



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

North Ayrshire Council

A Special Meeting of the **North Ayrshire Council** of North Ayrshire Council will be held in the **Council Chambers, Ground Floor, Cunninghame House, Irvine, KA12 8EE** on **Wednesday, 27 February 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 General Services Revenue Estimates 2019/20 to 2021/22

Submit report by the Executive Director (Finance and Corporate Support) on (a) the Council's revenue spending requirements and anticipated funding for 2019/20 to 2021/22; (b) the level of reserves and fund balances held by the Council and (c) options to address the funding gap (copy enclosed).

4 Capital Investment Programme 2019/20 to 2027/28

Submit report by the Executive Director (Finance and Corporate Support) on the draft Capital Investment Programme to 2027/28 (copy enclosed).

5 Revenue Estimates 2019/20 – Common Good Funds and Trusts

Submit report by the Executive Director (Finance and Corporate Support) on the anticipated annual income and expenditure of the Common Good Funds and Trusts administered by North Ayrshire Council and seek approval for the level of grant funding to be made available for disbursement in 2019/20 (copy enclosed).

- 6 Treasury Management and Investment Strategy 2019/20**
Submit report by the Executive Director (Finance and Corporate Support) on the proposed Strategy for Treasury Management and Investment activities within the Council for the financial year 2019/20 (copy enclosed).

- 7 Urgent Items**
Any other items which the Provost considers to be urgent.

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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:

NORTH AYRSHIRE COUNCIL

27 February 2019

North Ayrshire Council

Title: **General Services Revenue Estimates 2019/20 to 2021/22**

Purpose: To advise Council on (a) the Council's revenue spending requirements and anticipated funding for 2019/20 to 2021/22; (b) the level of reserves and fund balances held by the Council and (c) options to address the funding gap.

Recommendation: That Council:

- a) notes the anticipated funding available to meet expenditure requirements;
 - b) approves the Council's expenditure requirements for 2019/20 and notes the indicative requirements for 2020/21 and 2021/22;
 - c) notes the level of reserves and fund balances held by the Council and approves any contributions to / from these;
 - d) approves the application of capital receipts to fund transformation as noted at 2.4.2;
 - e) agrees the additional contribution to the IJB noted at 1.9;
 - f) agrees efficiencies and savings to ensure a balanced budget for 2019/20, consequential and new proposals in future years;
 - g) agrees increases to Council fees and charges;
 - h) determines the level of Council Tax for 2019/20;
 - i) notes the anticipated funding gap for 2020/21 and 2021/22;
 - j) considers the equality and socioeconomic impact of any proposed service changes;
 - k) approves the budget matrix for 2019/20.
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1. Executive Summary

Introduction

- 1.1. Section 93 of the Local Government Finance Act 1992 requires Councils to determine the levels of expenditure in the forthcoming financial year, and thereafter to set council tax sufficient to cover any unfunded balance.

- 1.2. This report provides Members with an overview of the Council's anticipated financial position on the General Fund revenue budget for the next three financial years, 2019/20 to 2021/22. It also sets out the information required to enable the Council to set a balanced budget and its council tax for 2019/20 by 11 March as required by statute.
- 1.3. A report "Financial Outlook 2019/20 to 2021/22" was presented to Council in November 2018. In addition a number of Members' seminars were held between November 2018 and February 2019 during which officers provided Members with information on the financial pressures faced by the Council and options to reduce expenditure to ensure priority services are delivered within available resources.

Revenue Budget

- 1.4. The Long Term Financial Outlook (LTFO) was considered by Council at its meeting on 4 October 2017. The LTFO sets out the anticipated financial challenge that the Council could face over the ten year period 2018/19 to 2027/28.
- 1.5. When the Council set its budget for 2018/19 on 28 February 2018 the decisions taken resulted in a balanced budget for 2018/19 with indicative funding gaps of £16.180m and £9.371m for 2019/20 and 2020/21 respectively.
- 1.6. The Medium Term Financial Plan (MTFP) for 2019/20 to 2021/22 builds on last year's MTFP and the analysis within the LTFO. The proposal in this report provides a balanced budget for 2019/20 with indicative funding gaps remaining for 2020/21 and 2021/22 of £14.666m and £10.742m respectively. A summary of the key components underpinning this is provided at 2.7.1.
- 1.7. Detail is provided at 2.5 on the anticipated level of earmarked, unearmarked and specific reserves with unearmarked reserves remaining at the minimum level of 2% equal to £6.912m (2%) with earmarked reserves of £17.630m and specific reserves of £9.651m aligning with anticipated future commitments. This represents a reduction of £11.170m on reserves relative to the position as at March 2018.

Health and Social Care Partnership

- 1.8. The Director of the Health and Social Care Partnership (HSCP) has provided Members with information on pressures and potential savings options to inform the Council's proposed contribution to the Partnership. This information is not detailed within the Council's budget proposal on the basis that the final position will be determined by the Integration Joint Board (IJB).
- 1.9. The proposed additional core contribution for 2019/20 is £1.389m, reflecting the HSCP funding request, with further additional Scottish Government funding of £0.756m to meet new policy commitments being passported through to the Partnership. Further funding for Free Personal Care for under 65s has yet to be distributed, this will also be passported to the HSCP. The proposed Council contribution to the IJB for 2019/20 aligns with the requirements set out in the

Financial Settlement in December 2018 and the subsequent letter from the Cabinet Secretary of 31 January 2019.

- 1.10. The Integration Scheme approved by Scottish Ministers states that following determination of the Council and NHS payment to the IJB, the IJB will refine its Strategic Plan and planned service delivery to take account of the totality of resources available, delivering a balanced budget.
- 1.11. In addition to the above the Council has set aside £1.497m to support repayment of the IJB £5.8m debt to the Council.

Chief Finance Officer Assurance

- 1.12. The 2019/20 annual budget and 2019/20 to 2021/22 medium term financial plan has been informed by the Council's Long Term Financial Outlook and previous MTFP. Significant scrutiny of the underlying assumptions and savings delivery has been undertaken to ensure the 2019/20 Annual Budget is robust. It is the responsibility of Chief Officers to manage any variance from the underlying assumptions.
- 1.13. The report notes at 2.12 the significant risks and mitigation to financial sustainability of service delivery. Allied to this is the requirement for the Council to hold a sufficient level of Reserves. The level of Reserves set out in the Budget Report aligns with known future commitments. The Change and Service Redesign Fund will require to be kept under review to ensure sufficient resources are available to continue to support the Council's transformation programme. Unearmarked reserves sit at the minimum of recognised best practice.

2. Background

2.1. Financial Context

- 2.1.1. The Long Term Financial Outlook for the Council for the 10 year period 2018/19 to 2027/28 was considered by Council at its meeting on 4 October 2017. This is the cornerstone of the Council's strategic financial planning framework and has informed the development of the medium term financial plan 2019/20 to 2021/22.
- 2.1.2. The February 2019 Bank of England Inflation Report noted the slowdown of UK economic growth in late 2018 and a further weakening in early 2019, with an expectation that it will remain subdued for much of 2019. The slowdown reflects weakening global growth and intensification of Brexit uncertainties. Economic performance has a significant impact on the availability of funding and demand for public services. CPI inflation continued to decline and fell to 1.8% in January 2019 with a view that it will move towards the Bank of England target of 2% during 2019.
- 2.1.3. In addition to economic performance, other factors which influence the availability of funding for core local government services include:

- Protection of other public services as set out in the Scottish Government Medium Term Financial Strategy including Health (and social care) and Police;
- Public sector pay and pensions; and
- Expansion of Early Learning and Child Care.

2.2. Scottish Government Funding

2.2.1. The Local Government Finance Settlement for 2019/20 was published on 17 December 2018, further funding was announced in Parliament on 31 January 2019 as the Budget Bill was debated at Stage 1. Funding support from the Scottish Government comprises:

- general revenue grant;
- non domestic rate income; and
- specific grant.

2.2.2. In addition to resources from the Local Government Settlement some funds are routed through the Scottish Government Health and Education portfolios.

2.2.3. The provisional settlement is subject to Parliamentary approval. Stage 3 of the Scottish Budget Bill was approved on the 21st February 2019.

2.2.4. North Ayrshire Council's anticipated Scottish Government funding support, as distributed, for 2019/20 is £278.757m and is subject to the requirements outlined in 2.2.7.

2.2.5. The initial Settlement was a reduction of £6.230m (2.3%) in the core grant funding when compared to the 2018/19 settlement. This has been offset by the additional funding of £2.398m announced on 31 January, giving an overall decrease of £3.832m (1.4%). In addition to the core funding, £9.428m has been received to meet the cost of new national expenditure requirements including;

- £0.732m to increase the Living Wage for purchased social care and uplift to Free Personal Care,
- £2.307m ring fenced general support to the HSCP;
- £0.282m for the Carers Act; and
- £5.757m to support the expansion of Early Learning and Child Care;
- other lower value funds include; free sanitary products in public building £0.107m and School Clothing Grants £0.294m.

2.2.6. A number of resource allocations have not yet been confirmed. The expected funding for North Ayrshire is:

- £0.734m in respect of the teachers induction scheme;
- £1.339m in respect of Discretionary Housing Payments. As in previous years, it is assumed that the cost of under occupation will be met in full by the Scottish Government;
- £2.192m to partially support the additional cost of teachers' pensions; and
- Share of £30m for Free Personal Care for under 65s and £12m for school counselling.

2.2.7. The Scottish Government's grant offer, as amended, is set out below:

- Progress towards delivery of 1,140 hours of Early Learning and Child Care;
- Maintaining pupil / teacher ratios at a national level and ensuring places for all probationers;
- Local authorities applying their share of the £148m ring-fenced funds for health and social care, with £12m being allocated to Education for school counsellors, with flexibility to reduce the adult social care budget by 2.2% compared to 2018/19 (£1.195m);
- Council Tax increase not exceeding 4.79%.

2.2.8. For 2020/21 and 2021/22 the assumption is that the level of core grant support will reduce by 2% being £5.575m and £5.413m respectively with further reductions anticipated in both years in respect of distribution. Each 1% shift in core grant equates to around £2.700m.

2.3. Council Tax

2.3.1. Local authorities have discretion to increase Council Tax. Section 74 of the 1992 Act sets the proportions payable by each council tax band, as such Councils can only apply a standard percentage increase across all Council tax bands, they cannot vary the percentage increase between bands.

2.3.2. Based on budgeted collection rates of 96.5% and a 4.79% increase, the total estimated Council Tax Income, excluding Council Tax for second homes, for 2019/20 is £55.528m, after applying the council tax reduction scheme. Further increases of 3% per annum and other adjustments in 2020/21 and 2021/22 will increase Council Tax income to £57.219m and £58.961m, respectively. The additional income includes:

- Anticipated growth in the Council Tax base of £0.129m for 2019/20, £0.032m for 2020/21 and £0.033m for 2021/22;
- The proposed increase in Council Tax of 4.79% resulting in an additional £2.847m for 2019/20 with a 3% increase in 2020/21 and 2021/22 generating £1.659m and £1.709m respectively;

2.3.3. The above will result in the following Council Tax charges in 2019/20 for each property band (excluding charges for water and sewage):

Band	Valuation (at 1991 levels)	2018/19 Council Tax	4.79% Increase	2019/20 Council Tax
A	Under £26,999	£814.77	£39.03	£853.80
B	£27,000 to £34,999	£950.56	£45.54	£996.10
C	£35,000 to £44,999	£1,086.36	£52.04	£1,138.40
D	£45,000 to £57,999	£1,222.16	£58.54	£1,280.70
E	£58,000 to £79,999	£1,605.78	£76.91	£1,682.69
F	£80,000 to £105,999	£1,986.01	£95.12	£2,081.13
G	£106,000 to £211,999	£2,393.40	£114.64	£2,508.04
H	Over £212,000	£2,994.29	£143.42	£3,137.71

2.3.4. Comparative information on Band D is provided within the Council Tax leaflet that is issued with Council Tax Bills. The comparative information for 2018/19 is as follows;

Scotland	£1,208
North Ayrshire Council	£1,222.16

2.4. Probable Outturn 2019/20

2.4.1. Based on the revenue financial performance report for 2019/20 at the end of November 2018, adjusted to take account of the anticipated costs of the 2018/19 pay award, a breakeven position is forecast. The factors contributing to this were reported to Cabinet on 15 January 2019.

2.4.2. Cabinet on 15 January 2019 approved in principle the application of capital receipts to fund the workforce cost of transformation. Five schemes have been identified which fulfil the Council's best value parameters and meet the terms of the Regulations. This will generate a £2.300m underspend in 2018/19 which will be applied to support the 2019/20 budget. The schemes are summarised below;

Service Redesign	Description	Cost (£m)	Annual Savings (£m)
Building Service / PMI	Revised integrated structure will improve governance, quality assurance and enhanced productivity.	£0.192	£0.072
School Technician Service	A re-evaluation of the resource allocation across all schools and management structures will deliver a more efficient service.	£0.195	£0.246
Community Learning and Development	The revised multi-functional team will support focused, localised delivery of services in partnership with local communities.	£0.680	£0.361
ICT	New model of support which aligns the streamlined ICT team with the Digital and Technology strategies	£0.682	£0.209
Revenues and Benefits	Further development of a “One Team” approach to maximise right first time resolution	£0.551	£0.255
Total		£2.300	£1.143

2.5. Reserve and Fund Balances

Introduction

- 2.5.1. Setting the General Fund Reserve is one of several related decisions in the formulation of the medium term financial plan and the annual revenue budget. In setting its budget the Council must have a clear reserves policy that takes account of; known commitments, potential liabilities and the risk profile of the Council, providing flexibility to deal with unforeseen circumstances. The right level of reserves supports financially sustainable service delivery. The Council’s approach is in line with CIPFA’s recommended practice as set out in the document “Local Authority Reserves and Balances”. This is a key focus of Audit Scotland and the Council’s external auditors.
- 2.5.2. The economic outlook and the impact of this on funding for public services alongside the potential impact of the Scottish Government’s Medium Term Financial Strategy on funding for local government results in continued risk and uncertainty during and beyond 2019/20. This together with the challenge of delivering future efficiencies in the context of the level of savings which have been delivered to date, emphasises the importance of the Council maintaining a sufficient level of reserves.

Application of Reserves

2.5.3. North Ayrshire Council has used reserves in setting its budget over the last few years. This has included a reduction in unearmarked reserves to the current 2% minimum, release of earmarked reserves no longer required and application of in year underspends. Use of reserves provides a temporary solution but requires a more sustainable approach to be developed. A summary of application of reserves is noted below;

- In 2017/18 £8.782m funded the health and social care partnership challenge fund and supported non-recurring expenditure; and
- In 2018/19 and 2019/20 £3.500m and £3.880m respectively supported the core recurring budget.

Reserves Policy

Unearmarked Reserve

2.5.4. This reserve is held to ensure the Council remains in a prudent financial position in 2019/20 and could respond to major unforeseen incidents or emergencies.

2.5.5. At 31 March 2018, the Council had unearmarked reserves of £6,624m, it is anticipated that the unearmarked reserve would remain unchanged at the Council's approved minimum of 2%, £6.912m, at 31 March 2019. The reserve continues to be at the lower end of the recommended range of 2% - 4% (£6.870m - £13.741m) for general reserves.

Earmarked Reserves

2.5.6. These Funds have been approved for carry forward to meet known commitments or liabilities which will be settled in future years. A brief narrative on the key earmarked funds follows:

- Affordable Housing – accumulated from Council Tax collected from second homes and supporting the development of new affordable housing and the purchase of houses on the open market;
- Project-specific funds - these funds were carried forward from 2017/18 to allow for the completion of specific projects after 31 March 2018;
- Prudential Investment Fund - resources to smooth the revenue implications of loan charges supporting the Capital Investment Programme;
- Change and Service Redesign Fund – supports delivery of significant change and transformation.

Specific Reserves

2.5.7. Comments on the specific reserves are as follows;

- Repairs and Renewals Fund – this had been held to meet the cost of support works in relation to PPP Schools, these works will now be accommodated within the wider revenue and capital budgets.

- Insurance Fund - the current balance on this Fund aligns with the 2015 actuarial valuation, provision for uninsured claims and outstanding liabilities insured through Municipal Mutual Insurance pre-local government reorganisation.
- Capital Fund – this supports the proposed capital investment programme.

Summary

2.5.8. The projected accumulated balances on the Council's Funds and Reserves at 31 March 2019 are outlined in the table below, with the majority of these being earmarked for specific purposes. As can be seen the value of reserves is anticipated to decrease during 2018/19 by £11.170m.

	Balance at 31 March 2018 £m	Transfers Approved by Cabinet 15 Jan 2019 £m	Projected Transfers to 31 Mar 2019 £m	Transfers Included in Budget Paper £m	Projected Balance at 31 Mar 2019 £m	Anticipated Future Spend £m	Projected Future Balance £m
General Fund Unearmarked	6.624	-	2.588	(2.300)	6.912	-	6.912
<u>General Fund Earmarked</u>							
Education DMR	0.677	-	-	-	0.677	(0.677)	-
Affordable Housing	4.391	(1.701)	-	-	2.690	(2.690)	-
Project Specific Funds	14.056	(4.182)	(0.893)	(1.580)	7.401	(7.401)	-
Prudential Investment Fund	3.527	2.688	(0.127)	-	6.088	(6.088)	-
Change and Service Redesign Fund	3.915	-	(3.186)	-	0.729	(0.480)	0.249
Commonwealth Legacy Fund	0.045	-	-	-	0.045	(0.045)	-
Total Earmarked Funds	26.611	(3.195)	(4.206)	(1.580)	17.630	(17.381)	0.249
Total General Fund Balances	33.235	(3.195)	(1.618)	(3.880)	24.542	(17.381)	7.161
<u>Specific Reserves</u>							
Repairs and Renewals Fund	0.288	-	(0.288)	-	-	-	-
Insurance Fund	2.609	-	-	-	2.609	(2.609)	-
Capital Fund	9.231	-	(2.189)	-	7.042	(7.042)	-
Total Specific Reserves	12.128	-	(2.477)	-	9.651	(9.651)	-
Total General Fund Reserves	45.363	(3.195)	(4.095)	(3.880)	34.193	(27.032)	7.161

2.5.9. Based on the risks the Council faces the current level of Reserves is considered prudent. As the Change Fund resources are applied further investment will be essential to support the Council's future transformation programme

2.6. Income Summary

2.6.1. Total funding available to the Council to finance its expenditure plans in 2019/20 is noted in the table below. The main assumptions are as follows;

- 2019/20 Scottish Government Funding in line with the Finance Circular and letter of 31 January 2019 with an assumption that all 2019/20 grant is recurring, with a 2% reduction in core funding projected for years 2 and 3;
- 79% of the funding for the additional costs of teachers' pension being met by the Scottish Government;
- An annual uplift of 4.79% on council tax in line with the Scottish Government cap, with an appropriate adjustment for number of households;
- Use of Reserves in line with the Council's Reserves Strategy with the requirement for a recurring solution to be in place for 2020/21; and
- Outwith specific proposals fees and charges uplifted by 5% annually.

	2019/20 £m	2020/21 £m	2021/22 £m
Aggregate External Finance	278.757	270.637	262.368
Additional Aggregate External Finance due:			
Discretionary Housing Payments	1.339	1.339	1.339
Teachers' Induction Scheme	0.734	0.734	0.734
Teachers' Pension Contribution	2.192	2.192	2.192
Council Tax	55.528	57.219	58.961
Additional Council Tax Income from Second Homes	1.091	1.124	1.158
Contribution from Earmarked Reserves	3.880	-	-
Total Funding Available	343.521	333.245	326.752

2.7 Expenditure Requirement

2.7.1 The revised expenditure requirements for 2019/20 is £346.403m and is summarised in Appendix 1. This is the 2018/19 base budget adjusted to reflect the outcome of a full review of service pressures, previously approved savings, operational budget adjustments, national expenditure requirements and the proposed funding contribution to the Health and Social Care Partnership. The main assumptions and pressures are noted below;

- costs of continuing the current level of service;
- significant inflationary pressures, including pay in line with the most recent pay offer, teachers pensions, pension auto enrolment, contractual commitments and utilities;
- the financial implication of decisions already taken by the Council;
- Significant socio economic and demographic pressures including:
 - a growing older population;
 - increased demand for support for adults;
 - increased demand for support for vulnerable children and young people;
 - and
- Support for the capital investment programme.

- 2.7.2 In establishing the expenditure requirements, no provision has been made for general non pay inflation resulting in a reduction in the purchasing power of the budgets affected.
- 2.7.3 Operational budget adjustments, reflecting decisions already taken or reductions not impacting on policy or current service levels, are detailed in Appendix 2.
- 2.7.4 As part of the 2018/19 revenue budget, savings were approved for 2019/20, these are detailed at Appendix 3.
- 2.7.5 The expenditure requirements identified for 2019/20 to 2021/22 are provided in Appendix 4.
- 2.7.6 Based on this, savings of £2.882m / £15.808m / £11.472m are required for 2019/20, 2020/21 and 2021/22 respectively.

2.8 Health and Social Care Partnership

- 2.8.1 Based on the Finance Settlement and subsequent letter of 31 January 2019 £160m of ring fenced funding requires to be passported to the HSCP with local authorities being able to apply a maximum reduction of 2.2% on the 2018/19 adult health and social care budget. A summary of the funding is noted below;
- increases to the Living Wage for purchased social care (£25m), and uplift to Free Personal Care (£1m), NAC share is £0.732m,
 - £82m (£2.307m) as general support to the HSCP; and
 - £10m (£0.282m) for the Carers Act.
- 2.8.2 £30m for Free Personal care for under 65 has yet to be distributed. In addition £12m of funding has been allocated for school counselling with distribution of this outstanding, confirmation has been received from the Scottish Government that this will be allocated to Education.
- 2.8.3 The IJB also receives specific grant funding for Community Justice Services, there has been a net reduction in the grant of £0.252m.
- 2.8.4 In recognition of the role of the Council vis a vis the Integrated Joint Board, the financial information presented in this report is limited to the proposed additional contribution the Council will make to the IJB, recognising that final distribution of resources is a matter for the IJB. The proposed additional funding contribution to the IJB aligns with the funding request from the Chief Officer and Chief Finance Officer of the IJB.
- 2.8.5 The Integration Scheme approved by Scottish Ministers states that following determination of the Council and NHS payments to the IJB, the IJB will refine its Strategic Plan to take account of the totality of resources available. Accordingly, the proposed / indicative additional core financial contribution to the IJB of £1.389m / £2.113m / £1.425m in financial years 2019/20, 2020/21 and 2021/22.

2.8.6 In addition to the direct funding allocation to the IJB, the Council budget has set aside £1.497m to support repayment of the £5.8m IJB debt to the Council.

2.9 Efficiencies and Savings Proposals

2.9.1 Proposals for efficiencies and savings have been made which can deliver a balanced budget for 2019/20, after applying £3.880m of reserves. There are estimated budget shortfalls of £14.666m and £10.742m in 2020/21 and 2021/22. Proposed efficiencies and savings, excluding the HSCP, are summarised at Appendix 5.

2.9.2 The format of Appendix 5 has been enhanced from that presented in previous years to include;

- An enhanced narrative;
- An assessment of the impact on communities ranging from no impact through low to high negative impact to positive impact;
- Equalities impact; and
- Delivery risk.

2.9.3 An element of the savings proposals relates to charging. The Council's corporate policy for charging for Council services has a presumption that charges will be increased annually at least in line with inflation unless there is a clear case for not doing so. The proposal is to increase all charges by 5% unless otherwise stated. Some statutory charges are set at a national level and are, therefore, outwith the scope of this report.

2.9.4 A full review of charging for the HSCP has been undertaken, these were considered at the IJB budget planning session at the end of January 2019. Responsibility for formal approval of these charges sits with the Council.

2.9.5 The revenue budget savings identified in Appendix 5 reflect the additional income which will be secured through these proposals. Appendix 6 contains a list of the charges which are proposed to be increased on 1 April 2019.

2.9.6 The table below summarises the community impact of new savings;

Community Impact	Number of Savings Options	Value of Savings Options £m
No Impact	4	0.448
Low Impact	8	1.138
Medium Impact	4	0.978
High Impact	-	-
Positive Impact	3	0.318
Total	19	2.882

2.10 Equality and socio-economic impacts of Budget Proposals

- 2.10.1 The Council has a legal duty to consider the equalities impact of proposals on groups with protected characteristics, being age, disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation. Since April 2018 the Council also has a duty to assess the socio-economic impact of proposals (The Fairer Scotland Duty). This requires an assessment of the impact of proposals on reducing inequalities.
- 2.10.2 Proposals contained in these papers have been screened to assess whether there are any equalities and socio-economic impacts, and if so, the proposals have been equalities impact assessed (EIA).
- 2.10.3 The purpose of the EIAs is to ensure that Members are fully informed in advance of taking decisions, they do not prevent Members from making decisions. All EIAs have an assessment of risk alongside mitigating actions. This enables Council to consider if any detrimental impact can be minimised and any positive impact maximised.
- 2.10.4 The table below summarises the outcome of the Assessments. A link to the relevant assessments is provided below;

<http://naconnects.north-ayrshire.gov.uk/organisation/equality.aspx>

Equality and Children's Rights Impact	Number of Savings Options	Value of Savings Options £m
Negative Impact	2	0.061
Neutral Impact	15	2.402
Positive Impact	2	0.419
Total	19	2.882

- 2.10.5 Any alternative proposals from Members will require to be screened and assessed to ensure Council is aware of impacts before making any decision.
- 2.10.6 Responsibility for the funding allocations within the Health and Social Care Partnership rests with the Integrated Joint Board which has responsibility for assessment of the impact of the decisions it takes

2.11 Budget Engagement

- 2.11.1 As part of the work to refresh the Council Plan and to identify what matters to our residents and communities, the Council undertook extensive engagement on how our priorities and spend should align, and how the relationship between communities and the Council can be reshaped to improve how we work together and improve outcomes.
- 2.11.2 Methods of engagement included online, via Council and CPP and partner websites, the Community Engagement Reference Network, social media tools

(Twitter and Facebook), including via partner organisations and groups, face to face discussions, and paper based surveys in Council and partner buildings.

2.11.3 More than 90% of respondents agreed with the Council’s proposed priorities, contextualising them within the current economic challenges.

2.11.4 Key themes which emerged included:

- An awareness of the changing relationship between citizens and the local authority, recognising a reframing of service delivery and expectations in the current economic climate;
- The importance of working together to give our children and young people the best start in life, including the role of families;
- The contribution that jobs and adequate income levels make to health and well-being, and how emotional and mental health are central to individual and community well-being;
- The role of public transport and access to banking in supporting vibrant town centres and communities;
- Access to amenities as part of housing developments and the desire for a wide range of housing types to meet a range of needs;
- The value of the local environment and green spaces, and the role of communities and civic pride in maintaining them; and
- The importance of digital connectivity in education and business.

2.11.5 Respondents offered a variety of proposals in relation to how communities and the Council could work better together, including ideas for better methods of engagement, the extension of participatory opportunities, both in designing services and allocating budgets, opportunities for community groups to operate and maintain Council facilities and services, such as community centres and open spaces, and how we can work better together to support vulnerable members of our communities.

2.12 Management of Risk

2.12.1 North Ayrshire’s financial framework is underpinned by strategic, operational and project risk registers to identify and take steps to mitigate identified risks. Given the significance of the financial risks the Council faces this report sets out in the table below a number of the key risks associated with securing financial sustainability.

Risk	Mitigation
Cost of service delivery exceeding financial provision including;	Robust scrutiny and assurance by Chief Officers of the underlying 2019/20 budget assumptions.

Risk	Mitigation
<p>pay, demand led pressures and inflation</p> <p>Not securing in year financial balance</p> <p>Savings not delivered timeously</p> <p>Adequacy of reserves and provisions</p>	<p>Visibility of wider economic climate and UK and Scottish Governments' financial planning assumptions</p> <p>Regular reporting of financial performance and delivery of savings and transformation to Executive Leadership Team, Cabinet and Audit and Scrutiny (HSCP)</p>
<p>Financial Sustainability of the HSCP</p>	<p>Collaborative working with the HSCP to secure in year financial balance and repayment of the debt to the Council</p>
<p>Delivery of current and future year transformation</p>	<p>Transformation Think Tank developing a pipeline of transformation projects</p> <p>Effective governance and scrutiny of the transformation programme</p> <p>Robust workforce planning</p>

2.13 Revenue Budget - Objective and Subjective Analysis

- 2.13.1 The Codes of Financial Practice outline categories of service delivery, known as the Objective Analysis, and categories of expenditure type, known as the Subjective Analysis. Based on the budget presented within this report the budget matrix for 2019/20 is attached in Appendix 7.
- 2.13.2 Once this matrix is approved, services must spend in line with this and any subsequent significant and planned variation to this budget (i.e. virement) must be approved by Cabinet.
- 2.13.3 All North Ayrshire Council functions relating to health and social care are entirely delegated to the Integrated Joint Board, subject to a few statutory exceptions and subject to appropriate reporting throughout the year to the Council.

2.14 Local Government in Scotland Financial Overview 2017/18

2.14.1 Audit Scotland's report titled Local Government in Scotland Financial Overview 2017/18 was reported to Council on 13 February 2019. Some of the key messages from the report and specific issues for North Ayrshire when setting the budget are noted below:

- councils dependency on Scottish Government funding and the continuing significant financial challenges, with funding not keeping pace with increasing costs, demands and new policy commitments and in particular the impact of this on non-protected services;
- the protection of education and social work being met from reductions in other services;
- councils managing their funding gaps through savings and use of reserves;
- the need for councils to identify risk and develop contingency plans around EU withdrawal;
- issues relating to IJBs including; financial sustainability, reserves and medium term financial planning;
- Councils progress on medium and long term financial planning and early stage delivery of transformational change

2.15 Summary

2.15.1 The estimated financial position of this proposal is set in the context of continued uncertainty in the performance of global and UK economies and the impact of the UK's withdrawal from the EU.

2.15.2 £3.880m of previously earmarked reserves provides non-recurring funding in 2019/20 with a sustainable solution required for 2020/21.

2.15.3 The table below summarises the assumptions and financial implications of the budget proposal;

	2019/20 £m	2020/21 £m	2021/22 £m
Council Tax Uplift	4.79%	3.00%	3.00%
Core Grant Reduction	1.40%	2.00%	2.00%
Operational Adjustments	£-2.183	£-0.264	£0.017
Previously approved savings	£-3.486	£-0.721	£-0.330
Expenditure Requirements excluding HSCP / New Funding	£11.185	£4.404	£3.867
Additional core Funding for the HSCP	£1.389	£2.113	£1.425
Savings for Approval (excl HSCP)	£-2.882	£-1.142	£-0.730

2.15.4 The additional core funding to the HSCP in 2019/20 is in line with the requirements of the Financial Settlement and the funding request from the HSCP. In addition £0.756m of new monies will be passported to the HSCP plus the relevant share of £30m for Free Personal Care for under 65s.

2.15.5 £9.428m of additional funding has been provided to meet new national expenditure requirements.

2.15.6 Proposed increases in charging are outlined at Appendix 6 and 6b.

3. Proposals

3.1. That Council:

- a) notes the anticipated funding available to meet expenditure requirements;
- b) approves the Council's expenditure requirements for 2019/20 and notes the indicative requirements for 2020/21 and 2021/22;
- c) notes the level of reserves and fund balances held by the Council and approves any contributions to / from these;
- d) approves the application of capital receipts to fund transformation as noted at 2.4.2;
- e) agrees the additional contribution to the IJB noted at 1.9;
- f) agrees efficiencies and savings to ensure a balanced budget for 2019/20, consequential and new proposals in future years;
- g) agrees increases to Council fees and charges;
- h) determines the level of Council Tax for 2019/20;
- i) notes the anticipated funding gap for 2020/21 and 2021/22;
- j) considers the equality and socioeconomic impact of any proposed service changes;
- k) approves the budget matrix for 2019/20.

4. Implications / Socio-economic Duty

Financial:	<p>The financial implications are as outlined in the report. Members require to approve a package of efficiencies and savings, excluding any decision taken by the IJB in respect of social care services, totalling £2.882m for 2019/20. The recommendations are based on a 4.79% increase to Council Tax. Any increase in net expenditure above that outlined in the draft budget, or any increase in council tax below 4.79% will require to be funded.</p> <p>Failure to agree to the requirements outlined in the Scottish Government's grant offer as outlined at 2.2.7 may result in a less favourable settlement.</p>
Human Resources:	<p>The impact of the new savings proposals for 2019/20 is an anticipated reduction of 2.9 wte more than offset by the new jobs arising from the planned investment in HSCP of 21.5 wte and a further 74.3 wte from the expansion of ELC.</p> <p>Any reduction to the work force will be management through vacancies, redeployment, voluntary early retirement and voluntary redundancy. This will be effected by engagement and participation with the Trade Unions on a Service by Service basis to develop and agree implementation plans.</p>

Legal:	The Council is obliged by the Local Government Finance Act 1992 to set a budget for 2019/20 and to do so in a manner and at such a time as to ensure that it is able lawfully to set its council tax by 11 March. Failure to do so could result in a number of legal and financial consequences, for both Council and Members.
Equality/ Socio-economic Duty:	Obligation in respect of equalities are set out at 2.10 of the report. Hard copies of the Equality Impact Assessments and a summary of screenings, have also be placed in the Members Lounge.
Children and Young People:	The budget proposals presented offer significant protection to those services linked directly to the delivery of outcomes for children and young people.
Environmental & Sustainability:	While setting of the budget has no direct environmental or sustainability impacts, the resultant impact on individual services may have impacts.
Key Priorities:	The draft budget supports delivery of the outcomes as outlined in the Council Plan.
Community Benefits:	No specific implications.

5. Consultation

- 5.1. Significant scrutiny and challenge of the underlying assumptions of the proposed budget has taken place with the Executive Leadership Team prior to submission to Elected Members at a number of sessions between November 2018 and February 2019.
- 5.2. The key issues within this report have been presented to the Trade Unions.
- 5.3. Community engagement has taken place on the refresh of the Council Plan capturing community views on priorities, this has been taken into consideration in setting the 2019/20 Budget.



Laura Friel
Executive Director (Finance & Corporate Support)

For further information please contact Laura Friel, Executive Director of Finance and Corporate Support on insert 01294-324554.

Background Papers

None

North Ayrshire Council
Revenue Budget 2019/20
Revenue Budget Summary Position

Funding	2019/20 £000's	Consequentials £000's	2020/21 Rephased/New £000's	Total £000's	Consequentials £000's	2021/22 Rephased/New £000's	Total £000's
Aggregate external finance	278,757	270,637		270,637	262,368		262,368
Additional aggregate external finance due :							
Teachers' Induction Scheme	734	734		734	734		734
Teachers' Superannuation	2,192	2,192		2,192	2,192		2,192
Discretionary Housing Payments	1,339	1,339		1,339	1,339		1,339
Council Tax Income	55,528	57,219		57,219	58,961		58,961
Council Tax Income from 2nd homes	1,091	1,124		1,124	1,158		1,158
Contribution from General Reserves	3,880	-		-	-		-
Total Funding Available	343,521	333,245	-	333,245	326,752	-	326,752
Expenditure							
Base Budget	331,214	343,521		343,521	333,245		333,245
Operational Budget Adjustments							
Protecting and enhancing the environment for future generations	(1,019)	(180)	-	(180)	-	-	-
Helping all of our people to stay safe, healthy and active	(14)	-	-	-	-	-	-
Ensuring people have the right skills for learning, life and work	(91)	(150)	-	(150)	(25)	-	(25)
Working together to develop stronger communities	-	-	-	-	-	-	-
Growing our economy, increasing employment and regenerating towns	-	-	-	-	-	-	-
Underpinning our priorities	(1,059)	66	-	66	42	-	42
Total Operational Budget Adjustments	(2,183)	(264)	-	(264)	17	-	17
Savings Previously Approved							
Protecting and enhancing the environment for future generations	(108)	(250)	-	(250)	(250)	-	(250)
Helping all of our people to stay safe, healthy and active	(265)	(89)	-	(89)	-	-	-
Ensuring people have the right skills for learning, life and work	(2,026)	(50)	-	(50)	(50)	-	(50)
Working together to develop stronger communities	-	-	-	-	-	-	-
Growing our economy, increasing employment and regenerating towns	(432)	-	-	-	-	-	-
Underpinning our priorities	(655)	(332)	-	(332)	(30)	-	(30)
Total Savings Previously Approved	(3,486)	(721)	-	(721)	(330)	-	(330)

North Ayrshire Council
Revenue Budget 2019/20
Revenue Budget Summary Position

	2019/20	2020/21			2021/22		
	£000's	Consequential £000's	Rephased/New £000's	Total £000's	Consequential £000's	Rephased/New £000's	Total £000's
Investments - Contractual/Unavoidable							
Protecting and enhancing the environment for future generations	36		(45)	(45)		112	112
Helping all of our people to stay safe, healthy and active	75		77	77		80	80
Ensuring people have the right skills for learning, life and work	427		458	458		516	516
Working together to develop stronger communities	-		-	-		-	-
Growing our economy, increasing employment and regenerating towns	-		-	-		-	-
Underpinning our priorities	471		230	230		-	-
Corporate Investment	9,902		3,668	3,668		3,102	3,102
Total Contractual / Unavoidable	10,911	-	4,388	4,388	-	3,810	3,810
Investments - National/Local Pressures							
Protecting and enhancing the environment for future generations	22		(68)	(68)		-	-
Helping all of our people to stay safe, healthy and active	-		-	-		-	-
Ensuring people have the right skills for learning, life and work	-		-	-		-	-
Working together to develop stronger communities	-		-	-		-	-
Growing our economy, increasing employment and regenerating towns	-		-	-		-	-
Underpinning our priorities	252		84	84		57	57
Unidentified Pressures	-		-	-		-	-
Total National / Local Pressures	274	-	16	16	-	57	57
New National Expenditure Requirements							
Protecting and enhancing the environment for future generations	3		-	-		-	-
Helping all of our people to stay safe, healthy and active	107		-	-		-	-
Ensuring people have the right skills for learning, life and work	7,418		-	-		-	-
Working together to develop stronger communities	-		-	-		-	-
Growing our economy, increasing employment and regenerating towns	-		-	-		-	-
Underpinning our priorities	-		-	-		-	-
Total National Expenditure Requirements	7,528	-	-	-	-	-	-
Total Expenditure Requirements (excl HSCP)	18,713	-	4,404	4,404	-	3,867	3,867
Health and Social Care Partnership							
HSCP Net Expenditure Requirements	1,389		2,113	2,113		1,425	1,425
New HSCP National Expenditure Requirements	756		-	-		-	-
Total Health and Social Care Partnership	2,145	-	2,113	2,113	-	1,425	1,425
Total Expenditure Requirements	20,858	-	6,517	6,517	-	5,292	5,292

North Ayrshire Council
Revenue Budget 2019/20
Revenue Budget Summary Position

	2019/20 £000's	Consequential £000's	2020/21 Rephased/New £000's	Total £000's	Consequential £000's	2021/22 Rephased/New £000's	Total £000's
Total Adjustments	15,189	(985)	6,517	5,532	(313)	5,292	4,979
Total Expenditure Requirement	346,403	342,536	6,517	349,053	332,932	5,292	338,224
(Surplus)/Deficit for Year	2,882	9,291	6,517	15,808	6,180	5,292	11,472
New Savings Proposed							
Protecting and enhancing the environment for future generations	(870)	(245)	-	(245)	(300)	-	(300)
Helping all of our people to stay safe, healthy and active	(512)	(154)	-	(154)	-	-	-
Ensuring people have the right skills for learning, life and work	(1,002)	(404)	-	(404)	(110)	(64)	(174)
Working together to develop stronger communities	-	-	-	-	-	-	-
Growing our economy, increasing employment and regenerating towns	(180)	-	-	-	-	-	-
Underpinning our priorities	(318)	(95)	(244)	(339)	-	(256)	(256)
Total Savings Proposed	(2,882)	(898)	(244)	(1,142)	(410)	(320)	(730)
Revised Expenditure Requirement	343,521	341,638	6,273	347,911	332,522	4,972	337,494
Revised (Surplus)/Deficit for Year if all Savings Proposals are Accepted	0	8,393	6,273	14,666	5,770	4,972	10,742
Net Contribution to the HSCP							
Net Adjustments to the Contribution to the HSCP	1,389	-	2,113	2,113	-	1,425	1,425

North Ayrshire Council
Revenue Budget 2019/20
Revenue Budget Operational Budget Adjustments

Council Objective/Service	Operational Budget Adjustment	Reference	Category	2019/20 £'s	2020/21 £'s	2021/22 £'s
Protecting and enhancing the environment for future generations						
Place	Restructure within Streetscene.	SP-PL-18-20	Amber	(50,000)	-	-
Place	Implementation of Zero Waste Strategy	SP-PL-18-11	Amber	(755,000)	(150,000)	-
Place	Reduce Energy Consumption through Behaviour Change.	SP-PL-18-28	Green	(75,000)	-	-
Place	Adjustment to base budget to reflect a one off underspend in the Carbon Reduction Commitment in 2018/19 (CRC).			140,000	-	-
Place	Streetscene working arrangements review Rapid Response Team	SP-PL-18-30	Green		-	-
Place	Streetscene working arrangements review Rapid Response Team	SP-PL-19-03	Amber	(60,000)	-	-
Place	Reduce Streetscene purchase of items such as litter bins, benches and	SP-PL-19-04	Green	(20,000)	20,000	-
Place	Review of Council Fleet & its utilisation on a phased basis	SP-PL-19-05	Amber	(85,000)	-	-
Place	Digital Transformation within Waste Collection Services	SP-PL-19-18	Amber	-	(75,000)	-
Place	Reduction in the waste container expenditure.	SP-PL-19-13	Green	(50,000)	25,000	-
Place	Increase Charge to HRA for Homelessness and Comm Safety	SP-PL-19-54		(34,830)	-	-
Place	Reduction in Staff Travel Budgets	SP-PL-19-51		(30,000)	-	-
Total				<u>(1,019,830)</u>	<u>(180,000)</u>	<u>-</u>
Helping all of our people to stay safe, healthy and active						
Place	Deletion of 0.5fte within Private Sector Advice Team	SP-PL-19-56		(10,875)	-	-
Place	Reduction in GF Housing training and Conference Fees	SP-PL-19-55		(3,000)	-	-
Total				<u>(13,875)</u>	<u>-</u>	<u>-</u>
Ensuring people have the right skills for learning, life and work						
Education and Youth Employment	Review of PPP contracts to identify unitary charge reductions	SP-EY-18-06	Green	-	(150,000)	-
Education and Youth Employment	Reduce CPD (training) budgets by 30%	SP-EY-18-14	Green	(41,461)	-	-
Education and Youth Employment	Reduction of PPP utility costs	SP-EY-19-06	Green	(50,000)	-	-
Place	Remove PMI budget for portacabin rental	SP-PL-19-39	Green	-	-	(25,000)
Total				<u>(91,461)</u>	<u>(150,000)</u>	<u>(25,000)</u>

North Ayrshire Council
Revenue Budget 2019/20
Revenue Budget Operational Budget Adjustments

Council Objective/Service	Operational Budget Adjustment	Reference	Category	2019/20 £'s	2020/21 £'s	2021/22 £'s
Underpinning our priorities						
Place	Review budget lines within Facilities Management	SP-PL-18-32	Green	(9,000)	-	-
Place	Review of overtime across Commercial Services	SP-PL-19-11	Amber	(70,000)	-	-
Chief Executive and Democratic Services	Legal and Licensing restructure	SP-CX-18-04	Green	-	(11,226)	(11,224)
Chief Executive and Democratic Services	Rationalise non-payroll budgets	SP-CX-18-05	Green	(17,044)	-	-
Chief Executive and Democratic Services	Increase Payroll Turnover to 2.5%	SP-CX-18-08	Green	(14,829)	-	-
Chief Executive & Democratic Services	Democratic Services Restructure	SP-CX-19-03	Green	(18,000)	-	-
Chief Executive & Democratic Services	Personal Liquor Licence renewal	SP-CX-19-04	Green	(26,000)	26,000	-
Chief Executive and Democratic Services	Reduced Civil Contingencies Contribution	SP-CX-19-05	Green	(8,155)	-	-
Finance and Corporate Support	Additional costs of the revised Benefits Cap not materialised.	SP-FCS-19-04	Green	(200,000)	-	-
Finance and Corporate Support	Retendering Insurance Services	SP-FCS-19-05	Amber	(700,000)	-	-
Council Wide	Contribution to Affordable Housing Reserve		Green	4,000	51,000	53,000
Total				<u>(1,059,028)</u>	<u>65,774</u>	<u>41,776</u>
TOTAL OPERATIONAL BUDGET ADJUSTMENTS				<u>(2,184,194)</u>	<u>(264,226)</u>	<u>16,776</u>

North Ayrshire Council
Revenue Budget 2019/20
Revenue Budget Savings Already Approved

Council Objective/Service	Saving	Reference	Category	2019/20 £'s	2020/21 £'s	2021/22 £'s
Protecting and enhancing the environment for future generations						
Economy and Communities	Remove contribution to Brodick Country Park	SP-EC-18-51	Green	(38,344)	-	-
Economy and Communities	Increased Income for Pest Control Service	SP-EC-18-53	Green	(10,000)	-	-
Place	Roll out of Car Share scheme	SP-PL-18-07	Green	(12,500)	-	-
Place	Introduction of Car Parking charges and Decriminalised Parking Enforcement - amended from 2018 to extend implementation timescales by 12 months	SP-PL-18-03	Red	-	(250,000)	(250,000)
Place	Remove subsidy from Special Uplift Charges	SP-PL-18-10	Amber	(47,500)	-	-
Total				<u>(108,344)</u>	<u>(250,000)</u>	<u>(250,000)</u>
Helping all of our people to stay safe, healthy and active						
Place	Review Catering Options across Educational Establishments	SP-PL-18-34	Green	(265,000)	(89,000)	-
Total				<u>(265,000)</u>	<u>(89,000)</u>	<u>-</u>
Ensuring people have the right skills for learning, life and work						
Economy and Communities	Review Community Learning & Development service	SP-EC-18-40	Red	(579,303)	-	-
Economy and Communities	Review School Library Services	SP-EC-18-45b	Amber	(36,870)	-	-
Education and Youth Employment	Reduce payments to parent councils	SP-EY-18-03	Green	(2,168)	-	-
Education and Youth Employment	Remove supported study budgets from secondary schools	SP-EY-18-04	Green	(38,370)	-	-
Education and Youth Employment	Remove secondary school determined to succeed (DTS) budgets	SP-EY-18-05	Green	(31,075)	-	-
Education and Youth Employment	Review school technician services.	SP-EY-18-13	Green	(145,769)	(50,000)	(50,000)
Education and Youth Employment	Cease payments for supervisory meals in all schools	SP-EY-18-15	Green	(18,653)	-	-
Education and Youth Employment	Phase 1 music service redesign including increased music charges by 10% and introduce for S3 pupils	SP-EY-18-02	Red	(140,000)	-	-
Education and Youth Employment	Reduce school non payroll budgets	SP-EY-18-07	Green	(38,462)	-	-
Education and Youth Employment	Revisit the management structure of all primary schools	SP-EY-18-09	Green	(76,923)	-	-
Education and Youth Employment	Review resource allocation formula for primary and secondary schools	SP-EY-18-10	Amber	(614,908)	-	-
Education and Youth Employment	Review staff mix within Early Years Service	SP-EY-18-11	Amber	(115,385)	-	-
Education and Youth Employment	Review of central staffing team	SP-EY-18-20	Amber	(187,693)	-	-
Total				<u>(2,025,579)</u>	<u>(50,000)</u>	<u>(50,000)</u>

North Ayrshire Council
Revenue Budget 2019/20
Revenue Budget Savings Already Approved

Council Objective/Service	Saving	Reference	Category	2019/20 £'s	2020/21 £'s	2021/22 £'s
Growing our economy, increasing employment and regenerating towns						
Economy and Communities	Review of Economic Growth budgets and services	SP-EC-18-59	Amber	(582,000)	-	-
Economy and Communities	Remove Fair for All post		Green	150,000	-	-
Total				<u>(432,000)</u>	<u>-</u>	<u>-</u>
Underpinning our priorities						
Place	Property Rationalisation	SP-PL-18-40	Green	89,986	(205,851)	(30,000)
Place	Restructure teams within PMI	SP-PL-17-27	Green	(92,000)	-	-
Place	Develop additional income streams from Catering and Transport	SP-PL-18-33	Amber	(75,000)	-	-
Finance and Corporate Support	Cessation of cheque payments across the Council	SP-FCS-18-07	Amber	(2,200)	(3,400)	-
Finance and Corporate Support	Reduced staffing in Benefits Service due to Universal Credit	SP-FCS-18-10	Green	(229,120)	(63,192)	-
Finance and Corporate Support	Digital Strategy Transformational Projects	SP-FCS-18-11	Green	(219,750)	(60,000)	-
Economy and Communities	Non recurring computer equipment reduction		Green	2,289	-	-
Other Corporate Items	Executive Leadership Team Restructure		Green	(129,000)	-	-
Total				<u>(654,795)</u>	<u>(332,443)</u>	<u>(30,000)</u>
TOTAL SAVINGS PREVIOUSLY APPROVED				<u>(3,485,718)</u>	<u>(721,443)</u>	<u>(330,000)</u>

North Ayrshire Council Revenue Budget 2019/20 Revenue Expenditure Requirements						
Council Objective/Service	Investment	Category	Reference	2019/20 £'s	2020/21 £'s	2021/22 £'s
Protecting and enhancing the environment for future generations						
Place	Landfill Tax / Energy from Waste costs	Contractual/Unavoidable	BID-PL-19-03	35,800	(45,677)	112,429
Sub Total		Contractual/Unavoidable		35,800	(45,677)	112,429
Place	Replacement Skip Containers	National/Local Pressures	BID-PL-19-02	22,406	(67,866)	-
Sub Total		National/Local Pressures		22,406	(67,866)	-
Place	Animal Feedstuffs	New National Expenditure Requirements		(5,000)	-	-
Place	Free Child Burials	New National Expenditure Requirements		8,000	-	-
Sub Total		New National Expenditure Requirements		3,000	-	-
Total				61,206	(113,543)	112,429
Helping all of our people to stay safe, healthy and active						
Place	Food price inflation	Contractual/Unavoidable	BID-PL-19-04	75,000	77,331	79,651
Sub Total		Contractual/Unavoidable		75,000	77,331	79,651
Place	Access to Sanitary Products in Public Bodies	New National Expenditure Requirements		107,000	-	-
Sub Total		New National Expenditure Requirements		107,000	-	-
Total				182,000	77,331	79,651

North Ayrshire Council Revenue Budget 2019/20 Revenue Expenditure Requirements						
Council Objective/Service	Investment	Category	Reference	2019/20 £'s	2020/21 £'s	2021/22 £'s
Ensuring people have the right skills for learning, life and work						
Education and Youth Employment/Place	PPP/DBFM annual indexation	Contractual/Unavoidable	BID-EY-19-01	331,171	336,711	297,289
Place	Property Running Costs	Contractual/Unavoidable	BID-PL-19-06	30,694	54,820	149,497
Place	SPT Contract Inflation	Contractual/Unavoidable	BID-PL-19-01	64,822	66,767	68,770
Sub Total		Contractual/Unavoidable		426,687	458,298	515,556
Finance and Corporate Support	School Clothing Grants	New National Expenditure Requirements		294,000	-	-
Education and Youth Employment/Place	Pupil Equity Funding	New National Expenditure Requirements		97,000	-	-
Education and Youth Employment/Place	Early Learning Expansion	New National Expenditure Requirements		7,027,000	-	-
Sub Total		New National Expenditure Requirements		7,418,000	-	-
Total				7,844,687	458,298	515,556
Other Corporate Items	Implementation of Office 365	Contractual/Unavoidable	BID-OCI-19-01	374,000	130,000	-
Other Corporate Items	Applications Refresh: Unified Platform	Contractual/Unavoidable	BID-OCI-19-02	75,000	100,000	-
Other Corporate Items	Digital Transformation Partnership	Contractual/Unavoidable	BID-OCI-19-04	22,000	-	-
Sub Total		Contractual/Unavoidable		471,000	230,000	-
Finance and Corporate Support	Benefit Admin Subsidy Reduction	National/Local Pressures	BID-FCS-19-01	63,584	60,237	56,632
Finance and Corporate Support	Human Resources Staffing	National/Local Pressures	BID-FCS-19-02	95,100	-	-
Finance and Corporate Support	Learning & Organisational Development staffing	National/Local Pressures	BID-FCS-19-03	23,800	23,700	-
Other Corporate Items	Applications Refresh: Replacement Systems	National/Local Pressures	BID-OCI-19-03	70,000	-	-
Sub Total		National/Local Pressures		252,484	83,937	56,632
Total				723,484	313,937	56,632

North Ayrshire Council Revenue Budget 2019/20 Revenue Expenditure Requirements						
Council Objective/Service	Investment	Category	Reference	2019/20 £'s	2020/21 £'s	2021/22 £'s
Corporate Inflationary Pressures						
Council Wide	Loan charges	Contractual/Unavoidable		(220,000)	(2,545,000)	(2,856,000)
Council Wide	Joint Board requisitions	Contractual/Unavoidable		(40,981)	(24,457)	988
Council Wide	Pay Award	Contractual/Unavoidable		5,574,269	4,954,106	5,112,722
Council Wide	Teachers Pension - Employers' contribution increase	Contractual/Unavoidable		2,775,000	-	-
Council Wide	Living Wage	Contractual/Unavoidable		14,578	33	-
Council Wide	Pension Fund Auto Enrolment	Contractual/Unavoidable		1,067,309	360,564	-
Council Wide	Corporate issues (energy, fuel, NDR)	Contractual/Unavoidable		732,098	923,060	844,136
Total				<u>9,902,273</u>	<u>3,668,306</u>	<u>3,101,846</u>
TOTAL REVENUE EXPENDITURE REQUIREMENTS				18,713,650	4,404,329	3,866,114

North Ayrshire Council Revenue Budget 2018/19 Revenue Budget Savings to be Approved											
Reference	Savings Proposal	Community Impact	Delivery Risk	2018/19 Current Budget £	2019/20		2020/21		2021/22		
					Proposed Saving £	Workforce implications £	Consequential Savings £	New Saving £	Consequential Savings £	New Saving £	
Protecting and enhancing the environment for future generations											
SP-PL-19-01	Municipalisation approach to service delivery Municipalisation approach to service delivery on a phased basis including development of new initiatives such as advertising and private landlord factoring service	Positive Impact The provision of an effective factoring service would provide benefits to local tenants and landlords.		-	(20,000)	-	(75,132)	-	-	-	-
SP-PL-19-02	Phase 2 of Streetscene Operational Review The review will align the grounds maintenance and street cleaning services' specifications on Arran with other localities.	Medium Impact There would be an impact on the grounds maintenance service and reduction in the cleanliness score, bringing Arran more into line with mainland towns and villages.		187,299	(60,000)	(2.0)	-	-	-	-	-
SP-PL-19-07	Winter Gritting Route Optimisation Review priority 1 gritting routes in line with route based forecasting, using thermal mapping.	Medium Impact There would be a reduction in priority 1 gritting route road network coverage mitigated through continued support from Streetscene.		3,158,008	(114,000)	(2.0)	-	-	-	-	-
SP-PL-19-09	Non Road Lighting Assets - Invest To Save It is proposed that an investment to convert non-road lighting assets to energy efficient units will facilitate an annual energy reduction of £38,000.	Positive Impact The investment will benefit communities.		566,369	(38,000)	-	-	-	-	-	-
SP-PL-19-26	Reduction in the property budgets A total reduction in Council property maintenance budgets of £1.31m including: reclassification of some projects as capital; reduction in reactive repairs; Health & Safety remedial works; planned maintenance; budget for works arising from inspections/incidents; and surplus properties management.	Medium Impact The proposal would result in a deterioration in the general condition and appearance of NAC's property portfolio and may impact on service delivery. This will also impact on Building Services' income.		2,276,962	(601,000)	-	(170,000)	-	(300,000)	-	-
SP-PL-19-50	Review Road Safety Service A prioritisation of road safety educational activities would be undertaken to target remaining resources appropriately.	Low Impact Whilst less educational visits would take place, this would be mitigated by use of digital and social media opportunities.		80,894	(37,411)	(1.0)	-	-	-	-	-
Total					(870,411)	(5.0)	(245,132)	-	(300,000)	-	-

North Ayrshire Council Revenue Budget 2018/19 Revenue Budget Savings to be Approved											
Reference	Savings Proposal	Community Impact	Delivery Risk	2018/19 Current Budget	2019/20		2020/21		2021/22		
					Proposed Saving	Workforce implications	Consequential Savings	New Saving	Consequential Savings	New Saving	
Helping all of our people to stay safe, healthy and active											
SP-EC-19-61	Reduced KA Leisure contribution North Ayrshire Council will reduce its contribution to KA Leisure resulting in a reduction in their projected surplus.	No Impact There is no anticipated impact on Communities		3,272,322	(25,000)	-	25,000	-	-	-	
SP-PL-19-22	Review of Homelessness Service Housing Support services will be brought in-house at the end of the current contract and the successful Housing First pilot for vulnerable homeless people will be rolled out.	Positive Impact There will be a positive impact on tenants and residents at risk of homelessness.		1,452,520	(260,341)	9.0	(116,860)	-	-	-	
SP-PL-19-24	Review of services for victims of anti social behaviour Remove funding in relation to a Victim Support Ayrshire post. The remit of the post no longer exists and the post is no longer required.	No Impact There is no anticipated impact on Communities		23,091	(23,000)	-	-	-	-	-	
SP-PL-19-35	Reduction in Facilities Management in schools Reduce the Facilities Management presence in schools pro rata in relation to school rolls and reduce the number of cleans in non school buildings by encouraging a change in staff behaviour.	Low Impact Proposals will be developed to minimise disruption during the school day.		2,077,473	(110,000)	(4.0)	(155,000)	-	-	-	
SP-PL-19-53	Increase Rent for Temporary Accommodation Increase rent for temporary accommodation by 2.93% in line with the mainstream Council rent increase.	Low Impact Proposals will impact on tenants not in receipt of full benefits.		(3,114,006)	(93,297)	-	93,297	-	-	-	
Total					(511,638)	5.0	(153,563)	-	-	-	

North Ayrshire Council Revenue Budget 2018/19 Revenue Budget Savings to be Approved											
Reference	Savings Proposal	Community Impact	Delivery Risk	2018/19 Current Budget	2019/20		2020/21		2021/22		
					Proposed Saving	Workforce implications	Consequential Savings	New Saving	Consequential Savings	New Saving	
Ensuring people have the right skills for learning, life and work											
SP-EY-19-03	Reduce staff cover costs The Education HQ budget for staff cover in schools will be aligned to a review of the current scheme of devolved school management.	Low Impact Potential saving in this area should not adversely affect service provision for children and young people in North Ayrshire.		1,643,080	(307,692)	-	(192,308)	-	-	-	
SP-EY-19-04	Educational Psychology service redesign Service redesign would include the deletion of a vacant 0.4FTE post with the future remodelling of the service, taking into account the additional supports offered by other key staff, including school counsellors	Low Impact Access to an educational psychologist would be less frequent and more prioritised than in previous years.		776,365	(24,000)	(0.4)	-	(60,000)	-		
SP-EY-19-07	Review Devolved School Management Scheme Reduction in the Devolved School Management scheme and centrally held non-delegated budgets for educational establishments.	Low Impact The potential impact will be mitigated through careful planning, prioritisation and efficient procurement of best value resources.		1,741,084	(292,000)	-	(108,000)	-	-		
SP-EY-19-09	Reduce non-payroll budgets across Education HQ Reduction across a number of budgets including Curriculum for Excellence, minor adaptations and centrally commissioned services.	No Impact There is no anticipated impact on Communities		698,180	(220,100)	-	-	-	-		
SP-EY-19-11	Transform enhanced support for young people Re-evaluate pathways of enhanced support for children and young people and redesign services, including Extended Outreach, to reduce the demand for the external day and residential placements.	Low Impact Impact on Children and Young People across North Ayrshire mitigated through co-ordinated collaboration with the Health and Social Care Partnership.		3,345,225	(158,000)	(2.5)	(104,000)	-	(50,000)		
SP-EY-19-13	Redesign support services for families Transform the work of the existing Family Learning Team, Area Inclusion Workers and similar roles and functions across other Services to reduce the potential for overlap/duplication of service	Low Impact Potential impact if the specialist nature of some support roles is discontinued or not successfully incorporated in the emergent service		264,845	-	-	-	-	(64,150)		
Total					(1,001,792)	(2.9)	(404,308)	-	(110,000)	(64,150)	

North Ayrshire Council Revenue Budget 2018/19 Revenue Budget Savings to be Approved											
Reference	Savings Proposal	Community Impact	Delivery Risk	2018/19 Current Budget	2019/20		2020/21		2021/22		
					Proposed Saving	Workforce implications	Consequential Savings	New Saving	Consequential Savings	New Saving	
Growing our economy, increasing employment and regenerating											
SP-EC-19-64	Utilise WOSLF balance for ERDF match funding The West of Scotland Loan Fund will provide the £180,000 ERDF match funding for a period of 4 years. At the end of that period, consideration would be given to the funding priority for budget replacement.	No Impact There is no anticipated impact on Communities		180,000	(180,000)	-	-	-	-	-	-
Total					(180,000)	-	-	-	-	-	-
Underpinning our priorities											
SP-PL-19-38	Review of venue booking arrangements Review to identify streamlined booking processes, optimised use of Council venues and increased in-house commercial activity.	Low Impact Potential impact on the number of buildings available for let.		(667,000)	(115,000)	-	(95,000)	-	-	-	-
Council Wide	Fees & Charges Inflation Increase Fees & Charges by 25% for Garden Tidy scheme and 5% for all other charges	Medium Impact Fees and Charges increase is in excess of inflation, however, still within benchmarked average levels. The increase in the Garden Tidy scheme charges reduces the current subsidy		(6,898,150)	(202,613)	-	-	(244,175)	-	(256,386)	-
Total					(317,613)	-	(95,000)	(244,175)	-	(256,386)	-
TOTAL SAVINGS TO BE APPROVED					(2,881,454)	(2.9)	(898,003)	(244,175)	(410,000)	(320,536)	-

North Ayshire Council
Revenue Budget 2019/20-2021/22

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
			£	£	£	£	
Democratic Services	Legal - Licensing	Amendment (due to Licence Partnership)	£116.00	£122.00	£128.00	£134.00	5.0% per annum
Democratic Services	Legal - Licensing	Amendment or Duplicate Licence	£32.00	£34.00	£36.00	£38.00	5.0% per annum
Democratic Services	Legal - Licensing	Public Entertainment Licence (Commercial or Community Premises)	£242.00	£254.00	£267.00	£280.00	5.0% per annum
Democratic Services	Legal - Licensing	Public Entertainment Licence (Commercial Premises with Fairground)	£368.00	£386.00	£405.00	£425.00	5.0% per annum
Democratic Services	Legal - Licensing	Public Entertainment Licence - Full Licence (maximum duration of 3 years, and renewable)	£336.00	£353.00	£371.00	£390.00	5.0% per annum
Democratic Services	Legal - Licensing	Public Entertainment Licence - Temporary Licence (maximum duration of 6 weeks, and not renewable)	£299.00	£314.00	£330.00	£347.00	5.0% per annum
Democratic Services	Legal - Licensing	Public Entertainment Licence (Major Event - Pop Concert etc)	Total fee is £2496 + variable dependent upon proposed size of the event and number of persons proposed to attend.	Total fee is £2621 + variable dependent upon proposed size of the event and number of persons proposed to attend.	Total fee is £2752 + variable dependent upon proposed size of the event and number of persons proposed to attend.	Total fee is £2889 + variable dependent upon proposed size of the event and number of persons proposed to attend.	5.0% per annum
Democratic Services	Legal - Licensing	Animal Boarding Licence (1 to 10 Animals)	£79.00	£83.00	£87.00	£91.00	5.0% per annum
Democratic Services	Legal - Licensing	Animal Boarding Licence (11 to 20 Animals)	£105.00	£110.00	£116.00	£122.00	5.0% per annum
Democratic Services	Legal - Licensing	Animal Boarding Licence (21 to 30 Animals)	£137.00	£144.00	£151.00	£159.00	5.0% per annum
Democratic Services	Legal - Licensing	Animal Boarding Licence (31 to 50 Animals)	£200.00	£210.00	£221.00	£232.00	5.0% per annum
Democratic Services	Legal - Licensing	Animal Boarding Licence (51 to 70 Animals)	£257.00	£270.00	£284.00	£298.00	5.0% per annum
Democratic Services	Legal - Licensing	Animal Boarding Licence (Over 70 Animals)	£326.00	£342.00	£359.00	£377.00	5.0% per annum
Democratic Services	Legal - Licensing	Booking Office (with public access)	£315.00	£331.00	£348.00	£365.00	5.0% per annum
Democratic Services	Legal - Licensing	Booking Office (without public access)	£210.00	£221.00	£232.00	£244.00	5.0% per annum
Democratic Services	Legal - Licensing	Breeding of Dogs Licence (Breeding of Dogs Act 1973) - New	£441.00	£463.00	£486.00	£510.00	5.0% per annum
Democratic Services	Legal - Licensing	Breeding of Dogs Licence (Breeding of Dogs Act 1973) - Renewal	£194.00	£204.00	£214.00	£225.00	5.0% per annum
Democratic Services	Legal - Licensing	Cinema Licence - grant or renewal for one year	£257.00	£270.00	£284.00	£298.00	5.0% per annum
Democratic Services	Legal - Licensing	Cinema Licence - grant or renewal for under a year - per month (total not to exceed the one year fee)	£86.00	£90.00	£95.00	£100.00	5.0% per annum
Democratic Services	Legal - Licensing	Cinema Licence - Transfer	£51.00	£54.00	£57.00	£60.00	5.0% per annum
Democratic Services	Legal - Licensing	Dangerous Wild Animals - New & Renewal (maximum duration of 12 months, and renewable)	£278.00	£292.00	£307.00	£322.00	5.0% per annum
Democratic Services	Legal - Licensing	Duplicate Licence	£32.00	£34.00	£36.00	£38.00	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Democratic Services	Legal - Licensing	Fireworks Storage Licence (under 250 kg)	Various fees for £105 to £229 depending on term and renewal or new	Various fees for £105 to £229 depending on term and renewal or new	Various fees for £105 to £229 depending on term and renewal or new	Various fees for £105 to £229 depending on term and renewal or new	Fees are fixed by statute
Democratic Services	Legal - Licensing	Indoor Sports Entertainment Licence (Temporary)	£630.00	£662.00	£695.00	£730.00	5.0% per annum
Democratic Services	Legal - Licensing	Indoor Sports Entertainment Licence (when another NAC Licence is held)	£158.00	£166.00	£174.00	£183.00	5.0% per annum
Democratic Services	Legal - Licensing	Indoor Sports Entertainment Licence (when no other NAC Licences are held)	£315.00	£331.00	£348.00	£365.00	5.0% per annum
Democratic Services	Legal - Licensing	Knife Dealers Licence - New & Renewal (Full - maximum duration of 3 years, and renewable)	£315.00	£331.00	£348.00	£365.00	5.0% per annum
Democratic Services	Legal - Licensing	Late Hours Catering Licence - New & Renewal (Full - maximum duration of 3 years, and renewable)	£168.00	£176.00	£185.00	£194.00	5.0% per annum
Democratic Services	Legal - Licensing	Market Operators Licence	£357.00	£375.00	£394.00	£414.00	5.0% per annum
Democratic Services	Legal - Licensing	Metal Dealers Licence (Premises & Itinerant)	£110.00	£116.00	£122.00	£128.00	5.0% per annum
Democratic Services	Legal - Licensing	Pet Shop Licence (Pet Animals Act 1951) New or Renewal - (maximum duration of 12 months, and renewable)	£184.00	£193.00	£203.00	£213.00	5.0% per annum
Democratic Services	Legal - Licensing	Registration to sell non medical poisons (new)	£23.00	£24.00	£25.00	£26.00	5.0% per annum
Democratic Services	Legal - Licensing	Registration to sell non medical poisons (retention)	£11.60	£12.20	£12.80	£13.40	5.0% per annum
Democratic Services	Legal - Licensing	Second Hand Dealers Licence - New (Full - maximum duration of 3 years, and renewable)	£221.00	£232.00	£244.00	£256.00	5.0% per annum
Democratic Services	Legal - Licensing	Second Hand Dealers Licence - Already Licenced (Full - maximum duration of 3 years, and renewable)	£116.00	£122.00	£128.00	£134.00	5.0% per annum
Democratic Services	Legal - Licensing	Sex Shop Licence - New & Renewal (Full - maximum duration of 3 years, and renewable)	£1,874.00	£1,968.00	£2,066.00	£2,169.00	5.0% per annum
Democratic Services	Legal - Licensing	Skin Piercing or Tattooing Licence (with Premises)	£331.00	£348.00	£365.00	£383.00	5.0% per annum
Democratic Services	Legal - Licensing	Skin Piercing or Tattooing Licence (without Premises)	£278.00	£292.00	£307.00	£322.00	5.0% per annum
Democratic Services	Legal - Licensing	Street Trader Employee Licence - Full licence (maximum duration of 3 years, and renewable)	£126.00	£132.00	£139.00	£146.00	5.0% per annum
Democratic Services	Legal - Licensing	Street Trader Employee Licence - Temporary Licence (maximum duration of 3 years, and renewable)	£95.00	£100.00	£105.00	£110.00	5.0% per annum
Democratic Services	Legal - Licensing	Street Trader Operator - Substitute Vehicle	£110.00	£116.00	£122.00	£128.00	5.0% per annum
Democratic Services	Legal - Licensing	Street Trader Operator Licence - Full Licence (maximum duration of 3 years, and renewable)	£252.00	£265.00	£278.00	£292.00	5.0% per annum
Democratic Services	Legal - Licensing	Street Trader Operator Licence - Temporary Licence (maximum duration of 6 weeks, and not renewable)	£173.00	£182.00	£191.00	£201.00	5.0% per annum
Democratic Services	Legal - Licensing	Zoo Licence (New - maximum duration of 4 years, and renewable. Vet inspections are charged in addition)	£278.00	£292.00	£307.00	£322.00	5.0% per annum
Democratic Services	Legal - Licensing	Zoo Licence (Renewal - maximum duration of 6 years, and renewable. Vet inspections are charged in addition)	£278.00	£292.00	£307.00	£322.00	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Democratic Services	Legal - Licensing	Venison Dealer	£116.00	£122.00	£128.00	£134.00	5.0% per annum
Democratic Services	Legal - Licensing	Venison Employee / Agent	£63.00	£66.00	£69.00	£72.00	5.0% per annum
Democratic Services	Legal - Licensing	Game Dealers	£4.40	£4.60	£5.00	£5.00	5.0% per annum
Democratic Services	Legal - Licensing	Poisons alteration	£5.90	£6.20	£7.00	£7.00	5.0% per annum
Democratic Services	Legal - Licensing	Civic Government (Scotland) Act 1982 - Temporary Licence (duration specified in Licence, maximum 6 weeks, and not renewable) (unless specifically mentioned in this table)	£158.00	£166.00	£174.00	£183.00	5.0% per annum
Democratic Services	Legal - Licensing	House in Multiple Occupation Licence (New)	£882.00	£926.00	£972.00	£1,021.00	5.0% per annum
Democratic Services	Legal - Licensing	House in Multiple Occupation Licence (Already Licenced)	£662.00	£695.00	£730.00	£767.00	5.0% per annum
Democratic Services	Legal - Licensing	Riding Establishment Licence (1 year, New & Renewal)	£441.00	£463.00	£486.00	£510.00	5.0% per annum
Democratic Services	Legal - Licensing	Riding Establishment Licence (One year, If already licenced)	£331.00	£348.00	£365.00	£383.00	5.0% per annum
Democratic Services	Legal - Licensing	Replacement Door Sign	£15.80	£16.60	£17.40	£18.30	5.0% per annum
Democratic Services	Legal - Licensing	Replacement Licence resulting from change of address	£12.60	£13.20	£13.90	£14.60	5.0% per annum
Democratic Services	Legal - Licensing	Replacement Plate	£31.50	£33.10	£34.80	£36.50	5.0% per annum
Democratic Services	Legal - Licensing	Replacement Tariff Card	£12.60	£13.20	£13.90	£14.60	5.0% per annum
Democratic Services	Legal - Licensing	Replacement Taxi / Private Hire Car Driver Badge	£17.90	£18.80	£19.70	£20.70	5.0% per annum
Democratic Services	Legal - Licensing	Replacement Window Stickers	£17.90	£18.80	£19.70	£20.70	5.0% per annum
Democratic Services	Legal - Licensing	Request to be added to waiting list (for a Taxi Licence)	£7.40	£7.80	£8.20	£8.60	5.0% per annum
Democratic Services	Legal - Licensing	Substitution of Vehicle (Taxi or Private Hire Car)	£196.00	£206.00	£216.00	£227.00	5.0% per annum
Democratic Services	Legal - Licensing	Taxi Driver's Licence - Full Licence (1 year, and renewable)	£79.00	£83.00	£87.00	£91.00	5.0% per annum
Democratic Services	Legal - Licensing	Taxi Driver's Licence - Full Licence (maximum duration of 3 years, and renewable)	£184.00	£193.00	£203.00	£213.00	5.0% per annum
Democratic Services	Legal - Licensing	Taxi Licence (1 year)	£352.00	£370.00	£389.00	£408.00	5.0% per annum
Democratic Services	Legal - Licensing	Taxi Licence (Operator) - Full Licence (maximum duration of 3 years, and renewable)	£609.00	£639.00	£671.00	£705.00	5.0% per annum
Democratic Services	Legal - Licensing	Variation of a Licence	£53.00	£56.00	£59.00	£62.00	5.0% per annum
Democratic Services	Legal - Licensing	Private Hire Car Driver's Licence - Full Licence (1 yr, and renewable)	£79.00	£83.00	£87.00	£91.00	5.0% per annum
Democratic Services	Legal - Licensing	Private Hire Car Driver Licence - Full licence (maximum duration of 3 years, and renewable)	£184.00	£193.00	£203.00	£213.00	5.0% per annum
Democratic Services	Legal - Licensing	Private Hire Car Licence (Operator) - Full Licence (1 year, and renewable)	£326.00	£342.00	£359.00	£377.00	5.0% per annum
Democratic Services	Legal - Licensing	Private Hire Car Licence (Operator) - Full Licence (maximum duration of 3 years, and renewable)	£546.00	£573.00	£602.00	£632.00	5.0% per annum
Democratic Services	Legal - Licensing	Inspection of Vehicle (Taxi or Private Hire Car)	£81.00	£85.00	£89.00	£93.00	5.0% per annum
Democratic Services	Legal - Licensing	Re-inspection of Vehicle (Taxi or Private Hire Car)	£44.00	£46.00	£48.00	£50.00	5.0% per annum
Democratic Services	Legal - Licensing	Re-seal of Taximeter	£21.00	£22.00	£23.00	£24.00	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hire of table linen	£5.67	£5.95	£6.25	£6.56	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hire of twinkle curtain	£71.66	£75.24	£79.00	£82.95	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Economy & Communities	Connected Communities (Community Facilities)	Hire of Red Carpet	£35.54	£37.32	£39.19	£41.15	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Store Requests, hires and deliveries	£30.00	£30.00	£30.00	£30.00	No change
Economy & Communities	Connected Communities (Community Facilities)	Stores hire of tables go pack	£5.25	£5.51	£5.79	£6.08	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Stores hire of tables round	£10.00	£10.00	£10.00	£10.00	No change
Economy & Communities	Connected Communities (Community Facilities)	Inflatable hire package	£120.00	£126.00	£132.00	£139.00	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Party Package Civic Centre	£150.00	£158.00	£166.00	£174.00	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Wedding packages - Ceremony and Reception	£787.50	£826.88	£868.22	£911.63	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Wedding packages - Reception only	£564.90	£593.15	£622.81	£653.95	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Holidays 3 days/2 nights (4 people)	£410.00	£430.50	£452.03	£474.63	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Holidays 4 days/3 nights (4 people)	£614.00	£644.70	£676.94	£710.79	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Holidays 5 days/4 nights (4 people)	£819.00	£859.95	£902.95	£948.10	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Bed and breakfast (adult)	£40.97	£43.02	£45.17	£47.43	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Bed and breakfast (child)	£20.48	£21.50	£22.58	£23.71	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Dinner, bed and breakfast (adult)	£51.21	£53.77	£56.46	£59.28	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Dinner, bed and breakfast (child)	£25.60	£26.88	£28.22	£29.63	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Half day activity (adult)	£51.21	£53.77	£56.46	£59.28	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Half day activity (child)	£35.84	£37.63	£39.51	£41.49	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Full day activity (adult)	£97.29	£102.15	£107.26	£112.62	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Full day activity (child)	£71.69	£75.27	£79.03	£82.98	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	NAC School Group 5 days/4 nights (per person)	£165.91	£174.21	£182.92	£192.07	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Other school Group 5 days/4 nights (per person)	£331.82	£348.41	£365.83	£384.12	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	NAC School Group 3 days/2 nights (per person)	£87.05	£91.40	£95.97	£100.77	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Other school Group 3 days/2 nights (per person)	£174.10	£182.81	£191.95	£201.55	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire Commercial large classroom	£36.87	£38.71	£40.65	£42.68	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire Family Function large classroom	£21.51	£22.59	£23.72	£24.91	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire NAC large classroom	£19.46	£20.43	£21.45	£22.52	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire general meeting large classroom	£11.88	£12.47	£13.09	£13.74	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire Childcare large classroom	£6.45	£6.77	£7.11	£7.47	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire Disabled/charity large classroom	£4.30	£4.52	£4.75	£4.99	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire Commercial small chartroom	£18.43	£19.35	£20.32	£21.34	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire Family Function small chartroom	£10.75	£11.29	£11.85	£12.44	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire NAC small chartroom	£9.73	£10.22	£10.73	£11.27	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire general meeting small chartroom	£5.94	£6.24	£6.55	£6.88	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire Childcare small chartroom	£3.28	£3.44	£3.61	£3.79	5.0% per annum
Economy & Communities	Connected Communities (Arran Outdoor)	Room hire Disabled/charity small chartroom	£2.15	£2.26	£2.37	£2.49	5.0% per annum
Economy & Communities	Connected Communities (Arts)	Studio 1 - Commercial	£23.63	£24.81	£26.05	£27.35	5.0% per annum
Economy & Communities	Connected Communities (Arts)	Studio 1 - Non-Commercial	£16.28	£17.09	£17.94	£18.84	5.0% per annum
Economy & Communities	Connected Communities (Arts)	Studio 2 - Commercial	£17.33	£18.20	£19.11	£20.07	5.0% per annum
Economy & Communities	Connected Communities (Arts)	Studio 2 - Non-Commercial	£6.57	£6.90	£7.25	£7.61	5.0% per annum
Economy & Communities	Connected Communities (Arts)	Theatre Hire - Commercial	£64.05	£67.25	£70.61	£74.14	5.0% per annum
Economy & Communities	Connected Communities (Arts)	Theatre Hire - Non-Commercial	£38.06	£39.96	£41.96	£44.06	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 1 user (eg Commercial Activities) - SMALL ROOM	£19.43	£20.40	£21.40	£22.45	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 1 user (eg Commercial Activities) - LARGE ROOM	£38.85	£40.80	£42.85	£45.00	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 2 user (eg Family Functions) - SMALL ROOM	£11.35	£11.90	£12.50	£13.15	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 2 user (eg Family Functions) - LARGE ROOM	£22.70	£23.85	£25.05	£26.30	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 3 user (eg Agency Letting) - SMALL ROOM	£6.29	£6.60	£6.95	£7.30	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 3 user (eg Agency Letting) - LARGE ROOM	£12.58	£13.20	£13.85	£14.55	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 5 user (eg Pre 5 groups) - SMALL ROOM	£3.30	£3.30	£3.30	£3.30	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 5 user (eg Pre 5 groups) - LARGE ROOM	£6.45	£6.45	£6.45	£6.45	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 6 user (eg Disabled org's) - SMALL ROOM	£2.50	£2.90	£3.30	£3.70	5.0% per annum
Economy & Communities	Connected Communities (Community Facilities)	Hall lets, Letting Commission and School Letting - Category 6 user (eg Disabled Org's) - LARGE ROOM	£5.00	£5.70	£6.45	£7.20	5.0% per annum
Economy & Communities	Connected Communities (Country Parks)	Shop Stock	£1.78	£1.87	£1.96	£2.06	5.0% per annum
Economy & Communities	Connected Communities (Country Parks)	Campsite	£8.11	£8.52	£8.95	£9.40	5.0% per annum
Economy & Communities	Connected Communities (Country Parks)	Cottage Lets	£420.70	£441.74	£463.83	£487.02	5.0% per annum
Economy & Communities	Connected Communities (Country Parks)	Events Fields	£100.58	£105.61	£110.89	£116.43	5.0% per annum
Economy & Communities	Connected Communities (Country Parks)	Fishing Permits	£29.20	£30.66	£32.19	£33.80	5.0% per annum
Economy & Communities	Economic Growth (Planning Services)	Planning Search fees	£91.00	£96.00	£101.00	£106.00	5.0% per annum
Economy & Communities	Economic Growth (Planning Services)	Press Adverts Arran	£84.00	£88.00	£92.00	£97.00	5.0% per annum
Economy & Communities	Economic Growth (Planning Services)	Press Adverts Mainland	£184.00	£193.00	£203.00	£213.00	5.0% per annum
Economy & Communities	Economic Growth (Planning Services)	All Planning Application fees:					
Economy & Communities	Economic Growth (Planning Services)	Operations:					
Economy & Communities	Economic Growth (Planning Services)	eg Construction of buildings - planning permission in principle	£401.00	£401.00	£401.00	£401.00	Fees are fixed by statute
Economy & Communities	Economic Growth (Planning Services)	eg The erection of buildings - planning permission in principle	£401.00	£401.00	£401.00	£401.00	Fees are fixed by statute
Economy & Communities	Economic Growth (Planning Services)	eg The erection of buildings - where the area of gross floor space to be created does not exceed 40 sq metres	£202.00	£202.00	£202.00	£202.00	Fees are fixed by statute
Economy & Communities	Economic Growth (Planning Services)	Uses of land:					
Economy & Communities	Economic Growth (Planning Services)	eg The change of use of a building	£401.00	£401.00	£401.00	£401.00	Fees are fixed by statute
Economy & Communities	Economic Growth (Transportation)	Construction Consent Amendments	£295.58	£310.36	£325.88	£342.17	5.0% per annum
Economy & Communities	Economic Growth (Transportation)	Supply of Traffic Count data	£182.18	£191.29	£200.85	£210.89	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1874 - one line of family tree	£43.05	£45.20	£47.46	£49.83	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1874 - two lines of family tree	£86.10	£90.41	£94.93	£99.68	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1874 - three lines of family tree	£122.85	£128.99	£135.44	£142.21	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1874 - four lines of family tree	£165.90	£174.20	£182.91	£192.06	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1900 - one line of family tree	£49.35	£51.82	£54.41	£57.13	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1900 - two lines of family tree	£98.70	£103.64	£108.82	£114.26	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Economy & Communities	Heritage	Genealogy pre 1900 - three lines of family tree	£142.80	£149.94	£157.44	£165.31	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1900 - four lines of family tree	£192.15	£201.76	£211.85	£222.44	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1920 - one line of family tree	£50.40	£52.92	£55.57	£58.35	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1920 - two lines of family tree	£100.80	£105.84	£111.13	£116.69	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1920 - three lines of family tree	£145.95	£153.25	£160.91	£168.96	5.0% per annum
Economy & Communities	Heritage	Genealogy pre 1920 - four lines of family tree	£196.35	£206.17	£216.48	£227.30	5.0% per annum
Economy & Communities	Heritage	Genealogy post 1935 - one line of family tree	£56.70	£59.54	£62.52	£65.65	5.0% per annum
Economy & Communities	Heritage	Genealogy post 1935 - two lines of family tree	£113.40	£119.07	£125.02	£131.27	5.0% per annum
Economy & Communities	Heritage	Genealogy post 1935 - three lines of family tree	£164.85	£173.09	£181.74	£190.83	5.0% per annum
Economy & Communities	Heritage	Genealogy post 1935 - four lines of family tree	£221.55	£232.63	£244.26	£256.47	5.0% per annum
Economy & Communities	Libraries	Hessian Bags	£2.10	£2.21	£2.32	£2.44	5.0% per annum
Economy & Communities	Libraries	Magnifying Sheets	£1.89	£1.98	£2.08	£2.18	5.0% per annum
Economy & Communities	Libraries	Scotlands People Start up Vouchers	£7.35	£7.72	£8.11	£8.52	5.0% per annum
Economy & Communities	Libraries	Scotlands People top vouchers	£5.88	£6.17	£6.48	£6.80	5.0% per annum
Economy & Communities	Libraries	USB Pens	£5.25	£5.51	£5.79	£6.08	5.0% per annum
Economy & Communities	Libraries	Tea/Coffee	£1.05	£1.10	£1.16	£1.22	5.0% per annum
Economy & Communities	Libraries	Street Plans	£2.63	£2.76	£2.90	£3.05	5.0% per annum
Economy & Communities	Libraries	Posters	£1.58	£1.66	£1.74	£1.83	5.0% per annum
Economy & Communities	Libraries	4 Posters	£5.25	£5.51	£5.79	£6.08	5.0% per annum
Economy & Communities	Libraries	Late charges - 6p per book per day adult max £3	£0.06	£0.06	£0.06	£0.06	5.0% per annum
Economy & Communities	Libraries	Late charges - 1p per book per day for young adult max 0.50p	£0.01	£0.01	£0.01	£0.01	5.0% per annum
Economy & Communities	Libraries	Late charges - CD's 6p per day max £3	£0.06	£0.06	£0.06	£0.06	5.0% per annum
Economy & Communities	Libraries	Late charges - DVD's £1.50 for every week late max £7.50	£1.58	£1.66	£1.74	£1.83	5.0% per annum
Economy & Communities	Libraries	Late charges - Day 1 (new release) DVD's £1.75 every 2 days max £8.75	£1.84	£1.93	£2.03	£2.13	5.0% per annum
Economy & Communities	Libraries	Lost and Damaged Books					Charge is based on actual cost of the item
Economy & Communities	Libraries	Lost and Damaged Audio					Charge is based on actual cost of the item
Economy & Communities	Libraries	Book Sales (NAC Stock)					Charge is based on actual cost of the item
Economy & Communities	Libraries	Photocopying - A3/A4 first 30 sheets.	£0.11	£0.12	£0.13	£0.14	5.0% per annum
Economy & Communities	Libraries	Black and White Photocopying/Printing A4 or A3 double-sided	£0.21	£0.22	£0.23	£0.24	5.0% per annum
Economy & Communities	Libraries	Black and White Photocopying/Printing Multiple Copies A4 or A3 single-sided Quantity 1-30	£0.10	£0.11	£0.12	£0.13	5.0% per annum
Economy & Communities	Libraries	Black and White Photocopying/Printing Multiple Copies A4 or A3 single-sided Quantity 31-100	£0.07	£0.07	£0.07	£0.07	5.0% per annum
Economy & Communities	Libraries	Black and White Photocopying/Printing Multiple Copies single-sided A4 or A3 Quantity 101+	£0.05	£0.05	£0.05	£0.05	5.0% per annum
Economy & Communities	Libraries	Black and White Photocopying/Printing Multiple Copies double-sided A4 or A3 Quantity 1-30	£0.21	£0.22	£0.23	£0.24	5.0% per annum
Economy & Communities	Libraries	Black and White Photocopying/Printing Multiple Copies double-sided A4 or A3 Quantity 31-100	£0.10	£0.11	£0.12	£0.13	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Economy & Communities	Libraries	Black and White Photocopying/Printing Multiple Copies double-sided A4 or A3 Quantity 101+	£0.07	£0.07	£0.07	£0.07	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing A4 single-sided	£0.31	£0.33	£0.35	£0.37	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing A3 single-sided	£0.62	£0.65	£0.68	£0.71	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing A4 double-sided	£0.62	£0.65	£0.68	£0.71	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing A3 double-sided	£1.23	£1.29	£1.35	£1.42	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing A4 Multiple Copies single-sided Quantity 1-30	£0.31	£0.33	£0.35	£0.37	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing Multiple Copies A4 single-sided Quantity 31-100	£0.21	£0.22	£0.23	£0.24	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing Multiple Copies single-sided A4 o Quantity 101+	£0.10	£0.11	£0.12	£0.13	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing A4 Multiple Copies double-sided Quantity 1-30	£0.62	£0.65	£0.68	£0.71	5.0% per annum
Economy & Communities	Libraries	Colour Photocopying/Printing Multiple Copies double-sided A4 o Quantity 101+	£0.10	£0.11	£0.12	£0.13	5.0% per annum
Economy & Communities	Libraries	Fax Charges - Outward to UK	£0.53	£0.56	£0.59	£0.62	5.0% per annum
Economy & Communities	Libraries	Fax Charges - Outward to Europe & USA first sheet	£1.26	£1.32	£1.39	£1.46	5.0% per annum
Economy & Communities	Libraries	Fax Charges - Outward to Europe & USA 2 sheets or more.	£0.63	£0.66	£0.69	£0.72	5.0% per annum
Economy & Communities	Libraries	Fax Charges - Outward to Rest of the world per sheet.	£1.58	£1.66	£1.74	£1.83	5.0% per annum
Economy & Communities	Libraries	Fax Charges - to receive a fax per sheet	£0.53	£0.56	£0.59	£0.62	5.0% per annum
Economy & Communities	Libraries	DVD Lending Service - DVD's per Week hire.	£1.58	£1.66	£1.74	£1.83	5.0% per annum
Economy & Communities	Libraries	DVD Lending Service - Day ones (New releases) 2 nights hire.	£1.84	£1.93	£2.03	£2.13	5.0% per annum
Economy & Communities	Libraries	Audio Charges - CD	£0.26	£0.27	£0.28	£0.29	5.0% per annum
Economy & Communities	Libraries	Room Hire - business purpose per hour	£7.00	£7.00	£7.00	£7.00	No change
Economy & Communities	Libraries	Room Hire - community purpose per hour	£3.00	£3.00	£3.00	£3.00	No change
Economy & Communities	Libraries	Room Hire - charity purpose per hour	£1.00	£1.00	£1.00	£1.00	No change
Economy & Communities	Libraries	Charges Computer Printout - black and white per sheet	£0.11	£0.12	£0.13	£0.14	5.0% per annum
Economy & Communities	Libraries	Charges Computer Printout - black and white per sheet double sided	£0.15	£0.16	£0.17	£0.18	5.0% per annum
Economy & Communities	Libraries	Charges Computer Printout - colour per sheet	£0.32	£0.34	£0.36	£0.38	5.0% per annum
Economy & Communities	Libraries	Charges Computer Printout - students and pupils to allow free use for homework	£1.05	£1.10	£1.16	£1.22	5.0% per annum
Economy & Communities	Libraries	Workshops	£2.10	£2.21	£2.32	£2.44	5.0% per annum
Economy & Communities	Protective Services (Building Standards)	Clearance Certificates	£235.10	£235.10	£235.10	£235.10	Fees are fixed by statute
Economy & Communities	Protective Services (Building Standards)	Searches	£91.00	£91.00	£91.00	£91.00	Fees are fixed by statute
Economy & Communities	Protective Services (Building Standards)	Section 50 Certificates	£107.40	£107.40	£107.40	£107.40	Fees are fixed by statute
Economy & Communities	Protective Services (Building Standards)	Section 89 Certificates	£408.80	£408.80	£408.80	£408.80	Fees are fixed by statute
Economy & Communities	Protective Services (Environmental Health)	Bacteriological Swimming Pool Sampling	£36.00	£38.00	£40.00	£42.00	5.0% per annum
Economy & Communities	Protective Services (Environmental Health)	Chemical Swimming Pool Sampling	£83.00	£87.00	£91.00	£96.00	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Economy & Communities	Protective Services (Environmental Health)	Pest Control - Fumigations/Sprays for heavy infestations e.g. bedbugs, fleas includes survey and revisit. £30 refund payable if no treatment required following initial survey.	£58.33	£70.00	£74.00	£78.00	20% 19/20 then 5% per annum
Economy & Communities	Protective Services (Environmental Health)	Pest Control Charge - Insects (Domestic)	£37.50	£45.00	£47.00	£49.00	20% 19/20 then 5% per annum
Economy & Communities	Protective Services (Environmental Health)	Pest Control Charge - Rates/Mice/Insects (Commercial)	£58.33	£70.00	£74.00	£78.00	20% 19/20 then 5% per annum
Economy & Communities	Protective Services (Environmental Health)	Pest Control Charge - Rats/Mice/Squirrels (Domestic) includes up to 3 visits. £30 refund payable if no treatment is required following initial survey.	£58.33	£70.00	£74.00	£78.00	20% 19/20 then 5% per annum
Economy & Communities	Protective Services (Environmental Health)	Pest Control Charge - Wasp Nests/Bees	£37.50	£45.00	£47.00	£49.00	20% 19/20 then 5% per annum
Economy & Communities	Protective Services (Environmental Health)	Food Hygiene Training Delegate Charge	£27.00	£28.00	£29.00	£30.00	5.0% per annum
Economy & Communities	Protective Services (Environmental Health)	Section 50 Certificates	£113.00	£119.00	£125.00	£131.00	5.0% per annum
Economy & Communities	Protective Services (Environmental Health)	Health Certificate for export to China	£32.00	£34.00	£36.00	£38.00	5.0% per annum
Economy & Communities	Protective Services (Trading Standards)	Liquid fuel measuring instruments - first meter tested	£144.00	£151.00	£159.00	£167.00	5.0% per annum
Economy & Communities	Protective Services (Trading Standards)	Liquid fuel measuring instruments - each additional meter tested during same visit	£89.00	£93.00	£98.00	£103.00	5.0% per annum
Economy & Communities	Protective Services (Trading Standards)	All other weighing and measuring equipment - one officer on site (per hour)	£78.00	£82.00	£86.00	£90.00	5.0% per annum
Economy & Communities	Protective Services (Trading Standards)	All other weighing and measuring equipment - two or more officers on site (per hour)	£125.00	£131.00	£138.00	£145.00	5.0% per annum
Education and Youth Employment	Early Years	Wraparound Charges	£4.00	£4.00	£4.00	£4.00	No change
Education and Youth Employment	Music Services	Tuition Fee	£198.00	£198.00	£198.00	£198.00	No change
Finance & Corporate Support	Registration Services	Private Citizenship Ceremonies - during office hours with 4 or less guests attending	£126.00	£132.00	£139.00	£146.00	5.0% per annum
Finance & Corporate Support	Registration Services	Private Citizenship Ceremonies - during office hours with more than 4 guests attending	£231.00	£243.00	£255.00	£268.00	5.0% per annum
Finance & Corporate Support	Registration Services	Civil Marriages / Partnerships at Registration Office outwith office hours	£415.00	£436.00	£458.00	£481.00	5.0% per annum
Finance & Corporate Support	Registration Services	Civil Marriages / Partnerships at Registration Office during office hours	£252.00	£265.00	£278.00	£292.00	5.0% per annum
Finance & Corporate Support	Registration Services	All Ceremonies at approved venues - fee for attendance of a Registrar during office hours	£404.00	£424.00	£445.00	£467.00	5.0% per annum
Finance & Corporate Support	Registration Services	All Ceremonies at approved venues - fee for attendance of a Registrar outwith office hours	£457.00	£480.00	£504.00	£529.00	5.0% per annum
Finance & Corporate Support	Registration Services	Guest Supplement: during office hours when more than 4 guests attend a marriage/civil partnership at Registration offices	£121.00	£127.00	£133.00	£140.00	5.0% per annum
Finance & Corporate Support	Registration Services	Naming & Renewal of Vows Ceremonies conducted at Registration Offices during office hours	£263.00	£276.00	£290.00	£305.00	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Finance & Corporate Support	Registration Services	Naming & Renewal of Vows Ceremonies conducted at Registration Offices outwith office hours	£315.00	£331.00	£348.00	£365.00	5.0% per annum
Finance & Corporate Support	Registration Services	Civil Marriage/Partnership & Naming Ceremony booked together and conducted at Registration Offices outwith office hours	£541.00	£568.00	£596.00	£626.00	5.0% per annum
Finance & Corporate Support	Registration Services	Civil Marriage/Partnership & Naming Ceremony booked together and conducted at Approved Venues outwith office hours	£604.00	£634.00	£666.00	£699.00	5.0% per annum
Finance & Corporate Support	Registration Services	Civil Marriage/Partnership & Naming Ceremony booked together and conducted at Approved Venues during office hours	£525.00	£551.00	£579.00	£608.00	5.0% per annum
Finance & Corporate Support	Registration Services	Guest supplement: during office hours when more than 4 guests attend a Civil Marriage/Partnership & Naming Ceremony at Registration Offices	£221.00	£232.00	£244.00	£256.00	5.0% per annum
Health & Social Care	Adults	Day Care (charges to Other Las)	£220.50	£220.50	£220.50	£220.50	All charges in line with attached HSCP Policy
Health & Social Care	Adults and Older People	Guest Room Charges at Sheltered Housing Accommodations	£5.30	£5.30	£5.30	£5.30	
Health & Social Care	Adults and Older People	Community Alarms service - mainland	£4.50	£4.60	£4.70	£4.80	
Health & Social Care	Adults and Older People	Community Alarms service - Arran	£2.20	£2.25	£2.30	£2.35	
Health & Social Care	Adults and Older People	Meals on Wheels	£2.90	£2.90	£2.90	£2.90	
Health & Social Care	Adults and Older People	Care at Home per hour	£12.30	£14.50	£14.85	£15.20	
Health & Social Care	Adults and Older People	Day Care (purchased and provided)	£12.30	£12.95	£13.25	£13.55	
Place	E&RS - Bereavement Service	Internment of Sixteen and Over	£599.00	£629.00	£660.00	£693.00	
Place	E&RS - Bereavement Service	Purchase of Exclusive Right of Burial (New Lair)	£599.00	£629.00	£660.00	£693.00	5.0% per annum
Place	E&RS - Bereavement Service	Purchase of Exclusive Right of Burial (Woodland Area)	£599.00	£629.00	£660.00	£693.00	5.0% per annum
Place	E&RS - Bereavement Service	Internment of Cremated Remains	£211.00	£222.00	£233.00	£245.00	5.0% per annum
Place	E&RS - Bereavement Service	Memorial Foundation	£160.00	£168.00	£176.00	£185.00	5.0% per annum
Place	E&RS - Bereavement Service	Dis-internments	£880.00	£924.00	£970.00	£1,019.00	5.0% per annum
Place	E&RS - Bereavement Service	Internment on common ground	£229.00	£240.00	£252.00	£265.00	5.0% per annum
Place	E&RS - Bereavement Service	Purchase of Exclusive Right of Burial - Cremated Remains Only (New Lair)	£211.00	£222.00	£233.00	£245.00	5.0% per annum
Place	E&RS - Bereavement Service	Purchase of Exclusive Right of Burial - Cremated Remains Only in Garden of Remembrance(New Lair)	£211.00	£222.00	£233.00	£245.00	5.0% per annum
Place	E&RS - Bereavement Service	Purchase of Exclusive Right of Burial - Private Baby Lair	£211.00	£222.00	£233.00	£245.00	5.0% per annum
Place	E&RS - Bereavement Service	Internment of Sixteen and Over (Saturdays and Public Holidays)	£898.00	£943.00	£990.00	£1,040.00	5.0% per annum
School meals	E&RS - FM	Secondary School meals	£2.05	£2.05	£2.05	£2.05	No change
School meals	E&RS - FM	Primary School meals	£2.05	£2.05	£2.05	£2.05	No change
Place	E&RS - FM	Other Catering					
Place	E&RS - Largs Car Park	Car park Charges - up to 1 hour	£1.00	£1.00	£1.00	£1.00	5.0% per annum
Place	E&RS - Largs Car Park	Car park Charges - over 1 hour up to 3 hours	£3.00	£3.00	£3.00	£3.00	5.0% per annum
Place	E&RS - Largs Car Park	Car park Charges - over 3 hours	£4.00	£4.00	£4.00	£4.00	5.0% per annum
Place	E&RS - Streetscene Services	Grass Cutting Scheme	£64.00	£80.00	£84.00	£88.00	25% in 19/20, then 5.0% per annum
Place	E&RS - Transport Services	Car Inspection	£28.00	£29.00	£30.00	£32.00	5.0% per annum
Place	E&RS - Transport Services	MOT Class 4	£51.00	£54.00	£57.00	£60.00	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Place	E&RS - Transport Services	MOT Class 5	£68.00	£71.00	£75.00	£79.00	5.0% per annum
Place	E&RS - Transport Services	MOT Class 7	£56.00	£59.00	£62.00	£65.00	5.0% per annum
Place	E&RS - Transport Services	Tachograph Calibration	£52.00	£55.00	£58.00	£61.00	5.0% per annum
Place	E&RS - Transport Services	Tachograph 2 year Inspection	£36.00	£38.00	£40.00	£42.00	5.0% per annum
Place	E&RS - Transport Services	Tachograph 6 year Inspection	£52.00	£55.00	£58.00	£61.00	5.0% per annum
Place	E&RS - Transport Services	Per hire charge for transport hires to external groups.	£21.00	£22.00	£23.00	£24.00	5.0% per annum
Place	E&RS - Transport Services	Vehicle Inspections - Taxi	£79.70	£79.70	£79.70	£79.70	no change
Place	E&RS - Transport Services	Vehicle Inspections - Taxi Retest	£47.80	£47.80	£47.80	£47.80	no change
Place	Roads	Section 56 Roads Opening Permit Vehicle Access Crossing	£65.00	£68.00	£71.00	£75.00	5.0% per annum
Place	Roads	Section 56 Road Opening Permit Other works involving excavation in the public road	£184.00	£193.00	£203.00	£213.00	5.0% per annum
Place	Roads	Section 56 Road Opening Permit Other works involving excavation in the public road. Duration charge for additional week.	£87.00	£91.00	£96.00	£101.00	5.0% per annum
Place	Roads	Section 58 Road Occupation Permits Builders Materials - for up to 4 weeks	£76.00	£80.00	£84.00	£88.00	5.0% per annum
Place	Roads	Section 58 Road Occupation Permits Cranes - for up to 4 weeks	£76.00	£80.00	£84.00	£88.00	5.0% per annum
Place	Roads	Section 58 Road Occupation Permits Scaffolding - for up to 4 weeks	£76.00	£80.00	£84.00	£88.00	5.0% per annum
Place	Roads	Section 85 Skip Permits - for up to 4 weeks	£46.00	£48.00	£50.00	£53.00	5.0% per annum
Place	Roads	Temporary Traffic Signal Permit (three way or more only). This would be in addition to Section 56 charge.	£108.00	£113.00	£119.00	£125.00	5.0% per annum
Place	Roads	Temporary Traffic Signal Permit (three way or more only). This would be in addition to Section 56 charge. Duration charge for additional week.	£108.00	£113.00	£119.00	£125.00	5.0% per annum
Place	Roads	Property Enquiry Adoption Plan	£33.00	£35.00	£37.00	£39.00	5.0% per annum
Place	Roads	NRSWA Section 109 Permission	£281.00	£295.00	£310.00	£326.00	5.0% per annum
Place	Roads	NRSWA Public Utility Sample Inspections	£36.00	£36.00	£36.00	£36.00	Fees are fixed by statute
Place	Roads	5 day Temporary Traffic Order (by notice)	£378.00	£397.00	£417.00	£438.00	5.0% per annum
Place	Roads	Emergency Temporary Traffic Order (by notice)	£378.00	£397.00	£417.00	£438.00	5.0% per annum
Place	Roads	Temporary Traffic Orders (advertised in press). Advertising costs are extra.	£584.00	£613.00	£644.00	£676.00	5.0% per annum
Place	Roads	Supply of Traffic Count Data. Price per site.	£184.00	£193.00	£203.00	£213.00	5.0% per annum
Place	Roads	Supply / Use of information from the Saturn Traffic Model	£1,188.00	£1,247.00	£1,309.00	£1,374.00	5.0% per annum
Place	Roads	Neighbourhood Watch Signs	£33.00	£35.00	£37.00	£39.00	5.0% per annum
Place	Roads	Switching off Traffic Signals for third parties	£130.00	£137.00	£144.00	£151.00	5.0% per annum
Place	Roads	Amendments to Approved Road Construction Consents	£324.00	£340.00	£357.00	£375.00	5.0% per annum
Place	Roads	Temporary signs for events.	£87.00	£91.00	£96.00	£101.00	5.0% per annum
Place	Roads	Signs for new Housing Developments	£335.00	£352.00	£370.00	£389.00	5.0% per annum
Place	Roads	H Bar Markings (Access protection markings)	£54.00	£57.00	£60.00	£63.00	5.0% per annum
Place	Commercial Services - Waste Resources	New/Replacement of Waste Bins Domestic 240 Litre	£41.27	£43.33	£45.50	£47.78	5.0% per annum
Place	Commercial Services - Waste Resources	New/Replacement of Waste Bins Commercial 360 Litre	£68.04	£71.44	£75.01	£78.76	5.0% per annum
Place	Commercial Services - Waste Resources	New/Replacement of Waste Bins Commercial 1100 Litre	£346.61	£363.94	£382.14	£401.25	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Place	Commercial Services - Waste Resources	New/Replacement of Waste Bins Commercial 1280 Litre	£403.31	£423.48	£444.65	£466.88	5.0% per annum
Place	Commercial Services - Waste Resources	Uplift Commercial White Goods per item	£45.05	£47.30	£49.67	£52.15	5.0% per annum
Place	Commercial Services - Waste Resources	Bin Repair - standard lock supply & fitting	£20.60	£21.63	£22.71	£23.85	5.0% per annum
Place	Commercial Services - Waste Resources	Bin Repair - new forest lock lock supply & fitting	£29.93	£31.43	£33.00	£34.65	5.0% per annum
Place	Commercial Services - Waste Resources	Bin Repair - push to lock supply & fitting	£41.58	£43.66	£45.84	£48.13	5.0% per annum
Place	Commercial Services - Waste Resources	Bin Repair - lid supplied & lock fixed cost	£128.21	£134.62	£141.35	£148.42	5.0% per annum
Place	Commercial Services - Waste Resources	BIN Repair - front wheels supplied and fitted cost	£66.99	£70.34	£73.86	£77.55	5.0% per annum
Place	Commercial Services - Waste Resources	Bin Repair - back wheels supplied and fitted cost	£72.56	£76.19	£80.00	£84.00	5.0% per annum
Place	Commercial Services - Waste Resources	Replacement of Waste Bins Commercial 240 litre	£41.27	£43.33	£45.50	£47.78	5.0% per annum
Place	Commercial Services - Waste Resources	New/Replacement of Waste Bins Commercial 140 litre	£28.35	£29.77	£31.26	£32.82	5.0% per annum
Place	Commercial Services - Waste Resources	New/Replacement of Waste Bins Commercial 660 Lite	£289.80	£304.29	£319.50	£335.48	5.0% per annum
Place	Commercial Services - Waste Resources	Special Uplift Charges	£18.25	£24.00	£25.20	£26.46	5.0% per annum
Place	Commercial Services - Waste Resources	Special Uplift individual item Charges	£3.75	£4.80	£5.04	£5.29	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Residual Waste Service 240 Litre Bin	£5.27	£5.53	£5.81	£6.10	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Residual Waste Service 360 Litre Bin	£7.90	£8.30	£8.72	£9.16	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Residual Waste Service 660 Litre Bin	£14.49	£15.21	£15.97	£16.77	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Residual Waste Service 1100 Litre Bin	£24.16	£25.37	£26.64	£27.97	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Residual Waste Service 1280 Litre Bin	£28.18	£29.59	£31.07	£32.62	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Residual Waste 240 Litre bin	£5.69	£5.97	£6.27	£6.58	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Residual Waste 360 Litre bin	£8.53	£8.96	£9.41	£9.88	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Residual Waste 660 Litre bin	£15.63	£16.41	£17.23	£18.09	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Residual Waste 1100 Litre bin	£26.08	£27.38	£28.75	£30.19	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Residual Waste 1280 Litre bin	£30.42	£31.94	£33.54	£35.22	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Food/Organic 140 Litre Bin	£4.41	£4.63	£4.86	£5.10	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Food/Organic 500 Litre Bin	£15.76	£16.55	£17.38	£18.25	5.0% per annum
Place	Commercial Services - Waste Resources	Subcontractor Commercial Refuse Scheduled Bin Uplift Food/Organic 140 Litre Bin	£5.60	£5.88	£6.17	£6.48	5.0% per annum
Place	Commercial Services - Waste Resources	Subcontractor Commercial Refuse Scheduled Bin Uplift Food/Organic 500 Litre Bin	£19.96	£20.96	£22.01	£23.11	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Refuse Scheduled Bin Uplift Residual Waste Service 240 Litre Bin	£2.64	£2.77	£2.91	£3.06	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Place	Commercial Services - Waste Resources	Charity Refuse Scheduled Bin Uplift Residual Waste Service 360 Litre Bin	£3.96	£4.16	£4.37	£4.59	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Refuse Scheduled Bin Uplift Residual Waste Service 660 Litre Bin	£7.25	£7.61	£7.99	£8.39	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Refuse Scheduled Bin Uplift Residual Waste Service 1100 Litre Bin	£12.08	£12.68	£13.31	£13.98	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Refuse Scheduled Bin Uplift Residual Waste Service 1280 Litre Bin	£14.09	£14.79	£15.53	£16.31	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Scheduled Bin Uplift Mixed Recyclate Service 240 Litre Bin	£2.04	£2.14	£2.25	£2.36	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Scheduled Bin Uplift Mixed Recyclate Service 360 Litre Bin	£3.05	£3.20	£3.36	£3.53	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Scheduled Bin Uplift Mixed Recyclate Service 660 Litre Bin	£5.61	£5.89	£6.18	£6.49	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Scheduled Bin Uplift Mixed Recyclate Service 1100 Litre Bin	£9.33	£9.80	£10.29	£10.80	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Scheduled Bin Uplift Mixed Recyclate Service 1280 Litre Bin	£10.85	£11.39	£11.96	£12.56	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Scheduled Bin Uplift Food/Organic 140 Litre Bin	£2.21	£2.32	£2.44	£2.56	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Scheduled Bin Uplift Food/Organic 500 Litre Bin	£7.88	£8.27	£8.68	£9.11	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Mixed Recyclate Service 240 Litre Bin	£4.07	£4.27	£4.48	£4.70	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Mixed Recyclate Service 360 Litre Bin	£6.11	£6.42	£6.74	£7.08	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Mixed Recyclate Service 660 Litre Bin	£11.19	£11.75	£12.34	£12.96	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Mixed Recyclate Service 1100 Litre Bin	£18.66	£19.59	£20.57	£21.60	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Mixed Recyclate Service 1280 Litre Bin	£21.70	£22.79	£23.93	£25.13	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Residual Waste 140 Litre bin	£3.33	£3.50	£3.68	£3.86	5.0% per annum
Place	Commercial Services - Waste Resources	Charity Refuse Scheduled Bin Uplift Residual Waste Service 140 Litre Bin	£1.53	£1.61	£1.69	£1.77	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Residual Waste 140 Litre bin	£1.67	£1.75	£1.84	£1.93	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial Refuse Scheduled Bin Uplift Residual Waste Service 140 Litre Bin	£3.08	£3.23	£3.39	£3.56	5.0% per annum
Place	Commercial Services - Waste Resources	Direct Disposal inclusive of Scottish Landfill tax (external customers) PER Te	£135.68	£142.46	£149.58	£157.06	5.0% per annum
Place	Commercial Services - Waste Resources	Sack Sales Pre-Paid - Trade Recycling per 100	£113.98	£119.68	£125.66	£131.94	5.0% per annum
Place	Commercial Services - Waste Resources	Sack Sales Pre-Paid - Trade Waste per 50	£110.47	£115.99	£121.79	£127.88	5.0% per annum
Place	Commercial Services - Waste Resources	Special Uplift - uplift confidential waste	£5.63	£5.91	£6.21	£6.52	5.0% per annum
Place	Commercial Services - Waste Resources	Sub contract Sack Sales Pre-Paid - Trade Recycling per 100	£121.68	£127.76	£134.15	£140.86	5.0% per annum
Place	Commercial Services - Waste Resources	Sub contract Sack Sales Pre-Paid - Trade Waste per 50	£120.69	£126.72	£133.06	£139.71	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Residual Waste 240 Litre bin	£2.85	£2.99	£3.14	£3.30	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Residual Waste 360 Litre bin	£4.27	£4.48	£4.70	£4.94	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Residual Waste 660 Litre bin	£7.82	£8.21	£8.62	£9.05	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Residual Waste 1100 Litre bin	£13.04	£13.69	£14.37	£15.09	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Residual Waste 1280 Litre bin	£15.21	£15.97	£16.77	£17.61	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Mixed Recycling Waste 240 Litre bin	£2.21	£2.32	£2.44	£2.56	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Mixed Recycling Waste 360 Litre bin	£3.30	£3.47	£3.64	£3.82	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Mixed Recycling Waste 660 Litre bin	£6.04	£6.34	£6.66	£6.99	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Mixed Recycling Waste 1100 Litre bin	£10.07	£10.57	£11.10	£11.66	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Mixed Recycling Waste 1280 Litre bin	£11.71	£12.30	£12.92	£13.57	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Food/Organic Waste 140 Litre bin	£2.80	£2.94	£3.09	£3.24	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Charity Food/Organic Waste 500 Litre bin	£9.98	£10.48	£11.00	£11.55	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Mixed Recyclate 240 Litre bin	£4.40	£4.62	£4.85	£5.09	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Mixed Recyclate 360 Litre bin	£6.59	£6.92	£7.27	£7.63	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Mixed Recyclate 660 Litre bin	£12.08	£12.68	£13.31	£13.98	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Mixed Recyclate 1100 Litre bin	£20.14	£21.15	£22.21	£23.32	5.0% per annum
Place	Commercial Services - Waste Resources	Sub-Contracted Commercial Collection Mixed Recyclate 1280 Litre bin	£23.41	£24.58	£25.81	£27.10	5.0% per annum
Place	Commercial Services - Waste Resources	Arran Yellow Tip Permit	£53.23	£55.89	#REF!	#REF!	5.0% per annum
Place	Commercial Services - Waste Resources	Arran Blue Tip Permit	£88.63	£93.06	#REF!	#REF!	5.0% per annum
Place	Commercial Services - Waste Resources	Commercial White Goods Collection	£45.05	£47.30	£49.67	£52.15	5.0% per annum
Place	Commercial Services - Waste Resources	Skip Charges 15cyd - no treatment	£79.07	£83.02	£87.17	£91.53	5.0% per annum
Place	Commercial Services - Waste Resources	Skip Charges 35cyd - no treatment	£188.54	£197.97	£207.87	£218.26	5.0% per annum
Place	Commercial Services - Waste Resources	Landfill Tax Active per Te	£88.95	£88.95	£88.95	£88.95	Fees are fixed by statute
Place	Commercial Services - Waste Resources	Landfill Tax Inactive per Te	£2.80	£2.80	£2.80	£2.80	Fees are fixed by statute
Place	Commercial Services - Waste Resources	Landfill Tax No charge per Te	£0.00	£0.00	£0.00	£0.00	Fees are fixed by statute
Place	Commercial Services - Waste Resources	Green - Treatment per Te	£52.50	£55.13	£57.89	£60.78	5.0% per annum
Place	Commercial Services - Waste Resources	General - Treatment per Te	£47.05	£49.40	£51.87	£54.46	5.0% per annum
Place	Commercial Services - Waste Resources	Soil - Treatment per Te	£31.50	£33.08	£34.73	£36.47	5.0% per annum
Place	Commercial Services - Waste Resources	Scrap - Treatment per Te	£31.50	£33.08	£34.73	£36.47	5.0% per annum
Place	Commercial Services - Waste Resources	Wood - Treatment per Te	£31.50	£33.08	£34.73	£36.47	5.0% per annum
Place	Commercial Services - Waste Resources	Plastics - Treatment per Te	£52.50	£55.13	£57.89	£60.78	5.0% per annum
Place	Commercial Services - Waste Resources	Bricks/rubble - Treatment per Te	£31.50	£33.08	£34.73	£36.47	5.0% per annum
Place	Commercial Services - Waste Resources	Lampheads - Treatment per Te	£31.50	£33.08	£34.73	£36.47	5.0% per annum
Place	Commercial Services - Waste Resources	Void Uplift bin charge (Up to full set)	£45.56	£47.84	£50.23	£52.74	5.0% per annum
Place	Commercial Services - Waste Resources	Event container delivery & uplift	£63.00	£66.15	£69.46	£72.93	5.0% per annum

Proposed Service Charges

Directorate	Service	Charge Description	Approved Charge (2018/19)	Proposed Charge (2019/20)	Indicative Charge (2020/21)	Indicative Charge (2021/22)	Basis of increase
Place	Commercial Services - Waste Resources	Special Uplift Squad - 30 min	£45.56	£47.84	£50.23	£52.74	5.0% per annum
Place	Commercial Services - Waste Resources	Special Uplift Squad - 60 min	£91.11	£95.67	£100.45	£105.47	5.0% per annum
Place	Commercial Services - Waste Resources	Special Uplift - disposal landfill- 1/4te	£33.92	£35.62	£37.40	£39.27	5.0% per annum
Place	Commercial Services - Waste Resources	Special Uplift - disposal landfill- 1/2te	£67.84	£71.23	£74.79	£78.53	5.0% per annum
Place	Commercial Services - Waste Resources	Special Uplift - disposal landfill - Te	£135.68	£142.46	£149.58	£157.06	5.0% per annum
Place	Commercial Services - Waste Resources	Container retrieval - 140/240/360 ltr bins	£15.75	£16.54	£17.37	£18.24	5.0% per annum
Place	Commercial Services - Waste Resources	Container retrieval - 500/660/1100/1280 ltr bins	£36.75	£38.59	£40.52	£42.55	5.0% per annum
Place	Commercial Services - Waste Resources	Special uplift - Confidential waste per bag	£5.64	£5.92	£6.22	£6.53	5.0% per annum
Place	Commercial Services - Waste Resources	Contamination charge - 140/240/360 ltr bins	£15.75	£16.54	£17.37	£18.24	5.0% per annum
Place	Commercial Services - Waste Resources	Contamination charge - 500/660/1100/1280 ltr bins	£36.75	£38.59	£40.52	£42.55	5.0% per annum

Heath and Social Care Partnership Charging Policy Amendments 19/20

HSCP have reviewed their charging policy to include implementation of Free Personal Care for all under 65's, creation of an equitable charging policy informed by benchmarking with other Councils and reference to COSLA guidance. The proposed charges and rules are no greater than the average in other areas.

The following recommendations are presented for approval:-

1. Move from means testing for community alarm charges to no means testing, resulting in a standard weekly charge, see table 1
2. Approve recommended charges, see table 1
3. Approve new Financial Assessment rules, see table 2
4. Approver waiver of charges for respite care if identified within the Adult Carer Support Plan

Social Care Community Charges

The revised charges for 19/20 are based on the average 18/19 charges from the benchmarking exercise increased by 2.5% inflationary increase, rounded down to the nearest 5 pence or 10 pence. The charges for future years are indicative as they will be reviewed in line with the cost of service delivery increase (including living wage increases).

Table 1

Description	Community Alarm Charge (Per Week)	Day Care Charge Older People (Per Day)	Care at Home (Per Hour)	Sleepover (Per Hour)	Direct Payments - Personal Assistants (Per Hour)	Direct Payments - Agency Rates (Per Hour)	Direct Payments - Sleepovers (Per Hour)
	Mainland/Islands						
Current Charging Policy	£4.50/£2.20	£12.30	£12.30	£12.30	£12.30	£12.30	£12.30
Revised Charges Benchmark Data	£4.50/£2.20	£12.65	£14.17	£10.70	£11.83	£14.17	£10.95
19/20 increase inflation (2.5%)	£4.60/£2.25	£12.95	£14.50	£10.95	£12.10	£14.50	£11.20
20/21 increase inflation (2.5%)	£4.70/£2.30	£13.25	£14.85	£11.20	£12.40	£14.85	£11.45
20/22 increase inflation (2.5%)	£4.80/£2.35	£13.55	£15.20	£11.45	£12.70	£15.20	£11.70

Financial Assessment Rules

The revised financial assessment rules reflect an increase to the maximum weekly charge based on the average from the benchmarking exercise. The taper applied to Adult charging will increase to 50% to bring it into line with Older People. This is recommended by COSLA guidance on charging and was evident from review of other LA's as common practice. Financial assessments in relation to affordability will continue to be carried out and service users will be supported by money matters to maximise personal income.

Table 2

Description	Adults			Older People		
	Maximum Weekly Charge	Taper	Average Charge (Per Week)	Maximum Weekly Charge	Taper	Average Charge (Per Week)
Current Charging Policy	£79.70	40%	£34.70	£79.70	50%	£38.10
19/20 Assessment Rules	£92.00	50%	£42.97	£92.00	50%	£40.84
Increase in average weekly Charge (for Information)			£8.27			£2.74

North Ayrshire Council General Services Revenue Budget 2019-20											
Summary by Directorate											
Subjective Analysis											
Directorate	Employee Costs £000	Property Costs £000	Supplies & Services £000	Transport & Plant Costs £000	Admin Costs £000	Other Agencies, Bodies & Persons £000	Transfer Payments £000	Other Expenditure £000	Capital Financing Costs £000	Income £000	TOTAL £000
Democratic Services	2,977	7	123	14	991	328	-	-	-	(872)	3,568
Economy & Communities	11,530	273	1,037	138	267	6,296	-	-	-	(2,355)	17,185
Education & Youth Employment	101,074	185	14,904	146	685	5,491	580	-	61	(2,183)	120,943
Finance & Corporate Support	13,237	0	1,931	38	551	1,736	51,352	200	-	(53,844)	15,200
Health & Social Care Partnership	48,493	334	2,157	489	599	65,841	2,851	-	-	(25,689)	95,074
Place	43,683	20,369	10,075	7,286	1,097	14,912	1,223	490	-	(42,853)	56,281
Other Corporate Items	1,875	381	10,927	323	796	4,163	-	-	19,108	(2,302)	35,270
Total Expenditure	222,868	21,548	41,155	8,432	4,986	98,766	56,006	690	19,169	(130,098)	343,521

Funded by:

AEF	-	-	-	-	-	150	-	-	-	(283,172)	(283,022)
Council Tax	-	-	-	-	-	-	11,621	-	-	(68,240)	(56,619)
Contribution from Reserves	-	-	-	-	-	-	-	-	-	(3,880)	(3,880)
Total Funding	-	-	-	-	-	150	11,621	-	-	(355,292)	(343,521)

North Ayrshire Council General Services Revenue Budget 2019-20											
Democratic Services											
Subjective Analysis											
Objective Analysis	Employee Costs £000	Property Costs £000	Supplies & Services £000	Transport Costs £000	Admin Costs £000	Payments to other Bodies £000	Transfer Payments £000	Other Expenditure £000	Capital Financing £000	Income £000	TOTAL £000
Legal	1,102	-	37	8	54	-	-	-	-	(744)	457
Policy, Performance & Community Planning	809	-	20	4	29	32	-	-	-	(8)	885
Communications	426	-	10	1	15	-	-	-	-	(7)	445
Committee & Member Services	639	6	57	1	893	236	-	-	-	(112)	1,720
Civil Contingencies	-	0	-	-	1	60	-	-	-	-	61
Total	2,977	7	123	14	991	328	-	-	-	(872)	3,568

North Ayrshire Council General Services Revenue Budget 2019-20											
Economy & Communities											
Subjective Analysis											
Objective Analysis	Employee Costs £000	Property Costs £000	Supplies & Services £000	Transport Costs £000	Admin Costs £000	Payments to other Bodies £000	Transfer Payments £000	Other Expenditure £000	Capital Financing Costs £000	Income £000	TOTAL £000
Connected Communities	5,683	227	849	64	188	4,017	-	-	-	(686)	10,341
Economic Growth	5,847	46	189	73	79	2,278	-	-	-	(1,669)	6,844
Total	11,530	273	1,037	138	267	6,296	-	-	-	(2,355)	17,185

Objective Analysis	North Ayrshire Council General Services Revenue Budget 2019-20										
	Education & Youth Employment										
	Subjective Analysis										
	Employee Costs £000	Property Costs £000	Supplies & Services £000	Transport Costs £000	Admin Costs £000	Payments to other Bodies £000	Transfer Payments £000	Other Expenditure £000	Capital Financing £000	Income £000	TOTAL £000
Early Years	15,634	9	506	13	62	1,701	-	-	-	(519)	17,408
Primary Education	37,027	19	1,837	35	296	157	-	-	-	(55)	39,316
Secondary Education	36,544	35	12,290	51	176	997	-	-	-	(640)	49,452
Additional Support Needs	5,484	-	56	33	36	2,438	-	-	-	(267)	7,780
Education - Other	6,385	122	215	14	114	197	580	-	61	(701)	6,986
Total	101,074	185	14,904	146	685	5,491	580	-	61	(2,183)	120,943

North Ayrshire Council General Services Revenue Budget 2019-20											
Finance & Corporate Support											
Subjective Analysis											
Objective Analysis	Employee Costs £000	Property Costs £000	Supplies & Services £000	Transport Costs £000	Admin Costs £000	Payments to other Bodies £000	Transfer Payments £000	Other Expenditure £000	Capital Financing £000	Income £000	TOTAL £000
Director & Heads of Service	496	-	4	1	6	23	-	-	-	-	530
Financial Services	1,220	-	89	1	28	2	-	-	-	(182)	1,158
Corporate Procurement	971	-	15	2	8	96	-	-	-	(399)	693
Audit & Risk	806	-	6	7	9	-	-	-	-	(175)	653
Human Resources	1,792	0	73	1	92	422	-	-	-	(474)	1,906
Change	-	-	-	-	-	-	-	-	-	-	-
Revenues & Benefits	1,165	-	101	3	312	1,153	50,813	200	-	(51,845)	1,903
ICT	2,285	-	1,430	13	19	10	-	-	-	(239)	3,517
Customer Services & Registration	2,607	-	205	9	61	30	539	-	-	(324)	3,126
Business Support	1,512	-	7	0	13	-	-	-	-	(185)	1,347
Information Governance	384	-	1	0	3	-	-	-	-	(21)	367
Total	13,237	0	1,931	38	551	1,736	51,352	200	-	(53,844)	15,200

Objective Analysis	North Ayrshire Council General Services Revenue Budget 2019-20										
	Health & Social Care Partnership										
	Subjective Analysis										
	Employee Costs £000	Property Costs £000	Supplies & Services £000	Transport Costs £000	Admin Costs £000	Payments to Other Bodies £000	Transfer Payments £000	Other Expenditure £000	Capital Financing £000	Income £000	TOTAL £000
Management & Support Services	4,595	17	274	13	155	1,494	-	-	-	(21,770)	(15,222)
Change Programme	557	-	-	-	20	188	-	-	-	(31)	735
<u>Community Care and Health</u>											
Locality Services	4,024	-	148	53	26	20,430	872	-	-	(569)	24,984
Community Care Service Delivery	17,934	22	636	69	83	8,764	468	-	-	(1,195)	26,782
Long Term Conditions	956	4	13	0	24	301	1	-	-	(70)	1,228
Rehabilitation And Reablement	475	1	423	4	2	223	-	-	-	(75)	1,053
Integrated Island Services	504	1	6	3	1	-	0	-	-	(7)	508
<u>Children, Families and Criminal Justice</u>											
Intervention Services	3,347	139	130	79	10	111	48	-	-	-	3,864
Fieldwork	4,243	-	51	97	34	2,934	450	-	-	(2)	7,808
Looked After & Accommodated Children	4,578	28	271	36	94	11,176	2	-	-	-	16,185
Changing Children's Services Fund	237	-	9	11	20	45	-	-	-	(11)	311
Early Years	202	-	2	3	4	117	-	-	-	-	328
Policy & Practice	633	-	9	10	91	-	-	-	-	(18)	724
Criminal Justice	2,675	104	61	66	19	114	0	-	-	(438)	2,601
<u>Mental Health and Learning Disabilities</u>											
Community Mental Health	870	7	4	13	4	3,888	146	-	-	(129)	4,802
Learning Disabilities	1,696	10	24	19	13	15,691	863	-	-	(596)	17,720
Addictions	967	1	96	11	1	366	1	-	-	(778)	664
Total	48,493	334	2,157	489	599	65,841	2,851	0	0	-25,689	95,074

Objective Analysis	North Ayrshire Council General Services Revenue Budget 2019-20										
	Place										
	Subjective Analysis										
	Employee Costs £000	Property Costs £000	Supplies & Services £000	Transport Costs £000	Admin Costs £000	Payments to other Bodies £000	Transfer Payments £000	Other Expenditure £000	Capital Financing £000	Income £000	TOTAL £000
Director & Heads of Service	412	-	50	10	36	-	-	-	-	(20)	488
<u>Physical Environment</u>											
Property Management & Investment	2,273	-	61	25	98	193	-	-	-	(1,340)	1,311
Housing Assets & Investments	1,610	-	77	36	74	45	-	-	-	(1,602)	241
Property Running Costs	-	6,739	1	-	158	4	-	-	-	(1,658)	5,245
Energy & Sustainability	323	3,728	3	1	12	454	-	-	-	(643)	3,876
Property Maintenance	-	7,111	(13)	-	-	25	-	-	-	(3,318)	3,805
Roads	3,860	18	1,754	41	186	1,464	-	209	-	(1,103)	6,429
Streetscene	6,098	198	337	118	45	386	-	-	-	(2,691)	4,490
Other Housing	3,922	1,479	134	52	112	1,241	1,223	201	-	(4,661)	3,703
<u>Commercial Services</u>											
Internal Transport	1,486	28	133	6,551	15	2,353	-	-	-	(852)	9,715
Waste Services	4,417	6	457	147	88	5,494	-	78	-	(2,795)	7,892
Facilities Management	11,011	923	3,512	20	100	14	-	1	-	(4,040)	11,541
Building Services	8,271	139	3,570	286	171	3,239	-	-	-	(18,131)	(2,455)
Total	43,683	20,369	10,075	7,286	1,097	14,912	1,223	490	-	(42,853)	56,281

North Ayrshire Council General Services Revenue Budget 2019-20											
Other Corporate Items											
Subjective Analysis											
Objective Analysis	Employee Costs £000	Property Costs £000	Supplies & Services £000	Transport Costs £000	Admin Costs £000	Payments to other Bodies £000	Transfer Payments £000	Other Expenditure £000	Capital Financing £000	Income £000	TOTAL £000
Joint Boards	-	-	-	-	-	3,336	-	-	-	-	3,336
Pension Costs	1,875	-	-	-	-	-	-	-	-	-	1,875
Loan Charges & Capital Charges	-	-	-	-	-	-	-	-	19,108	(58)	19,051
Central Telephones	-	-	-	-	86	-	-	-	-	-	86
Other Corporate Items	-	-	10,927	-	-	-	-	-	-	-	10,927
Insurance	-	381	-	323	710	827	-	-	-	(2,244)	(3)
Total	1,875	381	10,927	323	796	4,163	-	-	19,108	(2,302)	35,270

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 Envt	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	3,617,000
Ayrshire Growth Deal	(866,667)				258,325	813,962	794,380	1,390,000	1,227,000	1,000,000
Lochshore, Kilbirnie	665,000	280,000	55,000							2,141,000
VDLF 19-20 Allocation	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
Comhairle Siorrachd Àir a Tuath

Appendix 4

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.

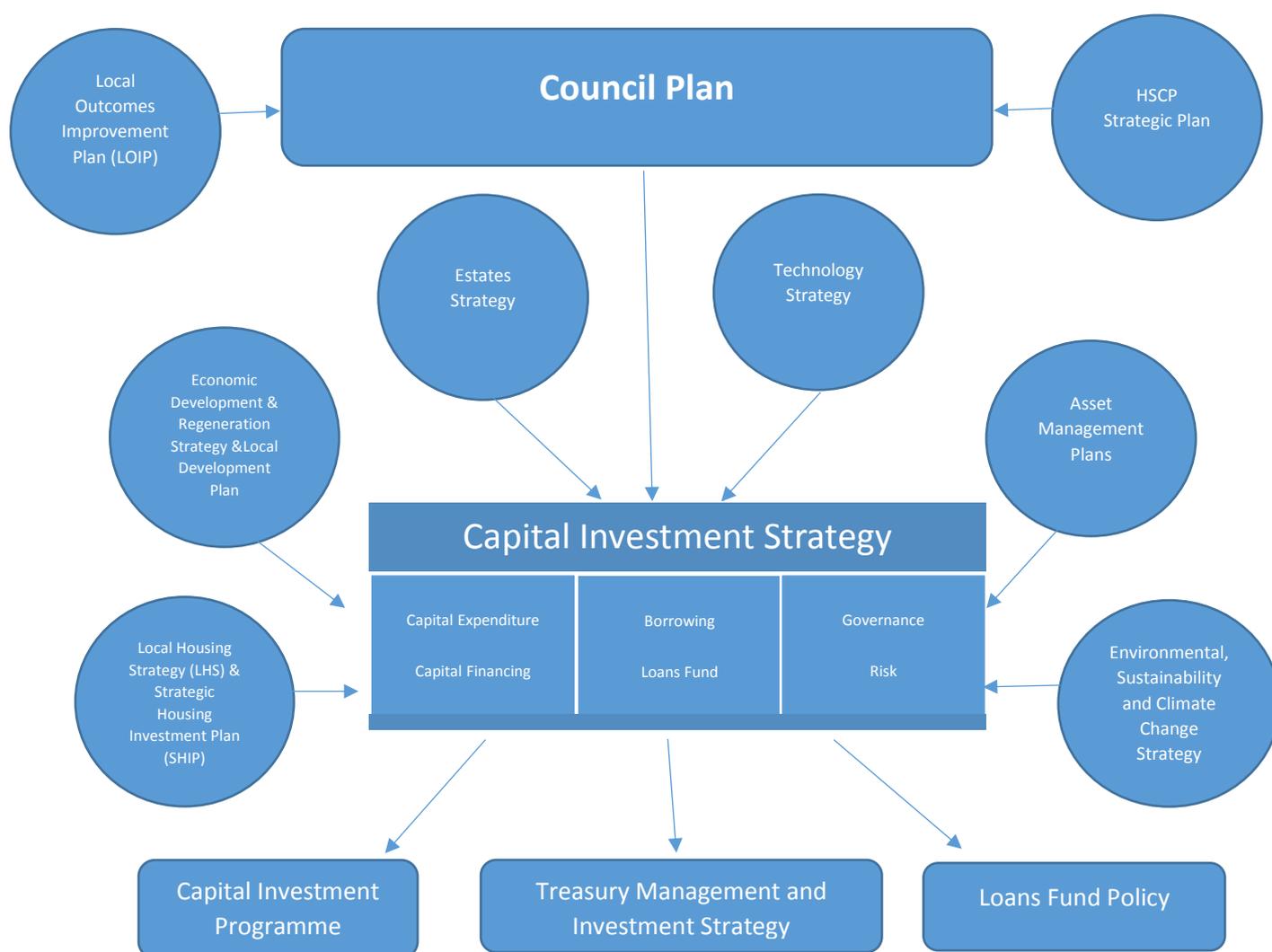
The Capital Investment Strategy is a reporting requirement introduced by the 2017 edition of the CIPFA Prudential Code. Local authorities produce many plans and strategies in the course of their operations, however, it is recognised that within the context of capital planning, there is a need to produce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

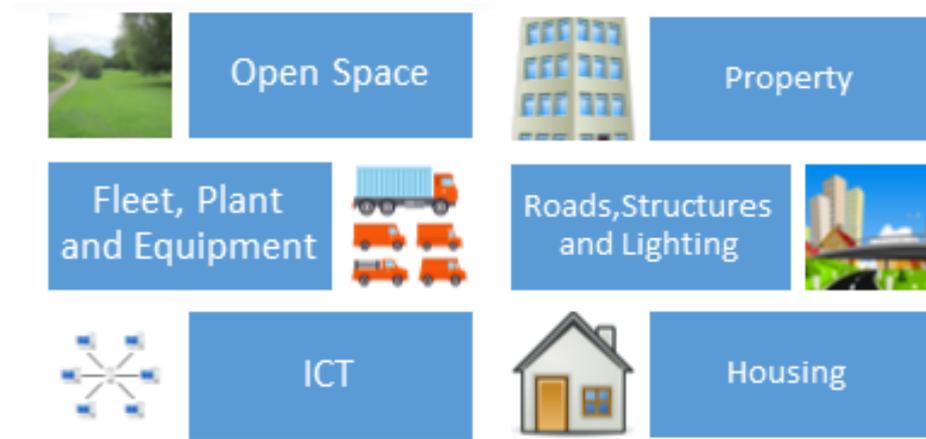
The strategic plan has been created in partnership with the third and independent sector, public health, community planning partners, local communities and people who use the service. The vision is that “**all people who live in North Ayrshire are able to have a safe, healthy and active life**” and to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

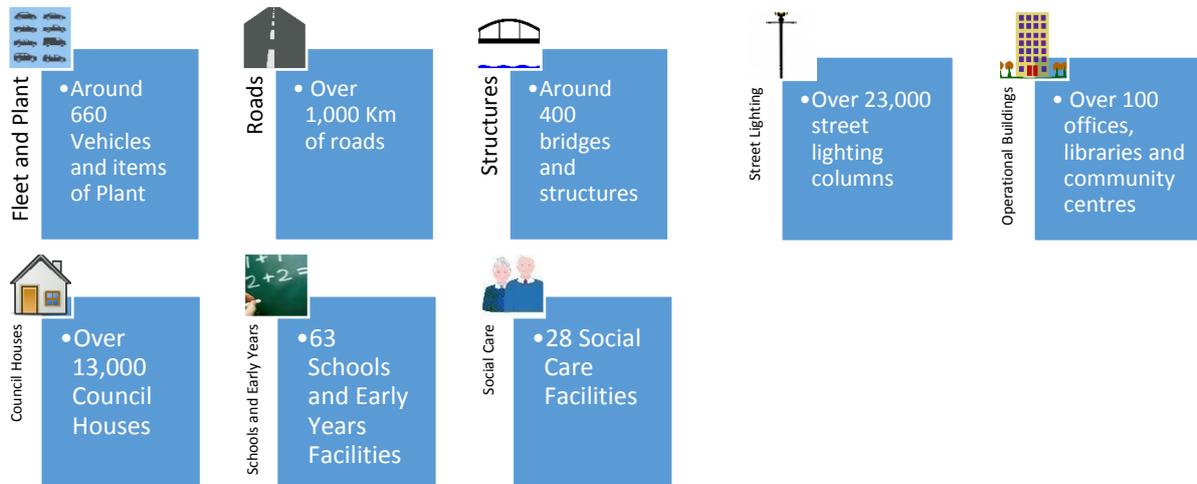
Asset Management Plans

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;

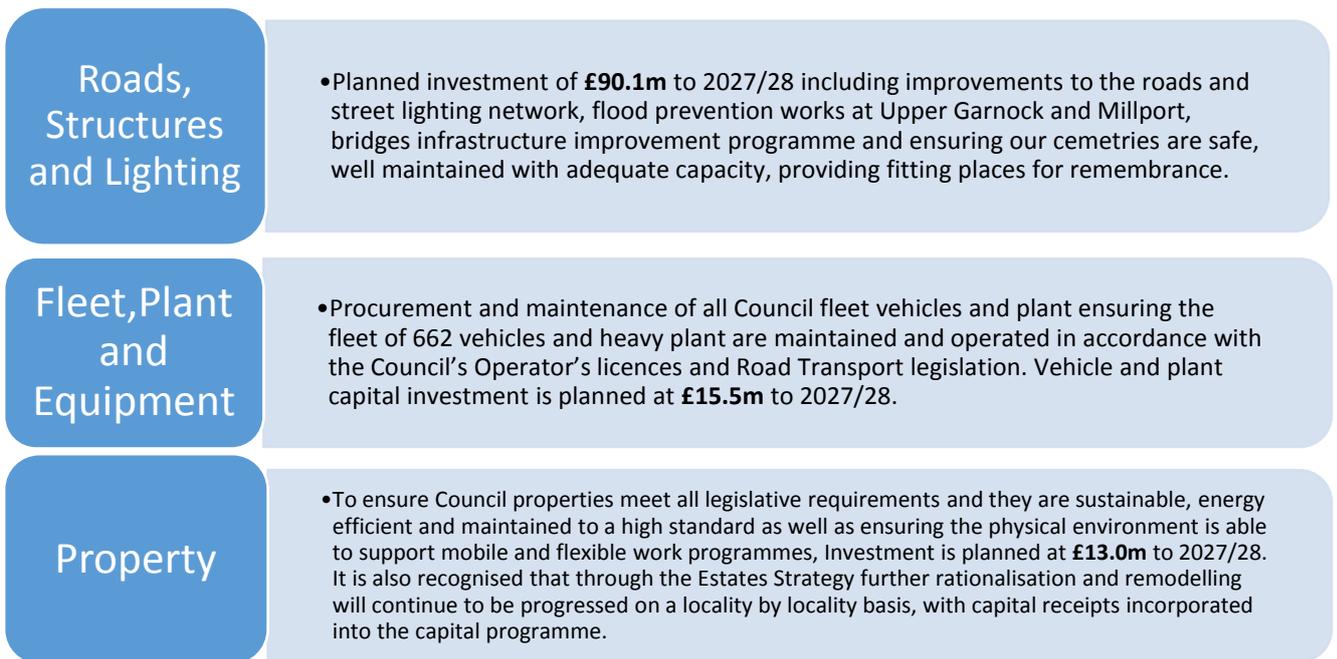


Asset plans include the Council’s current asset base and are a vehicle for identifying future investment need. The plans set out clear actions and include details of lifecycle investment costs required to maintain assets and infrastructure to an appropriate standard that supports service delivery. The 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;



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;



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;

Mission

To have created the most improved economy in Scotland by 2025



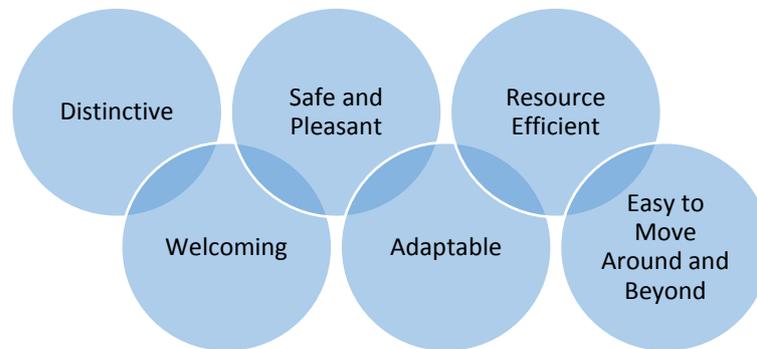
The Local Development Plan was produced in April, 2018 and aligns to the six strategic objectives as set out in the Economic Development and Regeneration Strategy, it brings a targeted local context in guiding development and investment in North Ayrshire over the next 20 years. The particular focus is 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
Klbernie	Irvine Harbourside	Brodick	Cumbrae-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	Ardrissan Academy - £31.6m	ASN Campus £24.1m	Montgomerie Park school £9.7m	Moorpark Primary School £9.5m
<ul style="list-style-type: none"> Consisting new build, extensions and refurb to deliver 1,140 hours childcare provision. 	<ul style="list-style-type: none"> New build project as part of an exciting wider community facility development 	<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. 	<ul style="list-style-type: none"> New primary provision linked to Montgomerie park regeneration project and housing developments 	<ul style="list-style-type: none"> New primary provision

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.

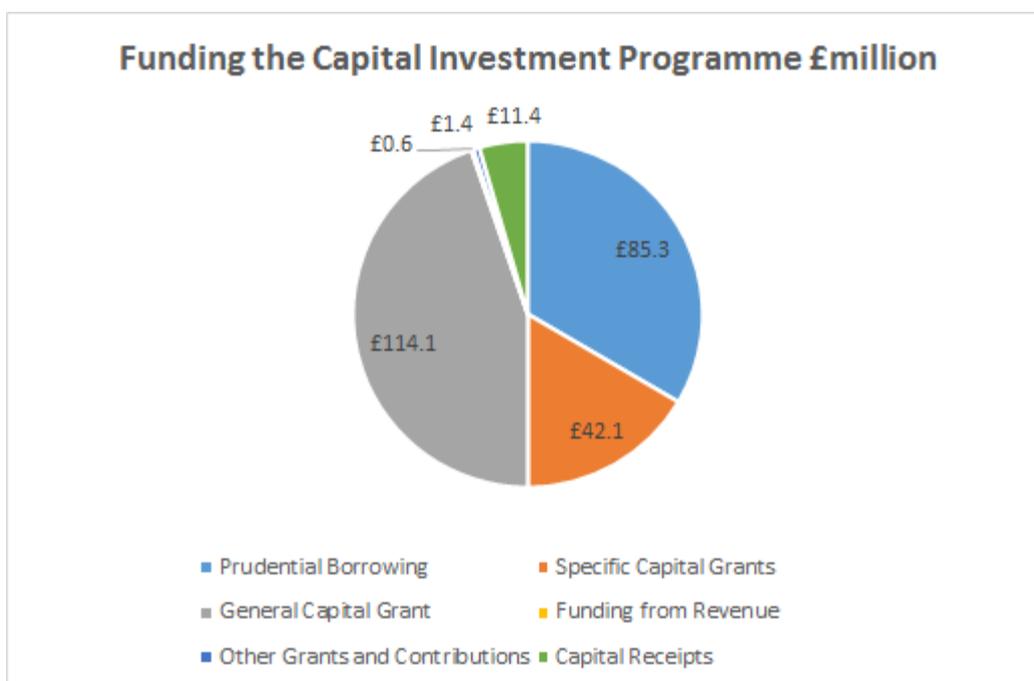
Informed by the Asset Management plans, significant investment is planned to protect and maintain the physical environment and infrastructure of North Ayrshire. Investment in roads, structures, lighting, flood prevention and cemeteries totals £92.4m to 2027/28. This core infrastructure investment is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

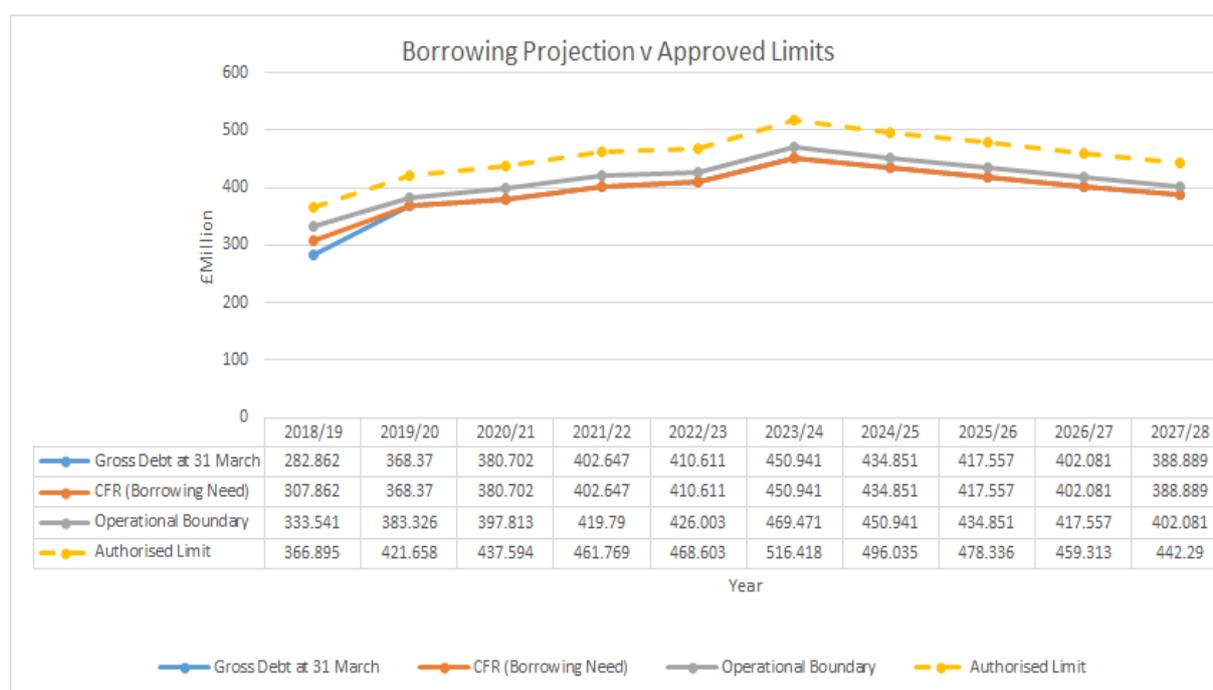
Treasury Management Strategy and Loans Fund Policy

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

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

NORTH AYRSHIRE COUNCIL

27 February 2019

North Ayrshire Council

Title: **Revenue Estimates 2019/20 – Common Good Funds and Trusts**

Purpose: To advise council of the anticipated annual income and expenditure of the Common Good Funds and Trusts administered by North Ayrshire Council and seek approval for the level of grant funding to be made available for disbursement in 2019/20.

Recommendation: That Council:

- (a) approves the 2019/20 revenue estimates for the Common Good Funds and registered charitable Trusts detailed in Appendix 2;
- (b) approves the amounts available for disbursement noted at paragraph 2.9; and
- (c) agrees to capital spend from the dormant and low value Trusts and Largs Common Good Fund and instructs officers to seek approval from the Office of the Scottish Charity Regulator (OSCR) prior to the disbursement of any grant which would result in the winding up of a Trust.

1. Executive Summary

- 1.1 The Council is the custodian of the Common Good Funds for the former burghs of Ardrossan, Irvine, Largs, Millport, Saltcoats and Stevenston and a number of Trusts which are largely composed of bequests made many years ago.
- 1.2 This report provides Members with an overview of the financial position of each Common Good Fund and Trust and recommends the level of expenditure which can be disbursed from each for 2019/20.
- 1.3 The level of funding available for grants is normally the net annual income of each Fund or trust after meeting their expenditure commitments. Where the expenditure commitments exceed the annual income, the recommended budget for grant disbursement reflects the level of disbursements in previous years.

- 1.4 In order to encourage the utilisation of funds across communities, in particular where the Trusts have been dormant or have low levels of income, it is recommended that the full balance of the Trusts are approved as available for disbursement. Any disbursement which utilises the full capital balance will result in closure and will require the approval of Office of the Scottish Charity Regulator (OSCR).

2. Background

- 2.1 The Council is the custodian of the Common Good Funds for the former burghs of Ardrossan, Irvine, Largs, Millport, Saltcoats and Stevenston. The purpose of the Common Good Funds is to benefit the general population within the defined areas of each of their respective towns.
- 2.2 The Council also administers a number of Trusts which are largely composed of bequests made many years ago. Of these Trusts, there are only two which accrue significant levels of income; the Spier's Trust and the Margaret Archibald Trust. The Spier's Trust was founded in 1936 for the administration of Spier's School, Beith and for the provision of certain educational grants and bursaries with the local area of benefit comprising the parishes of Beith, Dalry, Dunlop, Kilbirnie, Lochwinnoch and Neilston. The purpose of the Margaret Archibald Trust is "to apply the capital and income from time to time, at the discretion of the Council, for the charitable purpose of persons in need who have attained sixty five years of age, living in the Parish of Dalry, Ayrshire".
- 2.3 The remaining Trusts comprise five town Trusts, covering Beith & Gateside, Dalry, Kilbirnie & Glengarnock, Kilwinning and Largs, which provide assistance to persons in need within the defined area of each fund; the North Ayrshire Council Trust, which incorporates a further seven smaller funds; two minor Trusts and a number of sundry bequests listed on appendix 1.
- 2.4 During 2018/19, the previous Irvine Charitable Trust was wound up, with the agreement of the Office of the Scottish Charity Regulator, following the exhaustion of its capital through the disbursement of grants.
- 2.5 On 30 March 2018 Cabinet approved the utilisation of capital funds from the Ardrossan Common Good Fund in relation to window replacement at Ardrossan Civic Centre. This work is currently in progress, resulting in the current reduction to the common good balance noted in appendix 2.
- 2.6 Both the Common Good Funds and the Trusts make annual disbursements to groups and individuals based on approved criteria. The levels of grant available for disbursement is determined after all expenditure commitments and projected income from assets has been assessed. Current practice has been for the remaining surplus to be made available for trustees to disburse, ensuring that capital balances are left intact, with the disbursement of funds from the capital balance requiring Council approval. It is recommended that this practice continues for the majority of the Common Good Funds.

- 2.7 In the case of Largs Common Good Fund the level of expenditure exceeds the level of income. In order to maximise the benefits to the community, it is proposed that a budget for grant disbursement is set which reflects the level of disbursements in previous years.
- 2.8 Historically a number of Trusts have experienced periods of dormancy where no grants have been disbursed. The Office of the Scottish Charity Regulator (OSCR) is keen that charities fulfil their charitable purposes and External Audit has previously expressed concern about continued lack of activity in these Trusts. If no other action is taken, the annual external audit fee and administrative charges will eventually exhaust these Trusts. As such, the utilisation of available funds through a particular project which complies with the Trust's purposes should be considered. It is therefore recommended that the full balances of the town and minor Trusts are made available for disbursement. It should be noted that any disbursement which would result in the winding up of a registered Trust must be approved by the Office of the Scottish Charity Regulator (OSCR) before the relevant Locality Partnership agrees the grant.
- 2.9 The following table summarises the anticipated income and expenditure for each Common Good Fund and Trusts and the proposed budget for grant disbursement for each.

	Estimated Balance at 1 April 2019	Estimated Income 2019/20	Estimated Expenditure 2019/20	Available for Disbursement	Estimated Balance at 31 March 2020
	£	£	£	£	£
Common Good Fund					
Ardrossan	198,765	39,792	(50,830)	(26,962)	160,765
Irvine	1,094,350	71,453	(45,167)	(26,286)	1,094,350
Largs	480,829	18,200	(35,416)	(10,000)	453,613
Millport	73,005	559	(344)	(215)	73,005
Saltcoats	17,081	111	(71)	(40)	17,081
Stevenston	161,229	15,298	(924)	(14,374)	161,229
TOTAL	2,025,259	145,413	(132,752)	(77,877)	1,960,043
Registered Charitable Trusts					
Beith & Gateside	6,489	42	(388)	(6,143)	-
Dalry	3,573	23	(401)	(3,195)	-
Kilbirnie & Glengarnock	3,414	22	(384)	(3,052)	-
Kilwinning	99,404	646	(940)	(32,000)	67,110
Largs	7,830	51	(440)	(7,441)	-
Speir's Trust	43,696	3,866	(530)	(3,336)	43,696
Margaret Archibald Trust	181,587	9,270	(540)	(8,730)	181,587
Douglas Sellers Trust	729	5	(368)	(366)	-
Anderson Park Trust	449	3	(364)	(88)	-
NAC Charitable Trust	40,596	2,485	(361)	(2,124)	40,596
TOTAL	387,767	16,413	(4,716)	(66,475)	332,989

- 2.10 The remaining smaller trusts administered by the Council are listed in Appendix 1. They generate around £100 of income per year and during 2018/19 thus far there have been no disbursements.

3. Proposals

3.1 That Council:

- (a) approves the 2019/20 revenue estimates for the Common Good Funds and registered charitable Trusts detailed in Appendix 2;
- (b) approves the amounts available for disbursement noted at paragraph 2.9; and
- (c) agrees to capital spend from the dormant and low value Trusts and Largs Common Good Fund and instructs officers to seek approval from the Office of the Scottish Charity Regulator (OSCR) prior to the disbursement of any grant which would result in the winding up of a Trust.

4. Implications/Socio-economic Duty

Financial:	Approval of the budgets will allow each Locality Partnership to disburse individual grants up to the approved levels. All income and expenditure which relates to Common Good properties must be charged to the relevant Common Good Fund.
Human Resources:	None
Legal:	All expenditure from Trusts and Common Good Funds must be for the purposes of the Trust or meet the Common Good criteria of benefitting the inhabitants of the Common Good area.
Equality/Socio-economic Duty:	No direct implications
Children and Young People:	No direct implications
Environmental & Sustainability:	None
Key Priorities:	The proposals contained in this report support the key priorities of: <ul style="list-style-type: none">• Helping all of our people to stay safe, healthy and active;• Working together to develop stronger communities; and• Protecting and enhancing the environment for future generations
Community Benefits:	Grants will be disbursed to people or groups within the community who meet the necessary criteria.

5. Consultation

5.1 None



Laura Friel
Executive Director (Finance & Corporate Support)

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551**.

Background Papers

None

Sundry Bequests

Name of Funds	Investment	Projected Income 2019/20	Projected Disbursement 2019/20	Purpose of Bequest
	£	£	£	
Isabella McPhee Memorial Fund	2,741	18	-	Largs - Annual Putting Competition (Mackerston)
N Stewart	1,556	10	-	Provision of Liberty at Rothesay and Arran
Sturrock	2,815	18	-	Upkeep of Springside Community Centre
Clark Trophy	525	3	-	Road Safety Competition
Ayrshire Accident Relief	3,709	24	-	Accident Relief
Cast/Florist/N Child	268	2	-	No information available
Miss Hanslip Bequest	1,105	7	-	No information available
Total	12,719	82	-	

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Common Good Funds	Page
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Irvine	2
Largs	3
Millport	4
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Trusts	
North Ayrshire Council (Beith & Gateside) Charitable Trust	7
North Ayrshire Council (Dalry) Charitable Trust	8
North Ayrshire Council (Kilbirnie & Glengarnock) Charitable Trust	9
North Ayrshire Council (Kilwinning) Charitable Trust	10
North Ayrshire Council (Largs) Charitable Trust	11
Speir's Trust	12
Margaret Archibald Trust	13
Douglas Sellers Trust	14
Anderson Park Trust	15
North Ayrshire Council Charitable Trust	16

Budget 2018/19 £	Projected Outturn 2018/19 £	COMMON GOOD FUND - ARDROSSAN	Proposed Budget 2019/20 £
187,267	187,267	Projected Common Good Balance Brought Forward at 1 April	198,765
		<u>INCOME</u>	
38,500	38,500	Rental - Ardrossan Civic Centre	38,500
1,000	1,405	Loans Fund Interest (on cash balances)	1,292
39,500	39,905	TOTAL INCOME FOR THE YEAR	39,792
		<u>EXPENDITURE</u>	
		Property Costs	
12,000	200	External Property Repairs - Ardrossan Civic Centre	12,000
	25,000	Replacement Windows - Ardrossan Civic Centre	38,000
		Others	
733	786	Administration - Charge from Finance	830
12,733	25,986	SUB TOTAL OF EXPENDITURE	50,830
26,767	13,919	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(11,038)
26,767	2,421	Disbursement of Grants	26,962
-	11,498	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	(38,000)
187,267	198,765	COMMON GOOD BALANCE CARRIED FORWARD AT 31 MARCH	160,765

Budget 2018/19 £	Projected Outturn 2018/19 £	COMMON GOOD FUND - IRVINE	Proposed Budget 2019/20 £
1,094,544	1,094,544	Projected Common Good Balance Brought Forward at 1 April	1,094,350
		INCOME	
		Property Rentals	
25,000	25,000	Woodlands Centre (Education & Youth Employment)	25,000
11,500	11,500	Bank Street (Church of Latter Day Saints)	11,500
4,000	1,840	Redburn Community Centre (Education & Youth Employment)	1,840
11,000	11,000	Fairground (Marymass)	11,000
13,000	13,000	Ground East Road (McConnachies)	13,000
2,000	2,000	East Road New Car Park	2,000
		Other Income	
5,600	6,905	Loans Fund Interest (on cash balances)	7,113
72,100	71,245	TOTAL INCOME FOR THE YEAR	71,453
		EXPENDITURE	
		Property Costs	
500	100	General Repairs	500
10,000	9,828	Rates on vacant properties (36/38 Bank Street)	10,000
600	600	Electricity	600
28,995	28,995	Grounds Maintenance*	28,995
500	1,320	Other Property Costs	500
40,595	40,843		40,595
		Others	
4,748	4,596	Administration - Charge from Finance	4,572
4,748	4,596		4,572
45,343	45,439	SUB TOTAL OF EXPENDITURE	45,167
26,757	25,806	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	26,286
26,757	26,000	Disbursement of Grants	26,286
-	194	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	-
1,094,544	1,094,350	COMMON GOOD BALANCE CARRIED FORWARD AT 31 MARCH	1,094,350

* For the upkeep of ground at the Moor, Low Green, Recreational Parks, Galt Avenue, Old Parish Church, Redburn Community Centre, Berry Drive

Budget 2018/19 £	Projected Outturn 2018/19 £	COMMON GOOD FUND - LARGS	Proposed Budget 2019/20 £
497,700	497,700	Projected Common Good Balance Brought Forward at 1 April	480,829
		<u>INCOME</u>	
		Property Rentals (Including Insurance Premiums)	
7,312	7,312	Haylie House	7,312
1,250	2,889	Douglas Park Bowling Club (Including Ground Cost)	3,553
210	210	Douglas Park Grazings	210
4,000	4,000	Douglas Park Tennis Club & Children's Nursery	4,000
		Other Income	
2,700	3,025	Loans Fund Interest (on cash balances)	3,125
15,472	17,436	TOTAL INCOME FOR THE YEAR	18,200
		<u>EXPENDITURE</u>	
		Property Costs	
2,000	1,310	Electricity	2,000
30,907	30,907	Grounds Maintenance*	30,907
500	-	Other Property Costs	500
		Others	
1,995	2,090	Administration - Charge from Finance	2,009
35,402	34,307	SUB TOTAL OF EXPENDITURE	35,416
(19,930)	(16,871)	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(17,216)
13,355	-	Disbursement of Grants	10,000
(33,285)	(16,871)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	(27,216)
464,415	480,829	COMMON GOOD BALANCE CARRIED FORWARD AT 31 MARCH	453,613

* For the upkeep of ground at Douglas Park.

Budget 2018/19 £	Projected Outturn 2018/19 £	COMMON GOOD FUND - MILLPORT	Proposed Budget 2019/20 £
72,758	72,758	Projected Common Good Balance Brought Forward at 1 April	73,005
		INCOME	
36	18	Sale of published materials	24
12,375	-	Rental - Millport Town Hall	-
400	534	Loans Fund Interest (on cash balances)	535
12,811	552	TOTAL INCOME FOR THE YEAR	559
		EXPENDITURE	
		Property Costs	
		Others	
279	305	Administration - Charge from Finance	344
279	305	SUB TOTAL OF EXPENDITURE	344
12,532	247	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	215
12,532	-	Disbursement of Grants	215
-	247	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	-
72,758	73,005	COMMON GOOD BALANCE CARRIED FORWARD AT 31 MARCH	73,005

Budget 2018/19 £	Projected Outturn 2018/19 £	COMMON GOOD FUND - SALTCOATS	Proposed Budget 2019/20 £
17,045	17,045	Projected Common Good Balance Brought Forward at 1 April	17,081
94	108	<u>INCOME</u> Loans Fund Interest (on cash balances)	111
94	108	TOTAL INCOME FOR THE YEAR	111
79	72	<u>EXPENDITURE</u> Administration - Charge from Finance	71
79	72	SUB TOTAL OF EXPENDITURE	71
15	36	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	40
15	-	Disbursement of Grants	40
-	36	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	-
17,045	17,081	COMMON GOOD BALANCE CARRIED FORWARD AT 31 MARCH	17,081

Budget 2018/19 £	Projected Outturn 2018/19 £	COMMON GOOD FUND - STEVENSTON	Proposed Budget 2019/20 £
155,386	155,386	Projected Common Good Balance Brought Forward at 1 April	161,229
		<u>INCOME</u>	
		Property Rentals	
14,250	14,250	New Street (Health & Social Care)	14,250
		Other Income	
850	1,030	Loans Fund Interest (on cash balances)	1,048
15,100	15,280	TOTAL INCOME FOR THE YEAR	15,298
		<u>EXPENDITURE</u>	
		Property Costs	
250	-	Property Repairs	250
		Others	
667	652	Administration - Charge from Finance	674
917	652	SUB TOTAL OF EXPENDITURE	924
14,183	14,628	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	14,374
14,183	8,785	Disbursement of Grants	14,374
-	5,843	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	-
155,386	161,229	COMMON GOOD BALANCE CARRIED FORWARD AT 31 MARCH	161,229

Budget 2018/19	Projected Outturn 2018/19	NAC (BEITH & GATESIDE) CHARITABLE TRUST	Proposed Budget 2019/20
£	£		£
9,849	9,849	Projected Trust Balance Brought Forward at 1 April	6,489
54	50	<u>INCOME</u> Loans Fund Interest (on cash balances)	42
54	50	TOTAL INCOME FOR THE YEAR	42
405	404	<u>EXPENDITURE</u> Administration - Charge from Finance	388
405	404	SUB TOTAL OF EXPENDITURE FOR THE YEAR	388
(351)	(354)	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(346)
100	3,006	Disbursement of Grants	6,143
(451)	(3,360)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	(6,489)
9,398	6,489	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	-

Budget 2018/19	Projected Outturn 2018/19	NAC (DALRY) CHARITABLE TRUST	Proposed Budget 2019/20
£	£		£
5,764	5,764	Projected Trust Balance Brought Forward at 1 April	3,573
30	30	<u>INCOME</u> Loans Fund Interest (on cash balances)	23
30	30	TOTAL INCOME FOR THE YEAR	23
406	386	<u>EXPENDITURE</u> Administration - Charge to Finance	401
406	386	SUB TOTAL OF EXPENDITURE FOR THE YEAR	401
(376)	- 356	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(378)
600	1,835	Disbursement of Grants	3,195
(976)	(2,191)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	(3,573)
4,788	3,573	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	-

Budget 2018/19	Projected Outturn 2018/19	NAC (KILBIRNIE & GLENGARNOCK) CHARITABLE TRUST	Proposed Budget 2019/20
£	£		£
5,016	5,016	Projected Trust Balance Brought Forward at 1 April	3,414
27	30	<u>INCOME</u> Loans Fund Interest (on cash balances)	22
27	30	TOTAL INCOME FOR THE YEAR	22
385	382	<u>EXPENDITURE</u> Administration - Charge from Finance	384
385	382	SUB TOTAL OF EXPENDITURE FOR THE YEAR	384
(358)	(352)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(362)
-	1,250	Disbursement of Grants	3,052
(358)	(1,602)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR	(3,414)
4,658	3,414	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	-

Budget 2018/19	Projected Outturn 2018/19	NAC (KILWINNING) CHARITABLE TRUST	Proposed Budget 2019/20
£	£		£
131,687	131,687	Projected Trust Balance Brought Forward at 1 April	99,404
724	757	INCOME Loans Fund Interest (on cash balances)	646
724	757	TOTAL INCOME FOR THE YEAR	646
961	945	EXPENDITURE Administration - Charge from Finance	940
961	945	SUB TOTAL OF EXPENDITURE FOR THE YEAR	940
(237)	(188)	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(294)
1,000	32,095	Disbursement of Grants	32,000
(1,237)	(32,283)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	(32,294)
130,450	99,404	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	67,110

Budget 2018/19	Projected Outturn 2018/19	NAC (LARGS) CHARITABLE TRUST	Proposed Budget 2019/20
£	£		£
8,174	8,174	Projected Trust Balance Brought Forward at 1 April	7,830
100	52	INCOME Loans Fund Interest (on cash balances)	51
100	52	TOTAL INCOME FOR THE YEAR	51
433	396	EXPENDITURE Administration - Charge from Finance	440
433	396	SUB TOTAL OF EXPENDITURE FOR THE YEAR	440
(333)	(344)	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(389)
-	-	Disbursement of Grants	7,441
(333)	(344)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	(7,830)
7,841	7,830	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	-

Budget 2018/19 £	Projected Outturn 2018/19 £	SPIER'S TRUST	Proposed Budget 2019/20 £
42,733	42,733	Projected Trust Balance Brought Forward at 1 April	43,696
		<u>INCOME</u>	
750	1,000	Share dividends	1,000
235	195	Loans Fund Interest (on cash balances)	206
2,660	2,660	Rent	2,660
3,645	3,855	TOTAL INCOME FOR THE YEAR	3,866
		<u>EXPENDITURE</u>	
140	140	Insurance	140
84	74	Broker Fees	100
301	298	Administration - Charge from Finance	290
525	512	SUB TOTAL OF EXPENDITURE FOR THE YEAR	530
3,120	3,343	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	3,336
3,120	2,380	Disbursement of Grants	3,336
-	963	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	-
42,733	43,696	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	43,696

Budget 2018/19 £	Projected Outturn 2018/19 £	MARGARET ARCHIBALD BEQUEST	Proposed Budget 2019/20 £
181,252	181,252	Projected Trust Balance Brought Forward at 1 April	181,587
		<u>INCOME</u>	
8,950	9,130	Share dividends	9,000
-	151	Repayment of Grant (St Margarets Church Guild)	-
225	257	Loans Fund Interest (on cash balances)	270
9,175	9,538	TOTAL INCOME FOR THE YEAR	9,270
		<u>EXPENDITURE</u>	
530	543	Administration - Charge from Finance	540
530	543	SUB TOTAL OF EXPENDITURE FOR THE YEAR	540
8,645	8,995	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	8,730
8,645	8,660	Disbursement of Grants	8,730
-	335	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	-
181,252	181,587	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	181,587

Budget 2018/19 £	Projected Outturn 2018/19 £	DOUGLAS SELLERS TRUST	Proposed Budget 2019/20 £
1,819	1,819	Projected Trust Balance Brought Forward at 1 April	729
10	8	<u>INCOME</u> Loans Fund Interest (on cash balances)	5
10	8	TOTAL INCOME FOR THE YEAR	5
368	368	<u>EXPENDITURE</u> Administration - Charge from Finance	368
368	368	SUB TOTAL OF EXPENDITURE FOR THE YEAR	368
(358)	(360)	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(363)
-	730	Disbursement of Grants	366
(358)	(1,090)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR	(729)
1,461	729	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	-

Budget 2018/19	Projected Outturn 2018/19	ANDERSON PARK TRUST	Proposed Budget 2019/20 Recreation
£	£		£
808	808	Projected Trust Balance Brought Forward at 1 April	449
4	5	<u>INCOME</u> Loans Fund Interest (on cash balances)	3
4	5	TOTAL INCOME FOR THE YEAR	3
364	364	<u>EXPENDITURE</u> Administration - Charge from Finance	364
364	364	SUB TOTAL OF EXPENDITURE FOR THE YEAR	364
(360)	(359)	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	(361)
-	-	Disbursement of Grants	88
(360)	(359)	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	(449)
448	449	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	-

Budget 2018/19	Projected Outturn 2018/19	NORTH AYRSHIRE COUNCIL CHARITABLE TRUST (excluding SPIERS TRUST)	Proposed Budget 2019/20 Total
£	£		£
39,025	39,025	Projected Trust Balance Brought Forward at 1 April	40,596
		INCOME	
1,830	2,222	Dividends	2,225
213	245	Loans Fund Interest (on cash balances)	260
2,043	2,467	TOTAL INCOME FOR THE YEAR	2,485
		EXPENDITURE	
355	366	Administration - Charge from Finance	361
355	366	SUB TOTAL OF EXPENDITURE FOR THE YEAR	361
1,688	2,101	SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GRANTS	2,124
1,688	530	Disbursement of Grants	2,124
-	1,571	FINAL SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING GRANTS	-
39,025	40,596	TRUST BALANCE CARRIED FORWARD AT 31 MARCH	40,596

NORTH AYRSHIRE COUNCIL

27 February 2019

North Ayrshire Council

Title: **Treasury Management and Investment Strategy 2019/20**

Purpose: To seek approval for the proposed Strategy for Treasury Management and Investment activities within the Council for the financial year 2019/20.

Recommendation: That Council approves the Treasury Management and Investment Strategy for 2019/20 as attached at Appendix 1.

1. Executive Summary

- 1.1 The Council is required by regulations issued under the Local Government in Scotland Act 2003 and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017) to approve a Treasury Management Strategy before the start of each financial year. The Council is also required by regulation to have regard to CIPFA's Prudential Code (revised 2017) under Part 7 of the Local Government in Scotland Act 2003. In addition, the Consent by Scottish Ministers for the Investment of Money by Scottish Local Authorities Regulation (April 2010) requires the Council to approve an Investment Strategy before the start of each financial year.
- 1.2 The Treasury Management and Investment Strategy attached to this report complies fully with these requirements and provides;
 - a summary of the Council's capital plans;
 - outlines the Treasury Management Strategy in relation to borrowing and the impact of council plans on borrowing;
 - outlines the Investment Strategy including the instruments available for investments and permitted counterparties.
- 1.3 The strategy provides key prudential and treasury indicators to 2027/28 which clearly articulate the operational parameters associated with Treasury Management and Investment as well as offering assurance in relation to the affordability and sustainability of capital investment plans.

1.4 The key points highlighted in this report are;

- the expectation that the Council's historic "under borrowed" position will end during 2019/20;
- interest rates forecasts predict that the UK Bank Rate will rise from 0.75% to 1.00% during 2019-20; and
- the potential re-evaluation of the profile of the Council's loans fund advance repayments based on anticipated statutory guidance.

2. Background

2.1 CIPFA defines treasury management as:

'The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

2.2 The Local Government Scotland Act 2003 and the Prudential Code requires the Council to approve an annual Treasury Management and Investment Strategy which outlines the Council's strategy in relation to borrowing and the Council's strategy for managing investments giving priority to the security and liquidity of those investments.

2.3 The Treasury Management and Investment Strategy 2019/20 is attached at Appendix 1. The overall objectives of the strategy are as follows:

Borrowing

- to minimise the revenue cost of borrowings;
- to manage the Council's cash flow;
- to manage the borrowing repayment profile;
- to assess interest rates' movements and borrow/invest accordingly;
- to monitor and review the level of variable rate loans held in order to take advantage of interest rate movements; and
- to identify and evaluate opportunities for debt rescheduling.

Investments

- to protect capital security of the invested funds;
- to obtain the best market return whilst recognising that security and liquidity are key priorities;
- to specify criteria for identifying creditworthy counterparties; and
- to specify the types of investments permitted and appropriate limits for each.

- 2.4 The strategy provides, detailed key prudential and treasury indicators to 2027/28, aligned to the Council's current capital investment programme, which clearly articulate the operational parameters associated with Treasury Management and Investment as well as offering assurances in relation to the affordability and sustainability of capital investment strategy including;
- the General Services capital plan to 2027/28; and
 - the one-year programme for the Housing Revenue Account, with investment requirements for future years outlined within the HRA 30-year Business Plan.
- 2.5 The strategy also links with the key objectives of the Prudential Code that capital investment programmes
- should be set at a level that delivers the Council's strategic priorities; and
 - are affordable in terms of the impact of the resultant debt repayments on revenue budgets.
- 2.6 The Treasury Management and Investment Strategy includes prudential indicators which are critical in assessing the affordability of capital investment plans and their impact on the Council's overall finances. The indicator used to demonstrate affordability is the proportion of financing costs to the net revenue stream (for both General Fund and Housing Revenue Account).
- 2.7 There are a number of other key indicators designed to ensure that the Council operates within well-defined limits. The strategy, therefore, specifies:
- limits we do not expect external debt to exceed;
 - appropriate levels of fixed rate borrowing versus variable rate borrowing;
 - upper and lower limits on the maturity of the debt portfolio, which reduces the Council's exposure to large sums falling due for refinancing at any one time; and
 - limits on investments placed for more than 365 days.
- 2.8 The Council expects to hold an 'under-borrowed' position at 31 March 2019. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded by debt, due to the level of the Council's internal funds. The use of internal funds instead of borrowing will continue due to the low level of investment rates in the market and the saving which can be made in borrowing costs. This under-borrowed position is expected to end during 2019/20 as internal funds reduce and borrowing is required to be undertaken to replace internal funding.
- 2.9 The Treasury Management and Investment Strategy includes details of the Council's policy on repayment of loans fund advances. The Council's policy complies with the options currently available under the Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016 and the asset lives and methodologies used have been reviewed to provide for the prudent repayment of advances.

2.10 It is anticipated that the Scottish Government will issue further guidance on the application of these Regulations. Once clarified, a review of the profile of current and future loans fund advances will be undertaken to ensure that all repayment schedules are the most appropriate while ensuring the prudent repayment of advances.

3. Proposals

3.1 That Council approves the Treasury Management and Investment Strategy for 2019/20 as attached at Appendix 1.

4. Implications/Socio-economic Duty

Financial:	Financial implications are detailed in the report attached at Appendix 1.
Human Resources:	None
Legal:	The Local Government in Scotland Act 2003 and supporting regulations require the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy. The Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016 require the Council to set a policy for the repayment of loans fund advances.
Equality/Socio-economic Duty:	None
Children and Young People:	None
Environmental & Sustainability:	None
Key Priorities:	The Treasury Management Strategy aligns with the Council Plan by contributing to “a sound financial position” and “making the best use of all resources” as referred to under the banner of Underpinning our Priorities.
Community Benefits:	None

5. Consultation

- 5.1 The Council's treasury advisors, Arlingclose Ltd, were consulted in the preparation of the Strategy.



Laura Friel
Executive Director (Finance and Corporate Support)

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551**.

Background Papers

None



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Treasury Management and Investment Strategy

2019/20



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1 Purpose

The Council is required by regulations issued under the Local Government in Scotland Act 2003 and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017) to approve a Treasury Management Strategy before the start of each financial year. The Council is also required by regulation to have regard to CIPFA's Prudential Code (revised 2017) under Part 7 of the Local Government in Scotland Act 2003.

In addition, the Consent by Scottish Ministers for the Investment of Money by Scottish Local Authorities, which came into force in April 2010, requires the Authority to approve an Investment Strategy before the start of each financial year.

This strategy meets these requirements fully.

Three main reports on Treasury Management activity are presented to Members each year, incorporating a variety of policies, estimates and actuals. These are:

- **Annual Treasury Management and Investment Strategy** (this report), which is submitted to full Council before the start of each financial year.
- **Mid-Year Treasury Management and Investment Report**, submitted to Cabinet as soon as possible following 30 September each year.
- **Annual Treasury Management and Investment Report**, submitted to full Council annually by the 30 June following the end of each financial year.

Responsibilities

Regulations place responsibility on Members for the review and scrutiny of treasury management policy and activities. The following Scheme of Delegation has been adopted by the Council:

Full Council

- to receive and review reports on treasury management policies, practices and activities;
- to approve annual Treasury Management and Investment Strategy.

Cabinet

- to approve amendments to the treasury management policy statement and treasury management practices;
- to approve the division of responsibilities;
- to receive and review regular monitoring reports and act on recommendations.

Section 95 Officer

The Executive Director (Finance & Corporate Support) is the Council's S95 officer and is required:

- to recommend treasury management policies / practices, review these regularly and monitor compliance;
- to submit regular treasury management updates;
- to receive and review management information;
- to review the performance of the treasury management function;
- to ensure the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function; and
- to approve the appointment of external service providers.

External Treasury Advisers

The Council recognises that there is value in employing external providers of treasury management services, in order to access specialist skills and resources.

However it recognises that the responsibility for treasury management decisions remains with the Council at all times and officers will ensure that undue reliance is not placed upon external advice.

The Council's current external treasury management advisors are Arlingclose Limited. The contract started on 1 January 2016 and is in place until January 2021. The Council will ensure that the terms of their appointment and the methods by which their value is assessed are properly agreed, documented and subject to regular review.

2 Executive Summary

The treasury management function ensures that the Council's funds are managed in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity. This involves both the organisation of the cashflow and, where capital plans require, the organisation of appropriate borrowing facilities.

CIPFA defines treasury management as:

“The management of the local authority’s investments and cashflows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

This document outlines the Council's Annual Treasury Management Strategy and Annual Investment Strategy providing:

- a summary of the Council's capital plans;
- an outline of the treasury management strategy in relation to borrowing and the impact of capital plans on this borrowing; and
- an outline of the investment strategy including the type of instruments available for investment and our permitted counterparties.

Key prudential and treasury indicators are provided throughout this strategy which clearly articulate the operational parameters in relation to Treasury Management and Investment, as well as provide assurances in relation to the affordability and sustainability of capital investment plans. Table 1 contains the key prudential and treasury indicators within the report.

Table 1

Prudential and Treasury Indicators	2018/19 Probable Outturn £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Capital Expenditure:				
General Services	39.522	55.817	43.173	48.889
HRA	31.115	64.423	56.463	34.420
Total	70.637	120.240	99.636	83.309
Loans Capital Financing Requirement (CFR):				
General Services	187.447	204.377	208.984	224.463
HRA	120.415	163.993	171.718	178.184
Total	307.862	368.370	380.702	402.647
Gross Borrowing	282.862	368.370	380.702	402.647
Operational Boundary for Borrowing	333.541	383.326	397.813	419.790
Authorised Limit for Borrowing	366.895	421.658	437.594	461.769
Total Operational Boundary (Including PPP/NPD)	439.646	485.785	496.604	514.878
Total Authorised Limit (Including PPP/NPD)	473.000	524.117	536.385	556.857
Investments:				
Longer than 1 year	-	-	-	-
Under 1 year	20.000	20.000	20.000	20.000
Total	20.000	20.000	20.000	20.000

A summary of this is provided below with more detailed information provided in the body of the report.

Capital Expenditure for the General Fund (GF) reflects the capital investment programme for 2019/20 to 2027/28 and Housing Revenue Account (HRA) reflects the capital investment programme for 2019/20 and the capital investment plans included in the latest business plan. To ensure the financial consequences of the new programme are fully transparent, all relevant indicators have been projected to 2027/28 and these can be found in Appendix 1.

The **Capital Financing Requirement (CFR)** is the underlying borrowing requirements of the Council.

Gross Borrowing reflects the actual borrowing which has been undertaken. This is projected to be lower than the CFR as the Council continues with its strategy to use internal funds, however, this is forecast to end in 2019-20.

The **Operational Boundary** is the maximum borrowing and other long-term liabilities to fund previous years' and the current year capital programme, building in flexibility for the timing of the different funding streams and principal repayments. The operational boundary includes any other long-term liabilities (e.g. PPP/NPD schemes, finance leases) however no borrowing is actually required against these schemes as a borrowing facility is included in the contract.

The **Authorised Limits** is set at 10% above the Operational Boundary to give some flexibility around raising funds for future year capital investment.

Affordability of borrowing is measured by the percentage of financial costs relative to the net revenue stream of the GF and HRA.

Full details of these can be found on page 10.

The **average investment** rate set for 2019/20 is 0.60% and is reflective of the Council's appetite for risk, the short term nature of investments and the permitted instruments and counterparties selected.

Other prudential and treasury indicators and supporting information can be found in the main body of this report.

Client Status

The introduction of the second Market in Financial Instruments Directive (MiFID II) in January 2018, classifies Local Authorities as "retail clients" unless it chooses to opt-up to "professional client" status. This has the advantages of lower fees and access to a greater range of products and investment firms. The Council continues to opt-up to professional client status. In order to meet the professional client criteria, the Council must hold a £10m investment portfolio at all times and have at least one officer with the necessary level of experience and knowledge to understand the risks involved in the management of the investments.

3 Capital and Prudential Indicators 2019/20 – 2021/22

In exercising its power to borrow, the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 require the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Prudential Code is a framework to ensure Councils demonstrate effective control over levels of, and decisions relating to, capital investment activity, including borrowing. The Treasury indicators are used to ensure that risk is managed and controlled effectively. Together the Prudential and Treasury Indicators consider the affordability and impact of capital expenditure decisions and set out the Council's overall capital framework.

(a) Capital Expenditure and Financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of the 2019/20 budget setting.

The 2019/20 budget proposes an updated Capital Investment Programme for General Services to 2027/28 and updated investment plans for the HRA for 2019/20 and the capital investment plans included in the latest business plan. All projects within the Capital programme are linked to the Council's key strategic priorities. These are also covered in the Capital Investment Strategy, produced in line with the requirements of the 2017 Prudential Code. To ensure the financial consequences of the new programme are fully transparent, all relevant indicators have been projected to 2027/28 and these can be found in Appendix 1. Table 2 shows the capital expenditure plans and how they are being financed by capital or revenue resources over the next three years. The borrowing figure in table 2 is the difference between the estimates for total capital expenditure and the other funding sources.

Table 2

Estimates of Capital Expenditure and Income	2018/19 Probable Outturn £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
General Services Capital expenditure	39.522	55.817	43.173	48.889
Funded by:				
Borrowing	21.383	25.968	10.252	20.572
Receipts / Grants	14.831	29.223	32.921	28.317
Funded from Revenue	1.036	0.600	-	-
Funded from Reserves	2.272	0.026	-	-
Total	39.522	55.817	43.173	48.889
HRA Capital expenditure	31.115	64.423	56.463	34.420
Funded by:				
Borrowing	4.416	46.293	12.369	12.007
Receipts / Grants	7.981	4.496	28.872	8.045
Funded from Revenue	13.227	12.212	11.688	12.496
Funded from Reserves	5.491	1.422	3.534	1.872
Total	31.115	64.423	56.463	34.420

(b) The Council's Overall Borrowing Need (the Capital Financing Requirement)

This indicator outlines the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure, which has not been paid from either a capital or a revenue resource and therefore needs to be funded from borrowing. It is essentially a measure of the Council's underlying borrowing need.

Part of the Council's treasury activity is to meet the funding requirements for this borrowing need. The treasury management section organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. The Council is required to make an annual revenue charge, called the Loan Fund Principal Repayment. This is effectively a repayment of the borrowing need and it is charged to revenue over the life of the asset. This charge reduces the CFR each year. This differs from the treasury management arrangements, which ensure that cash is available to meet the payment of capital commitments on an ongoing basis. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- increasing the annual revenue charge.

The Council's CFR is shown below, and is a key prudential indicator. The opening balances include the PPP/NPD scheme on the balance sheet, which increases the Council's borrowing need. This is shown to give a complete picture of the Council's debt, however no borrowing is actually required against these schemes as a borrowing facility is included in the contract and as such, this is subtracted from the total CFR to identify the Loans CFR. The Loans CFR is forecast to rise over the next few years, as capital expenditure financed by borrowing increases.

Table 3

Capital Financing Requirement (CFR)	2018/19 Probable Outturn £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
General Services	293.552	306.836	307.775	319.551
HRA	120.415	163.993	171.718	178.184
Total CFR	413.967	470.829	479.493	497.735
Less PPP/NPD long-term liability	(106.105)	(102.459)	(98.791)	(95.088)
Loans CFR	307.862	368.370	380.702	402.647
Movement in CFR				
General Services		16.930	4.606	15.479
HRA		43.578	7.726	6.466
Annual Change		60.508	12.332	21.945

(c) Limits to borrowing activity

The Operational Boundary

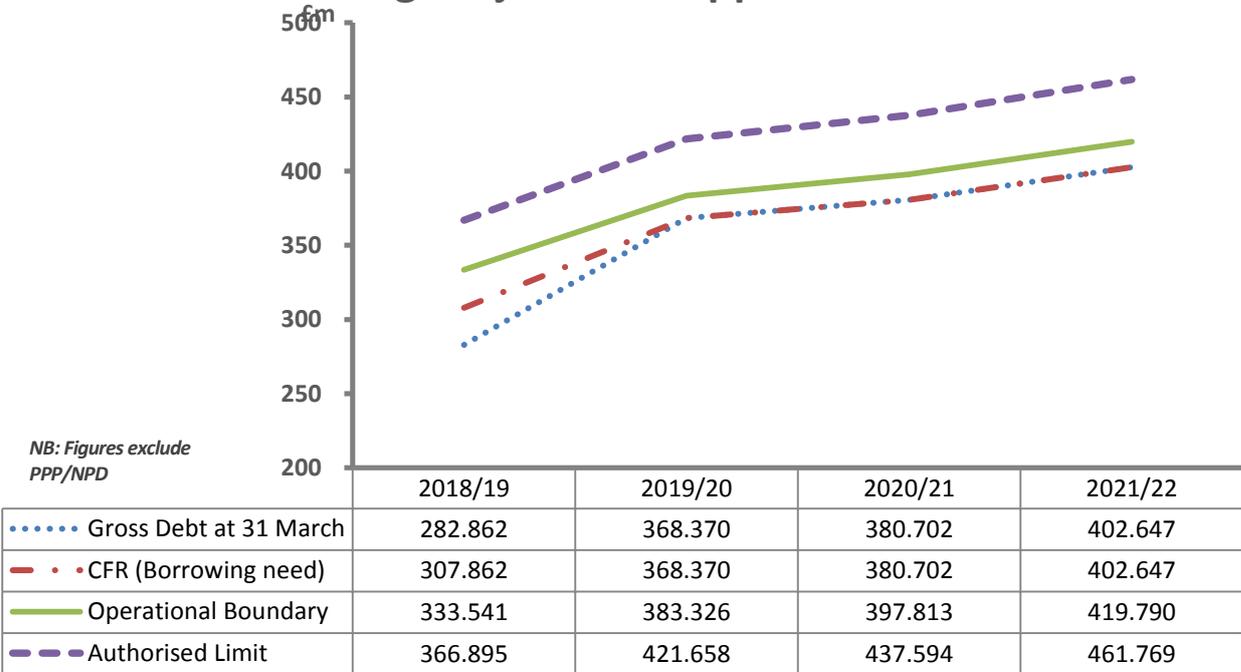
The operational boundary is the expected maximum borrowing position of the Council during the year, taking account of the timing of various funding streams and the recharge of principal repayments from the revenue account. Periods where the actual position varies from the boundary are acceptable, subject to the authorised limit not being breached.

The Authorised Limit

The authorised limit represents a limit beyond which external debt is prohibited. This limit is set by Council and can only be revised by Council approval. It reflects the level of external borrowing which, while not desirable, could be afforded in the short term, but is not sustainable in the longer. The current limit is set at 10% above the Operational Boundary.

The following graph shows the projected levels of the Operational Boundary and Authorised Limit, compared with the Council's CFR and gross debt position. CIPFA's Prudential Code for Capital Finance in Local Authority's recommends that the Council's total debt should not exceed the highest forecast CFR over the next three years. This provides Councils with some flexibility to borrow to meet future capital investment requirements but provides a balance to ensure debt is not held for long periods of time without an underlying need to fund capital investment. The graph below confirms that the Council expects to comply with this recommendation.

Borrowing Projection v Approved Limits



(d) Affordability Prudential Indicators

These Prudential Indicators assess the affordability of capital investment plans and provide an indication of the impact of capital investment plans on the Council’s overall finances. The cost impact of borrowing decisions are reflected in the Council’s budget as loan charges. These have been projected to 2027/28 in line with the capital plan.

Actual and estimates of the proportion 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 and reflects the profile of the loans fund advances together with future capital investment. The estimates of financing costs include current commitments and those arising from the capital programme. The HRA costs are aligned with the 30-year business plan.

Table 4

Proportion of financing costs to net revenue stream	2018/19 Probable Outturn %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %
General Services	5.1%	5.5%	4.7%	4.8%
HRA	16.2%	17.9%	22.8%	24.3%

4 Treasury Management Strategy

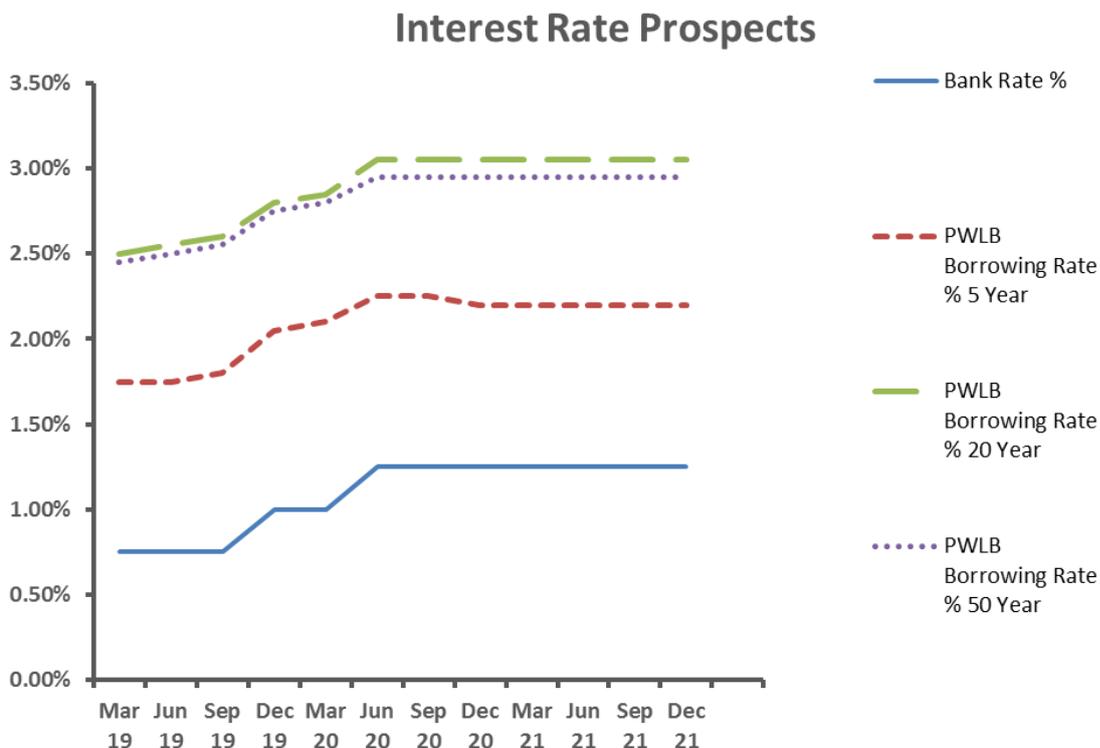
The treasury management function ensures that the Council's funds are managed in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity. This involves both the organisation of the cashflow and where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy. The primary objectives of the Council's borrowing strategy is to minimise the revenue impact of borrowing and to effectively manage the repayment profile of the debt.

The treasury strategy aligns with the Council Plan by contributing to "a sound financial position" and "making the best use of all resources" as referred to under the banner of "Underpinning our Priorities". The Council Plan can be found on the Council's website at: www.north-ayrshire.gov.uk.

Economic Outlook

Interest rate forecast

Interest rate forecasts are key to forecasting the costs of future borrowing. The projection, as provided by the Council's treasury advisor, Arlingclose, is that the Bank of England will raise interest rates further during 2019 and 2020, taking the Bank Rate from 0.75% to 1.25%. However, the forecasts have been complicated by the uncertainty over the potential impact, and timing, of Brexit. Even if the Bank Rate is higher than witnessed in recent years, it will still be low when viewed against historic levels. The projected rates are shown in the following graph alongside an assessment of PWLB borrowing rates to December 2021:



Current portfolio position

The Council's treasury portfolio position at 31 March 2019, with forward projections, are summarised below. Table 5 shows the actual external debt against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing. Both the external debt and CFR exclude the Council's liabilities in respect of the PPP/NPD schemes.

Table 5

Current Portfolio Position (excluding PPP/NPD)	2018/19	2019/20	2020/21	2021/22
	Probable Outturn £m	Estimate £m	Estimate £m	Estimate £m
Gross Debt at 31 March	282.862	368.370	380.702	402.647
CFR	307.862	368.370	380.702	402.647
(Under)/Over Borrowed Position	(25.000)	-	-	-

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council's gross debt should not, except in the short term, exceed the total of the CFR. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The Council is currently under-borrowed. This means that the capital borrowing need (the CFR), has not been fully funded with loan debt because the cash supporting the Council's internal balances and cashflow is being used as a temporary measure. This strategy is currently prudent, as investment returns are low and counterparty risk is high. Where possible, the Council will continue to use internal funds, but will balance this strategy against movements in interest rates as outlined above.

Against this background and the risks within the economic forecast, caution will be adopted within 2019/20 treasury operations. The Executive Director of Finance and Corporate Support will monitor interest rates and adopt a pragmatic approach to changing circumstances. For example:

- if it is anticipated that there is a significant risk of a sharp fall in long and short-term rates, then long-term borrowings will be postponed and potential rescheduling from fixed rate funding into short-term borrowing will be considered.
- if it is anticipated that there is a significant risk of a sharp rise in long and short-term rates than that currently forecast, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they are expected to be in the next few years.

Any such decisions will be reported to the Cabinet as part of the mid-year and annual treasury outturn report. A summary of treasury risks and mitigating controls can be found at Appendix 2.

Controls on borrowing activity

The purpose of these controls is to manage the risk and impact of any adverse movement in interest rates. However, if they are set to be too restrictive they will impair any opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.

Table 6

	2018/19 Probable Outturn £m	2018/19 Limit £m	2019/20 Limit £m	2020/21 Limit £m	2021/22 Limit £m
Limits on fixed interest rates based on net debt	229.762	306.895	361.658	377.594	401.769
Limits on variable interest rates based on net debt	53.100	60.000	60.000	60.000	60.000

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large sums falling due for refinancing; both upper and lower limits are required.

Table 7

Maturity Profile of Borrowing	2018/19 Probable Outturn £m	2018/19 Probable Outturn %	Lower Limit %	Upper Limit %
Under 12 months	52.152	18%	0%	40%
12 months and within 24 months	11.867	4%	0%	25%
24 months and within 5 years	15.130	5%	0%	50%
5 years and within 10 years	1.819	1%	0%	75%
10 years and above	201.895	71%	25%	90%
Total Borrowing	282.862	100%		

* Note the Under 12 months figure in the above table includes £25.950m LOBOs which have call options in year.

LOBOs

The Council holds £53.1m of Lender's Option Borrower's Option (LOBO) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. Similar to other debt held by the Council we continue to work with treasury management advisers to identify financially beneficial opportunities to repay LOBO loans.

Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of its needs, purely to profit from the investment of the extra sum borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any advance borrowing activity will be subject to appraisal and subsequent reporting in either the mid-year or annual treasury report.

Debt rescheduling

As short-term borrowing rates are considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the cost of any premiums incurred on early debt repayment.

Potential reasons for debt rescheduling include:

- the generation of cash savings and / or discounted cashflow savings; and
- the enhancement of the portfolio balance (amend the maturity profile and / or risk).

All debt rescheduling proposals will be reported to Cabinet / full Council as part of the annual or mid-year report.

Borrowing Sources

Approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- Any institution approved for investments (see Appendix 3)
- Any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension fund (except Strathclyde Pension Fund)
- Capital market bond investors
- Special purpose companies created to enable local authority bond issues

In addition, capital finance can be raised by the following methods that are not borrowing, but are classed as other debt liabilities:

- Operating and finance leases
- Hire purchase
- Private Finance Initiatives (including PPP/NPD)
- Sale and leaseback arrangements

North Ayrshire Council has raised the majority of its long-term borrowing from the PWLB, but continues to investigate other sources of finance that may be available with terms that are more favourable.

Policy on Use of Financial Derivatives

A financial derivative is a contract, which derives its value from the performance of an underlying entity. They are used for a number of purposes, including insuring against price movements. In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, future and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

Policy on Repayment of Loans Fund Advances

The prudent repayment of Loans Fund Advances are made under the provisions of The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, which came into force on 1 April 2016.

These Regulations require North Ayrshire 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 funded from borrowing.

The statutory guidance identifies a number of options for the prudent repayment of advances, including basing the repayments on:

- the depreciation charges made against the assets;
- the life of the assets, using either the annuity or equal instalments methodology; or
- the funding or income streams attached to the assets.

For the majority of projects undertaken by the Council, the policy is to repay loans fund advances linked to asset life using the annuity or equal instalment methodologies. However, where appropriate, the repayment of advances arising from projects with associated income streams will be matched to the profile of the income.

All advances made since the regulations came into force have been re-evaluated to confirm that the most appropriate asset lives and methodologies have been used to ensure prudent repayment of the advances.

Further guidance on the application of the Regulations is anticipated in 2019/20. The Council will continue to consider the most appropriate repayment methods, which align to the benefits of the assets and ensure a prudent repayment, for existing and future advances.

The policy is outlined in full in Appendix 4.

5 Investment Strategy

The Council’s investment strategy has regard to the Local Government Investment (Scotland) Regulations (and accompanying finance circular) and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”). The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and of receiving unacceptably low investment income.

The aim of the Investment Strategy is to provide security of investment and minimisation of risk by generating a list of high creditworthy counterparties which will enable diversification. Investment instruments identified for use in the financial year along with their associated risks and controls can be found in Appendix 3.

Counterparty limits are set through the Council’s Treasury Management Practices. The maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of banks under the same ownership, will be treated as a single organisation for limit purposes.

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s revenue budget and cash flow forecast.

Given the risk of bail-in (as defined on page 17) and continued low returns from short-term unsecured bank investments, the Council will take opportunities, as cash flows permit, to further diversify into more secure asset classes during 2019/20. This diversification will mitigate further risks associated with investments.

Current Portfolio Position

Table 8

Current Portfolio Position	2018/19 Probable Outturn £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Investments at 31 March	20.000	20.000	20.000	20.000
Net Debt at 31 March	262.862	348.370	360.702	382.647

Creditworthiness policy

In accordance with the above and in order to minimise risk, the Council has clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on its lending list. The Council uses Arlingclose's Approved Counterparties List (see Appendix 5) which takes full account of the ratings, outlooks and watches published by all three ratings agencies. Ratings are monitored on a real time basis with any changes notified electronically supplemented by weekly update.

Investment decisions are made by reference to the lowest published long-term credit rating and analysis from the Council's treasury management advisers. The Council considers high credit quality organisations and investments as those having a credit rating of A- or higher that are domiciled in the UK, or in a foreign country with a sovereign rating of AA+ or higher. For money market funds that are more diversified, "high credit quality" is defined as those having a credit rating of A- or higher. However, in addition to credit ratings the Council will consider investments in organisations based on independent analysis from our treasury management advisers.

All credit ratings are monitored by the Treasury Team who are alerted to changes in ratings of the main rating agencies through Arlingclose's weekly updates and following credit developments. Where a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, any investment will be withdrawn immediately, where breakage costs are not excessive.

Where deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In such circumstances, the Council will restrict its investment activity to those organisations of higher credit quality and will reduce the maximum duration of its investments to maintain the required level of security. If this leads to a restricted number of organisations, funds will be placed with the UK government, via the Debt Management Office, treasury bills, or investment in other local authorities.

The Council recognises that credit ratings are good, but not comprehensive, indicators of investment default. Full regard is therefore given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on government support, reports in the financial press and analysis from the Council's treasury management adviser. No investment will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Bail-in Risk

Since the financial crisis, global authorities have embarked on a wide ranging review of the banking sector to ensure that the cost to the public purse of any future crises is contained. One of the most significant changes has arisen from the Financial Services (Banking Reform) Act 2013 which added the bail-in of certain unsecured creditors to the Special Resolution Regime (SRR) granted to the Bank of England under the Banking Act 2009. Bail-in is the opposite of bail-out and requires certain creditors to bail-in funds from existing investments if a bank requires it to remain financially sustainable.

Local authority deposits in banks are unsecured and because other previously unsecured creditors such as retail investors have become preferred under UK and EU Directives it means that the risks associated with local authority unsecured investments in banks have risen.

The best solution to mitigating against bail-in risk is to invest with high quality and credit worthy institutions. The identification of these institutions remains a key objective of the investment strategy. Ensuring diversification of investment counterparties is also an effective risk management approach and is reflected in investment counterparty limits.

Investment Strategy and Permitted Investments

The Investment Regulations (Code on the Investment of Money by Local Authorities) require the Council to approve all types of investments to be used and to set appropriate limits for the amount that can be held in each investment type. In determining its permitted investments, the Council must identify the treasury risks associated with each type of instrument and the controls put in place to limit risk on each investment type. Full details can be found in Appendix 3.

Investment returns expectations

Bank Rate is forecast to increase from 0.75% to 1.25% between March 2019 and December 2019. Bank Rate forecasts for financial year ends (March) are:

- 2019/20 1.25%
- 2020/21 1.25%
- 2021/22 1.25%

The estimated rates for returns on investments placed for periods up to 100 days during each financial year for the next three years are as follows:

- 2019/20 0.60%
- 2020/21 0.60%
- 2021/22 0.60%

Investment treasury indicator and limit

This is a control on the total principal funds invested for greater than 1 year. This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and is based on the availability of funds after each year-end.

Table 9

Maximum principal sums invested for more than 1 year	2018/19 Probable Outturn	2019/20 Limit	2020/21 Limit	2021/22 Limit
Principal sums invested for more than 1 year	0%	40%	40%	40%

For cashflow management, the Council will seek to utilise its 15 and 30 day notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

Summary of Material Investments, Guarantees and Liabilities

In line with the requirements in respect of the Council's Capital Investment Strategy information is provided on material Investments, Guarantees and Liabilities. Reporting of this fits better within the TMIS. Information is provided in the table below;

The Council has the current historic investments on the balance sheet as at 31st March 2018:

	Value as at 31 March 2018 £m
Long-term Debtors	1.012
Long-term Investments	0.350
Total	1.362

The long-term debtors represent loan finance provided by the Council to other parties, and include the loans to North Ayrshire Ventures Trust Ltd (£0.835m) and Advances for House Rents (£0.147m).

The long-term investment relates to a joint venture to develop land at North Shore, Ardrossan.

Monitoring of Investment Strategy

An update on the investment position of the Council will be reported to Cabinet in the 2019/20 Mid-Year Treasury report and the Annual Treasury Report will be submitted to the Council after the end of the financial year.

Appendix 1: Prudential Indicators 2023 to 2028

Estimates of Capital Expenditure and Income	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
General Services Capital expenditure	34.680	22.105	12.560	12.560	12.560	12.560
Funded by:						
Borrowing	20.835	7.691	-	-	-	-
Receipts / Grants	13.845	14.414	12.560	12.560	12.560	12.560
Funded from Revenue	-	-	-	-	-	-
Funded from Reserves	-	-	-	-	-	-
Total	34.680	22.105	12.560	12.560	12.560	12.560
HRA Capital expenditure	10.841	85.642	10.218	10.553	10.899	11.256
Funded by:						
Borrowing	-	46.322	-	-	-	-
Receipts / Grants	0.080	22.125	-	-	-	-
Funded from Revenue	9.525	14.202	10.218	10.553	10.899	11.256
Funded from Reserves	1.236	2.993	-	-	-	-
Total	10.841	85.642	10.218	10.553	10.899	11.256

Capital Financing Requirement (CFR)	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
General Services	330.159	326.887	315.704	303.892	293.650	283.015
HRA	171.612	210.864	201.692	191.755	181.556	173.683
Sub-total	501.771	537.751	517.396	495.647	475.205	456.697
Less PPP/NPD long-term liability	(91.160)	(86.810)	(82.545)	(78.090)	(73.124)	(67.808)
Sub-total	410.611	450.941	434.851	417.557	402.081	388.889
Movement in CFR						
General Services	14.536	1.079	(6.918)	(7.357)	(5.276)	(5.319)
HRA	(6.572)	39.252	(9.172)	(9.937)	(10.199)	(7.873)
Annual Change	7.964	40.330	(16.090)	(17.294)	(15.475)	(13.192)

A negative annual change in CFR reflects a reduction in the need to finance capital investment from borrowing.

Proportion of financing costs to net revenue stream	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
General Services	5.4%	5.6%	5.7%	5.8%	5.0%	5.0%
HRA	25.3%	26.5%	30.1%	30.1%	29.3%	24.7%

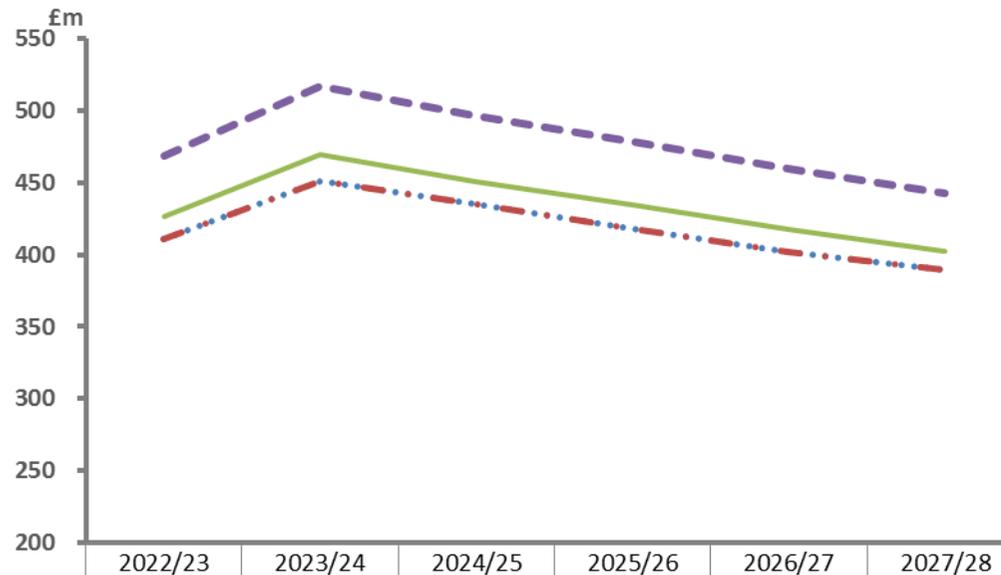
Current Portfolio Position (excluding PPP/NPD)	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Gross Debt at 31 March	410.611	450.941	434.851	417.557	402.081	388.889
CFR	410.611	450.941	434.851	417.557	402.081	388.889
(Under)/Over Borrowed Position	-	-	-	-	-	-

Current Portfolio Position	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Investments at 31 March	20.000	20.000	20.000	20.000	20.000	20.000
Net Debt at 31 March	390.611	430.941	414.851	397.557	382.081	368.889

Operational Boundary	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Anticipated borrowing	426.003	469.471	450.941	434.851	417.557	402.081
PPP/NPD long-term liability	91.160	86.810	82.545	78.090	73.124	67.808
Operational Boundary	517.163	556.281	533.486	512.941	490.681	469.889

Authorised Limit	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Operational Boundary + 10%	468.603	516.418	496.035	478.336	459.313	442.290
PPP/NPD long-term liability	91.160	86.810	82.545	78.090	73.124	67.808
Authorised Limit	559.763	603.228	578.580	556.426	532.437	510.098

Borrowing Projection v Approved Limits



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
••••• Gross Debt at 31 March	410.611	450.941	434.851	417.557	402.081	388.889
- - - CFR (Borrowing need)	410.611	450.941	434.851	417.557	402.081	388.889
— Operational Boundary	426.003	469.471	450.941	434.851	417.557	402.081
- - - Authorised Limit	468.603	516.418	496.035	478.336	459.313	442.290

Appendix 2: Treasury Risk Register

Risk Title	Description	Consequence of Risk	Current Controls	RAG Status
Credit and Counterparty Risk	This is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly due to the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have a very high level of creditworthiness.	That investment funds will not be returned in full to the Council as per the contractual obligation of the counterparty.	The Council sets minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to invest securely. The RAG status is Amber because this risk will never be fully eliminated.	Amber
Liquidity Risk	This is the risk that cash will not be available when it is needed. Whilst it could be said that all counterparties are subject to at least a very small level of liquidity risk, in this document, liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. While some forms of investment e.g. gilts, Certificates of Deposit, corporate bonds can usually be sold immediately if the need arises, there are two caveats: - a) cash may not be available until a settlement date up to three days after the sale; and b) there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer.	That the Council has insufficient access to cash to enable it to carry out its activities.	The Council has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested. This has a high level of assurance around regular cash inflows and outflows. Some of the Council's cashflow related investments are invested in Money Market Funds which provide very high daily liquidity.	Green

Risk Title	Description	Consequence of Risk	Current Controls	RAG Status
Market Risk	This is the risk that, through adverse market fluctuations in the value of the sums that the Council borrows and invests, there is a detrimental impact on the Council.	That investment funds will not be returned in full to the Council as per the contractual obligation of the counterparty due to market variations.	Only a proportion of the Council's investments will be invested in instruments whose value are subject to market movements. The proportion will not exceed the maximum percentage the Council will invest in investments over 1 year	Green
Interest Rate Risk	This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. The Council has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report	That the Council will be faced with unexpected higher interest costs due to market variations.	The Council manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise expenditure on interest costs on borrowing.	Green
Legal and Regulatory Risk	This is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, including failure to comply with the CIPFA Codes and that the organisation suffers losses accordingly.	That investment funds will not be returned in full to the Council due to the failure of the counterparty to comply with their contractual obligations	The Council will not undertake any form of investing until it has ensured that it has all necessary powers and has complied with all regulations.	Green

Appendix 3: Permitted Investments, Risks and Mitigating Controls

Type of Investment	Description and Risk	Mitigating Controls	Council Limits
Banks Unsecured	These are accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks, which are established by more than one country e.g. European Investment Bank. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.	Diversifying investments is crucial to managing bail-in risk, in addition to determining proportionate counterparty and maturity limits. Certificates of Deposit, which are tradable on the secondary market and which can be sold prior to maturity, will also assist in managing credit risk.	The combined secured and unsecured investments in any one bank will not exceed £10m.
Banks Secured	These are covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. Reverse purchase agreements involve the purchase of securities with the agreement to sell at a future date at a higher price. Collateralised arrangement are an investment with collateral such as properties or debt.	These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.	The combined secured and unsecured investments in any one bank will not exceed £10m.

Type of Investment	Description and Risk	Mitigating Controls	Council Limits
Operational Bank Accounts	The Council will incur operational exposures to its banking services provider, Clydesdale Bank, through current accounts. The bank is not currently on the Council's lending list as its credit ratings are below the investment credit rating criteria of A-. These balances are not classed as investments but are still subject to the risk of bail-in and balances will therefore be minimised.	The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion (which applies to Clydesdale Bank) are more likely to be bailed in than made insolvent, increasing the chance of the Council maintaining operational continuity. .	The Council monitors its operational accounts on a daily basis, transferring any surplus funds to investment accounts and there for minimising the amount held in the operational bank account at any time.
Government	These are loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. Includes the UK Debt Management Office.	These investments are not subject to bail-in, and there is an insignificant risk of insolvency.	Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
Corporates	These are loans, bonds and commercial paper issued by companies other than banks and registered social landlords. Loans to unrated companies will only be made if approved through a separate report to Council.	These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. This risk will be mitigated by taking independent external advice and diversifying investments over a number of counterparties.	Loans to unrated companies would be made as part of a diversified pool in order to spread the risk widely.

Type of Investment	Description and Risk	Mitigating Controls	Council Limits
Registered Social Landlords	These are loans and bonds issued by, guaranteed by or secured on the assets of Registered Social Landlords (Housing Associations). These bodies are regulated by the Scottish Housing Regulator and by the Homes and Communities Agency for Registered Providers of Social Housing in England.	As providers of public services, they retain the likelihood of receiving government support if needed and are therefore considered low risk.	Policy driven, managing all associated risks.
Money Market Funds	These are diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a management fee.	Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts.	<p>It is recommended that no more than 10% of the Council's total investments are invested in any one MMF and that the amount invested is no more than 0.5% of the size of a MMF used for liquidity purposes.</p> <p>For pooled investment vehicles that invest in bonds, equities and property, all of which operate on a variable net asset value (VNAV) it is recommended that no more than 10% of the Council's total investments are invested in each fund. These investments will be held for periods greater than 1 year.</p>

Type of Investment	Description and Risk	Mitigating Controls	Council Limits
Other types of investments			
Investment Properties	These are non-operational properties that are being held pending disposal, or for a longer-term rental income stream. They are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids).	<p>In larger investment portfolios, some small allocation of property-based investment may counterbalance/ complement the wider cash portfolio. Property holding will be re-valued regularly and reported annually with gross and net rental streams.</p> <p>Member approval required and each application must be supported by the service rationale behind the loan and the likelihood of partial or full default.</p>	Policy driven, managing all associated risks.
Loans to third parties, including soft loans	These are service investments either at market rates of interest, or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Member approval and each application must be supported by the service rationale behind the loan and the likelihood of partial or full default. Interest payments and loan repayments will be monitored and the likelihood of partial or full default re-assessed regularly.	Policy driven, amount and loan maturity limit will be determined on a case-by-case basis.

Type of Investment	Description and Risk	Mitigating Controls	Council Limits
Loans to a local authority company	These are service investments either at market rates of interest, or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	<p>Each loan to a local authority company requires Member approval and each application must be supported by the service rationale behind the loan and the likelihood of partial or full default.</p> <p>Interest payments, loan repayments, and their timeliness will be monitored and the likelihood of partial or full default reassessed regularly.</p>	Policy driven, amount and loan maturity limit determined on a case-by-case basis, managing all associated risks.
Shareholdings in a local authority company	These are service investments, which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application must be supported by the service rationale behind the investment and the likelihood of loss. Service investments will be subject to scrutiny by Financial Services on a regular basis, and will include scrutiny of financial statements issued by the local authority company.	Policy driven, amount determined on a case-by-case basis, managing all associated risks.
Non-local authority shareholdings	These are non-service investments, which may exhibit market risk, will only be considered for longer term investments and are likely to be liquid.	Any non-service equity investment will require separate Member approval and each application must be supported by the service rationale behind the investment and the likelihood of loss. Non-service investments will be subject to scrutiny by Financial Services on a regular basis, reported to Members, and will include scrutiny of financial statements issued by the company.	Policy driven, amount and anticipated time frame for shareholding determined on a case-by-case basis, managing all associated risks.

Appendix 4: Policy on Repayment of Loans Fund Advances

Policy on Repayment of Loans Fund Advances

The purpose of the Loans Fund is to record advances from the loan fund for expenditure incurred, or loans made to third parties, which a local authority has determined are to be financed from borrowing as set out in Regulation 2 of The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 [“the Regulations”]. The Council is also statutorily required to repay Loans Fund advances and to prudently determine the periods over which it will repay Loans Fund advances and the amount of repayments in any financial year.

Loans fund advances comprise several items and the estimated opening balances for 2019/20, where applicable for North Ayrshire Council, are:

- capital expenditure (£307.862m),
- grants to third parties and expenditure on third party assets which would be classified as capital expenditure by a local authority (£0m), and
- loans to third parties (£0m), and
- expenditure for which a borrowing consent has been issued by the Scottish Government (£0m).

Prudent repayment of Loans Fund advances

The loans fund advance is effectively the repayment of the ‘principal’ linked to the expenditure classified above which is unfinanced and is required to be funded from borrowing. Repayment of loans fund advances are required to be made in line with Scottish Government statutory guidance on Loans Fund Accounting. The Council’s annual accounts require to include a disclosure of details of Loans Fund transactions. The HRA Loans Fund advances and associated annual repayments are identified separately from that of the General Fund.

The broad aim of prudent repayment is to ensure that the Council’s unfinanced capital expenditure is financed over the period of years which that expenditure is expected to provide a benefit and that each year’s repayment amount is reasonably commensurate with the period and pattern of the benefits.

The statutory guidance requires the Council to approve a policy on Loans Fund repayments each year, and recommends a number of options for calculating prudent repayments. North Ayrshire Council’s policy is as follows:

For the majority of projects undertaken by the Council the policy is to use the asset life method to repay loans fund advances on an annuity basis, which is similar to the repayment of a mortgage where principal payments are lower at the start of the mortgage and build up to deliver full repayment over the term of the mortgage. As well as annuity, the asset life method has the option of equal installments.

The Council will continue to consider the most appropriate repayment method which aligns to the benefits of the assets and ensures a prudent repayment.

In addition, there are some projects where income streams are attached to the project which can be reasonably associated with the borrowing which will be undertaken. In these circumstances it may be more appropriate for the advances to be repaid on a profile which matches this income. For these unique projects, loans fund advances may be profiled for repayment to match the income and not on the annuity basis.

These options comply with the statutory guidance and the Council will continue to consider all options available to it.

The repayment of Loans Fund advances will therefore be equal to the annual amount determined in accordance with Schedule 3 of the Local Government (Scotland) Act 1975.

Estimates of prudent Loans Fund repayment

The Authority's latest estimates of its Loans Fund account information are as follows:

Year	Opening Balance £m	Advances to GF £m	Advances to HRA £m	Repayment by GF £m	Repayment by HRA £m	Closing Balance £m
2017/18 actual	300.916	0.000	3.485	-8.931	-2.197	293.273
2018/19	293.273	21.383	4.416	-8.762	-2.441	307.869
2019/20 - 23/24	307.869	85.319	116.991	-32.683	-23.781	453.716
2024/25 - 28/29	453.716	0.000	0.000	-30.247	-42.138	381.331
2029/30 - 33/34	381.331	0.000	0.000	-21.496	-46.060	313.774
2034/35 - 38/39	313.774	0.000	0.000	-25.515	-37.074	251.185
2039/40 - 43/44	251.185	0.000	0.000	-33.109	-27.745	190.331
2044/45 - 48/49	190.331	0.000	0.000	-35.992	-18.222	136.118
2049/50 - 53/54	136.118	0.000	0.000	-27.109	-19.013	89.995
2054/55 - 58/59	89.995	0.000	0.000	-19.372	-16.012	54.611
2059/60 - 63/64	54.611	0.000	0.000	-18.893	-7.323	28.395
2064/65 & later	28.395	0.000	0.000	-28.394	0.000	0.000

Policy on Apportioning Interest to the HRA

Interest and expenses on all new borrowing is allocated to the HRA based on the share of total borrowing taken each year.

Appendix 5: Counterparty Limits

The status of counterparties is monitored regularly. The Council receives credit rating and market information from Arlingclose Limited, including when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately and, if required, new counterparties which meet the criteria will be added to the list. The list of local authorities in the table are those, which are credit rated; however, the Council may lend to rated and unrated UK local authorities.

The Council may invest its funds with any of the counterparties detailed below, subject to the cash limits (per counterparty) and time limits shown. This list reflects the current (January 2019) counterparty list and will be updated throughout the year based on information received by our Treasury Adviser.

Counterparty	Country of Domicile	Fitch Long-term	Moody's Long-term	S & P Long-term	Banking Group	AUTHORITY SPECIFIC LIMITS		
						Individual Cash Limit (£/%) £10m unless specified	Group Cash Limit (£/%)	Max Investment period
UNITED KINGDOM: BANKS								
BANK OF SCOTLAND PLC	GB	A+	Aa3	A+	Lloyds Banking Group			6 months
LLOYDS BANK PLC	GB	A+	Aa3	A+			£10,000,000	6 months
BARCLAYS BANK PLC	GB	A+	A2	A				100 days
BARCLAYS BANK UK PLC	GB	A+	A1	A				100 days
CLOSE BROTHERS LTD	GB	A	Aa3					6 months
GOLDMAN SACHS INT'L BANK	GB	A	A1	A+				100 days
HANDELSBANKEN PLC	GB	AA		AA-				6 months
HSBC BANK PLC	GB	AA-	Aa3	AA-				6 months
HSBC UK BANK PLC	GB	AA-		AA-				6 months
NATIONAL WESTMINSTER BANK	GB	A+	A1	A-	RBS Group			100 days
ROYAL BANK OF SCOTLAND PLC/T	GB	A+	A1	A-				100 days
ULSTER BANK LIMITED	GB	A+	A1	A-			£10,000,000	100 days
SANTANDER UK PLC	GB	A+	Aa3	A				6 months
STANDARD CHARTERED BANK	GB	A+	A1	A	-	-		6 months

Counterparty	Country of Domicile	Fitch Long-term	Moody's Long-term	S & P Long-term	Banking Group	AUTHORITY SPECIFIC LIMITS		
						Individual Cash Limit (£/%) £10m unless specified	Group Cash Limit (£/%)	Max Investment period
UK: BUILDING SOCIETIES								
COVENTRY BUILDING SOCIETY	GB	A	A2					6 months
DARLINGTON BUILDING SOCIETY	GB					£1,000,000		100 days
FURNESS BUILDING SOCIETY	GB					£1,000,000		100 days
HINCKLEY & RUGBY BUILDING SOCIETY	GB					£1,000,000		100 days
LEEDS BUILDING SOCIETY	GB	A-	A3					100 days
LEEK UNITED BUILDING SOCIETY	GB					£1,000,000		100 days
MANSFIELD BUILDING SOCIETY	GB					£1,000,000		100 days
MARSDEN BUILDING SOCIETY	GB					£1,000,000		100 days
MELTON MOWBRAY BUILDING SOCIETY	GB					£1,000,000		100 days
NATIONAL COUNTIES BUILDING SOCIETY	GB					£1,000,000		100 days
NATIONWIDE BUILDING SOCIETY	GB	A+	Aa3	A				6 months
NEWBURY BUILDING SOCIETY	GB					£1,000,000		100 days
SCOTTISH BUILDING SOCIETY	GB					£1,000,000		100 days
TIPTON & COSELEY BUILDING SOCIETY	GB					£1,000,000		100 days
UK: LOCAL AUTHORITIES								
CORNWALL COUNCIL	GB		Aa2		-			2 years +
GREATER LONDON AUTHORITY	GB			AA	-			2 years +
GUILDFORD BOROUGH COUNCIL	GB		Aa2		-			2 years +
LANCASHIRE COUNTY COUNCIL	GB		Aa3		-			2 years +
TRANSPORT FOR LONDON	GB	AA-	Aa3	AA-	-			5 years
WANDSWORTH LONDON BOROUGH	GB	AA			-			2 years +
WARRINGTON BOROUGH COUNCIL	GB		A1		-			2 years +

Counterparty	Country of Domicile	Fitch Long-term	Moody's Long-term	S & P Long-term	Banking Group	AUTHORITY SPECIFIC LIMITS		
						Individual Cash Limit (£/%) £10m unless specified	Group Cash Limit (£/%)	Max Investment period
UK: OTHER INSTITUTIONS								
LCR FINANCE PLC	EN	AA	Aa2	AA				15 years
NETWORK RAIL INFRASTRUCTURE	GB	AA	Aa2					15 years
UK GOVERNMENT	GB	AA	Aa2	AAu				50 years
WELLCOME TRUST FINANCE PLC	GB		Aaa	AAA				20 years
COMMONWEALTH OF AUSTRALIA								
AUST AND NZ BANKING GROUP	AU	AA-	Aa3	AA-				6 months
COMMONWEALTH BANK OF AUSTRAL	AU	AA-	Aa3	AA-				6 months
NATIONAL AUSTRALIA BANK LTD	AU	AA-	Aa3	AA-				6 months
NEW SOUTH WALES TREASURY COR	AU		Aaa	AAA				25 years
WESTPAC BANKING CORP	AU	AA-	Aa3	AA-				6 months
GOVERNMENT OF CANADA								
BANK OF MONTREAL	CA	AA-	Aa2	A+				6 months
BANK OF NOVA SCOTIA	CA	AA-	Aa2	A+				6 months
CAN IMPERIAL BK OF COMMERCE	CA	AA-	Aa2	A+				6 months
EXPORT DEVELOPMENT CANADA	CA		Aaa	AAA				25 years
ROYAL BANK OF CANADA	CA	AA	Aa2	AA-				6 months
TORONTO-DOMINION BANK	CA	AA-	Aa1	AA-				6 months
KINGDOM OF DENMARK								
KOMMUNEKREDIT	DE		Aaa	AA+				15 years
REPUBLIC OF FINLAND								
MUNICIPALITY FINANCE PLC	FI	AA+	Aa1	AA+				15 years
NORDEA BANK ABP	FI	AA-	Aa3	AA-				6 months
OP CORPORATE BANK PLC	FI		Aa3	AA-				6 months

Counterparty	Country of Domicile	Fitch Long-term	Moody's Long-term	S & P Long-term	Banking Group	AUTHORITY SPECIFIC LIMITS		
						Individual Cash Limit (£/%) £10m unless specified	Group Cash Limit (£/%)	Max Investment period
FEDERAL REPUBLIC OF GERMANY	GE	AAA	Aaa	AAAu				
BAYERISCHE LANDESBANK	GE	A-	Aa3	NR				6 months
DZ BANK AG DEUTSCHE ZENTRAL-	GE	AA-	Aa1	AA-				6 months
FMS WERTMANAGEMENT	GE		Aaa	AAA				25 years
KREDITANSTALT FUER WIEFERAUF	GE	AAA		AAA				25 years
LANDESBANK HESSEN-THURINGEN	GE	AA-	Aa3	A				6 months
LANDESKRED BADEN-WUERTT FOER	GE	AAA	Aaa	AAA				25 years
LANDESBANK BADEN-WUERTTEMBER	GE	A-	Aa3	NR				6 months
LANDWIRTSCHAFTLICHE RENTENBA	GE	AAA	Aaa	AAA				25 years
LAND SACHSEN-ANHALT	GE	AAA	Aa1	AA+				15 years
KINGDOM OF THE NETHERLANDS	NE	AAA	Aaa	AAAu				
BNG BANK NV	NE	AA+	Aaa	AAA				5 years
COOPERATIEVE RABOBANK UA	NE	AA-	Aa3	A+				6 months
NEDERLANDSE WATERSCHAPSBANK	NE		Aaa	AAA				5 years
KINGDOM OF NORWAY	NO	AAA	Aaa	AAA				
KOMMUNALBANKEN AS	NO		Aaa	AAA				5 years
REPUBLIC OF SINGAPORE	SI	AAA	Aaa	AAAu				
DBS BANK LTD	SI	AA-	Aa1	AA-				13 months
OVERSEA-CHINESE BANKING CORP	SI	AA-	Aa1	AA-				13 months
TEMASEK FINANCIAL I LTD	SI		Aaa	AAA				10 years
UNITED OVERSEAS BANK LTD	SI	AA-	Aa1	AA-				13 months

Counterparty	Country of Domicile	Fitch Long-term	Moody's Long-term	S & P Long-term	Banking Group	AUTHORITY SPECIFIC LIMITS		
						Individual Cash Limit (£/%) £10m unless specified	Group Cash Limit (£/%)	Max Investment period
KINGDOM OF SWEDEN	SW	AAA	Aaa	AAAu				
SVENSK EXPORTKREDIT AB	SW		Aa1	AA+				5 years
UNITED STATES OF AMERICA	US	AAA	Aaa	AA+u				
SUPRANATIONAL								
COUNCIL OF EUROPE DEVELOPMNT	FR	AA+	Aa1	AA+				15 years
EUROPEAN BANK FOR RECONSTRUC	GB	AAA	Aaa	AAA				25 years
EUROPEAN COAL & STEEL COMMUN	BE		Aaa	AAA				25 years
EUROPEAN INVESTMENT BANK	LX	AAA	Aaa	AAA				25 years
INTER-AMERICAN DEV BANK	US	AAA	Aaa	AAA				25 years
INTERNATIONAL BANK FOR RECON	US	AAA	Aaa	AAA	World Bank Group			25 years
INTERNATIONAL FINANCE CORP	US		(P)Aaa	AAA				25 years
NORDIC INVESTMENT BANK	FI		Aaa	AAA				25 years

Appendix 6: Economic Background – Arlingclose’s View February 2019

Economic Outlook

The UK’s progress negotiating its exit from the European Union together with its future trading arrangements, which are as yet unclear, will continue to be a major influence on the Authority’s treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for January fell to 1.8% year/year – this is broadly in line with the Bank of England’s February 2019 Inflation Report which expects inflation to temporarily dip below 2% in the coming months, mainly reflecting lower energy price inflation, before rising back and then remaining above the 2% target in 2020 as domestic inflationary pressures increase. The most recent labour market data for November 2018 showed the unemployment rate at 4%, the lowest it has been since 1975 whilst the employment rate of 75.8% the highest since comparable estimates began in 1971. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily. Adjusted for inflation, real wages are just around 1.5%, a level still likely to have little effect on consumer spending.

The first estimate for GDP for Q4 2018 showed the economy expanded at just 0.2% over the quarter and 1.3% year-on-year, both below expectations. The Bank of England expects growth to remain subdued over much of 2019, reflecting both weakening global growth and the intensification of Brexit uncertainties.

Following the Bank of England’s decision to increase Bank Rate to 0.75% in August 2018, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Bank’s Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

Global economic growth has eased and the economic/political outlook has prompted central banks to reduce expectations for ongoing monetary tightening. Both the US Federal Reserve and the European Central Bank have backed away from or diluted previous forward guidance on monetary tightening. Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Credit outlook

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

