
NORTH AYRSHIRE COUNCIL

27 February 2019

North Ayrshire Council

Title:	Capital Investment Programme 2019/20 to 2027/28
Purpose:	To advise Council on the draft Capital Investment Programme to 2027/28
Recommendation:	That Council (a) approves the Capital Investment Programme to 2027/28 included in appendix 3 (b) notes that the programme will be reviewed on an on-going basis with the next major review in 2020/21 and (c) approves the Capital Investment Strategy included in appendix 4.

1. Executive Summary

- 1.1 This report outlines the recommendations of the refresh of the Capital Investment Programme carried out during 2018/19. The next full review of the programme will be carried out in 2020/21.
- 1.2 The refresh has incorporated all funding sources to 2027/28, including assumed levels of general capital grant, specific grants and a prudent assessment of the level of capital receipts to 2027/28. The balance of funding required to deliver the capital programme will be met through prudential borrowing and this is anticipated at £85.319m over the period.
- 1.3 In accordance with the Local Government in Scotland Act 2003, the Cabinet Secretary for Finance, Economy and Fair Work agreed to extend existing flexibility arrangements to allow local authorities to apply capital receipts to meet severance costs arising from service transformation projects. On 15 January, 2019 Cabinet approved the use of capital receipts to maximise flexibility in delivering a balanced budget in both 2018/19 and 2019/20 and help provide medium term financial sustainability. £2.300m of capital receipts have been applied for this purpose.
- 1.4 The refresh considered the current capital programme and takes cognisance of subsequent changes across three main areas:-
 - Changes to funding from core capital grant and other sources of income.
 - A review of spending profiles across key capital projects to support the Council's priorities.
 - Revised levels of investment across projects, taking cognisance of Council priorities, external funding sources and investing in core assets through asset management plans.

- 1.5 The proposed revised Capital Investment Programme attached in Appendix 3 will deliver a total programme of £254.905m to 2027/28.
- 1.6 Compliance with Regulation and the Prudential Code requires assurance to be provided on affordability and sustainability of the capital investment programme. This is provided in the Treasury Management and Investment Strategy (TMIS) which follows this report on the Council agenda. The TMIS recognises that this will require to be kept under review to ensure the underlying assumptions continue to apply.
- 1.7 In addition to the TMIS there is also a requirement for the Council to publish a Capital Investment Strategy (CIS). The CIS provides an overview of how capital investment plans, financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of North Ayrshire communities and citizens. This is attached at Appendix 4.
- 1.8 The capital programme will continue to be reviewed on an on-going basis by Cabinet with any additional funding brought forward for approval as appropriate.

2. Background

2.1 Capital Investment Programme 2019/20 to 2027/28

- 2.1.1 At its meeting on 28 February 2018 Council approved the Capital Investment Programme for the period to 2018/19 to 2027/28. A refresh of the programme was undertaken during 2018/19. This report contains the outcome of the refresh.

2.2 Capital Grant Funding

- 2.2.1 The Local Government Finance Circular 8/2018 confirmed the level of general capital grant as £18.142m for 2019/20. This includes £3.017m capital flood grant to support the schemes and £2.750m general capital grant re-instated from 2016/17. The level of general capital grant projected from to 2027/28 totals £114.125m, which represents a £2.460m reduction across the period to 2027/28.
- 2.2.2 In addition to the general capital grant, a number of specific grants are also available to the Council:
 - £2.141m to tackle Vacant and Derelict Land with projects requiring Scottish Government approval
 - £0.222m, a reduction of £0.04m, to fund cycling, walking and safer streets (CWSS)
 - £4.200m to further support the expansion of Early Learning and Childcare.

2.3 Capital Receipts

2.3.1 A revised projection of capital receipts has been undertaken to 2027/28. This is estimated at £11.335m across two main areas:

- £5.429m of capital receipts anticipated in the early years of the proposed development at Montgomerie Park with the latter year receipts flowing through the Capital Fund supporting the phasing of the total programme.
- General capital receipts of £5.906m, representing a reduction of £1.952m between 2019/20 and 2027/28 including;
 - Removal of £3.000m of general capital receipts from 2022/23 given the high levels of uncertainty of receipt;
 - Re-profiling of £2.405m of capital receipts from 2018/19;
 - Application of £1.357m of capital receipts to contribute to the severance costs arising from service transformation with the balance of the total cost of £2.300m being met from the 2018/19 capital receipts.

2.4 Capital Fund

2.4.1 The redirection of the Capital Fund of £1.265m together with the Prudential Investment Fund supports the overall phasing of the capital investment programme.

2.5 External Funding

2.5.1 The current draft Capital Investment Programme does not include any external funding at this stage. The investment amounts currently incorporated in the programme for a community campus in Ardrossan and the Ayrshire Growth Deal represent the North Ayrshire Council contribution. Once the project scope, deliverables and supporting business cases are finalised, the Capital Investment Programme will be updated to reflect the full investment and funding package.

2.6 Prudential Borrowing

2.6.1 The difference between the Council's Capital Investment Programme and funding from the above sources is met through prudential borrowing. The proposed revision to the Capital Investment Programme will be delivered within the current loan charges revenue budget and the Prudential Investment Fund. The Prudential Investment Fund allows the Council to smooth the revenue implications of funding its Capital Investment Programme. The regular review of the Prudential Investment Fund has generated capacity to support additional investment and acceleration of a number of significant projects.

2.7 Refresh of the Capital Investment Programme to 2027/28

2.7.1 The refresh of the Capital Investment Programme to 2027/28 incorporates the re-profiling of a number of projects to better reflect current projected timelines and revised levels of investment that take cognisance of the Council's key priorities, funding availability and lifecycle maintenance requirements informed through asset management plans. Included in appendix 2 is a summary of all the changes from the 2018/19 approved Capital Investment Programme.

Re-Profile Projects

- Montgomerie Park School and Masterplan – Acceleration of the school to address rising pupil roll pressures, with main construction now profiled to commence in 2020/21 (previously 2022/23). Re-profile of investment in core infrastructure to support the housing development at Montgomerie Park.
- Community campus at Ardrossan – Acceleration from 2024/25 to 2021/22 to further develop proposals for the campus to address the existing school's current condition and suitability and combine education provision with community facilities as part of a wider focus on economic regeneration. Development of a bid to secure broader investment with the Scottish Government continues.

Revised Level of Investment

- Ayrshire Growth Deal - The recent government announcement confirmed investment of £200.000m from the UK government (£100.000m) and the Scottish Government (£100.000m). Funding contributions from East, South and North Ayrshire Councils will total around £40.000m, bringing the total level of investment to around £240.000m. This will lead to regeneration of the region across various sectors, including life sciences, tourism, manufacturing and aerospace. Work continues to be progressed to finalise the project business cases, supporting levels of investment and funding on a project basis. To meet the funding requirement an additional £3.617m has been incorporated in the Capital Investment Programme to 2027/28, taking the total NAC planned investment to £12.617m.
- Flood Prevention Schemes – Additional investment to support flood prevention scheme in Millport. The total estimated cost of the investment is £27.5m, with the Scottish Government confirming funding of 80% (£22m) and NAC contributing 20% (£5.5m). This represents an increase in investment of £3.1m from NAC to support the scheme. £1.5m is being redirected from Upper Garnock FPS and £1.6m additional investment included in the Capital Investment Programme.
- Vacant and Derelict Land funding – A total of £2.141m was included in the 2019/20 finance settlement to address issues with vacant and derelict land. Linked to this an additional £1.000m has been incorporated in the Capital Investment Programme to support the 2nd stage application

to the Scottish Government Regeneration Capital Grant Fund in respect of development at the Lochshore site.

Lifecycle Investment

Informed by the asset management plans, significant investment has been included in the Capital Investment Programme to ensure the Council continues to invest in its core assets and infrastructure. This includes roads, lighting, bridges, property, cemeteries and vehicles. Appendix 2 reflects some changes to the approved 2018/19 Capital Investment Programme and they are summarised as follows:

- Re-profile of roads expenditure to ensure a consistent level of annual investment in maintaining a steady state within the context of the Road Condition Index.
- Re-profile the lighting investment, taking cognisance of age and condition of the lighting network and available resources.
- To support the programme of inspection and to ensure a consistent level of investment is maintained for the bridges infrastructure, an additional £2.630m has been allocated between 2023/24 and 2027/28.
- Re-profile of property lifecycle investment to align to the planned programme of works across the property estate.
- Re-profile of investment in cemeteries infrastructure and a reduction of £0.430m to align to the programme of work.
- A reduction of £2.500m to 2027/28 in vehicle investment reflecting further rationalisation of the fleet and delivering environmental benefits through reduced levels of carbon emissions.

2.8 The current approved Capital Investment Programme to 2027/28, as reported to cabinet on 15 January 2019, is attached at appendix 1. A refresh of the programme has been undertaken as outlined above and the changes are included in appendix 2. The revised Capital Investment Programme covering the period from 2019/20 to 2027/28 is included in appendix 3 and this will deliver a total programme of investment of £254.905m.

2.9 Capital Investment Strategy

2.9.1 The Capital Investment Strategy is a reporting requirement introduced by the 2017 edition of the CIPFA Prudential Code. It provides an overarching view that demonstrates how capital investment is aligned to the strategic priorities of the Council, ensuring plans are affordable, prudent and sustainable. The Strategy is included in appendix 4 and a summary of how the planned £254.905m Capital Investment Programme to 2027/28 aligns to the priorities is provided below:

Growing our economy, increasing employment and regenerating towns – £27.420m

- NAC contribution to the Ayrshire Growth Deal

- Montgomerie Park Masterplan
- Quarry Road Phase 2
- Irvine High Street public realm works
- Lochshore, Kilbirnie Investment
- Vacant and Derelict Land regeneration

Working together to develop stronger communities - £4.500m

- Improvement grants

Helping all of our people stay safe, healthy and active - £21.900m

- Cycling, walking and safer streets investment
- Property lifecycle investment
- Residential and respite provision as part of ASN campus development

Ensuring people have the right skills for learning, life and work - £88.123m

- Early Years expansion investment
- Community campus in Ardrossan
- ASN campus development
- Montgomerie Park school
- Moorpark primary school

Protecting and enhancing the environment for future generations - £92.400m

- Investment in roads network
- Lighting infrastructure investment
- Bridges and structures
- Flood prevention schemes including Upper Garnock, Millport and Millburn
- Cemetery infrastructure investment

Investment that underpins delivery of the Council's strategic priorities - £20.562m

- ICT investment
- Vehicles and plant

2.10 Revenue Implications

2.10.1 The revenue implications for Annick and Moorpark primary schools and Largs community campus have been incorporated in the Medium Term Financial Plan 2019/20 to 2021/22. The revenue implications of Montgomerie Park primary school have been captured in the Long Term Financial Outlook. Any revenue implications of the community campus in Ardrossan and the Ayrshire Growth Deal will be reported as the business cases are developed.

3. Conclusion

- 3.1 The Capital Investment Programme for the period 2019/20 to 2027/28, including proposed funding is attached at Appendix 3. This confirms £254.905m investment over this period. The capital investment aligns with the Council's key priorities and core asset management plans.
- 3.2 The programme is affordable based on the estimated funding streams set out in the 2019/20 to 2021/22 revenue budget, the Long Term Financial Outlook considered at Council on 4 October 2017 and the Prudential Investment Fund. The long term affordability of the Programme is highlighted in the Treasury Management and Investment Strategy.
- 3.3 The updated Capital Investment Strategy included at appendix 4, alongside the Treasury Management and Investment Strategy, ensures that the Council complies with all regulatory requirements.

4. Proposals

- 4.1 That Council (a) approves the Capital Investment Programme to 2027/28 included in appendix 3 (b) notes that the programme will be reviewed on an on-going basis with the next major review in 2020/21 and (c) approves the Capital Investment Strategy included in appendix 4.

5. Implications/Socio-economic Duty

Financial:	<p>The revised capital programme is based on a number of assumptions around the availability of finance including capital grant and capital receipts. Given the forward projection for 10 years it is essential that these and the cost of projects is kept under review.</p> <p>There are a number of assumptions underpinning the current revenue projection including; the level of loans fund support, the level of future interest rates, delivery of the programme within the timelines outlined in the programme and application of the Prudential Investment Fund to smooth the revenue implications across the life of the plan.</p>
Human Resources:	No direct implications.

Legal:	No direct implications.
Equality/Socio Economic Duty:	Where the Council is making decisions in relation to its spending priorities, it is obliged to comply with the public sector equality duty set out in the Equalities Act 2010. To meet this requirement, the Council assesses the impact of applying a decision against key groups to ensure that certain groups are not disadvantaged by those decisions. A number of the projects within the revised capital programme, will make a positive contribution to the Council's commitment to equalities. More than £90m of the proposed programme aligns with the Council's commitment to children and young people.
Children and Young People:	
Environmental & Sustainability:	All projects within the revised plan will be delivered to minimise the impact on the environment and maximise sustainability. Rationalisation of the Council's vehicle fleet will contribute towards carbon emission reductions.
Key Priorities:	The programme will support delivery of outcomes outlined the Council Plan 2015-2020
Community Benefits:	The Council will maximise delivery of community benefits from its investment programme

6. Consultation

- 6.1 A full consultation has taken place with all Executive Directors to identify capital investment that has the maximum impact on the communities of North Ayrshire. The draft programme has been shared with all Elected Members as the programme has been developed.



Laura Friel
Executive Director (Finance & Corporate Support)

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

Background Papers

None

Appendix 1 Current programme 2019/20 to 2027/28
Appendix 2 Proposed Changes 2019/20 to 2027/28
Appendix 3 Revised programme 2019/20 to 2027/28
Appendix 4 Capital Investment Strategy

North Ayrshire Council Capital Programme 2019/20 - 2027/28										
Project Description	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
EXPENDITURE										
Economy & Communities										
Irvine Enterprise Area										
Irvine High Street	2,108,199									2,108,199
Millport Cars	370,000									370,000
Montgomerie Park Masterplan	1,150,000	1,150,000		1,150,000	1,150,000					4,600,000
Ayrshire Growth Deal	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	9,000,000
Lochshore, Kilbirnie										
Ardrossan Harbour	600,000									600,000
Quarry Road Phase 2	2,759,924									2,759,924
Cycling / Walker / Safer Streets	226,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	1,706,000
Access Paths Network Programme	50,000	50,000	50,000	50,000						200,000
Abbey Tower										
Sub Total	10,026,123	2,385,000	1,235,000	2,385,000	2,335,000	1,185,000	1,185,000	1,185,000	1,185,000	23,106,123
Education & Youth Employment										
Early Learning & Childcare Future Projects	400,646									400,646
Glencairn / Loudon Montgomery Early Years										
Kilwinning (Pennyburn) Early Years	114,083									114,083
Ardeer Early Years	130,000									130,000
Castlepark Early Years										
Lawthorn Early Years	162,209									162,209
Hayocks Early Years	152,785									152,785
Woodlands Early Years	198,139									198,139
Corsehill Early Years	450,000									450,000
Caledonia Early Years	173,736									173,736
Blacklands Early Years	184,085									184,085
Springside Early Years	348,000									348,000
St Marks Early Years	355,304									355,304
Annick Primary Extension - Early Years Provision	1,778,082	1,125,913								2,903,995
Moorpark Primary	1,551,630	6,682,500	1,228,455							9,462,585
Montgomerie Park School			344,999	4,024,987	5,289,982					9,659,968
Schools ICT Investment	350,000	350,000	350,000	350,000	350,000	350,000	350,000			2,450,000
Kilwinning Estate Learning Env't	2,319,596									2,319,596
Auchenharvie PE Works	121,668									121,668
Auchenharvie additional cladding										
Ayrshire College Development										
Ardrossan New Build						7,433,000	9,629,000	8,228,000	6,300,000	31,590,000
New Build - ASN School	15,767,693	7,968,892	1,000,000							24,736,585
Sub Total	24,557,656	16,127,305	2,923,454	4,374,987	5,639,982	7,783,000	9,979,000	8,228,000	6,300,000	85,913,384

North Ayrshire Council Capital Programme 2019/20 - 2027/28										
Project Description	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
EXPENDITURE										
Finance & Corporate Support										
FMS System										
PC replacement/virtual desktop	120,000	100,000	100,000	100,000	100,000	100,000	100,000			720,000
Data rationalisation & storage	150,000	50,000	50,000	50,000	50,000	50,000	50,000			450,000
Agile working	100,000									100,000
Managed WAN services	30,000									30,000
Business continuity	60,000	50,000	50,000	50,000	50,000	50,000	50,000			360,000
Infrastructure enhancements	50,000	50,000	50,000	50,000	50,000	50,000	50,000			350,000
Digital Strategy	319,000									319,000
Sub Total	829,000	250,000	250,000	250,000	250,000	250,000	250,000			2,329,000
Health & Social Care Partnership										
Home care system										
Care First IT Development										
Trindlemoss	1,481,855									1,481,855
Warrix Avenue										
Residential & Respite Unit for Children	3,300,000	2,220,000	100,000							5,620,000
Sub Total	4,781,855	2,220,000	100,000							7,101,855
Place										
Roads Improvement / Reconstruction	3,800,000	2,100,000	3,300,000	3,700,000	5,900,000	4,800,000	3,300,000	1,300,000	1,300,000	29,500,000
Lighting	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	9,000,000
Upper Garnock FPS	368,000	7,208,800	8,031,891							15,608,691
Millport Coastal FPS	200,000	100,000	7,929,603							8,229,603
Millburn FPS										
Bridges infrastructure programme	560,000	560,000	560,000	560,000		170,000				2,410,000
Largs Promenade Seawall	600,000									600,000
Parking Charges & DPE	150,000									150,000
Property lifecycle investment	3,000,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	13,500,000
Industrial portfolio	275,840	200,000								475,840
Woodlands Primary Playingfield Drainage										
Saltcoats Public Realm										
Improvement grants	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,500,000
Cemetery extns, walls & infra	847,000	384,000	339,000	62,000	112,000	35,000	200,000			1,979,000
Lamlash Cemetery Extension	113,000									113,000
Vehicles	2,000,000	2,000,000	2,000,000	1,500,000	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	18,000,000
Waste Collection Review										
Solar pv retrofit programme										
Non domestic energy efficiency programme										
Biomass Retrofit Programme										
Sub Total	13,413,840	14,052,800	25,160,494	8,822,000	11,512,000	10,005,000	8,500,000	6,300,000	6,300,000	104,066,134

North Ayrshire Council Capital Programme 2019/20 - 2027/28										
Project Description	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
EXPENDITURE										
Other Flexibility		50,000	50,000	50,000	345,773	24,185			344,474	864,432
Sub Total		50,000	50,000	50,000	345,773	24,185			344,474	864,432
TOTAL EXPENDITURE	53,608,474	35,085,105	29,718,948	15,881,987	20,082,755	19,247,185	19,914,000	15,713,000	14,129,474	223,380,928
	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
INCOME										
Prudential Borrowing	24,709,018	13,755,254	12,655,594	1,262,311	4,893,982	3,926,000	5,122,464	1,318,701		67,643,324
Specific Grants -Early Learning & Childcare	2,668,987									2,668,987
Specific Grants - Cycling, Walking & Safer Streets	226,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	1,706,000
Specific Grants - Vacant & Derelict Funding										
Specific Grants - Flooding										
General Capital Grant	21,710,000	18,975,000	12,650,000	12,650,000	12,650,000	12,650,000	12,650,000	12,650,000	12,650,000	129,235,000
Capital Fund	373,951		890,803							1,264,754
Change & Service Redesign Fund										
CFCR	600,000									600,000
Grants & Contributions	1,519,763									1,519,763
Sale of land & buildings	1,390,000	1,150,000	2,317,700	500,000	500,000	500,000	500,000	500,000	500,000	7,857,700
Sale of vehicles	40,000	40,000	40,000	40,000						160,000
Montgomerie Park Receipts	370,755	979,851	979,851	1,244,676	1,853,773	1,986,185	1,456,536	1,059,299	794,474	10,725,400
TOTAL INCOME	53,608,474	35,085,105	29,718,948	15,881,987	20,082,755	19,247,185	19,914,000	15,713,000	14,129,474	223,380,928

North Ayrshire Council Proposed Changes to Capital Programme 2019/20 - 2027/28										
Project Description	Changes 19/20	Changes 20/21	Changes 21/22	Changes 22/23	Changes 23/24	Changes 24/25	Changes 25/26	Changes 26/27	Changes 27/28	Total £
EXPENDITURE										
Economy & Communities										
Irvine High Street	(200,424)									(200,424)
Millport Cars	(200,000)	200,000								
Montgomerie Park Masterplan	(1,150,000)	(150,000)		(550,000)	(650,000)	625,000	625,000	625,000	625,000	
Ayrshire Growth Deal	(866,667)				258,325	813,962	794,380	1,390,000	1,227,000	3,617,000
Lochshore, Kilbirnie	665,000	280,000	55,000							1,000,000
VDLF 19-20 Allocation	2,141,000									2,141,000
Ardrossan Harbour										
Quarry Road Phase 2										
Cycling / Walker / Safer Streets	(4,000)									(4,000)
Access Paths Network Programme										
Abbey Tower	78,437									78,437
Sub Total	(1,298,654)	330,000	55,000	(550,000)	(391,675)	1,438,962	1,419,380	2,015,000	1,852,000	4,870,013
Education & Youth Employment										
Early Learning & Childcare Future Projects	4,173,967									4,173,967
Kilwinning (Pennyburn) Early Years	(5,032)									(5,032)
Ardeer Early Years										
Castlepark Early Years	125,000									125,000
Springside Early Years	(348,000)	348,000								
Annick Primary Extension - Early Years Provision	(8,858)	(18,995)								(27,853)
Moorpark Primary	(3,800)		(321)							(4,121)
Montgomerie Park School	344,999	4,024,987	4,944,983	(4,024,987)	(5,289,982)					
Kilwinning Estate Learning Env't	(874,596)	891,312								16,716
Auchenharvie PE Works	(4,601)									(4,601)
Auchenharvie additional cladding	800,000									800,000
Ayrshire College Development	200,000									200,000
Ardrossan New Build			10,000,000	10,000,000	11,590,000	(7,433,000)	(9,629,000)	(8,228,000)	(6,300,000)	
New Build - ASN School	(614,000)									(614,000)
Sub Total	3,785,079	5,245,304	14,944,662	5,975,013	6,300,018	(7,433,000)	(9,629,000)	(8,228,000)	(6,300,000)	4,660,076
Finance & Corporate Support										
PC replacement/virtual desktop	40,000									40,000
Data rationalisation & storage	(150,000)	150,000								
Agile working	(8,000)	92,000								84,000
Managed WAN services	25,000									25,000
Business continuity	40,000									40,000
Infrastructure enhancements		25,000								25,000
Digital Strategy	(189,600)	129,300	129,300							69,000
Sub Total	(242,600)	396,300	129,300							283,000

North Ayrshire Council Proposed Changes to Capital Programme 2019/20 - 2027/28										
Project Description	Changes 19/20	Changes 20/21	Changes 21/22	Changes 22/23	Changes 23/24	Changes 24/25	Changes 25/26	Changes 26/27	Changes 27/28	Total £
EXPENDITURE										
Health & Social Care Partnership										
Care First IT Development	26,058									26,058
Trindlemoss	(40,212)									(40,212)
Warrix Avenue	13,756									13,756
Residential & Respite Unit for Children	(84,000)									(84,000)
Sub Total	(84,398)									(84,398)
Place										
Roads Improvement / Reconstruction	(500,000)	1,200,000		(400,000)	(2,600,000)	(1,500,000)		1,900,000	1,900,000	
Lighting		(250,000)	(250,000)	(250,000)	(250,000)	250,000	250,000	250,000	250,000	
Upper Garnock FPS	(126,000)									(126,000)
Millport Coastal FPS	77,293	200	5,380,506	13,300,000						18,757,999
Millport Pier	100,000	50,000	50,000	300,000						500,000
Millburn FPS	458,000	600,000								1,058,000
Garden Weir Fish Path										
Bridges infrastructure programme					560,000	390,000	560,000	560,000	560,000	2,630,000
Parking Charges & DPE	(100,000)	200,000								100,000
Property lifecycle investment	(500,000)	1,250,000	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)			(500,000)
Saltcoats Town Hall										
Woodlands Primary Playingfield Drainage	132,000									132,000
Saltcoats Public Realm	65,000									65,000
Cemetery extns, walls & infra	655,715	(384,000)	(339,000)	723,000						655,715
Lamlash Cemetery Extension	(21,410)									(21,410)
Haylie Brae Cemetery Walls										
Knadgerhill Cemetery										
Knadgerhill Cemetery Extension										
Dalry Cemetery										
Kilwinning Cemetery										
Dreghorn Cemetery										
Millport Cemetery										
Ardrossan Cemetery Plots and Walls										
Vehicles	(500,000)	(500,000)	(500,000)		(1,000,000)					(2,500,000)
Shewalton landfill									163,000	163,000
Waste Collection Review	230,000									230,000
Solar pv retrofit programme	79,000									79,000
Sub Total	49,598	2,166,200	4,091,506	13,423,000	(3,540,000)	(1,110,000)	560,000	2,710,000	2,873,000	21,223,304

North Ayrshire Council Proposed Changes to Capital Programme 2019/20 - 2027/28										
Project Description	Changes 19/20	Changes 20/21	Changes 21/22	Changes 22/23	Changes 23/24	Changes 24/25	Changes 25/26	Changes 26/27	Changes 27/28	Total £
EXPENDITURE										
Other Flexibility		(50,000)	(50,000)	(50,000)	(345,773)	416,853	295,620	350,000	5,526	572,226
Sub Total		(50,000)	(50,000)	(50,000)	(345,773)	416,853	295,620	350,000	5,526	572,226
TOTAL EXPENDITURE	2,209,025	8,087,804	19,170,468	18,798,013	2,022,570	(6,687,185)	(7,354,000)	(3,153,000)	(1,569,474)	31,524,221
	Revised 19/20	Revised 20/21 £	Revised 21/22 £	Revised 22/23 £	Revised 23/24 £	Revised 24/25 £	Revised 25-26 £	Revised 26/27 £	Revised 27/28 £	Total £
INCOME										
Prudential Borrowing	1,259,407	(3,503,196)	7,916,271	19,573,013	2,797,570	(3,926,000)	(5,122,464)	(1,318,701)		17,675,900
Specific Grants -Early Learning & Childcare	4,293,935									4,293,935
Specific Grants - Cycling, Walking & Safer Streets	(4,000)									(4,000)
Specific Grants - Vacant & Derelict Funding	2,141,000									2,141,000
Specific Grants - Flooding	3,017,000	17,073,000	11,120,000							31,210,000
General Capital Grant	(6,585,000)	(6,600,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(15,110,000)
Capital Fund	(373,951)		(890,803)							(1,264,754)
Change & Service Redesign Fund	26,058									26,058
CFCR										
Grants & Contributions	(135,424)									(135,424)
Sale of land & buildings	(1,390,000)	1,138,000	1,300,000	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(1,952,000)
Sale of vehicles	(40,000)	(20,000)								(60,000)
Montgomery Park Receipts						(1,986,185)	(1,456,536)	(1,059,299)	(794,474)	(5,296,494)
TOTAL INCOME	2,209,025	8,087,804	19,170,468	18,798,013	2,022,570	(6,687,185)	(7,354,000)	(3,153,000)	(1,569,474)	31,524,221

North Ayrshire Council Revised Capital Programme 2019/20 - 2027/28										
Project Description	Revised 19/20	Revised 20/21	Revised 21/22	Revised 22/23	Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Total £
EXPENDITURE										
Economy & Communities										
Irvine High Street	1,907,775									1,907,775
Millport Cars	170,000	200,000								370,000
Montgomerie Park Masterplan		1,000,000		600,000	500,000	625,000	625,000	625,000	625,000	4,600,000
Ayrshire Growth Deal	133,333	1,000,000	1,000,000	1,000,000	1,258,325	1,813,962	1,794,380	2,390,000	2,227,000	12,617,000
Lochshore, Kilbirnie	665,000	280,000	55,000							1,000,000
VDLF 19-20 Allocation	2,141,000									2,141,000
Ardrossan Harbour	600,000									600,000
Quarry Road Phase 2	2,759,924									2,759,924
Cycling / Walker / Safer Streets	222,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	1,702,000
Access Paths Network Programme	50,000	50,000	50,000	50,000						200,000
Abbey Tower	78,437									78,437
Sub Total	8,727,469	2,715,000	1,290,000	1,835,000	1,943,325	2,623,962	2,604,380	3,200,000	3,037,000	27,976,136
Education & Youth Employment										
Early Learning & Childcare Future Projects	4,574,613									4,574,613
Kilwinning (Pennyburn) Early Years	109,051									109,051
Ardeer Early Years	130,000									130,000
Castlepark Early Years	125,000									125,000
Lawthorn Early Years	162,209									162,209
Hayocks Early Years	152,785									152,785
Woodlands Early Years	198,139									198,139
Corsehill Early Years	450,000									450,000
Caledonia Early Years	173,736									173,736
Blacklands Early Years	184,085									184,085
Springside Early Years		348,000								348,000
St Marks Early Years	355,304									355,304
Annick Primary Extension - Early Years Provision	1,769,224	1,106,918								2,876,142
Moorpark Primary	1,547,830	6,682,500	1,228,134							9,458,464
Montgomerie Park School	344,999	4,024,987	5,289,982							9,659,968
Schools ICT Investment	350,000	350,000	350,000	350,000	350,000	350,000	350,000			2,450,000
Kilwinning Estate Learning Env't	1,445,000	891,312								2,336,312
Auchenharvie PE Works	117,067									117,067
Auchenharvie additional cladding	800,000									800,000
Ayrshire College Development	200,000									200,000
Ardrossan New Build			10,000,000	10,000,000	11,590,000					31,590,000
New Build - ASN School	15,153,693	7,968,892	1,000,000							24,122,585
Sub Total	28,342,735	21,372,609	17,868,116	10,350,000	11,940,000	350,000	350,000			90,573,460

North Ayrshire Council Revised Capital Programme 2019/20 - 2027/28										
Project Description	Revised 19/20	Revised 20/21	Revised 21/22	Revised 22/23	Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Total £
EXPENDITURE										
Finance & Corporate Support										
PC replacement/virtual desktop	160,000	100,000	100,000	100,000	100,000	100,000	100,000			760,000
Data rationalisation & storage		200,000	50,000	50,000	50,000	50,000	50,000			450,000
Agile working	92,000	92,000								184,000
Managed WAN services	55,000									55,000
Business continuity	100,000	50,000	50,000	50,000	50,000	50,000	50,000			400,000
Infrastructure enhancements	50,000	75,000	50,000	50,000	50,000	50,000	50,000			375,000
Digital Strategy	129,400	129,300	129,300							388,000
Sub Total	586,400	646,300	379,300	250,000	250,000	250,000	250,000			2,612,000
Health & Social Care Partnership										
Care First IT Development	26,058									26,058
Trindlemoss	1,441,643									1,441,643
Warrix Avenue	13,756									13,756
Residential & Respite Unit for Children	3,216,000	2,220,000	100,000							5,536,000
Sub Total	4,697,457	2,220,000	100,000							7,017,457
Place										
Roads Improvement / Reconstruction	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,200,000	3,200,000	29,500,000
Lighting	1,000,000	750,000	750,000	750,000	750,000	1,250,000	1,250,000	1,250,000	1,250,000	9,000,000
Upper Garnock FPS	242,000	7,208,800	8,031,891							15,482,691
Millport Coastal FPS	277,293	100,200	13,310,109	13,300,000						26,987,602
Millport Pier	100,000	50,000	50,000	300,000						500,000
Millburn FPS	458,000	600,000								1,058,000
Bridges infrastructure programme	560,000	560,000	560,000	560,000	560,000	560,000	560,000	560,000	560,000	5,040,000
Largs Promenade Seawall	600,000									600,000
Parking Charges & DPE	50,000	200,000								250,000
Property lifecycle investment	2,500,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,500,000	1,500,000	13,000,000
Industrial portfolio	275,840	200,000								475,840
Woodlands Primary Playingfield Drainage	132,000									132,000
Saltcoats Public Realm	65,000									65,000
Improvement grants	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,500,000
Cemetery extns, walls & infra	1,502,715			785,000	112,000	35,000	200,000			2,634,715
Lamlash Cemetery Extension	91,590									91,590
Vehicles	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	15,500,000
Shewalton Landfill additional monies									163,000	163,000
Waste Collection Review	230,000									230,000
Solar pv retrofit programme	79,000									79,000
Sub Total	13,463,438	16,219,000	29,252,000	22,245,000	7,972,000	8,895,000	9,060,000	9,010,000	9,173,000	125,289,438

North Ayrshire Council Revised Capital Programme 2019/20 - 2027/28										
Project Description	Revised 19/20	Revised 20/21	Revised 21/22	Revised 22/23	Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Total £
EXPENDITURE										
Other										
Flexibility						441,038	295,620	350,000	350,000	1,436,658
Sub Total						441,038	295,620	350,000	350,000	1,436,658
TOTAL EXPENDITURE	55,817,499	43,172,909	48,889,416	34,680,000	22,105,325	12,560,000	12,560,000	12,560,000	12,560,000	254,905,149
	Revised 19/20	Revised 20/21 £	Revised 21/22 £	Revised 22/23 £	Revised 23/24 £	Revised 24/25 £	Revised 25-26 £	Revised 26/27 £	Revised 27/28 £	Total £
INCOME										
Prudential Borrowing	25,968,425	10,252,058	20,571,865	20,835,324	7,691,552					85,319,224
Specific Grants -Early Learning & Childcare	6,962,922									6,962,922
Specific Grants - Cycling, Walking & Safer Streets	222,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	1,702,000
Specific Grants - Vacant & Derelict Funding	2,141,000									2,141,000
Specific Grants - Flooding	3,017,000	17,073,000	11,120,000							31,210,000
General Capital Grant	15,125,000	12,375,000	12,375,000	12,375,000	12,375,000	12,375,000	12,375,000	12,375,000	12,375,000	114,125,000
Capital Fund										
Change & Service Redesign Fund	26,058									26,058
CFCR	600,000									600,000
Grants & Contributions	1,384,339									1,384,339
Sale of land & buildings		2,288,000	3,617,700							5,905,700
Sale of vehicles		20,000	40,000	40,000						100,000
Montgomerie Park Receipts	370,755	979,851	979,851	1,244,676	1,853,773					5,428,906
TOTAL INCOME	55,817,499	43,172,909	48,889,416	34,680,000	22,105,325	12,560,000	12,560,000	12,560,000	12,560,000	254,905,149

North Ayrshire Council

Capital Investment Strategy 2019-28

Foreword

North Ayrshire Council is hugely ambitious for its people, its places, its economy.

We have a clear purpose to reduce inequalities, to take an inclusive approach to economic growth and to do that by being bold and innovative.

Our Capital Investment Strategy underlines that commitment to our communities, helping us to unleash the full potential of this beautiful and historic part of Scotland.

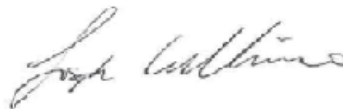
When planning for future capital investment, we recognise the importance of complementing and enhancing our existing infrastructure, including our schools, our housing and our roads. In order to maximise the impact of that investment, our teams consistently look for new ways to work with partners and communities to provide the quality of services the people of North Ayrshire deserve and expect.

We live in challenging times of reducing resources with an increased demand for our services. Therefore any new investment in infrastructure and assets will be measured against our strategic priorities – ensuring it will always be targeted towards delivering the best possible outcome for our communities.



Craig Hatton

Chief Executive, North Ayrshire Council



Councillor Joe Cullinane

Leader of the Council



Introduction

The Capital Investment Strategy for North Ayrshire Council provides an overview of how capital expenditure plans, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of North Ayrshire communities and citizens. The Strategy takes a long term view and covers the period from 2019 to 2028. This timeline represents year 2 of the North Ayrshire's refreshed 10 year capital programme.

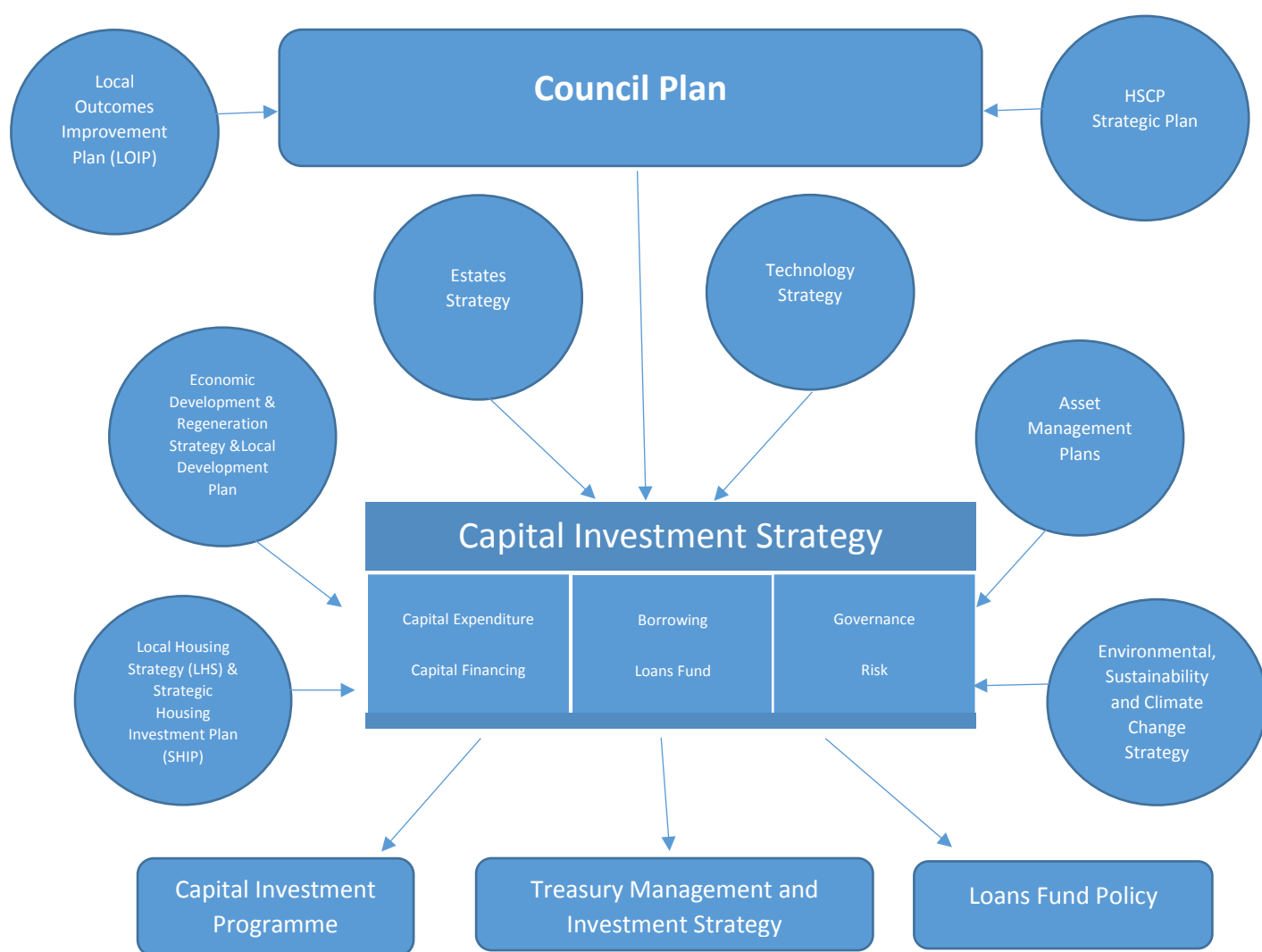
The Capital Investment Strategy is a reporting requirement introduced by the 2017 edition of the CIPFA Prudential Code. Local authorities produce many plans and strategies in the course of their operations, however, it is recognised that within the context of capital planning, there is a need to produce an overarching view that addresses the following key considerations:-

- Ensuring that capital plans are aligned to the strategic priorities as set out in the Council Plan.
- Ensuring that capital plans are affordable, prudent and sustainable.
- Demonstrating the linkage to local strategic planning and local asset management planning.
- Ensuring that financing decisions are taken in accordance with good professional practice and a full understanding of the risks involved.
- Demonstrating the Council has robust governance arrangements to support its capital planning activities.

Background

North Ayrshire Council has ambitious plans to deliver significant capital investment over the 10 year planning period across housing, schools, economic development and infrastructure. Working in partnership with East Ayrshire, South Ayrshire, the UK and Scottish Government, the Ayrshire Growth deal will see the regeneration of the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace.

The Capital Investment Strategy takes account of the Council's strategic priorities and considers any new investment within the context of outcomes, affordability or invest to save. There is also recognition of the need to balance investment between maintaining current assets and infrastructure against the ambitions for acquiring new assets. North Ayrshire Council's current capital programme is shaped and influenced by various associated strategies and plans.



The primary purpose of the Capital Investment Strategy is to provide an overarching view of how various plans and strategies inform capital investment and to demonstrate that this is both affordable and sustainable. The associated plans and strategies each focus on specific priority areas and, through appropriate governance structures, ultimately shape and influence the investment plans delivered

through the Capital Investment Programme. Underpinning the Capital Investment Programme is the Treasury Management and Investment Strategy and Loans Fund Policy. Both ultimately consider the delivery of the capital programme within the context of affordability and risk and apply a measurement of what this means against key prudential and treasury indicators. The aim being to demonstrate affordability and sustainability over the long term.

Plans and Strategies

Council Plan 2015-2020

The mission for North Ayrshire Council is ***“To improve the lives of North Ayrshire people and develop stronger communities.”*** There is a commitment to communities and residents to make sure the area reaches its fullest potential. To deliver on this mission five strategic priorities have been developed to direct plans now and into the future.



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



Ensuring people have the right skills for learning, life and work



Protecting and enhancing the environment for future generations

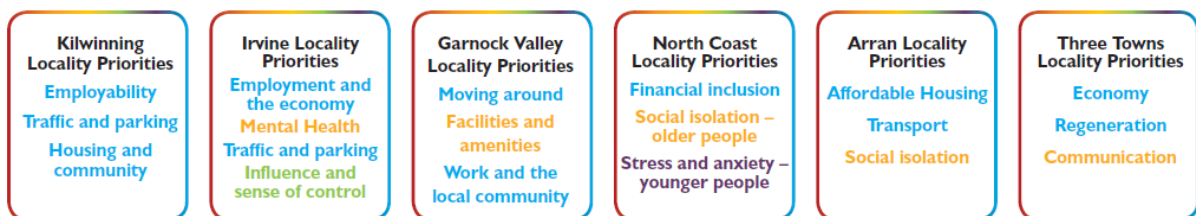
Through appropriate governance frameworks all capital investment must demonstrate that it is aligned to the Council’s strategic priorities, with particular focus and priority given to capital investment opportunities that meet multiple strategic priorities.

Community Planning Partnerships and Local Outcomes Improvement Plan

The North Ayrshire Community Planning Partnership is a partnership across a wide range of organisations. The **Local Outcomes Improvement Plan (LOIP) 2017 – 2022** replaced the Single Outcome Agreement and provides a commitment by all partners to North Ayrshire communities and citizens across four main priority areas;



The Community Planning Partnership consists of 6 Locality Partnerships across North Ayrshire. Key to the success of the LOIP is working in partnership with a number of agencies to deliver better outcomes for citizens and communities. The partnership includes Scottish Government, Police Scotland, NHS Ayrshire and Arran, Skills Development Scotland, KA Leisure, Scottish Fire and Rescue and Scottish Enterprise. Through the Local Development Plan, one of the strategic policies is to deliver on local community priorities. Each Locality Partnership has developed their own local priorities;



This framework of community engagement and structured partnership working is vital when planning capital investment. More importantly, that local priorities are considered as part of any strategic planning framework.

Health and Social Care Partnership Strategic Plan

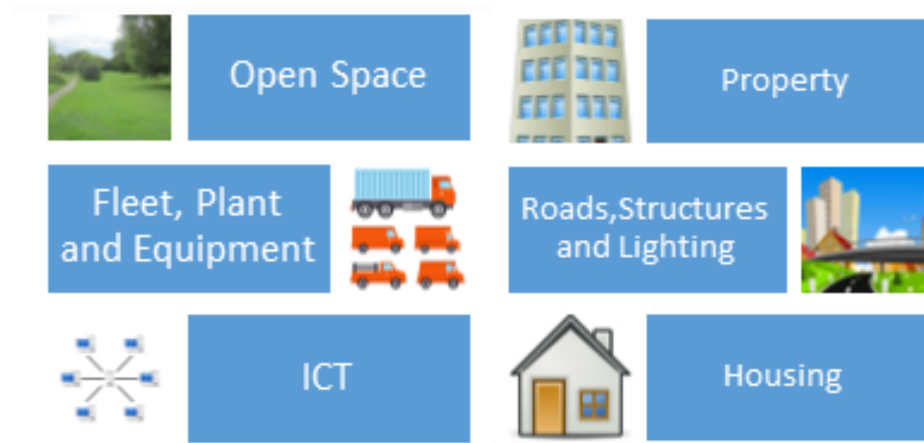
The strategic plan has been created in partnership with the third and independent sector, public health, community planning partners, local communities and people who use the service. The vision is that “**all people who live in North Ayrshire are able to have a safe, healthy and active life**” and to achieve this the HSCP focuses on key priorities;



To address demographic pressures and maximise capital investment an innovative approach is adopted through the integration of investment across education, economic regeneration, health and social care and housing, therefore delivering on multiple strategic priorities across the Council and the HSCP.

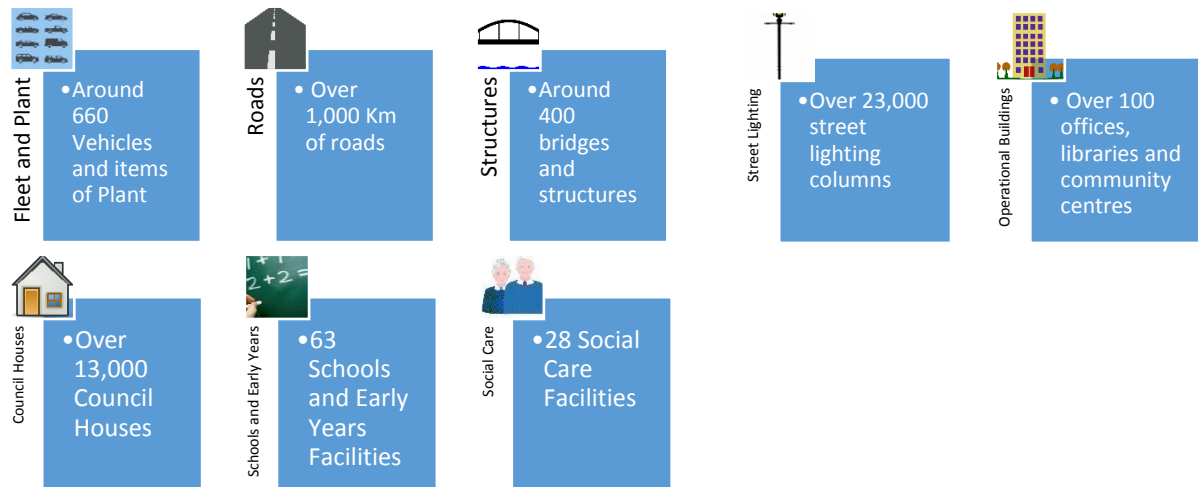
Asset Management Plans

Asset Management Plans aim to ensure that the Council holds the right assets and that they are fit for purpose in terms of condition, suitability and accessibility. The plans also provide the vehicle for identifying future investment needs across all asset classes. In line with the CIPFA “Guide to Asset Management and Capital Planning in Local Authorities” North Ayrshire has classified its assets into six categories;



Asset plans include the Council’s current asset base and are a vehicle for identifying future investment need. The plans set out clear actions and include details of lifecycle investment costs required to maintain assets and infrastructure to an appropriate standard that supports service delivery. The plans are updated on an annual basis and chief officers across the Place and Finance and Corporate Support Directorates hold the responsibility for maintaining the plans and reporting progress to the Council’s Cabinet on a bi-annual basis.

A snapshot of the asset portfolio for North Ayrshire Council includes;



Both capital and revenue financial resources across the General Fund and Housing Revenue Account are used to maintain the current asset base. From a capital perspective, planned investment which has been incorporated in the current Capital Investment Programme includes;

Roads, Structures and Lighting	<ul style="list-style-type: none"> Planned investment of £90.1m to 2027/28 including improvements to the roads and street lighting network, flood prevention works at Upper Garnock and Millport, bridges infrastructure improvement programme and ensuring our cemeteries are safe, well maintained with adequate capacity, providing fitting places for remembrance.
Fleet, Plant and Equipment	<ul style="list-style-type: none"> Procurement and maintenance of all Council fleet vehicles and plant ensuring the fleet of 662 vehicles and heavy plant are maintained and operated in accordance with the Council's Operator's licences and Road Transport legislation. Vehicle and plant capital investment is planned at £15.5m to 2027/28.
Property	<ul style="list-style-type: none"> To ensure Council properties meet all legislative requirements and they are sustainable, energy efficient and maintained to a high standard as well as ensuring the physical environment is able to support mobile and flexible work programmes, Investment is planned at £13.0m to 2027/28. It is also recognised that through the Estates Strategy further rationalisation and remodelling will continue to be progressed on a locality by locality basis, with capital receipts incorporated into the capital programme.

Housing	<ul style="list-style-type: none"> • Underpinned by the Local Housing Strategy, the Strategic Housing Investment Plan and the 30 Year HRA Business Plan, responsibility for maintenance of over 13,000 council houses, ensuring legislative compliance and meeting the needs of tenants. In addition, delivery of an ambitious house building and improvement programme over the period 2019-2024 will see capital investment by the Council total £167.6m.
ICT	<ul style="list-style-type: none"> • Recently published Technology Strategy 2018-2021 sets out how ICT supports service delivery and transformation. Significant changes to our ICT infrastructure have been reflected in the ICT Asset Management Plan. To deliver on the 6 key principles as outlined in the Technology Strategy £5.1m investment to 2027/28 is planned.
Open Spaces	<ul style="list-style-type: none"> • The service maintains 2,410 hectares of public open space, a Country Park, 14 local parks, 44 cemeteries and burial grounds, 37 war memorials & monuments, 366 hectares of woodlands, 3 allotments, 91 sports facilities and playing fields, 84 equipped play areas and 12 multi-use games areas, residential greenspace, 38 water courses and open water features, 5 promenades and 16 beaches, three of which are Sites of Special Scientific Interest. The majority of investment is delivered through the Place service revenue budget, however, specific capital investment of £2.7m is planned to 2027/28 for cemetery infrastructure.

Local Housing Strategy 2018-22 and Strategic Housing Investment Plan 2019-24

The key strategic outcomes for the Local Housing Strategy for North Ayrshire include ensuring the supply of housing meets the needs and aspirations of local people that they live in good quality homes which are located in strong, safe communities. The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in North Ayrshire over the next five years;

Health and Educational Benefits	Contribute to Regeneration of North Ayrshire	Sustainable Investment	Meet Local Demand and Aspirations	Maximise ROI and achieve VFM
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The SHIP will secure investment in a total of 1,732 properties across North Ayrshire and provide sustainable, affordable, accessible high quality homes which will contribute to the wider regeneration aims for the area, taking the total investment for the period to £167.6m. Developments continue to be progressed across the five main housing market areas:-

- Arran
- Garnock Valley
- Irvine / Kilwinning
- North Coast (Incorporating Cumbrae)
- Three Towns

In addressing projected demographic trends of an ageing population in North Ayrshire at least 25% of new build homes will be designed for older people through amenity housing or sheltered housing, with cognisance taken in the design stage for changing mobility needs. The SHIP supports the Health and Social Care Partnership to meet specialist housing need through dedicated supported accommodation projects.

The Council also recognises that bringing former social housing stock back into social ownership can increase the level of housing stock available as well as supporting regeneration in the area. As such, a buy-back programme has been incorporated into the SHIP.

Making sustainable investment in housing is a key priority within the SHIP and this is achieved by incorporating energy efficiency measures and renewable technologies within the new build programme. The developments benefit from a range of sustainable measures including solar photovoltaic panels, district heating schemes and design measures to minimise space heating demand. This investment aligns to the Council's Environmental, Sustainability and Climate Change Strategy in supporting affordable warmth to households across North Ayrshire.

The regeneration of North Ayrshire communities is a strategic priority within the Council Plan and the SHIP. The Scottish Index of Multiple Deprivation shows that 51 of North Ayrshire's 186 data zones are in the 15% most deprived areas in Scotland. Through housing led regeneration and the provision of high quality homes, desirable communities are created where people want to live and which in turn can also attract private sector investment. The demolition of the Fullarton tower blocks in Irvine will see the replacement of all 275 of these homes within the Irvine locality and furthermore, the Local Housing Strategy sets out proposals for a comprehensive review of existing estates in order to identify areas in need of regeneration.

Finally, it is recognised that new build housing also provides benefits to health, wellbeing and can contribute positively to educational attainment. New energy efficient, high quality homes can alleviate symptoms in a number of respiratory illnesses and young people can benefit from improved cognitive development and less risk of behavioural issues when living in warm, high quality housing.

Economic Development & Regeneration Strategy and Local Development Plan

The Economic Development and Regeneration Strategy has been produced in partnership with the Economic Development and Regeneration Board (EDR Board), consisting of council representation and membership from the public, private sector and third sector. The strategy sets out the ambitious mission for North Ayrshire to create the most improved economy in Scotland by the year 2025.

Through Investment, Innovation and Internalisation the strategy aims to deliver Inclusive growth for North Ayrshire, focusing on six key strategic objectives;



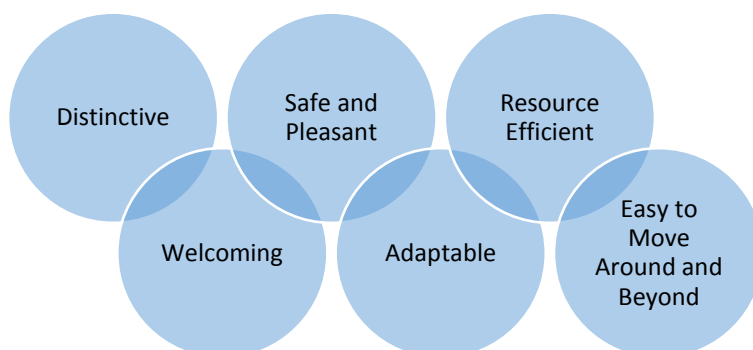
The Local Development Plan was produced in April, 2018 and aligns to the six strategic objectives as set out in the Economic Development and Regeneration Strategy, it brings a targeted local context in guiding development and investment in North Ayrshire over the next 20 years. The particular focus is supporting and growing the business base across key sectors including manufacturing, engineering, life sciences, tourism and hospitality and regenerating towns and communities. The overarching aim of the plan is to deliver the Community Planning Partnership vision of a “Better Life” to the citizens and communities of North Ayrshire. The plan outlines the land use strategy that supports delivery of the Local Outcomes Improvement Plan 2017 – 2022 and focuses on four key strategic policies;



The spatial strategy is an overarching policy for supporting the LOIP. This directs development to towns and villages to support communities, the economy and environment, while recognising the value that the countryside and coastal areas offer both as natural resources worthy of protection and as an economic driver. An example of directing investment to towns is evidenced by the Montgomerie

Park development. Council investment in road and service infrastructure to facilitate large scale housing development and regeneration, and using capital receipts from land sale as a key source of funding.

The Placemaking policy addresses the LOIP priority to make North Ayrshire safer and healthier by ensuring that all development contributes to making quality places. This is measured by six qualities that define a successful place;



Through the Local Development Plan eight strategic development areas have been identified;

Hunterston	Ardrossan Harbour and North Shore	i3 Irvine	Montgomerie Park, Irvine
Klbirnie	Irvine Harbourside	Brodick	Cumbræ-Millport

Working in partnership with the UK and Scottish Government and East Ayrshire and South Ayrshire councils, the Ayrshire Growth Deal will regenerate the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace, with total investment of over £240m. From a North Ayrshire perspective and to support investment into the strategic development areas, including the Ayrshire Growth Deal and wider economic regeneration activity, the current Capital Investment Programme to 2027/28 includes planned investment of £27.4m to 2027/28. It is recognised that the Ayrshire Growth Deal investment will extend beyond the current 10 year Capital Investment planning period.

Technology Strategy

The Technology Strategy was approved by North Ayrshire Council in May 2018 and sets out the vision, principles and key technologies that will support transformational change across North Ayrshire Council. Solutions will be designed in partnership to improve processes, service delivery and collaboration and ultimately improve outcomes. The six key Technology Strategy principles are;

Deliberately designed	People at the core	Anytime, anywhere access	Cloud first	Data driven	Secure
<ul style="list-style-type: none"> • Holistic view of the business and design efficient, effective and agile solutions 	<ul style="list-style-type: none"> • Solutions built around the needs of customers and people 	<ul style="list-style-type: none"> • Access to systems, applications and information wherever they are 	<ul style="list-style-type: none"> • Utilise cloud based technologies wherever possible 	<ul style="list-style-type: none"> • Utilise data to effectively inform our decision making 	<ul style="list-style-type: none"> • Operate securely when taking advantage of technology innovations

Key technologies include Office 365, a cloud platform based approach to business application delivery and virtual desktop infrastructure (VDI). The ICT Asset Management Plan incorporates the technology principles and, in terms of investment, a total of £5.1m is planned to 2027/28 to deliver technology solutions aligned to this strategy. From a financial planning perspective it is also recognised the shift from capital financing to revenue through software as a service, will lead to a remodelling of the way in which ICT investment is funded.

Estates Strategy

The key objective of North Ayrshire Council's Estate Strategy is to achieve rationalisation and remodelling of the Council's property portfolio on a locality basis. This neighbourhood approach focuses across three main areas of property provision and aims to;

Service Hubs	<ul style="list-style-type: none"> • Provide fit-for-purpose and conveniently located service hubs that users can readily access.
Education and Leisure	<ul style="list-style-type: none"> • Provide fit-for-purpose and conveniently located education and leisure facilities for service users. Maximising any investment across multiple strategic priority areas through a community facilities approach incorporating education, leisure and health and social care facilities, therefore delivering wider economic regeneration benefits.
Office Accommodation	<ul style="list-style-type: none"> • Provide modern, flexible office accommodation for staff that is economically and environmentally efficient.

The Estates Strategy plays a key role in maximising capital investment across multiple strategic priority areas e.g. moving away from the traditional like for like school replacements to incorporating wider community campus facilities, including leisure and health and social care facilities. This approach was evidenced through the Largs campus facility which delivered primary, secondary and early years provision as well as community use sport, theatre and leisure facilities.

Through rationalisation of the Council's property portfolio, a key funding component to support the capital programme and provide flexibility in the Council's Revenue account, is through the generation of capital receipts. Anticipated income from land and property capital receipts planned to support the capital programme totals £11.3m to 2027/28.

The neighbourhood approach outlined in the Estates Strategy also recognises community empowerment and, in particular, provides support to communities for asset transfers. This engagement is progressed through the Community Planning Partnerships.

General Fund Capital Investment Programme

North Ayrshire Council takes a long term approach to capital investment, covering a 10 year period. The plan is updated annually and 2019/20 represents year 2 of the 10 year plan. A full refresh is undertaken every 3 years. The current Capital Investment programme is aligned to the strategic priorities as set out in the Council Plan and is the product of the various plans and strategies which impact on the assets and infrastructure of North Ayrshire Council. Through the Community Planning Partnerships and the Local Development Plan there is also clear linkage to local strategic planning and local asset planning.



Total capital investment of £254.9m from the Council's General Fund is planned over the period from 2019/20 to 2027/28. This includes a North Ayrshire's financial contribution towards the Ayrshire Growth Deal of £12.6m to 2027/28. It is recognised that the total level of investment across Ayrshire will be in the region of £240m (including £100m commitments from both the UK and Scottish Governments) and this will extend beyond the current 10 year planning period.

The £88.1m investment in **ensuring people have the right skills for learning, life and work** reflects the significant planned investment in education and early years. Following the completion of the Largs campus which was occupied in April 2018, major new areas of education investment include;

Early Years Expansion - up to £11.4m <ul style="list-style-type: none"> Consisting new build, extensions and refurb to deliver 1,140 hours childcare provision. 	Ardrossan Academy - £31.6m <ul style="list-style-type: none"> New build project as part of an exciting wider community facility development 	ASN Campus £24.1m <ul style="list-style-type: none"> New Additional Support Needs campus as part of combined HSCP development including residential and respite provision. Total investment of £29.7m. 	Montgomerie Park school £9.7m <ul style="list-style-type: none"> New primary provision linked to Montgomerie park regeneration project and housing developments 	Moorpark Primary School £9.5m <ul style="list-style-type: none"> New primary provision
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Investment in education reflects the Council's desire to ensure children and young people have access to high quality facilities which support and promote excellent learning and teaching. Well designed and well equipped buildings also support the promotion of positive health and well-being.

It is also recognised that investment in education contributes to and can be integrated within wider economic development and regeneration within the localities and this is reflected in the nature of the planned developments for Ardrossan Academy, Montgomerie Park school and the new ASN campus provision. Through stakeholder engagement, effective cross Directorate working within North Ayrshire Council and collaboration with other agencies including the Scottish Government, these new developments combine education provision with community facilities, residential, respite and housing provision as part of a wider focus on economic regeneration.

With the aim of making sure young people get the best start in life, the increase in funded hours care for early learning and childcare contributes to the capital investment needs across the early years' estate. Currently there are six early years' facilities delivering the full 1,140 hours provision. The current investment programme includes new build, extensions and building re-provisioning and will deliver capital investment of up to £11.4m.

Included in the planned £21.9m investment for **helping our people stay safe, healthy and active** is £1.9m for the access paths network programme and cycling infrastructure works. North Ayrshire Council recognises the importance of a modal shift from car travel to sustainable transport solutions including cycling, walking and use of public transport. Property lifecycle investment of £13.0m, to support the property asset management plan, will ensure Council properties continue to be maintained to the appropriate standards in delivering services to citizens and communities. As part of the new ASN development, collaboration between the Education directorate and the Health and Social Care Partnership will see the construction of an ASN campus incorporating residential and respite provision. Total campus investment is £29.7m including the residential and respite provision of £5.5m.

Key to **growing the economy, increasing employment and regenerating towns** is the investment in a number of key programmes of regeneration within North Ayrshire and, in respect of the Ayrshire Growth Deal, on a wider pan Ayrshire basis. At this stage a total of £27.4m has been aligned to this priority area with major projects including;

Ayrshire Growth Deal £12.6m (£240m Pan Ayrshire)	Irvine High Street £1.9m	Montgomerie Park £4.6m	Quarry Road Phase 2 £2.8m
<ul style="list-style-type: none"> •Pan ayrshire projects across manufacturing, life sciences, tourism and aerospace. Total investment in excess of £240m. Funding from UK Govt, Scottish Govt, East Ayrshire and South Ayrshire Councils. 	<ul style="list-style-type: none"> •Public realm project to promote regeneration. Work designed to improve safety, pedestrian and vehicular movement and public transport infrastructure. 	<ul style="list-style-type: none"> •Aligned to Local Development Plan, regeneration of road and service infrastructure to facilitate major housing and school development. 	<ul style="list-style-type: none"> •Phase 1 incorporated an office facility which was fully occupied in June 2018. Phase 2 will incorporate mixed sports facilities, including football pitches and a closed cycle loop.

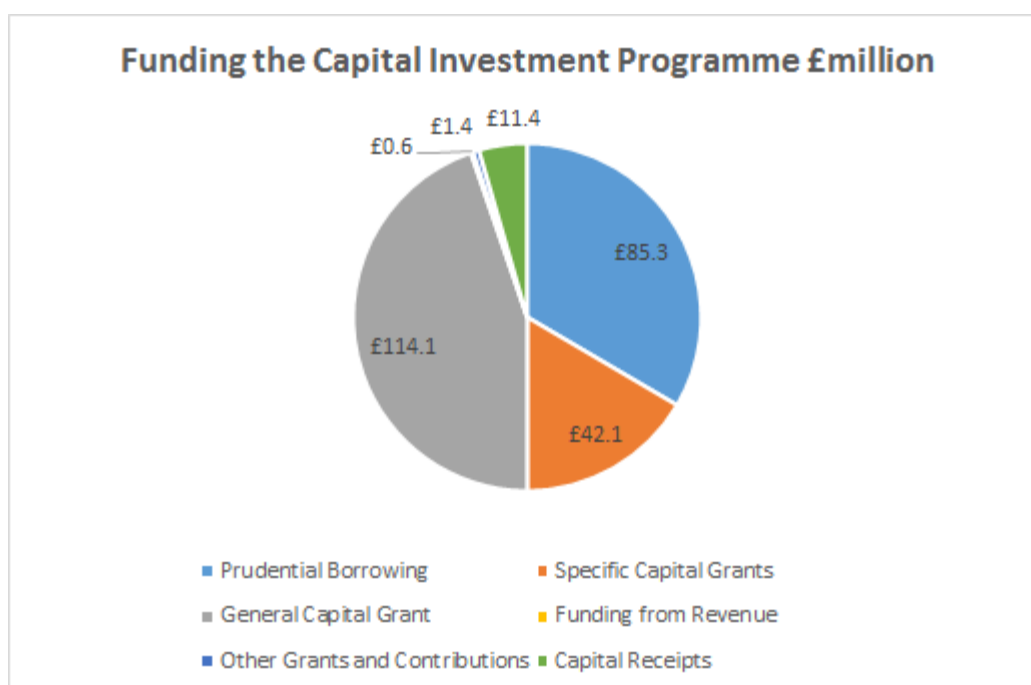
Informed by the Asset Management plans, significant investment is planned to protect and maintain the physical environment and infrastructure of North Ayrshire. Investment in roads, structures, lighting, flood prevention and cemeteries totals £92.4m to 2027/28. This core infrastructure investment is critical in ensuring the **environment is protected for future generations**.

It is also important to ensure appropriate investment is made in assets that **underpin delivery of the Council's strategic priorities**. Planned capital investment in ICT and vehicles and plant of £20.6m to 2027/28 is key to enabling and supporting core service delivery within North Ayrshire.

The current Capital Investment Programme 2019/20 to 2027/28 sets out the ambition of North Ayrshire Council across each of the priority areas. Through investment that supports regeneration and delivers first class education and community facilities, this strategic approach will help grow the population and the local economy. It is also recognised that key to a sustainable environment is the requirement to continue to invest in core assets and infrastructure.

Funding the Capital Investment Programme

Funding the Capital Investment Programme requires to be planned in an affordable and sustainable manner. The funding sources to support delivery of the £254.9m capital investment programme to 2027/28 include;



The major sources of funding include assumptions on the level of general capital grant from Scottish Government to 2027/28 (£114.1m) and the level of prudential borrowing (£85.3m) required. The cost of borrowing is included within the Council's revenue budget process through the Medium Term Financial Plan and the impact of borrowing is included as part of the Council's Treasury Management and Investment Strategy.

The Council takes a prudent approach when phasing the capital investment over the 10 year period, with the main objective to ensure general capital grant from Scottish Government is maximised. Other income sources are also explored including external income, grants, partner contributions and capital receipts. The balance of funding is met from affordable prudential borrowing. This approach helps to ensure that investment in assets to deliver on the Council's strategic priorities is sustainable in the long term.

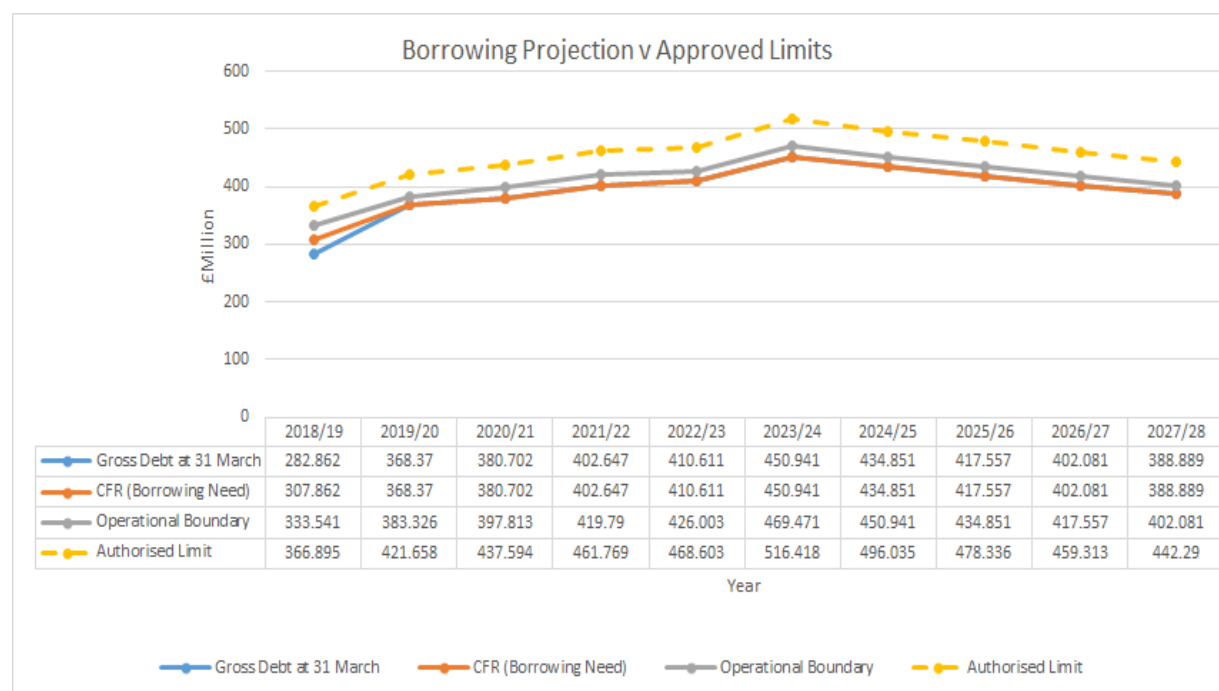
Treasury Management Strategy and Loans Fund Policy

The Prudential Code for Capital Finance in Local Authorities enables councils to set their own borrowing limits with a requirement to ensure that investment plans are affordable, prudent and sustainable. The Council can borrow over a number of years to supplement its capital income, provided the resultant annual debt repayments can be accommodated within future years' revenue budgets. The Council's annual Treasury Management and Investment Strategy sets out the prudential indicators and parameters over the medium to long term, with regular reporting to Council members through;

- Annual Treasury Management and Investment Strategy
- Mid-Year Treasury Update report
- Annual Review following the financial year end describing the activity compared to the strategy

The key prudential and treasury indicators include;

- Capital expenditure and financing
- The Council's overall borrowing need (the Capital Financing Requirement)
- Limits to borrowing activity through the Operational Boundary and the Authorised Limit.



As reflected in the Treasury Management Strategy for 2019/20, the analysis of the Capital Financing Requirement for North Ayrshire Council indicates that the borrowing need to support delivery of the capital programme will increase to £450.94m at 2023/24 and then reduce annually to 2027/28. The analysis also indicates that this borrowing need continues to be well within the parameters of both the Operational Boundary (the expected maximum borrowing position of the Council) and the Authorised limit (the limit beyond which external debt is prohibited).

Another key affordability indicator is the ratio of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long-term liabilities, net of investment

income) against the net revenue stream of the Council. The estimates of financing costs include current commitments and those arising from the capital programme. The Housing Revenue Account (HRA) costs are aligned with the 30-year business plan.

Ratio of financing costs to net revenue stream	2018/19 Probable Outturn £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
General Services	5.1%	5.5%	4.7%	4.8%
HRA	16.2%	18.2%	23.2%	24.5%

From a General Services perspective, the estimated ratio of debt to net revenue stream across the next 3 years averages at 5.0%. The ratio of financing costs to net revenue stream across all Scottish local authorities averaged at 7.75% (Source: CIPFA Directors of Finance Performance Indicators 2017/18), therefore North Ayrshire Council continue to demonstrate prudence within the context of financing costs relative to net revenue.

Loans Fund Policy

In July, 2016 the Scottish Government confirmed the new Loans Fund accounting arrangements under the provisions of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. This regulation requires the Council to outline its policy on the repayment of Loans Fund advances. The Loans Fund advance is effectively the repayment of the principal linked to the capital expenditure which is required to be funded from borrowing. The broad aim of prudent repayment is to ensure that the authority's unfinanced capital expenditure is financed over the expected life of the asset and that each years repayment amount is reasonably commensurate with the period and pattern of the benefits.

From a governance perspective the Loans Fund policy of North Ayrshire Council is included as part of the Treasury Management and Investment Strategy and submitted for approval to the North Ayrshire Council committee on an annual basis.

Governance

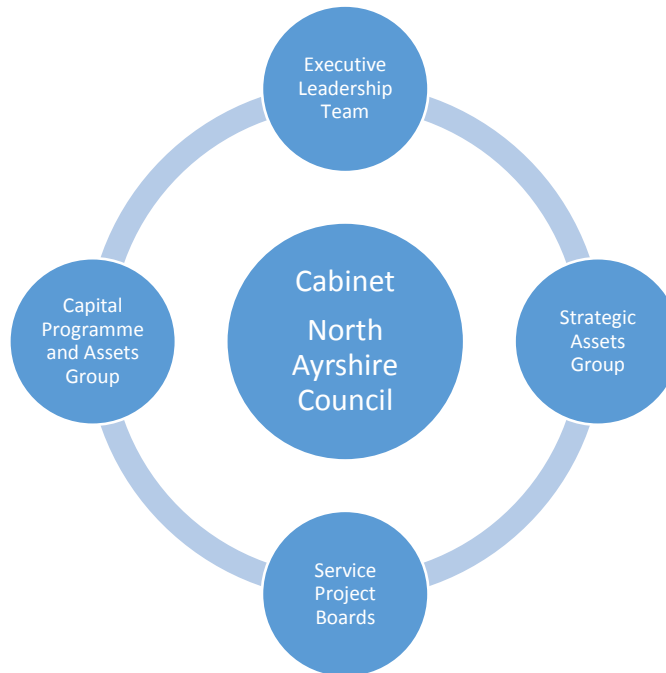
Having robust governance arrangements in place is key to ensuring effective strategic management of assets, from initial planning through to delivery, utilisation and disposal. North Ayrshire Council delivers a governance framework through a number of officer and member represented groups / committees.

To ensure a consistent approach is adopted when considering any new capital investment, a business case framework has been developed. The framework includes key criteria across;

- Aims and strategic objectives
- Approach
- Scope and Benefits
- Options Appraisal, spend to save and risks and consequences of not proceeding
- Implications for stakeholders and Equalities Impact Assessment.
- Key milestones
- Evaluation criteria and scoring
- Investment costs, funding and impact on revenue

All business cases are considered by the Capital Programme and Assets Group and the Executive Leadership Team, with a recommendation being made to Cabinet / Council, for inclusion of new projects into the Capital Investment Programme. A key focus when assessing potential capital investment is the alignment to the Council's strategic priorities, with the aim being to maximise opportunities where investment meets multiple strategic priorities and where there is the potential to lever in external funding.

The current governance framework is illustrated below;



The **Strategic Assets Group** provides a strategic focus on the Council's property assets. The key objective of the group is the effective utilisation of Council assets and to reduce the public sector's building footprint and deliver improved services from a smaller, more efficient and fit for purpose estate.

Service Project Boards are chaired by Executive Directors across each Directorate area with representation from relevant service managers. Following approval by North Ayrshire Council committee on the Capital Investment Programme, the Service Project Board is responsible for ensuring robust project management is in place to deliver projects on time and within budget.

The Capital Programme and Assets Group is chaired by the Executive Director (Finance and Corporate Support) and is responsible for:

- Ensuring a strategic and corporate overview of the Council's capital programme is in place.
- Developing and monitoring the Council's capital investment programme, tracking slippage on delivery and expenditure against approved budgets.
- Developing clear criteria for investment of Council resources on asset matters and assessing all investment business cases.
- Developing a capital receipts programme.

The **Executive Leadership Team** consists of the Chief Executive and each Executive Director and is responsible for advising members on the relative priorities of the Council's long term investment needs and plays a key monitoring role in ensuring the major capital projects deliver the anticipated

benefits on time and within budget. The Executive Leadership Team also considers all business cases for new areas of capital investment.

Cabinet is chaired by the Leader of the Council and is the main decision making body of the Council. It consists of member portfolio holders from the Administration. Cabinet receives regular progress reports and approves amendments to the Capital Investment Programme.

North Ayrshire Council consists of all elected members and is chaired by the Provost. The Council approves the corporate framework and the medium and longer term Capital Investment Programme.

Risk

There are risks inherent across all capital planning and project delivery activity. Key planning risks are managed / mitigated through detailed business case development prior to any capital investment project getting approved. From a project delivery perspective, risk registers are maintained throughout the duration of the project and in accordance with standard project management practice. The long term view to capital investment and the development of associated strategies also play a key role in risk management. Examples include:

- Development of a 10 year capital programme, considering funding and priorities in the long term
- Asset Management Plans and lifecycle maintenance which inform capital plans in the long term
- Treasury Management and Investment Strategy which considers borrowing levels in the long term.
- Local Housing Strategy and Strategic Housing Investment Plan takes a medium and long term view of housing and regeneration priorities.

Conclusion

The Capital Investment Strategy for North Ayrshire Council provides an overview of how capital expenditure plans, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of North Ayrshire communities and citizens. It is a reporting requirement introduced by the 2017 edition of the CIPFA Prudential Code.

The Strategy takes account of the Council's strategic priorities and considers any new investment within the context of outcomes and affordability. There is also recognition of the need to balance investment between maintaining current assets and infrastructure against the ambitions for acquiring new assets.

The current capital programme demonstrates an innovative approach in maximising investment across multiple strategic priority areas, with developments that incorporate education provision, community facilities, health and social care services and housing. This approach, whilst providing key services that deliver positive outcomes to communities, also contributes to the wider economic regeneration of North Ayrshire, helping to grow the population and the local economy.

Working in partnership with the UK and Scottish Government and East Ayrshire and South Ayrshire councils, the Ayrshire Growth Deal will regenerate the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace, with total investment of over £240m.

Related Documents / Strategies / Plans

	Council Plan
	Local Development Plan
	Asset Management Plans
	Local Outcomes Improvement Plan
	Local Housing Strategy
	Strategic Housing Investment Plan
	Technology Strategy
	Estates Strategy
	10 Year Capital Investment Programme
	Economic Development and Regeneration Strategy
	Treasury Management and Investment Strategy
	Loans Fund Policy
	HSCP Strategic Plan
	Environmental,Sustainability & Climate Change Strategy