The Executive of North Ayrshire Council
12 February 2009

IRVINE, 12 February 2009 - At a Special Meeting of the Executive of North Ayrshire Council at 11.00 a.m.

Present
David O'Neill, Tom Barr, John Bell, Margaret McDougall and Peter McNamara.

In Attendance
I. Snodgrass, Chief Executive; B. Docherty, Corporate Director (Social Services); C. Kirk, Corporate Director (Educational Services); T. Orr, Corporate Director (Property Services); A. Herbert, Assistant Chief Executive, D. Nibloe, Chief Accountant, and H. Hair, Finance Manager (Finance); I.T. Mackay, Assistant Chief Executive (Legal and Protective); J. Montgomery, General Manager, M. McKeown, Acting Team Leader Committee Services and A. Clarke, Team Leader Communications (Chief Executive's).

Chair
Councillor O'Neill in the Chair.

Apologies for Absence
John Reid.

1. Declarations of Interest

In terms of Standing Order 16, Councillor McNamara declared an interest in item 2 on the agenda.

2. Magnum Leisure Centre

Submitted report by the Corporate Director (Educational Services) on the initial conclusions of the Magnum Review Group, and seeking approval to progress to the next stage of the project to replace the Magnum Leisure Centre, Irvine.

The Magnum Review Group was established by the Executive in April 2008 to consider options for the future of the Magnum Leisure Centre, Irvine. The Review Group has met on 7 occasions. Early in its deliberations the Review Group agreed that closing the Magnum without a replacement was not an option. The Group considered the option of refurbishing/upgrading the existing facility but in the end concluded that the way forward was to replace the Magnum with a new facility within the broad Irvine conurbation. An investigation of possible locations for a replacement facility identified the Ayrshire Central Hospital site as a suitable location. Preliminary discussions have taken place with NHS Ayrshire and Arran in this regard.

As part of its considerations, the Review Group noted the short-term possibility of continuing operation of the Magnum on a minimal maintenance basis whilst a new facility was built. The Review Group also recognised the economic case for rationalising ice provision in North Ayrshire by upgrading the ice facilities at the Auchenharvie Leisure Centre in Stevenston, which would require to be in place prior to the closure of the existing Magnum facility.

The initial conclusions of the Review Group were presented to a seminar in November 2008 to which all elected Members and NHS Ayrshire and Arran were invited to attend. The Review Group agreed to recommend to the Executive that there should be a two phased approach to the replacement of the Magnum Leisure Centre. Phase one would involve upgrading the ice facility at the Auchenharvie Leisure Centre to provide an ice rink of an equivalent size to that of the present Magnum facility, and that this should be implemented as soon as possible to ensure that the upgraded ice rink is available to the public prior to closure of the Magnum. Phase two would involve building a new facility on the Ayrshire Central Hospital site to include facilities provided by the Magnum following a needs analysis having regard to the Sports Strategy. The facilities not being provided are indoor bowling or a theatre. In order to progress to the stage of a working model of the suggested schemes, the Review Group proposed that a Member/Officer Steering Group should be established. This Steering Group would include representation from North Ayrshire Leisure Limited (NALL) as the operator of Auchenharvie facility and the proposed new facility in Irvine. It was further proposed that a full-time Project Officer be designated at an early date to drive the project forward.

An initial budget estimate of the cost of the project is £25m. Although sportscotland has indicated that some funding may be available, the majority of the project will require to be funded by the Council, for which there is currently no budget provision. The Review Group proposed that the Council should establish a fund for the project within the current budget considerations with a view to providing early funding for Phase one. Discussions have and will continue to take place with possible funding partners, including NHS Ayrshire and Arran, sportscotland, James Watt College and the Irvine Bay Urban Regeneration Company.

The Assistant Chief Executive (Finance) provided information on the main sources of funding available to the Council i.e. balances and prudential borrowing. Following discussion, the Chair proposed that £3m should be allocated from Council balances to establish a capital fund for the project. This would have the effect of reducing the balances below the level recommended by Audit Scotland and the Council would have to restore balances to the recommended level in later years. With regard to prudential borrowing, the original report by Genesis Consultants commissioned by NALL suggested that up to £500,000 could be saved.

The new proposals mean there would be two centres to run i.e Auchenharvie and the Magnum replacement facility. Whilst there has been dramatic increases in energy costs since the original report was written, it is assumed that there will be a saving in running costs and that this money will be available to support prudential borrowing, although it is not possible at this time to put a figure on that.

It will be necessary for the Council to provide in the order of £1m annually from revenue to fund prudential borrowing to help build up the project fund. The Chair proposed that this sum should be provided from the allocation currently identified in the 2009/10 budget book under "roads pressures - £1.4m". This would mean that the additional funding going into roads annually would then be £400,000. However, as there is currently evidence that the severe weather this winter will have caused considerable damage to roads infrastructure and that additional funding may be required in 2009/10 to tackle this, it would be prudent before deciding whether the whole £1m is diverted in 2009/10 to await a report from the Corporate Director (Property Services) on the impact of the severe winter on roads infrastructure. The full £1m would be available thereafter on a recurring basis.

The cumulative effect of the prudential borrowing, savings by NALL, the sum from balances, and the potential grant from sportscotland mean that a figure in order of £25m will be available to fund the proposed developments.

The Executive agreed (a) to approve in principle the way forward set out in the report; (b) that a funding regime be established as part of the current budget decision-making process as set out above; (c) that a Member/Officer Steering Group be established to take the overall project forward in detail, to include a representative of NALL; (d) that a Project Manager be designated to lead the project; and (e) that progress reports be submitted to the Executive on a regular basis.

3. General Services Revenue Estimates and Council Tax Levels

Submitted report by the Assistant Chief Executive (Finance) on the General Services Revenue Estimates and Council Tax Levels.

In December 2007, following completion of the Comprehensive Spending Review 2007, the Scottish Government confirmed the level of support for local authorities for the year 2008/09 together with indications of support for the years 2009/10 and 2010/11. The settlement was based on a partnership, with details being incorporated into the Concordat agreement between the Scottish Government and individual local authorities. The support is reviewed annually, with minor changes to reflect new initiatives, transfer of responsibilities or areas of increased financial support. Support for 2009/10 was confirmed in December 2008. Figures for 2010/11 have been delayed as a result of the pre-budget report by the Chancellor of the Exchequer.

The proposed General Services Revenue Estimates for the period 2009/10 were appended to the report. The report set out details of (a) the Council's main sources of income; (b) the proposed package of efficiency savings totalling £8.999m; and (c) the Council's expenditure pressures for 2009/10. The budget balances the Council's available income of £344.586m with its expenditure pressures, with the exception of the sum of £0.250m which remains to be allocated as a result of the requisition to Strathclyde Police Board being revised downwards. Additional funds have also been made available by the Scottish Government in respect of the Zero Waste Fund.

The Executive discussed how the £0.250m should be allocated and agreed to propose to the Council that £170,000 be allocated to fund a new Community Wardens Team to be deployed based on need, and that £80,000 be allocated to fund the pupil transport scheme put forward as a saving by Educational Services.

Accordingly the Executive agreed to recommend that the Council agrees to (a) approve the proposed expenditure needs for 2009/10 which includes the political aspirations in relation to swimming provision; (b) approve the package of efficiency measures set out in the report with the exception of the proposed saving on pupil transport; (c) allocate the £0.250m underspend on the requisition to the Joint Police Board to fund an additional Community Warden Team and to fund the pupil transport scheme; (d) approve the undernoted Council Tax levels for 2009/10 required to finance the net expenditure; and (e) review the proposed expenditure needs for 2010/11 when the Scottish Government announces support for that year;

A	Under £26,999	£ 768.00
B	£27,000 - £34,999	£ 896.00
C	£35,000 - £44,999	£1,024.00
D	£45,000 - £57,999	£1,152.00
E	£58,000 - £79,999	£1,408.00
F	£80,000 - £105,999	£1,664.00
G	£106,000 - £211,999	£1,920.00
H	Over £212,000	£2,304.00

4. Housing Revenue Account (HRA) Budget and Rent Levels for 2009/10

Submitted report by the Assistant Chief Executive (Finance) on the Housing Revenue Account (HRA) Budget and the Rent Levels for 2009/10.

Under the terms of the Housing (Scotland) Act 1987, local authorities are required to maintain a Housing Revenue Account to record all income and expenditure related to the provision of council houses. In addition, North Ayrshire Council, like all authorities, is required to meet the demands of the Scottish Housing Quality Standard (SHQS). The Standard must be achieved by the year 2015 and be capable of being sustained thereafter. The Council has previously developed a 30 year business plan to meet the requirements.

In December 2004, the Council agreed to retain its housing stock and thereby committed itself to achieving the requirements of the Scottish Housing Quality Standard. Consequently the main driver in the budget construction is the Business Plan, which determines the investment requirements to meet the standard.

The proposed HRA Budget for 2009/10, a copy of which was appended to the report, reflects the expenditure and income requirements to meet the Council's Housing Strategy and the rent levels required to finance this. In the preparation of the budget and the determination of rents, account has been taken of the Scottish Housing Regulator's Report in 2008 and the resulting Improvement Plan, the requirements of the Scottish Housing Quality Standard, inflation, service enhancements, the number of Council Houses, balances, and the impact on rents levels. Consultation has taken place with Council tenants as detailed in the report.

The Executive agreed to recommend that the Council approves (a) the Housing Revenue Account (HRA) Budget for 2009/10 as detailed in appendix 1 to the report; (b) a rent increase of £3.55 per week, or 7%, from £50.59 to £54.14; and (c) a garage site increase of £0.15 per week and a lock-up increase of £0.29 per week, to £2.20 and £4.38 per week respectively, also equivalent to 7%.

5. General Services Capital Programme 2009/10 and Beyond

Submitted report by the Assistant Chief Executive (Finance) on the General Services Capital Programme for 2009/10 and beyond.

With effect from 1 April 2004, the ability to finance Capital Plans became governed by the Prudential Code for Capital Finance in Local Authorities. The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. In determining a programme to accord to these objectives and to meet reduced affordability levels as a result of the economic downturn, the Council reviewed its capital plan in July 2008. Following a further review of estimated capital receipts in December 2008, it was necessary to defer certain projects within the plan whilst still meeting the Council's strategic outcomes and matching those objectives against affordability.

In determining the affordability of its capital programmes, the Council is required to examine all of the resources available to it and estimates for the future. This exercise allows the Council to prepare its capital programmes and determine the consequential revenue implications for 2009/10 and beyond. The proposed General Services Capital Programme, a copy of which was appended to the report, has been prepared to allow the Council to meet its strategic outcomes and match those objectives against affordability by (a) setting a prudent level of slippage which will allow for unforeseen delays in particular projects to be addressed; (b) setting an affordability threshold after allowing for the prudent level of slippage; (c) revising the committed programme to incorporate minor changes in costs and the re-phasing of the expenditure profile; and (d) deferring certain projects as a result of the downturn in capital receipts. The revised Plan includes provision to meet additional costs associated with the proposed replacement of the Bailey Bridge in Irvine.

The Executive discussed how prudential borrowing could be used to fund additional capital works, including investments in new schools and roads infrastructure. It was agreed that the Council should learn from the practices of other authorities in this regard.

The Executive agreed to recommend that the Council agrees to (a) approve the modified existing Capital Plan, totalling £107.000m; (b) approve the increase of £1.117m in the budget for the replacement of the Bailey Bridge, Irvine; and (c) consider funding for the replacement of leisure facilities in light of the recommendations from the Magnum Review Group.

6. Housing Revenue Account (HRA) Capital Programme 2009/10

Submitted report by the Assistant Chief Executive (Finance) on the Housing Revenue Account (HRA) Capital Programme for 2009/10.

The proposed Capital Programme for 2009/10, a copy of which was appended to the report, reflects the Council's decision to retain ownership of its housing stock and to proceed with a substantially increased capital investment programme to ensure, as a minimum, that the stock achieves compliance with the Scottish Housing Quality Standard (SHQS) by 2015, and to maintain progress with other essential programmes.

The programme for 2009/10 is based on the 30 year Business Plan which took into account historical condition survey information to determine spend priorities and the level of expenditure under each priority. It is the intention of Technical Services to complete a full re-survey of the housing stock against the SHQS by 2010 and to consult widely with tenants on their priorities. Provision has been made within the HRA Revenue Account to fund these surveys. This process is likely to result in the need to further reshape the content of the current programme while still ensuring the Council achieves compliance with the SHQS by 2015.

The proposed Programme will result in a significant proportion of the housing stock receiving major repair or improvement works in 2009/10, including the following works:

- new central heating in 700 houses;
- rewiring of 900 houses;
- re-roofing of 125 houses;
- re-rendering of 125 houses;
- installation of new double glazed windows in 1,270 houses;
- installation of new kitchens in 500 houses;
- installation of new bathrooms in 500 houses;
- re-roofing and re-rendering combined of 280 houses.

The Executive agreed to recommend that the Council agrees to approve the HRA Capital Programme for 2009/10 as set out in the appendix to the report.

7. Financial Reserves

Submitted report by the Assistant Chief Executive (Finance) on the level of reserve funds held by the Council.

Local Authorities are permitted to establish reserve funds as part of good financial management for the purposes of (a) maintaining a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing; (b) providing a contingency against the impact of unexpected events or emergencies; and (c) providing a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

The Council has an agreed Strategy for the various reserves and balances it holds. The report provided details of the reserves and balances held by the Council and reviewed the adequacy of their levels. The impact on balances of the proposed project to replace the Magnum was noted.

The Executive agreed to recommend that the Council (a) notes the projected level of reserve funds in 2009/10 and 2010/11; and (b) agrees (i) that the balances meet current medium term requirements; and (ii) to consider the level of balances required on the General Fund (uncommitted), when the final accounts for 2008/09 become available.

The meeting ended at 11.40 a.m.