3.43 Directorates have made their initial budget submissions covering 2020/21 to 2022/23. These are being scrutinised as part of the officer peer review process, with progress to date shared with all members through the Policy Advisory Panel.
- 3.44 Discussions continue with the Integrated Joint Board to support a partnership approach to development of the Health and Social Care Partnership's budget.
- 3.45 Community engagement sessions were held across each locality during November. All feedback has been captured and will be considered through the Budget process.

## **4. Proposals**

- 4.1. That Council considers the Medium Term Financial Outlook 2020/21 to 2022/23, noting the scale of the potential financial challenge which the Council faces over the next 3 years and brings forward proposals to set a balanced budget for 2020/21 and beyond.

## **5. Implications/Socio-economic Duty**

### **Financial**

- 5.1 The anticipated funding gap over the period 2020/21 to 2022/23, based on current assumptions, is £48.6m. Council will require to set a balanced budget for 2020/21 and future years. The gross funding gap in 2020/21 is £17.1m.

### **Human Resources**

- 5.2 It is anticipated that delivery of savings will impact on the Council's future workforce. The Council has established corporate and Service workforce plans which include; active management of the size of its permanent work force; vacancy management; review of temporary contracts; together with selective use of voluntary severance and early retirement. Communication and regular consultation will continue to take place with the work force and Trade Unions.

### **Legal**

- 5.3 It is a statutory requirement for the Council to set a balanced budget and appropriate level of Council Tax to support this. Development of a balance budget is contingent on identification and subsequent delivery of significant transformation and robust savings alongside management of risk and pressures, particularly those of a demand led nature. Directors will require to provide assurance that plans are in place to secure delivery of proposed savings and deliver services within the final financial envelope.

### **Equality/Socio-economic**

- 5.4 An equalities and Children's Rights Integrated Assessment will be carried out for all options that will assist the Council to make decisions to bridge its funding gap.

### **Environmental and Sustainability**

- 5.5 None.

### **Key Priorities**

- 5.6 In addressing the financial challenge which the Council faces it will seek to minimise the impact this has on delivering its key priorities within the context of the new Council Plan 2019-24.

### **Community Wealth Building**

- 5.7 None.



## **6. Consultation**

- 6.1 Development of the Council's medium term financial plan is carried out collaboratively across the Executive Leadership Team and with key Partners and stakeholders.

## **7. Conclusion**

- 7.1 The Council is starting from a strong position in terms of financial planning with a clear understanding of its key strategic risks. Longer and medium term financial planning is critical to ensure sustainability of key Council priorities within the context of the new Council Plan 2019-24. The Medium Term Financial Outlook outlines the anticipated funding gap of £48.6m over the period 2020/21 to 2022/23, with £17.1m of this occurring in 2020/21. Recent year trends in core funding reduction and rising inflationary and demographic pressures increases the challenge of delivering a balanced budget. A change and transformation programme at scale and pace is required alongside the prioritisation of services to address the challenges that the Council faces and to minimise the impact on the communities of North Ayrshire.

Laura Friel

Executive Director (Finance & Corporate Support)

For further information please contact Laura Friel on 01294 324554.

## **Background Papers**

None



---

## NORTH AYRSHIRE COUNCIL

18 December 2019

### North Ayrshire Council

---

<b>Title:</b>	<b>Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2020/21</b>
<b>Purpose:</b>	To seek Council approval of the proposed HRA capital investment programme and revenue budget for 2020/21 and the consequential rent levels.
<b>Recommendation:</b>	Agree to: (a) approve the HRA capital investment programme for 2020/21, as detailed in Appendix 1; (b) approve the HRA revenue budget for 2020/21, as detailed in Appendix 2; (c) approve a rent increase of 2.99% in 2020/21 for council houses, garage sites, lock-ups and sheltered housing service charges; and (d) note the indicative rent increases of 2.50% for 2021/22 and 2.50% for 2022/23.

---

### 1. Executive Summary

- 1.1 The Housing (Scotland) Act 1987 requires local authorities to maintain a Housing Revenue Account to record all income and expenditure related to the provision of Council houses.
- 1.2 The annual review of the HRA Business Plan was carried out during 2019 to assess the factors expected to impact on the HRA budget. Tenants have also been consulted on the budget proposals included within this report. This has resulted in capital and revenue budgets which deliver:
  - a capital investment programme which maintains the Scottish Housing Quality Standard and works towards achieving the Energy Efficiency Standard for Social Housing (EESH) by 31 December 2020;
  - a further 340 new build houses completed by 31 March 2021, taking the total new builds to 725 units and supporting the delivery of 1,575 units of new build housing at the end of the Strategic Housing Investment Plan 2020-2025;
  - £19.331m of property related expenditure within the HRA revenue budget.

- 1.3 In order to meet these commitments, the proposed increase to housing, garage and lock-up rents and sheltered housing service charges is 2.99% for 2020/21.
- 1.4 A summary of the anticipated level of earmarked and unearmarked reserves is provided at paragraph 2.29 to the report. Based on the probable outturn for 2019/20 as at 30 September 2019, it is anticipated that the HRA will have reserves of £9.930m at the end of the financial year, of which £1.000m is unearmarked. This equates to 2% of revenue expenditure, which is at the lower end of the approved reserve policy of maintaining between 2% and 4% of revenue expenditure.
- 1.5 In recognition of the work that has been done by the Welfare Reform Advice Team in recent years to support tenants as they move over to Universal Credit and noting the Council's latest rent collection/ arrears performance, the Welfare Reform reserve will be reduced from £3.0m to £1.5m. £1.0m of the funding released will be used as Capital Funded from Current Revenue (CFCR) in 2020/21 and reduce the need for borrowing. The remaining £0.5m will be used to increase the uncommitted HRA balance to £1.5m (3%).
- 1.6 Full details of the capital and revenue budgets are contained in Appendix 1 and Appendix 2.

## **2. Background**

- 2.1 A Special Meeting of the Council on 19 December 2018 considered housing rent levels for the three years to 2021/22. Members approved an increase of 2.93% for 2019/20 and noted the indicative rent increases of 3.65% for 2020/21 and 2.5% for 2021/22.
- 2.2 The HRA Business Plan financial model was updated during 2019 to reflect the significantly improved stock condition, together with the potential impacts of Welfare Reform. In addition, the updated plan aligns to the Strategic Housing Investment Plan 2020-25 with 1,575 new homes targeted for completion by 31 March 2025. The Business Plan provides assurance of the financial sustainability of the Council's housing stock over the 30 year period it covers.
- 2.3 As part of the annual review of the Business Plan consideration was also given to the following factors:
  - Capital and revenue expenditure requirements
  - Council house building targets
  - Inflation
  - Outcome of tenants' consultation
  - Value for Money
  - Future challenges

- Revenue and Capital balances

## **Capital and Revenue Expenditure Requirements**

### **Capital**

- 2.4 The proposed 2020/21 HRA capital programme of £68.448m is detailed in Appendix 1. As outlined in the appendix, the programme will be funded by a combination of capital funded from current revenue (CFCR), government grants, prudential borrowing, reserves and the affordable housing contribution.
- 2.5 The capital programme will result in major repair or improvement works to housing stock in 2020/21 including the programmes detailed below. For comparison purposes, projected outturns for 2019/20 are also provided.

<b>Programme</b>	<b>No. of properties</b>	
	<b>2020/21</b>	<b>2019/20 Projected</b>
Roofing and rendering	425	570
Insulated rendering	50	150
Electrical rewiring	240	215
Installation of new kitchens	432	402
New central heating	693	385
Installation of new bathrooms	359	331

### **Council House Building**

- 2.6 The revised Business Plan reflects the Council's commitment to deliver a comprehensive new build programme, with a variety of house types as well as significant investment in housing for older people and those with additional support needs. Details of developments programmed for completion during 2020/21 are shown below:

2.7

<b>Project</b>	<b>Number of Units</b>	<b>Status in 2020/21</b>
Watt Court, Dalry	15	Final completions of 49 unit site
Flatt Road, Largs	81	81 out of 122 units
St Michael's Wynd, Kilwinning	50	50 out of 79 units
Brathwic Terrace, Arran	34	Completion due Jan 2021
Harbourside, Irvine	30	30 out of 71 units
Dalrymple Place, Irvine	33	Completion due Dec 2020
St Beya Gardens, Cumbrae	18	Completion due Jan 2021

Towerlands PS, Irvine	50	Completion due Feb 2021
Springvale Depot, Saltcoats	14	Completion due Feb 2021
Caley Court, Stevenston	15	Completion due Feb 2021
<b>Total</b>	<b>340</b>	

Details of the full Council house build programme can be found in the Strategic Housing Investment Plan 2020-2025 which was approved by Cabinet on 29 October 2019. A total of 1,575 new homes are targeted for completion by the Council by 31 March 2025.

- 2.8 The sheltered housing re-provisioning programme continues to be implemented and in February 2021 refurbishment work will be completed on the remaining two sheltered housing units at Friars Lawn, Kilwinning (22 units) and Garrier Court, Springside (19 units).
- 2.9 Following the success of previous years, funding of £2.648m will be available to continue investment in purchasing ex-local authority houses and empty homes. Acquiring these types of properties will help to address asset management and estate management issues, while increasing Council housing stock numbers.
- 2.10 The capital programme includes investment to ensure the Council meets the Energy Efficiency Standard for Social Housing (ESSH), which provides clear guidance in relation to the level of energy efficiency each Council owned house requires to achieve by 31 December 2020. Approximately 98% of the Council's housing stock already complies with ESSH; energy improvement works such as cavity wall insulation and replacement central heating are planned for those properties which are not currently compliant.
- 2.11 The Prudential Code for Capital Finance in Local Authorities requires councils to demonstrate that capital investment programmes and the level required to be funded by borrowing are affordable, prudent and sustainable. The Key Performance Indicator which demonstrates this is noted below:

### Treasury Management Performance Indicators

Ratio of financing costs to net revenue stream	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
HRA	16.9%	22.8%	24.3%

## **Revenue**

- 2.12 The proposed 2020/21 HRA revenue budget is outlined in Appendix 2. Planned expenditure of £50.573m will mainly be funded by rental income and charges for services.
- 2.13 The revenue budget includes funding of £19.331m for property related expenditure in the year. This expenditure will assist the Council in maintaining its efficient and sector-leading performance in respect of the management of void properties and planned and responsive maintenance. Additionally, provision has been made for Tenant Led Budgets and other areas of estate management such as rear sub divisional fencing and infrastructure improvements.

## **Outcome of Tenants' Consultation**

- 2.14 The Housing (Scotland) Act 2001 requires councils to consult with tenants and have regard to the views expressed prior to setting the rents.
- 2.15 In preparing the budget for 2020/21, two options for rent increases were identified by officers and these were considered by the Business Plan Implementation Group in October 2019. The options were subsequently included in the tenants' consultation exercise that took place during October and November 2019, namely to increase rents by either 2.99% or 3.20%. The higher increase reflected an option to increase investment in Tenant Led Budgets, which are funds used to deliver projects nominated by tenants. Further information on the options considered is included within the Rent Matters Newsletter as attached at Appendix 3.
- 2.16 Responses received from the tenants' consultation indicated a 57% preference for option 1, i.e., a rent increase of 2.99% for 2020/21.

## **Rent Increase**

- 2.17 In order to meet the investment requirements of the 30-year Business Plan, including: the Council house building programme; maintaining the SHQS; and working towards achieving the Energy Efficiency Standard for Social Housing by 31 December 2020, it is proposed to increase housing rents by 2.99% for 2020/21. The latest Business Plan indicates anticipated rent increases of 2.50% for 2021/22 and 2.50% for 2022/23.

## **Value for Money**

- 2.18 The Council's average weekly rent is below the Scottish average Local Authority rent for 2019/20 (Council average is £72.29 compared to Scottish average of £74.26). The proposed rent increase for 2020/21 is expected to maintain the Council's position compared with the Scottish average. The Council's average rent is also significantly lower than the average for Registered Social Landlords within North Ayrshire. Details of the weekly rent charges are shown in the following table:

	<b>Average Rent 2019/20</b>
Scottish Local Authority Average	£74.26
North Ayrshire Council	£72.29
East Ayrshire Council	£72.72
South Ayrshire Council	£75.45
ANCHO	£83.18
Irvine Housing Association	£85.75
Cunninghame Housing Association	£87.68

- 2.19 Scotland's Housing Network benchmarks the Scottish Social Housing Charter outcome results of Scottish councils. The results include areas such as housing management performance, repairs and customer satisfaction and value for money. In 2018/19 North Ayrshire Council was once again the highest performing local authority housing service for both average re-let times and rent lost from empty properties. The Network also confirmed that the Council remains the top performer amongst local authority members in terms of both level of service and value for money.
- 2.20 During the customer satisfaction survey completed in Summer 2018, 92.1% of tenants said that the rent for their property represented good value for money.

### **Future Challenges**

#### **Welfare Reform**

- 2.21 The changes introduced by the Welfare Reform Act 2012 have placed pressure on the management of rent collection. Universal Credit Full Service was introduced in North Ayrshire Council in November 2017. Like most local authorities who have moved to full service, an increase in rent arrears has been experienced. This is, in part, due to Universal Credit being paid monthly in arrears. The end of year position in current tenant arrears for 2018/19 was £1.228m, a 22% increase from the previous year.
- 2.22 For 2018/19 the number of tenants claiming Universal Credit increased by 1,385 compared to the previous year. 1,843 of the 2,490 tenants claiming Universal Credit at the 2018/19 year-end were in arrears, with an average debt of £396. This is a reduction in the average debt per Universal Credit claimant of £30 from 2017/18. However, it is still significantly higher than the £270 average overall debt per tenant.
- 2.23 It should be noted, however, that some arrears are considered technical, as Universal Credit claimants receive benefits, including housing costs, monthly in arrears. Direct payments from the DWP can take up to six weeks to be received by landlords. Gross technical arrears of £0.337m



were identified at 31 March 2019.

- 2.24 Nonetheless, the Council's performance in rent arrears management is very good. In 2018/19, gross rent arrears as a percentage of rent due was 3.34% (Scottish average was 5.67%). The estimated arrears within the 2020/21 budget assumes full DHP funding continuing to be available for under occupation.
- 2.25 The Welfare Reform Act 2012 poses significant risks to HRA income streams and consequently the HRA Business Plan. Welfare Reform places a number of pressures on tenants. A high proportion of council tenants are on low incomes and, prior to Universal Credit, approximately 58% were in receipt of Housing Benefit. The overall impact, once all benefit claimants migrate to Universal Credit, is expected to be significant for tenants, the local economy and the Housing Revenue Account. A UK migration pilot commenced in 2019, with full migration due to conclude in 2023.
- 2.26 The Scottish flexibilities to vary the frequency of Universal Credit payments and to make payment of rent direct to landlords has been available for over a year. The payment schedule currently used by DWP can delay payments by 5 weeks, contributing to arrears levels.
- 2.27 In order to continue to meet the priorities within the HRA Business Plan, it is essential that the risks presented by Welfare Reform and the uncertainties around future rental income are addressed. In recognition of the work that has been done by the Welfare Reform Advice Team in recent years to support tenants as they move over to Universal Credit, and noting the Council's latest rent collection/ arrears performance, the Welfare Reform reserve will be reduced from £3.0m to £1.5m. £1.0m of the funding released will be used as Capital Funded from Current Revenue (CFCR) in 2020/21 and reduce the need for borrowing. The remaining £0.5m will be used to increase the uncommitted HRA balance to £1.5m (3%). The proposed use of funds to reduce revenue expenditure contributes to the proposed rent increase of 2.99%, compared to the indicative rent increase of 3.65%.

### **Climate Change and Fuel Poverty**

- 2.28 As part of the Council's continued approach to improve domestic energy efficiency and meet Scottish Government targets, a number of actions are being taken across the housing stock including:
- Delivery of new capital projects generating renewable and/or low carbon energy for the benefit of tenants
  - Implementation of district heating schemes comprising shared heating from renewable biomass
  - Incorporating sustainable technologies in new homes such as dual zone heating controls, waste water heat recovery systems and Sunamp heat batteries

- Retrofit of solar panel systems on up to 500 Council homes
- Providing energy advice and switching services
- Consideration of a white label energy supplier to provide lower fuel bills for tenants

### **Revenue and Capital Balances**

- 2.29 The HRA revenue budgetary control report to 30 September 2019, presented to the Cabinet meeting of 26 November 2019, advised Members of a projected HRA balance of £9.930m at 31 March 2020. This includes an unearmarked balance of £1.000m which equates to 2% of revenue expenditure. An analysis of the HRA balances is shown in the following table:

	<b>Balance at 31 March 2019</b>	<b>Use of Earmarked Funds</b>	<b>Projected Balance at 31 March 2020</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>HRA Not Earmarked</b>	<b>1.000</b>	<b>-</b>	<b>1.000</b>
<u>HRA Earmarked</u>			
Council House Building Fund	7.025	(2.483)	4.542
Welfare Reform	3.000	-	3.000
Major Refurbishment Works	0.052	-	0.052
Infrastructure Improvements	0.545	(0.200)	0.345
Tarryholme	0.791	0.200	0.991
<b>Total Earmarked Fund</b>	<b>11.413</b>	<b>(2.647)</b>	<b>8.930</b>
<b>Total HRA Balance</b>	<b>12.413</b>	<b>(2.647)</b>	<b>9.930</b>

## **3. Proposals**

- 3.1 The Council is invited to: (a) approve the HRA capital investment programme for 2020/21, as detailed in Appendix 1; (b) approve the HRA revenue budget for 2020/21, as detailed in Appendix 2; (c) approve a rent increase of 2.99% in 2020/21 for council houses, garage sites, lock-ups and sheltered housing service charges; and (d) note the indicative rent increases of 2.50% for 2021/22 and 2.50% for 2022/23.

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

### **Financial**

- 4.1 The proposed rent increase of 2.99% in 2020/21 will provide the additional resources required to improve and maintain the Council's housing stock, with total planned revenue expenditure of £50.573m - including CFCR of £11.467m - and a capital programme totalling £68.448m in 2020/21.

### **Human Resources**

- 4.2 None.

### **Legal**

- 4.3 The Council has consulted with tenants on the proposed rent increases in line with the legal requirement to do so.

### **Equality/Socio-economic**

- 4.4 The investment proposals outlined in the report will ensure the housing stock continues to support the needs of our tenants including those with accessibility issues due to age or disability.

The investment in our properties to provide safer, warmer and more fuel-efficient homes will improve the health and wellbeing of all our tenants, including young people and families.

### **Environmental and Sustainability**

- 4.5 The HRA budget proposals and associated investment plans support key priorities within the Council's Environmental Sustainability and Climate Change strategy.

### **Key Priorities**

- 4.6 Investment through the HRA capital programme and revenue budget supports the Council Plan 2019-24 strategic priorities, specifically:
- Aspiring Communities
    - Residents and communities enjoy good life-long health and well-being
    - Residents and communities are safe
  - Inspiring Place
    - Homes that meet residents' needs
    - A sustainable environment
    - North Ayrshire is a vibrant, welcoming and attractive environment
  - A Council for the Future
    - An efficient Council that maximises resources and provides

value for money

### **Community Wealth Building**

- 4.7 The HRA 2020/21 budget reflects combined capital and revenue expenditure of £107.554m. As well as providing direct local employment, the HRA investment programme also provides significant procurement opportunities for local businesses.

## **5. Consultation**

- 5.1 Housing Services engaged in a programme of consultation with key stakeholders in order to gather their views of the current service provision and priorities for future service delivery. This engagement and consultation was facilitated, in the main, through the Business Plan Implementation Group and the Tenants and Residents Network.
- 5.2 In addition a consultation on the proposed rent increases (Appendix 3) was issued to 12,791 Council tenants via the Tenants Newsletter in October 2019. The consultation period ran between October and November and tenants were asked to provide their views on two options for rent increases.

RUSSELL McCUTCHEON  
Executive Director (Place)

For further information please contact Yvonne Baulk, Head of Physical Environment on 01294 324398.

## **Background Papers**

North Ayrshire Council Draft HRA Capital plan 2020/21			
	2020/21	Future Years House Building	Total
Pogramme Description	£000	£000	£000
<b>Council House Building</b>			
Flatt Road (Phase 1)	6,048	1,903	7,951
St Michael's Wynd	8,836	0	8,836
Brathwic Terrace	4,193	0	4,193
Harbourside (Phase 1)	6,496	1,060	7,556
St Beya Gardens	2,135	0	2,135
Towerlands Primary School	6,375	0	6,375
Springvale Depot	1,906	0	1,906
Dalrymple Place (Redevelopment)	2,269	0	2,269
St Colms PI (Redevelopment)	3,590	801	4,391
Bourtreesill Village (Redevelopment)	891	3,091	3,982
Caley Court	2,210	929	3,140
Garnock Academy Site (Redevelopment)	2,020	292	2,312
Corsehillhead	388	640	1,027
Ayrshire Central Site (Redevelopment)	200	18,942	19,142
Watt Court	20	0	20
<b>Refurbishment Schemes</b>			
Friars Lawn	954	0	954
Garrier Court	204	0	204
<b>Acquisition of Houses - Open Market</b>	456	0	456
<b>Improvements to Existing Stock</b>			
Bathroom Programme	1,243		1,243
Kitchen Programme	1,504		1,504
Other Capital Works	9,504		9,504
Central Heating	2,025		2,025
Windows	155		155
Insulated Re-rendering	715		715
Electrical Re-wiring	539		539
Roofing and Rendering	2,598		2,598
Energy Efficient Standard	31		31
Professional Management Charges	944		944
<b>TOTAL EXPENDITURE</b>	<b>68,448</b>	<b>27,657</b>	<b>96,105</b>
<b>Funded By:-</b>			
CFCR	(11,467)	0	(11,467)
Council House Build Fund	(1,227)	(3,681)	(4,908)
Welfare Reform Reserve	(1,000)	0	(1,000)
Affordable Housing Fund	(1,290)	(1,582)	(2,872)
Capital Grants - House Building	(22,905)	(12,908)	(35,813)
Prudential Borrowing	(30,558)	(9,486)	(40,044)
<b>TOTAL INCOME</b>	<b>(68,448)</b>	<b>(27,657)</b>	<b>(96,105)</b>

NOTE: The above figures include carry forwards from 2019/20 as identified at period 6.

Draft HRA Revenue Budget 2020/21		
	Cost Type	2020/21 (£'000s)
<b>Income</b>	<b>Rents:</b>	
	Council houses	(49,600)
	Other rents	(375)
	<b>Other Income:</b>	
	Utilities service charges	(10)
	External recharges	(461)
	Internal recharges	(118)
	Health contribution to Common Housing Register	(9)
<b>Gross Income</b>		<b>(50,573)</b>
<b>Expenditure</b>	<b>Employee Costs</b>	4,356
	<b>Property Costs:</b>	
	Responsive repairs	1,896
	Void expenditure	3,324
	Planned & cyclical maintenance	8,305
	Tenant led budgets	210
	Infrastructure improvements	300
	Aids & adaptations	1,971
	Other property costs	3,325
	<b>Supplies and Services</b>	241
	<b>Transport Costs</b>	27
	<b>Administration Costs</b>	577
	<b>Central Support Costs</b>	1,884
	<b>Payments to Other Agencies, Bodies and Persons</b>	24
	<b>Internal Services</b>	2,345
	<b>Capital Financing:</b>	
	CFCR	11,467
	Principal repayments	3,983
	Loans fund interest	6,258
	Loans fund expenses	138
	Revenue interest	(58)
<b>Gross Expenditure</b>		<b>50,573</b>

## Appendix 3

### RENT CONSULTATION 2020/21 – RESULTS

Total number of tenants – 12,791

Total number of responses – 562

Percentage of tenant responses – 4.4%

<b>Option 1.</b> <b>Increase rents by 2.99%</b>	<b>Delivers base budget</b>	<b>Percentage of Responses</b> <b>57%</b>
<b>Option 2.</b> <b>Increase rents by 3.20%</b>	<b>Delivers base budget plus additional £0.100m for Tenant Led Budgets</b>	<b>Percentage of Responses</b> <b>43%</b>





**18 December 2019****North Ayrshire Council**

---

<b>Title:</b>	<b>Ardrossan Harbour Redevelopment</b>
<b>Purpose:</b>	To provide an update on the proposed redevelopment of Ardrossan Harbour
<b>Recommendation:</b>	<p>(a) That Council notes:</p> <p>(i) The identification of a preferred option for the reconfiguration of Ardrossan harbour;</p> <p>(ii) the need for a decision by the Transport Scotland Board on the financial investment package required to allow the project to proceed; and,</p> <p>(iii) that the Council's investment in the project will be funded through revenue from the car park and terminal building and secured through a lease between the Council and Peel Ports Group; and</p> <p>(b) That Council agrees to write to the Minister for Energy, Connectivity and the Islands to stress the need for a decision by the Transport Scotland Board in January to allow the main construction works contract to commence in Autumn 2020.</p>

---

**1. Executive Summary**

- 1.1 This report provides an update on the proposed redevelopment at Ardrossan Harbour.
- 1.2 In 2017 Scottish Ministers confirmed Ardrossan as the mainland port for the Brodick and Campbeltown ferry. Subsequently, Transport Scotland (TS) accepted that to secure the long-term resilience of Ardrossan Harbour a more comprehensive redevelopment of the harbour was required. The preferred option now proposes a realignment of the Arran berth to improve the manoeuvrability of vessels and increase service reliability.
- 1.3 As the design process for the marine works is now well developed, a decision requires to be made by the Transport Scotland Board on the financial package for the works. While the overall project cost has increased to c£35m, the Council's proposed financial contribution remains at the level proposed in 2017.
- 1.4 Should a decision be reached in January 2020, works would commence in Autumn 2020. Further delays to the decision will directly impact on the programme, and also potentially result in increased costs.

## **2. Background**

- 2.1 The Council and the Ardrossan and Arran communities successfully campaigned to retain Ardrossan as the mainland port for the Arran and Kintyre ferry services through the Save our Ferry Campaign in late 2016/early 2017. Ardrossan was confirmed by the Scottish Government as the mainland port for the Brodick and Campbeltown ferry services in April 2017, following assessment of the respective merits of the ports of Troon and Ardrossan. This followed an unsolicited bid by the owners of the port of Troon, Associated British Ports, to operate the services from Troon.
- 2.2 The Council meeting of November 2016 agreed to take all necessary steps to retain the lifeline service at Ardrossan. This led to the submission of a technical case to justify the advantages of retaining Ardrossan as the mainland port for the services in December 2016, and the submission of a financial case setting out proposals for investment in the harbour infrastructure by the Council and the ports owners, Peel Ports Group (PPG) in January 2017.
- 2.3 At that time, it was envisaged that works could commence in Autumn 2017, allowing the improvements in the marine infrastructure to be in place by Autumn 2018, with the development of a new terminal building completed in 2019. This package of works involved only a limited upgrade to the existing marine infrastructure specification. At that time, an upgrade to the existing marine infrastructure at Ardrossan was envisaged at a cost of around £15M.
- 2.4 However, following the decision to maintain the services at Ardrossan in April 2017, additional concerns were raised over the resilience of the port at Ardrossan, i.e. the level of disruption to the ferry timetable in certain weather conditions. This led to further modelling and simulations of the ferry utilising the harbour, and the conclusion that additional works to the marine infrastructure at the harbour would be required to deliver a more resilient harbour service in the long term.
- 2.5 This has since led to extensive analysis to determine the optimal specification of the harbour. A preferred option was identified and agreed by the Ministerial Task Force leading the development of the project in April 2019. This preferred option proposes the removal of around 2,500 sq. m from the land adjacent to the Arran berth, or a realignment of the berth by 30 degrees from a SE-NW axis, to roughly equivalent to a South-North axis. This would provide additional manoeuvring space for ferries utilising the Arran berth. The preferred option proposals are included at Appendix 1. This has increased the project cost to c£35m.
- 2.6 Detailed designs for these marine infrastructure works have since been developed and are nearing completion. This design work has included:
  - testing operational viability through vessel simulation and consultation with Shipmasters and Pilots;
  - site investigations of ground conditions;
  - engineering studies including construction methodology and project delivery risks;
  - wave modelling and mooring analysis;
  - cost estimates; and,
  - consideration of construction management including impact on the continued operation of the ferry services.

- 2.7 North Ayrshire Council (NAC) and Peel Ports Group (PPG) are also progressing with the design works for landside works and appointed a design team to develop detailed designs in mid-November. This includes design of:
- the terminal building;
  - marshalling areas;
  - access / public transport; and
  - active travel / car parking.
- 2.8 The development of the designs for the works will involve public consultation, commencing in January 2020, while the project partners have also held workshops to learn lessons from the recent Brodick Harbour redevelopment project.
- 2.9 Given that the marine works will involve significant disruption to the harbour infrastructure, the closure of the Arran berth for an 18-month period will be required. To allow both the works to proceed effectively and to allow the continued use of Ardrossan by the ferry services, a temporary works package will be carried out prior to commencement of the main works contract. This will:
- see the closure of the Arran berth to allow its reconfiguration;
  - facilitate the use of the Irish berth;
  - see the provision of temporary terminal facilities; and,
  - provide a clear distinction between the construction area and temporary operating area by the phased closure from public access of construction areas.
- 2.10 A plan illustrating the temporary works arrangement is shown at Appendix 2.
- 2.11 While Ardrossan would continue to be the mainland port for the Arran and Kintyre services during the works contract, the potential for some additional disruption on the service due to the use of the Irish Berth and the need for alternative ports to be used on occasion is recognised. Caledonian MacBrayne have recently undertaken survey work with ferry users, and additional consultation will be undertaken with businesses, Council services and partners to fully understand the impacts of any service disruption and any mitigation measures that need to be put in place.
- 2.12 In order for the procurement process to commence through the issue of a tender package for the works, agreement is required from the Transport Scotland Investment Decision Making Board. The Board has considered the project in October and November 2019 and has approved the project in principle. However, agreement has not yet been reached on the overall financial package and the allocation of risk. The Board is due to meet to reconsider the project on 13th January 2020.
- 2.13 Should there be agreement at the Transport Scotland Board meeting in January, a tender package would be issued in March to allow works to start in Autumn 2020. It is envisaged that the works would take around 18 months to complete. Further delays to the Transport Scotland Board approval will have a direct impact on the programme and could result in further cost due to construction cost inflation.

- 2.14 As agreed by the Council in January 2017, the investment proposed by the Council will be funded by revenue from the car park charges and the lease of the terminal building. The Council's investment will be on a commercial basis, thereby avoiding any state-aid issues. In turn this will be secured through the lease from the owner of the landside infrastructure, Peel Ports Group. Detailed lease terms are in development, and a plan of the proposed area is attached at Appendix 3. The Heads of Terms for the lease include a 30-year term and a rental of £1 per annum.
- 2.15 The proposed works to Ardrossan harbour are one of a series of major capital investment projects in the town with the potential to transform the town, attract visitors and create additional employment opportunities. This will also include:
- the proposed relocation of Ardrossan Academy to the north shore site as part of an education campus including Winton Primary (subject to the outcome of the statutory consultation process);
  - the construction of a marine sciences centre, residential development, an expanded marina and a coastal path at the north shore site;
  - improved connections between the major regeneration areas; and,
  - the potential development of a hotel in the town centre.

### **3. Proposals**

#### **3.1 (a)-That Council notes:**

- (i) The identification of a preferred option for the reconfiguration of Ardrossan harbour;
- (ii) the need for a decision by the Transport Scotland Board on the financial investment package required to allow the project to proceed; and,
- (iii) that the Council's investment in the project will be funded through revenue from the car park and terminal building and secured through a lease between the Council and Peel Ports Group; and

(b) That Council agrees to write to the Minister for Energy, Connectivity and the Islands to stress the need for a decision by the Transport Scotland Board in January to allow the main construction works contract to commence in Autumn 2020.

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

#### **4.1 Financial**

Given the change in the nature of the works, the capital investment requirement has increased significantly since the submission of the 'base case' in January 2017. Overall costs will increase from an estimated £15M, to an estimated £35M. The vast majority of this cost increase relates to the marine infrastructure works, to which the Council is not contributing financially.

The base case agreed by the Council in January 2017 and accepted by Transport Scotland assumed the implementation of a £9.306M investment in the landside infrastructure at the harbour. This was to be funded by a combination of:

- Capital funding from the Council of £3.63M, funded in part by prudential borrowing against projected income from the car park and a lease of the terminal building;
- A £1.98M contribution from NAVT;
- A contribution of £2.196M by PPG; and,
- External funding of £1.5M (a funding application to contribute to this has recently been submitted to Strathclyde Partnership for Transport).

A request has been made to Transport Scotland that they meet the additional costs arising in relation to the landside works. Additional landside development costs arising amount to some £1.534M. Of this, £1.144M has yet to be accepted by Transport Scotland, including additional costs relating to construction cost inflation, contract management costs, and officer/consultancy costs. Discussions are ongoing with Transport Scotland.

While these additional costs have been sought from Transport Scotland, a decision has not been reached through their Investment Decision-Making board. It should be noted that, as a decision continues to be deferred, the figure sought will continue to rise, given the continuing impacts of extended timescales on construction cost inflation and officer costs.

#### **4.2 Human Resources:**

There are no Human Resource implications arising from the report.

#### **4.3 Legal:**

The proposed works to the harbour will be facilitated by the Council entering into a lease agreement for the land with the owners Peel Ports Group. A lease will also be entered into between the Council and Caledonian MacBrayne Ltd (or their successors) for the proposed new terminal building. The proposed lease area is outlined in red on the plan at Appendix 3, and will include the proposed terminal building, car park, marshalling area and access road. It will exclude the sea wall, with the lease boundary terminating around 3m from the sea wall. No liability will therefore be entered into in relation to marine infrastructure such as the sea wall or linkspan.

Maintenance of the car park and marshalling space will be an obligation of the Council, funded by income from the car park. The terminal building will be leased to Caledonian MacBrayne or successor operators, who would operate and maintain the facility. While responsibility for the operation and maintenance the Passenger Access System has yet to be confirmed, this will not be a responsibility of the Council.

On termination of the lease after 30 years the facilities would revert back to Peel Ports Group.

Legal advice on state aid has been taken on the state aid implications of public investment in the harbour area. It is considered that state aid will not arise given that:

- The Council is investing on commercial terms;
- There is no commercial advantage to Peel or Caledonian MacBrayne; and,
- The project is not likely to affect intra community trade.

#### **4.4 Equality/ Socio-Economic:**

The proposals will form part of a major capital investment programme in Ardrossan, with positive socio-economic impacts for the town.

#### **4.5 Children and Young People:**

There are no implications at this stage.

#### **4.6 Environmental and Sustainability:**

Any environmental implications of the proposed works will be addressed as part of the relevant regulatory processes

#### **4.7 Key Priorities:**

The proposed investment will support the Council Plan themes of:

- Growing our economy, increasing employment and regenerating towns
- Working together to develop stronger communities
- Helping all of our people to stay safe, healthy, and active

#### **4.8 Community Wealth Building**

Local benefits in terms of employment and skills will be sought through the procurement process for what are major capital works. In addition, the proposed lease agreements illustrate how the use of land and commercial income can be used to secure investment for community benefit.

### **5. Consultation**

The project is being led by the Ardrossan Harbour Steering Group, chaired by Transport Scotland and with membership including North Ayrshire Council, Peel Ports Group, Caledonian MacBrayne, Caledonian Maritime Assets Ltd, and the Arran Ferry Committee.

Public Consultation will be undertaken during the design process for the landside infrastructure with the local community in both Arran and Brodick and Ardrossan. This consultation will also involve Caledonian MacBrayne, Caledonian Maritime Assets Ltd, Peel Ports Group, Scotrail, local landowners, harbour tenants and other relevant partners/interested bodies. It will commence in January 2020.

A consultation exercise is already underway in relation to the impact of the construction works on the local community and service providers/users given the potential for the works to impact on service reliability and see occasional use of alternative ports.

Project updates will be provided through project specific pages on the Council and Transport Scotland websites.

KAREN YEOMANS  
Director (Growth and Investment)

For further information please contact **Alasdair Laurenson, Senior Manager, Regeneration**, on **01294 324005**.

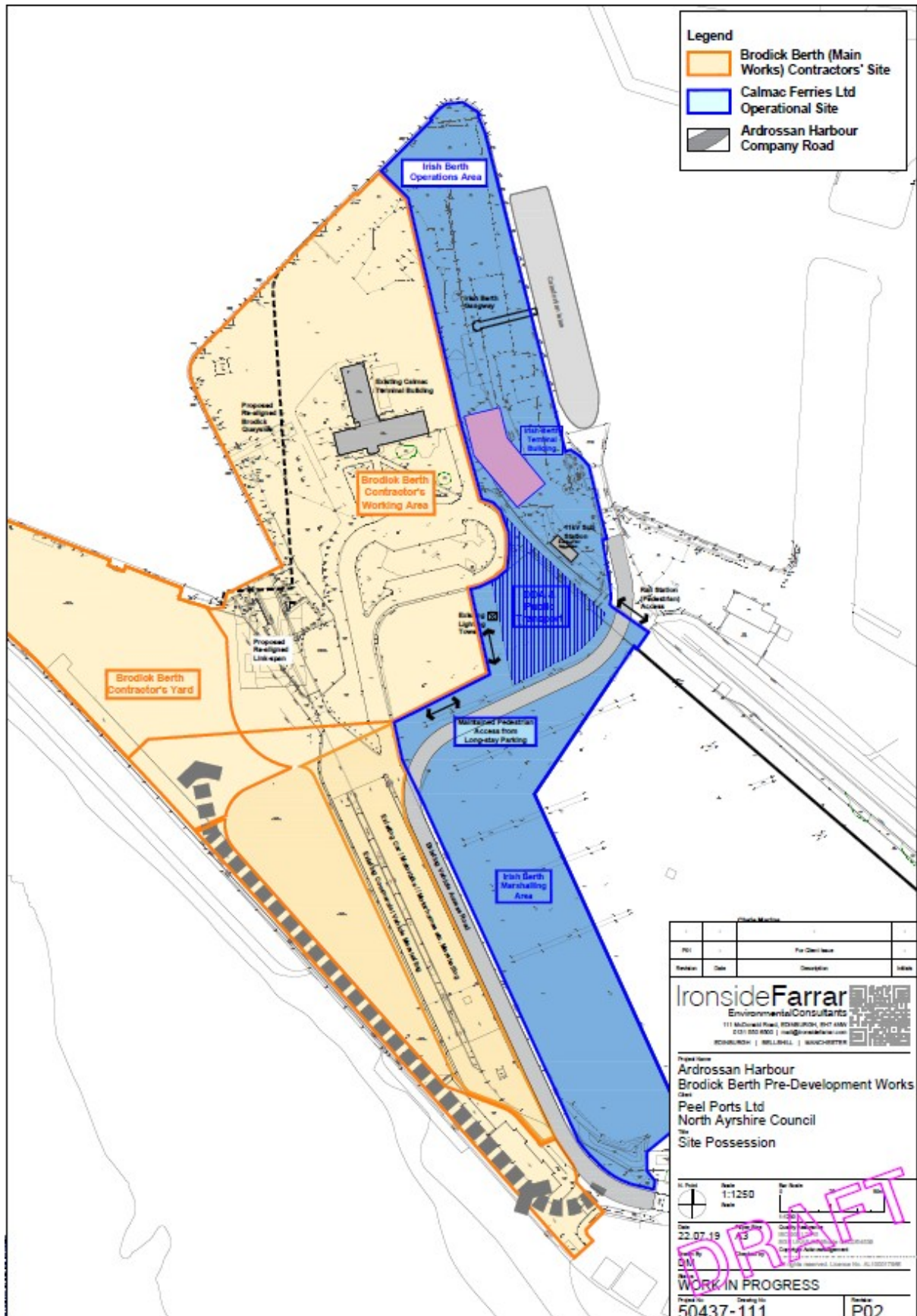
**Background Papers**

0

[illegible]



Appendix 2 – Temporary Works Package/Proposals for operation of harbour during construction works



Appendix 3 – Draft Lease Area

