
NORTH AYRSHIRE COUNCIL

1 March 2023

North Ayrshire Council

Title:	Capital Investment Programme 2023/24 to 2030/31
Purpose:	To advise Council on the draft Capital Investment Programme to 2030/31
Recommendation:	<p>That Council :</p> <ul style="list-style-type: none">(a) approves the refreshed Capital Investment Programme to 2030/31 included in appendix 3;(b) notes that the programme will be reviewed on an on-going basis with the next major review in 2023/24; and(c) approves the refreshed Capital Investment Strategy included in appendix 4.

1. Executive Summary

- 1.1 The General Services Capital Investment Programme 2021/22 to 2030/31 was approved by Council on 4 March 2021. This report outlines the recommendations of the refresh of the Capital Investment Programme carried out during 2022/23. The next full review of the Programme will be carried out during 2023/24.
- 1.2 The refresh has incorporated all funding sources to 2030/31, including assumed levels of general capital grant, specific grants and a prudent assessment of the level of capital receipts over the period. Total available funding has been projected at £205.649m. The balance of funding required to deliver the capital programme will be met through prudential borrowing and this is anticipated at £228.422m.
- 1.3 The refresh considered the current Capital Investment Programme and takes cognisance of subsequent changes, including:
 - The ongoing impact of construction industry inflation, cost volatility and supply chain issues across the overall Capital Investment Programme;
 - Changes to funding from core capital grants and other sources of income;
 - A review of spending profiles across key capital projects to support the Council's priorities; and
 - Revised levels of investment across projects, taking cognisance of Council priorities, external funding sources and investing in core assets through asset management plans.

- 1.4 The proposed refreshed Capital Investment Programme aligned to the Council Plan priorities, attached in Appendix 3, will deliver a total programme of £434.071m to 2030/31.
- 1.5 Compliance with Regulations 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.
- 1.6 The longer term affordability of the current and future Capital Investment Programmes requires incremental increases the current General Fund financing budgets. As part of the next major review of the capital programme, due to be undertaken during 2023/24, a review of the available General Fund financing budgets will be carried out with a view to increasing the available funding to maintain these Programmes.
- 1.7 In addition to the TMIS, there is also a requirement for the Council to publish a Capital Investment Strategy (CIS). As part of the review of the Capital Investment Programme, a refresh of the current CIS has been undertaken during 2022/23. The refreshed Strategy is attached at Appendix 4.
- 1.8 The Capital Investment Programme will continue to be reviewed on an on-going basis with any additional funding requests brought forward for approval as appropriate. Major reviews will be undertaken on a 3-year basis, with the next due to be completed during 2023/24.

2. Background

Capital Investment Programme 2023/24 to 2030/31

- 2.1 North Ayrshire Council approved the current Capital Investment Programme for the period to 2021/22 to 2030/31 on 4 March 2021. A refresh of the programme was undertaken during 2022/23. This report contains the outcome of the refresh.

Review of Capital Funding

Scottish Government General Capital Grants

- 2.2 Local Government Finance Circular 11/2022 confirmed the level of General Capital Grant as £35.704m for 2023/24. This includes £20.525m capital flood grant to support the ongoing schemes, £1.959m to support the expansion of Universal Free School Meals and £3.213m as a contribution towards the 2022/23 local government pay settlement. Excluding these elements, the General Capital Grant has been confirmed at £10.007m, which is an increase of £0.201m from that previously anticipated. Projected at this level to 2030/31, the total General Capital Grant for the period is forecast as £105.753m.

Scottish Government Specific Capital Grants

2.3 In addition to the General Capital Grant, the Council will receive two Specific Grants:

- £1.506m to tackle Vacant and Derelict Land with projects requiring Scottish Government approval; and
- £0.586m, to fund Cycling, Walking and Safer Streets (CWSS).

The Vacant and Derelict Land funding has only been confirmed for 2023/24. However, the CWSS funding has been projected at current levels to 2030/31.

2.4 In addition, the programme includes previous Specific Grant allocations in relation to these programmes which have been carried over into 2023/24 in line with revised project plans, including:

- £2.351m from the 2022/23 Vacant and Derelict Land allocation; and
- £0.574m from the 2022/23 CWSS allocation.

2.5 A further Specific Grant allocation of £1.156m to support the Renewal of Play Parks programme has been confirmed outwith the Local Government Finance Settlement for the period 2023/24 to 2025/26. As a result, the total forecast Specific Grant income to 2030/31 is £10.275m.

Levelling Up Fund

2.6 The UK Government previously confirmed that North Ayrshire Council has been awarded £23.693m from the Levelling Up Fund to support the upgrading of the B714 to improve connectivity between North Ayrshire and the wider motorway network. £22.481m of this award is anticipated for receipt during financial years 2023/24 to 2025/26. Although additional cost risks have been identified in relation to this project, it has been confirmed that no additional funding will be available from the UK Government. Appropriate value engineering will continue to be undertaken as part of the business case development.

2.7 The current award is subject to approval of a full business case and the provision of 10% match funding. This has been achieved through a £2.370m allocation from the Recovery and Renewal Fund, although this has been reduced to £1.235m to facilitate the transfer of the General Capital Grant support for the 2022/23 pay settlement to Revenue to align to the anticipated costs.

Other Internal Funds

2.8 The programme includes a previously approved contribution of £2.078m from the Investment Fund to support the Solar PV project. However, this has been reduced to £nil to facilitate the transfer of the General Capital Grant support for the 2022/23 pay settlement to Revenue.

Capital Receipts

2.9 A review of projected income from capital receipts has been undertaken during 2022/23. This is forecast to realise income of £4.143m over the period of the programme in relation to the sale of other Council owned assets.

Other External Funding

- 2.10 The programme includes funding from the Scottish and UK Governments to support the Ayrshire Growth Deal. The total anticipated funding over the period is £58.792m. This has been aligned to the latest programme planning information. However, it is recognised that expenditure profiles and funding will be subject to ongoing review on a pan Ayrshire basis.
- 2.11 In relation to additional grant funding from other external bodies, given the level of uncertainty around securing these funds, only those funds which have been confirmed, but not yet drawn down, have been included at this time. These include:

Funding Source	£m	Project
ERDF	0.697	Low Carbon Hub
NAVT	0.800	Marine Tourism
NAVT	0.425	Annickbank Phase 3
NAVT	0.101	Irvine Enterprise Area
Sustrans	0.095	Access Paths Coastal Connections
Sustrans	0.033	B777 Corridor Improvements
Transport Scotland	0.523	Low Carbon Hub
Transport Scotland	0.296	A737 Dalry Trunk Road
	£2.970m	

Prudential Borrowing

- 2.12 The difference between the Council's Capital Investment Programme and funding from the above sources is met through prudential borrowing of £228.422m. The proposed revisions to the Capital Investment Programme will be delivered within the approved loan charges revenue budget, utilising the balances held in the Prudential Investment Fund and Capital Fund to smooth the revenue implications of the borrowing costs associated with the revised programme.

Future Affordability

- 2.13 The Prudential Investment Fund was created as part of the 2015/16 budget strategy to utilise short term underspends on General Fund financing budgets to offset longer term pressures to support Prudential Borrowing arising from the Capital Investment Programme.
- 2.14 Due to the significant investment planned by North Ayrshire Council over the period to 2030/31 combined with the additional cost pressures identified across a number of projects, it is projected that these funds will be exhausted by the end of the current 10 year Capital Investment Programme. In order to ensure the affordability of current and future capital investments beyond the term of the current programme, it will be necessary to incrementally increase the current General Fund financing budgets over the remaining period of the programme. Additional funding support to mitigate the significant cost increases and increased cost of borrowing includes the re-direction of the reversal of employers' national insurance contribution totalling £1.179m per annum from 2023/24 and the use of the recurring element of the Service Concession flexibility approved at Council on 15 February 2023, which results in an average contribution of £3.437m from 2022/23.

- 2.15 It is also necessary to include an indicative pressure within the Revenue Estimates 2023/24 to 2025/26. This includes an incremental contribution of £0.250m per annum across this period and, as part of the next major review of the capital programme due to be undertaken during 2023/24, a review of the available General Fund financing budgets will be carried out with a view to making appropriate provisions within future revenue budgets to maintain the affordability of the current and future capital programmes in the longer term. At this time the likely revenue contributions required total £0.340m per annum from 2026/27 to 2030/31. This will be subject to further review during 2023/24.

Refresh of the Capital Investment Programme to 2030/31

- 2.16 The refresh of the Capital Investment Programme to 2030/31 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.

Re-Profiling

- 2.17 A total of £77.874m of planned expenditure has been re-profiled from 2022/23 into 2023/24 to 2030/31 in line with updated project delivery timelines. Full details of individual projects re-phased from 2022/23 have been reported to Cabinet throughout the year.
- 2.18 A review of the latest programme planning information in relation to the Ayrshire Growth Deal (AGD) has resulted in a re-profiling of £3.201m of expenditure into 2023/24 to 2030/31.

Additional Investments linked to Revised Funding

- 2.19 Funding to support the Millport Coastal Flood Protection was previously approved based on 80% funding from the Scottish Government and 20% funding from North Ayrshire Council. Following a tender evaluation exercise, it was identified that the project had been significantly impacted by construction industry inflation arising from material shortages and uncertainty linked to several external factors, including the Covid-19 pandemic and the ongoing war in the Ukraine. As noted by Cabinet on 1 November 2022, the increased expenditure required to complete the scheme has been identified as £21.547m. The Scottish Government has approved an additional contribution of £17.237m with the balance of the additional investment to be supported by a £4.310m contribution from the current Flexibility budget. The additional Scottish Government contribution has been confirmed within the 2023/24 General Capital Grant.
- 2.20 Following a review of the Ardrossan Community Campus and associated delivery programmes, it has been identified that the international supply chain issues and significant levels of construction inflation, influenced by the above noted global events, have resulted in rising cost estimates for both the Ardrossan Community Campus and the Ardrossan North Shore enabling works. This has been further exacerbated by material and labour shortages and a reduction in overall contractor risk appetite. Following completion of a 10 point plan, including contractor engagement, options

appraisal workshops and additional value engineering, and based on the latest cost estimate information available, additional investment requirements of £14.767m for the Ardrossan North Shore project and £8.635m for the Ardrossan and Community Campus have been identified. Following engagement with the Scottish Futures Trust, they have confirmed that, subject to formal notification from the Scottish Government, additional revenue support totalling £14.916m will be provided over the 25-year funding cycle. These funds will be utilised to partly offset the additional borrowing costs associated with the additional investment noted above. It should also be noted that £0.520m of the additional investment on the Ardrossan North Shore project will be supported by a contribution from the 2022/23 Vacant and Derelict Land specific grant.

Additional Investments

- 2.21 Following completion of the Stage 2 cost estimates in relation to the Montgomerie Park School and consideration of value engineering workshops, additional cost estimates of £8.979m have been identified, and this is linked to general construction industry inflation. Following the utilisation of £2.549m from the current Flexibility budget, it is proposed that an additional £6.430m is agreed. Options in relation to alternative sources of funding will continue to be explored and progressed to further mitigate this position, including further engagement with Scottish Futures Trust as it is recognised that current market conditions have increased the costs relative to the proportionate level of funding previously agreed.
- 2.22 Additional expenditure projections of £0.930m have been identified in relation to the Largs Promenade Seawall project. These are primarily related to ongoing construction industry inflation arising from material shortages and uncertainty linked to external global economic factors.
- 2.23 The construction industry has reported significant, ongoing inflationary pressures linked to a number of factors, including additional costs as an ongoing consequence of the Covid-19 pandemic; upward pressure on input costs linked to international externalities such as the war in Ukraine and its impact on global supply chains; material and labour shortages; and increased demand linked to reduced contractor availability. This has resulted in a number of increased cost risks being identified across the current Capital Investment Programme. Where the resultant cost pressures have been quantified, additional expenditure requirements have been identified in relation to specific projects. However, unquantified risks have also been identified, or are anticipated, across a number of other projects, including Upper Garnock Flood Protection Scheme, Moorpark Primary School and Ardrossan Harbour Landside works. In order to support the management of these risks, it is proposed that an additional £10.000m investment is included within the Flexibility budget over the next four years.
- 2.24 The current approved Capital Investment Programme to 2030/31 is attached at appendix 1. Full details of the proposed changes to the programme following the refresh, as outlined above, are included in appendix 2. The revised Capital Investment Programme covering the period from 2023/24 to 2030/31 is included in appendix 3. This will deliver a total programme of investment of £434.071m.

Revenue Implications

- 2.25 The revenue implications of both the individual projects included within the draft Programme and the additional borrowing costs associated with the overall draft Programme have been incorporated within the Medium Term Financial Plan 2023/24 to 2025/26. Any further revenue implications associated with those projects which are still to be finalised will be reported once the detailed business cases have been finalised.

Treasury Management and Investment Strategy (TMIS)

- 2.26 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.

Capital Investment Strategy

- 2.27 In addition to the TMIS there is also a requirement for the Council to publish a Capital Investment Strategy (CIS) which provides the overarching framework under which the draft Capital Investment Programme has been developed. The current CIS was approved by Council on 4 March 2021. During 2022/23 this has been refreshed with the revised CIS included at Appendix 4.

Learning Estate Review

- 2.28 A comprehensive review of North Ayrshire Council's learning estate is currently underway. This review will take account of the condition, suitability and sufficiency of the current learning estate in order to develop a strategy for key investment priorities. These priorities will be aligned to a locality approach which provides the right services in the right areas, addressing the requirements of the communities they serve by ensuring that capacity is available locally for the longer term, even within localities where the birth rate may be experiencing a decline in the short to medium term. It is anticipated that the outcomes of this review will be incorporated within the next major review of the capital programme, due for completion during 2023/24.

Conclusion

- 2.29 The refreshed Capital Investment Programme 2023/24 to 2030/31, including proposed funding, is attached at Appendix 3. This confirms total investment of £434.071m over the period. The proposed investment aligns with the Council's key priorities, as set out in the Council Plan 2019-2024, core asset management plans and the refreshed Capital Investment Strategy, included at Appendix 4.

2.30 The programme is affordable based on the estimated funding streams set out in the 2023/24 to 2025/26 Medium Term Financial Plan and from the mitigating actions noted earlier in this report to supplement the Loans Fund. It is evident that through a combination of significant cost volatility impacting on major projects along with an increased cost of borrowing, this has contributed to a very challenging financial landscape. The affordability of the Programme is also highlighted in the Treasury Management and Investment Strategy reported elsewhere on the agenda and a further assessment will be undertaken as part of the next major review of the capital programme due for completion during 2023/24.

3. Proposals

3.1 It is proposed that Council :

- (a) approves the refreshed Capital Investment Programme to 2030/31 included in appendix 3;
- (b) notes that the programme will be reviewed on an on-going basis with the next major review in 2023/24; and
- (c) approves the refreshed Capital Investment Strategy included in appendix 4.

4. Implications/Socio-economic Duty

Financial

4.1 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 are kept under review.

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 Capital Fund and the Prudential Investment Fund to smooth the revenue implications across the life of the plan.

Due to the long term nature of the borrowing required to support this programme, a review of available financing budgets will require to be undertaken with a view to increasing the available funding to maintain the future affordability of the current and future capital programmes.

Human Resources

4.2 Through investment in the Capital Investment Programme, it is anticipated there will be additional staffing requirements. This will be considered on a programme and project basis.

Legal

4.3 None.

Equality/Socio-economic

- 4.4 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.

Environmental and Sustainability

- 4.5 All projects within the revised plan will be delivered to minimise the impact on the environment and maximise sustainability. Further, specific projects within the plan will have a positive environmental impact.

Key Priorities

- 4.6 The refreshed Capital Investment Programme 2023/24 to 2030/31 supports the delivery of the outcomes as outlined in the Council Plan 2019-2024.

Community Wealth Building

- 4.7 The Council will aim to maximise opportunities within the context of the 5 pillars of Community Wealth Building from its investment programme. In particular, Ayrshire Growth Deal and growth and investment projects will make a positive contribution to economic regeneration across the region.

5. Consultation

- 5.1 Executive Directors have been consulted as part of the review the current capital investment programme and the identification of the proposed revisions and additions to the programme detailed in this report.

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

Background Papers

Capital Investment Programme 2022/23 to 2030/31 – North Ayrshire Council 2 March 2022

North Ayrshire Council Approved Capital Programme 2023/24 - 2031/32 (BASE)										
Project Description		Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Revised 28/29	Revised 29/30	Revised 30/31	Total £
Growth & Investment										
Ayrshire Growth Deal:	External Funding									
AGD - i3 DPMC Phase 1	External Funding	250,000	250,000							500,000
AGD - i3 DPMC Phase 2	External Funding	1,000,000	2,897,000	499,450						4,396,450
AGD - i3 Flexible Business Space	External Funding	2,319,964	2,946,078	3,506,500	2,305,000	1,873,500	90,000			13,041,042
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	External Funding	200,000	338,000	3,400,000	3,400,000	3,400,000	3,400,000	3,384,504		17,522,504
AGD - Great Harbour	External Funding	2,050,000	6,578,000	4,170,784						12,798,784
AGD - IMSE	External Funding	250,000	250,000	3,200,000	3,250,000	3,252,759				10,202,759
AGD Marine Tourism - Ardrossan	External Funding	600,000	4,700,000	3,592,150	1,711,050	111,000				10,714,200
AGD Marine Tourism - Arran	External Funding									
AGD Marine Tourism - Cumbrae	External Funding									
Ardrossan Harbour & Landside	Specific Project	750,000	2,000,000	794,655						3,544,655
Irvine Enterprise Area	Specific Project									
Low Carbon Hub	Specific Project									
Ardrossan North Shore	External Funding									
VDLF - Harbour Masters Office	External Funding									
VDLF - I3 Irvine Enterprise	External Funding									
Sub Total		43,156,667	50,248,267	28,979,701	21,265,069	19,235,259	13,338,000	13,372,504	9,898,000	199,493,467
Other										
Flexibility / Infrastructure Fund	Specific Project	2,500,000	2,500,000	2,500,000		62,125			1,530,400	9,092,525
Sub Total		2,500,000	2,500,000	2,500,000		62,125			1,530,400	9,092,525
TOTAL EXPENDITURE		89,262,059	75,469,442	33,784,301	22,719,669	22,996,984	14,372,600	14,407,104	12,478,000	285,490,159
		Revised 23/24	Revised 24/25	Revised 25/26 £	Revised 26/27 £	Revised 27/28 £	Revised 28/29 £	Revised 29/30 £	Revised 30/31 £	Total £
INCOME										
Prudential Borrowing		53,738,487	30,473,297	9,172,567	3,513,381	5,705,471	513,600	629,600		103,746,403
Specific Grants - AGD		6,177,174	14,001,667	14,218,734	8,813,288	6,898,513	3,466,000	3,384,504		56,959,880
Specific Grants - Cycling, Walking & Safer Streets		588,000	588,000	588,000	588,000	588,000	588,000	588,000	588,000	4,704,000
Specific Grants - Vacant & Derelict Funding										
Specific Grants - B714 Improvements		8,305,898	14,332,478							22,638,376
Specific Grants - Renewal of Play Parks										
General Capital Grant - Flooding		10,295,000	3,099,000							13,394,000
General Capital Grant		9,805,000	9,805,000	9,805,000	9,805,000	9,805,000	9,805,000	9,805,000	9,805,000	78,440,000
Investment Fund										
Renewal & Recovery			2,370,000							2,370,000
Grants & Contributions			800,000							800,000
Sale of land & buildings		352,500							2,085,000	2,437,500
TOTAL INCOME		89,262,059	75,469,442	33,784,301	22,719,669	22,996,984	14,372,600	14,407,104	12,478,000	285,490,159

North Ayrshire Council Revised Capital Programme 2022/23 - 2030/31										
Project Description		Changes 23/24	Changes 24/25	Changes 25/26	Changes 26/27	Changes 27/28	Changes 28/29	Changes 29/30	Changes 30/31	Total £
EXPENDITURE	Category									
Communities										
Moorpark Primary	Specific Project	4,948,634								4,948,634
Montgomerie Park School	Specific Project	1,941,542	15,413,953							17,355,495
Universal Free School Meals Expansion	Specific Project	(434,083)	122,420	1,538,830	2,090,270	1,944,294	333,087	3,067,241		8,662,059
Schools ICT Investment	Specific Project	(82,378)								(82,378)
Kilwinning Estate Learning Env't	Specific Project	323,080								323,080
Ardrossan New Build	Specific Project	(31,430,814)	(6,164,537)	17,730,185	35,238,359	4,600,000				19,973,193
Abbey Tower	Specific Project	66,064								66,064
Sub Total		(24,667,955)	9,371,836	19,269,015	37,328,629	6,544,294	333,087	3,067,241		51,246,147
Chief Executive										
ICT Investment Fund	Specific Project	183,796	94,000	94,000						371,796
WAN	Specific Project									
LAN/WiFi	Specific Project	110,000								110,000
Telephony	Specific Project	250,000								250,000
Sub Total		543,796	94,000	94,000						731,796
Health & Social Care Partnership										
Community Alarms - Analogue to Digital	Specific Project	323,810								323,810
Care First Replacement	Specific Project	100,000								100,000
Sub Total		423,810								423,810

North Ayrshire Council Revised Capital Programme 2022/23 - 2030/31										
Project Description		Changes 23/24	Changes 24/25	Changes 25/26	Changes 26/27	Changes 27/28	Changes 28/29	Changes 29/30	Changes 30/31	Total £
Place										
Roads Improvement / Reconstruction	Recurring	100,000								100,000
A737 Dalry Bypass	Specific Project	295,690								295,690
Traffic Calming	Specific Project	75,000								75,000
Lighting	Recurring									
Upper Garnock FPS	External Funding	300,000								300,000
Millport Coastal FPS	External Funding	13,365,000	16,160,232							29,525,232
Millport Pier	Specific Project									
Millburn FPS	External Funding	166,000	1,109,982							1,275,982
Bridges infrastructure programme	Recurring	340,000	394,564							734,564
Largs Promenade Seawall	Specific Project	972,000	(42,000)							930,000
B714 Improvements	Specific Project	(7,805,898)	(8,702,478)	16,351,443						(156,933)
Property lifecycle investment	Recurring	632,683								632,683
HOME	Specific Project	3,099,062	1,033,021							4,132,083
Improvement grants	Recurring									
Cemetery extns, walls & infra	Specific Project	(358,875)								(358,875)
Kilwinning Cemetery	Specific Project	198,328								198,328
West Kilbride Cemetery	Specific Project	7,506								7,506
Stevenston Cemetery	Specific Project	33,610								33,610
Kilbirnie Cemetery	Specific Project	189,227								189,227
Ardrossan Cemetery	Specific Project	161,727								161,727
Brodick Cemetery	Specific Project	4,979								4,979
Kilbirnie Cemetery Wall	Specific Project	94,367								94,367
Beith Cemetery-Wall Repairs	Specific Project	45,093								45,093
Abbey Tower Cemetery Wall	Specific Project	90,000								90,000
Hawkhill Cemetery-Wall Repairs	Specific Project	104,610								104,610
West Kilbride Cemetery Walls	Specific Project	95,000								95,000
Goldcraigs Refurbishment	Specific Project	484,000								484,000
Renewal of Play Parks	External Funding	231,000	347,000	578,000						1,156,000
Vehicles	Recurring	(1,250,000)								(1,250,000)
Fleet Decarbonisation	Specific Project	1,750,000								1,750,000
Core Infrastructure, property and Vehicles Renewal Investment	Recurring	608,000								608,000
Shewalton landfill	Specific Project					(150,000)				(150,000)
Solar PV Investment	Specific Project	6,224,560								6,224,560
Dockhead Street Saltcoats	Specific Project	100,000								100,000
Montgomerie Park Masterplan	Specific Project	250,000				(250,000)				
VDLF 2023/24 Allocation	External Funding	1,506,000								1,506,000
VDLF - Annickbank Ph 3	External Funding	948,959								948,959
VDLF - Development Work	External Funding	145,738								145,738
VDLF - Tree Planting	External Funding	40,000								40,000
Cycling / Walker / Safer Streets	External Funding	571,954	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	557,954
Access Paths Network Programme	Specific Project	444,603								444,603
B777 Corridor Improvements		33,600								33,600

North Ayrshire Council Revised Capital Programme 2022/23 - 2030/31										
Project Description		Changes 23/24	Changes 24/25	Changes 25/26	Changes 26/27	Changes 27/28	Changes 28/29	Changes 29/30	Changes 30/31	Total £
Growth & Investment										
Ayrshire Growth Deal:										
AGD - i3 DPMC Phase 1	External Funding	150,000	144,551							294,551
AGD - i3 DPMC Phase 2	External Funding	(800,000)	(2,497,000)	1,500,550	2,150,030					353,580
AGD - i3 Flexible Business Space	External Funding	833,036	(1,968,078)	(1,087,500)	5,286,500	(1,461,682)	(90,000)			1,512,276
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	External Funding		(3,000)	(3,065,000)	796,000	796,000	796,000	811,377		131,377
AGD - Great Harbour	External Funding	(1,645,000)	(2,553,000)	17,216	2,335,000	2,221,000	86,000	88,474		549,690
AGD - IMSE	External Funding	(250,000)	(250,000)	(2,950,000)	(2,976,260)	(52,759)	3,250,000	3,250,000		20,981
AGD Marine Tourism - Ardrossan	External Funding	(150,000)	(4,188,000)	907,850	(21,429)	(111,000)				(3,562,579)
AGD Marine Tourism - Arran		30,000	30,000	40,000	150,000	1,600,000	104,611			1,954,611
AGD Marine Tourism - Cumbræ		50,000	50,000	150,000	1,600,000	96,750				1,946,750
Ardrossan Harbour & Landside	Specific Project	(700,000)	(206,299)	999,047						92,748
Irvine Enterprise Area	Specific Project		103,079							103,079
Low Carbon Hub	Specific Project	1,219,518								1,219,518
Ardrossan North Shore	External Funding	26,086,977	10,912,238	1,694,804						38,694,019
VDLF - Harbour Masters Office	External Funding	136,778								136,778
VDLF - I3 Irvine Enterprise	External Funding	714,525								714,525
Sub Total		49,969,357	9,872,812	15,134,410	9,317,841	2,686,309	4,144,611	4,147,851	(2,000)	95,271,191
Other										
Flexibility / Infrastructure Fund	Specific Project	400,000	(2,500,000)	4,500,000	100,000	(62,125)			(1,530,400)	907,475
Sub Total		400,000	(2,500,000)	4,500,000	100,000	(62,125)			(1,530,400)	907,475
TOTAL EXPENDITURE		26,669,008	16,838,648	38,997,425	46,746,470	9,168,478	4,477,698	7,215,092	(1,532,400)	148,580,419
		Changes 23/24	Changes 24/25	Changes 25/26 £	Changes 26/27 £	Changes 27/28 £	Changes 28/29 £	Changes 29/30 £	Changes 30/31 £	Total £
INCOME										
Prudential Borrowing		14,553,444	38,289,514	24,010,716	46,960,758	7,467,991	704,952	(7,664,658)	352,600	124,675,317
Specific Grants - AGD		(2,524,174)	(9,162,667)	(5,819,734)	(414,288)	1,500,487	3,572,746	14,679,750		1,832,120
Specific Grants - Cycling, Walking & Safer Streets		571,954	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	557,954
Specific Grants - Vacant & Derelict Funding		3,857,216								3,857,216
Specific Grants - B714 Improvements		(7,805,898)	(8,702,478)	16,351,443						(156,933)
Specific Grants - Renewal of Play Parks		231,000	347,000	578,000						1,156,000
General Capital Grant - Flooding		10,230,000	(3,099,000)							7,131,000
General Capital Grant		5,374,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	6,788,000
Investment Fund										
Renewal & Recovery			(1,134,820)							(1,134,820)
Grants & Contributions		2,068,411	101,099							2,169,510
Sale of land & buildings		113,055		3,677,000					(2,085,000)	1,705,055
TOTAL INCOME		26,669,008	16,838,648	38,997,425	46,746,470	9,168,478	4,477,698	7,215,092	(1,532,400)	148,580,419

North Ayrshire Council Revised Capital Programme 2023/24 - 2031/32										
Project Description		Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Revised 28/29	Revised 29/30	Revised 30/31	Total £
Place										
Roads Improvement / Reconstruction	Recurring	4,400,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	31,000,000
A737 Dalry Bypass	Specific Project	295,690								295,690
Traffic Calming	Specific Project	75,000								75,000
Lighting	Recurring	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	8,000,000
Upper Garnock FPS	External Funding	300,000								300,000
Millport Coastal FPS	External Funding	26,000,000	20,035,000							46,035,000
Millport Pier	Specific Project		349,920							349,920
Millburn FPS	External Funding	400,000	1,109,982							1,509,982
Bridges infrastructure programme	Recurring	900,000	954,564	560,000	560,000	560,000	560,000	560,000	460,000	5,114,564
Largs Promenade Seawall	Specific Project	3,697,532								3,697,532
B714 Improvements	Specific Project	500,000	8,000,000	16,351,443						24,851,443
Property lifecycle investment	Recurring	1,632,683	1,000,000	1,000,000	1,000,000	1,100,000	1,000,000	1,000,000	1,000,000	8,732,683
HOME	Specific Project	3,099,062	1,033,021							4,132,083
Improvement grants	Recurring	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,000,000
Cemetery extns, walls & infra	Specific Project	78,806	300,000	268,162	23,042					670,010
Kilwinning Cemetery	Specific Project	198,328								198,328
West Kilbride Cemetery	Specific Project	7,506								7,506
Stevenston Cemetery	Specific Project	33,610								33,610
Kilbirnie Cemetery	Specific Project	389,227	200,000							589,227
Ardrossan Cemetery	Specific Project	600,000	300,000							900,000
Brodict Cemetery	Specific Project	4,979								4,979
Kilbirnie Cemetery Wall	Specific Project	98,370								98,370
Beith Cemetery-Wall Repairs	Specific Project	46,953								46,953
Abbey Tower Cemetery Wall	Specific Project	92,030								92,030
Hawkhill Cemetery-Wall Repairs	Specific Project	106,921								106,921
West Kilbride Cemetery Walls	Specific Project	97,115								97,115
Goldcraigs Refurbishment	Specific Project	484,000								484,000
Renewal of Play Parks	External Funding	231,000	347,000	578,000						1,156,000
Vehicles	Recurring	1,500,000	1,022,023	2,000,000	2,977,977	2,000,000	2,000,000	2,000,000	2,000,000	15,500,000
Fleet Decarbonisation	Specific Project	1,750,000								1,750,000
Core Infrastructure, property and Vehicles Renewal Investment	Recurring	608,000								608,000
Shewalton landfill	Specific Project									
Solar PV Investment	Specific Project	6,224,560								6,224,560
Dockhead Street Saltcoats	Specific Project	100,000								100,000
Montgomerie Park Masterplan	Specific Project	250,000		50,000	100,000	600,000	350,000	490,000	500,000	2,340,000
VDLF 2023/24 Allocation	External Funding	1,506,000								1,506,000
VDLF - Annickbank Ph 3	External Funding	948,959								948,959
VDLF - Development Work	External Funding	145,738								145,738
VDLF - Tree Planting	External Funding	40,000								40,000
Cycling / Walker / Safer Streets	External Funding	1,159,954	586,000	586,000	586,000	586,000	586,000	586,000	586,000	5,261,954
Access Paths Network Programme	Specific Project	494,603	50,000	50,000	50,000	50,000	50,000	50,000	50,000	844,603
B777 Corridor Improvements	Specific Project	33,600								33,600

North Ayrshire Council Revised Capital Programme 2023/24 - 2031/32										
Project Description		Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Revised 28/29	Revised 29/30	Revised 30/31	Total £
Growth & Investment										
Ayrshire Growth Deal:										
AGD - i3 DPMC Phase 1	External Funding	400,000	394,551							794,551
AGD - i3 DPMC Phase 2	External Funding	200,000	400,000	2,000,000	2,150,030					4,750,030
AGD - i3 Flexible Business Space	External Funding	3,153,000	978,000	2,419,000	7,591,500	411,818				14,553,318
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	External Funding	200,000	335,000	335,000	4,196,000	4,196,000	4,196,000	4,195,881		17,653,881
AGD - Great Harbour	External Funding	405,000	4,025,000	4,188,000	2,335,000	2,221,000	86,000	88,474		13,348,474
AGD - IMSE	External Funding			250,000	273,740	3,200,000	3,250,000	3,250,000		10,223,740
AGD Marine Tourism - Ardrossan	External Funding	450,000	512,000	4,500,000	1,689,621					7,151,621
AGD Marine Tourism - Arran	External Funding	30,000	30,000	40,000	150,000	1,600,000	104,611			1,954,611
AGD Marine Tourism - Cumbræ	External Funding	50,000	50,000	150,000	1,600,000	96,750				1,946,750
Ardrossan Harbour & Landside	Specific Project	50,000	1,793,701	1,793,702						3,637,403
Irvine Enterprise Area	Specific Project		103,079							103,079
Low Carbon Hub	Specific Project	1,219,518								1,219,518
Ardrossan North Shore	External Funding	26,086,977	10,912,238	1,694,804						38,694,019
VDLF - Harbour Masters Office	External Funding	136,778								136,778
VDLF - I3 Irvine Enterprise	External Funding	714,525								714,525
Sub Total		93,126,024	60,121,079	44,114,111	30,582,910	21,921,568	17,482,611	17,520,355	9,896,000	294,764,658
Other										
Flexibility / Infrastructure Fund	Specific Project	2,900,000		7,000,000	100,000					10,000,000
Sub Total		2,900,000		7,000,000	100,000					10,000,000
TOTAL EXPENDITURE		115,931,067	92,308,090	72,781,726	69,466,139	32,165,462	18,850,298	21,622,196	10,945,600	434,070,578
		Revised 23/24 £	Revised 24/25 £	Revised 25/26 £	Revised 26/27 £	Revised 27/28 £	Revised 28/29 £	Revised 29/30 £	Revised 30/31 £	Total £
INCOME										
Prudential Borrowing		68,291,931	68,762,811	33,183,283	50,474,139	13,173,462	1,218,552	(7,035,058)	352,600	228,421,720
Specific Grants - AGD		3,653,000	4,839,000	8,399,000	8,399,000	8,399,000	7,038,746	18,064,254		58,792,000
Specific Grants - Cycling, Walking & Safer Streets		1,159,954	586,000	586,000	586,000	586,000	586,000	586,000	586,000	5,261,954
Specific Grants - Vacant & Derelict Funding		3,857,216								3,857,216
Specific Grants - B714 Improvements		500,000	5,630,000	16,351,443						22,481,443
Specific Grants - Renewal of Play Parks		231,000	347,000	578,000						1,156,000
General Capital Grant - Flooding		20,525,000								20,525,000
General Capital Grant		15,179,000	10,007,000	10,007,000	10,007,000	10,007,000	10,007,000	10,007,000	10,007,000	85,228,000
Investment Fund										
Renewal & Recovery			1,235,180							1,235,180
Grants & Contributions		2,068,411	901,099							2,969,510
Sale of land & buildings		465,555		3,677,000						4,142,555
TOTAL INCOME		115,931,067	92,308,090	72,781,726	69,466,139	32,165,462	18,850,298	21,622,196	10,945,600	434,070,578

Capital Investment Strategy 2023- 2031

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. This refreshed strategy takes a long-term view and covers the period from 2023 to 2031. This is aligned to the Capital Investment Programme.

The Capital Investment Strategy is a reporting requirement 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: -

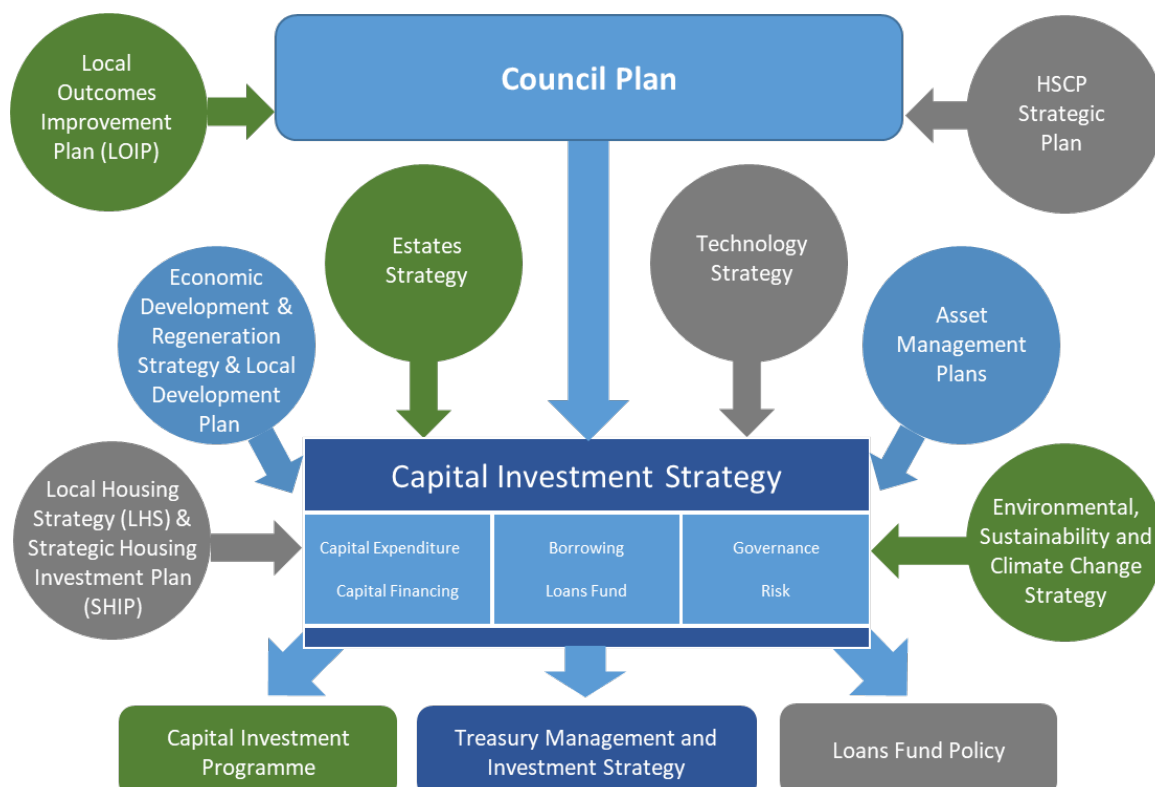
- Ensuring that capital plans are aligned to the strategic priorities as set out in the Council Plan.
- Ensuring that capital plans are affordable, prudent and sustainable.
- Demonstrating the linkage to local strategic planning and local asset management planning.
- Ensuring that financing decisions 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 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.

Throughout 2022/23 the wider construction industry has reported significant, ongoing inflationary pressures linked to a number of factors, including additional costs as an ongoing consequence of the Covid-19 pandemic; upward pressure on input costs linked to international externalities such as the war in Ukraine and its impact on global supply chains; material and labour shortages; and increased demand linked to reduced contractor availability. This has resulted in the identification of increased cost risks in relation to a number of our investment priorities.

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. Decisions made over the course of the programme for capital and treasury management will have financial consequences for the Council for many years in the future. There is also recognition of the need to balance investment between maintaining current assets and infrastructure against the ambitions for acquiring new assets. In addition to the Recovery and Renewal Strategy and Economic Recovery and Renewal Approach, North Ayrshire Council's Capital Investment 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 2019-2024

The mission for North Ayrshire Council is ***“Working together to improve well-being, prosperity and equity in North Ayrshire.”*** To deliver on this mission key strategic priorities, outlined below, have been developed to direct plans now and into the future.

Our Priorities

Aspiring Communities

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

Inspiring Place

- ▶ Well connected with effective infrastructure
- ▶ Homes that meet residents' needs
- ▶ Vibrant, welcoming and attractive environment
- ▶ A sustainable environment

A Council for the Future

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

Our Vision

A North Ayrshire
that is 'Fair For All'

Our Mission

Working together to
improve well-being,
prosperity and
equality in
North Ayrshire

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

With the current Council plan due to end in 2024, work is ongoing to create the new Council plan for beyond 2024.

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) 2022 – 2030** provides a commitment by all partners to North Ayrshire communities and citizens across three main priority areas:

WELLBEING



Health and Wellbeing - We will reduce inequalities by targeted support to improve individual, family and community health and wellbeing.

WORK



Economy and Skills - We will address the causes and effects of poverty through a strong local economy and skills base.

WORLD



Climate Change - We will work more closely and effectively together to reduce carbon emissions and mitigate the impacts of climate change.

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 agreed their own local priorities. The following diagram illustrates the links between the locality priorities and those in the LOIP:



WELLBEING

- Improving our mental health and wellbeing
- Championing green health and the natural environment
- Improving access to financial services
- Increasing social inclusion
- Addressing social isolation
- Alleviating poverty and promoting equality of access to opportunities
- Improving community wellbeing
- Improving access to facilities and amenities/regenerating community facilities
- Increasing civic pride and community engagement
- Affordable housing



WORK

- Alleviating poverty and promoting equality of access to opportunities
- Supporting skills and work opportunities
- Promoting the local economy and tourism
- Work and local community



WORLD

- Improving our local environment
- Championing green health and the natural environment
- Moving around
- Transport

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 Commissioning Plan 2022-2030

The North Ayrshire Health & Social Care Strategic Plan 2022-2030 was developed through engagement and collaboration with local people, service users, members of staff and other key stakeholders. It sets out our long-term ambitions for improving the health and wellbeing of everyone who lives in North Ayrshire.

The 2022-2030 plan continues the existing vision 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:



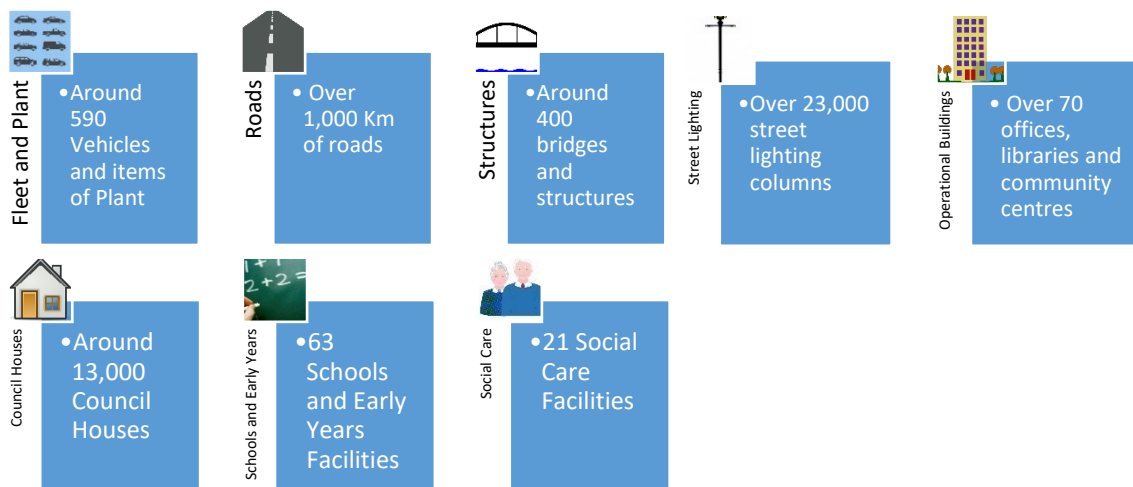
Asset Management Plans

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:



The Council's assets play a key role in the delivery of a wide range of essential services to our local communities, contribute to regeneration and help drive economic growth. 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 all Directorates hold the responsibility for maintaining the plans and reporting progress to the Council's Cabinet on a bi-annual basis.

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



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

Roads, Structures and Lighting	<ul style="list-style-type: none"> Planned investment of £127.4m to 2030/31 including improvements to the roads and street lighting network, flood prevention works at Upper Garnock and Millport and bridges infrastructure improvement.
Fleet, Plant and Equipment	<ul style="list-style-type: none"> Procurement and maintenance of all Council fleet vehicles and plant ensuring the fleet of 586 vehicles and heavy plant are maintained and operated in accordance with the Council's Operator's licences and Road Transport legislation. Prioritisation of emissions reductions through decarbonisation of vehicle fleet. Vehicle and plant capital investment is planned at £17.3m to 2030/31.
Property	<ul style="list-style-type: none"> To ensure Council properties meet all legislative requirements and they are sustainable, energy efficient and maintained to a high standard as well as ensuring the physical environment is able to support mobile and flexible work programmes, Investment is planned at £19.6m to 2030/31. It is also recognised that through the Estates Strategy further rationalisation and remodelling will continue to be progressed on a locality by locality basis, with capital receipts incorporated into the capital programme.
Housing	<ul style="list-style-type: none"> Underpinned by the Local Housing Strategy, the Strategic Housing Investment Plan and the 30 Year HRA Business Plan, responsibility for maintenance of around 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 2023-2028 will see capital investment by the Council total £319.9m.
ICT	<ul style="list-style-type: none"> The Technology Strategy 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 £6.1m investment to 2030/31 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 £2.8m is planned to 2030/31 for cemetery infrastructure.

Local Housing Strategy 2018-22 and Strategic Housing Investment Plan 2022-27

The key strategic outcomes for the Local Housing Strategy 2018-2022 for North Ayrshire included 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 Draft Local Housing Strategy 2023-2028, currently being finalised following consultation and due to be approved in May 2023, maintains these same key outcomes. The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in North Ayrshire over the next five years:

Health and
Educational
Benefits

Contribute to
Regeneration of
North Ayrshire

Sustainable
Investment

Meet Local
Demand and
Aspirations

Maximise ROI
and achieve VFM

Involve the local
community

The SHIP will secure investment in a total of 1,652 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 £115.8m. 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, the Local Housing Strategy sets a target of approximately 25% of new build homes being suitable 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 assist with housing management and maintenance issues and increase the housing available. As such, a second hand and empty homes buy-back programme has been incorporated into the SHIP.

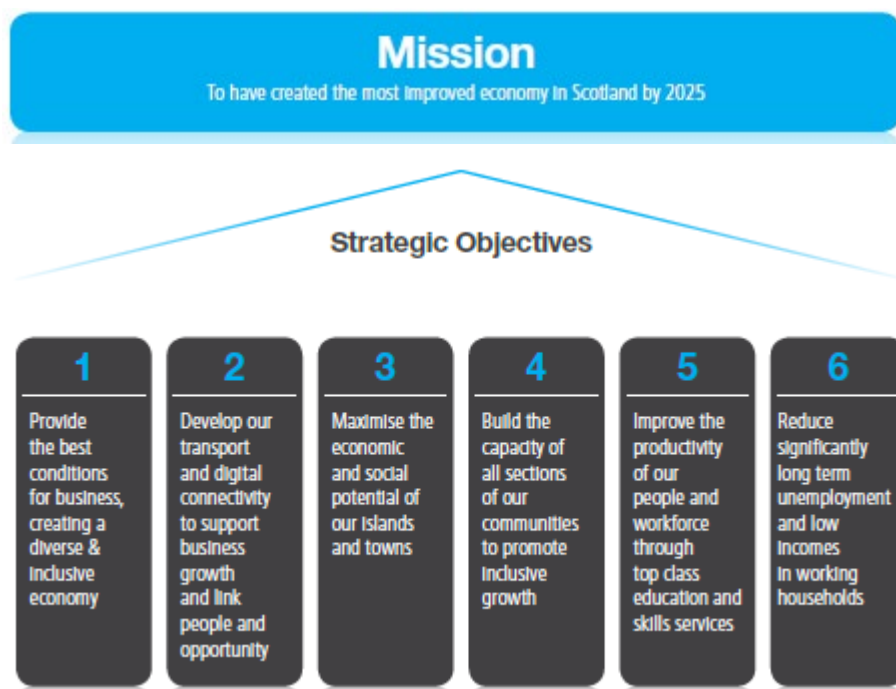
Making sustainable investment in housing is a key priority within the SHIP and this is achieved by incorporating energy efficiency measures and renewable technologies within the new build programme. The developments benefit from a range of sustainable measures including low carbon heat, solar photovoltaic panels and smart technologies. 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 52 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.

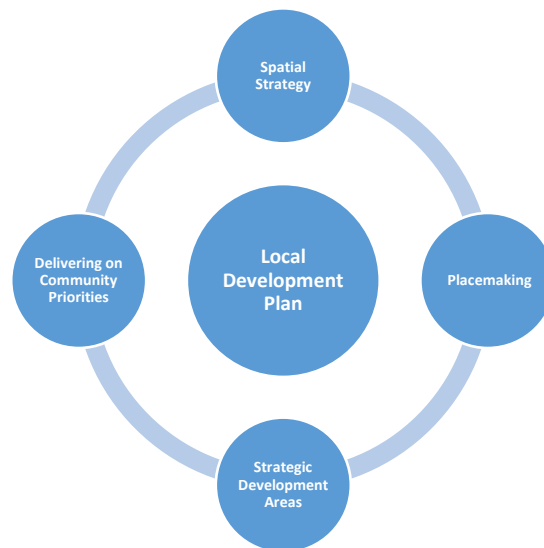
Economic Development & Regeneration Strategy and Local Development Plan

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

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

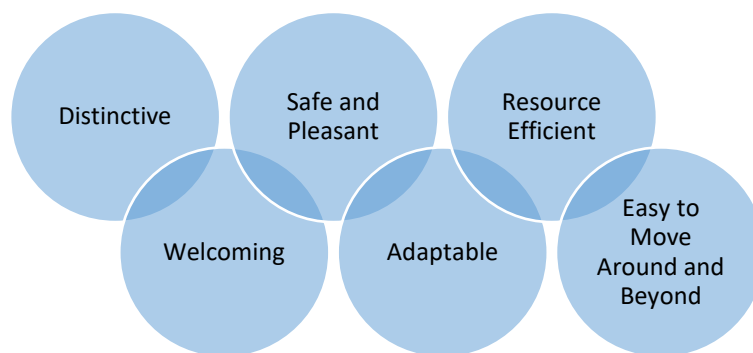


The Local Development Plan was adopted in November 2019 and aligns to the six strategic objectives as set out in the Economic Development and Regeneration Strategy, it brings a targeted local context in guiding development and investment in North Ayrshire over the next 20 years. The focus is supporting 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 2022 – 2030 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 with 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 supports the LOIP 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	North Shire - Ardrossan	i3 - Irvine	Montgomerie Park, Irvine
Kilbirnie	Irvine Harbourside	Brodick Harbourside	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 £251.5m. 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 Capital Investment Programme to 2030/31 includes planned investment of £72.4m to 2030/31.

Finally, our Community Wealth Building Strategy introduced a new model to develop resilient, inclusive local economies, with more local employment and a larger and more diverse business base, ensuring that wealth is locally owned and benefits local people. All capital and revenue investment will be considered within the context of the Community Wealth Building Strategy, with maximising opportunities for local suppliers through procurement a key priority and pillar of the strategy.

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 £6m is planned to 2030/31 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	•Provide fit-for-purpose and conveniently located service hubs that users can readily access.
Education and Leisure	•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	•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 the generation of capital receipts. Anticipated income from land and property capital receipts planned to support the capital programme totals £4.1m to 2030/31.

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 2023/24 represents year 3 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 £434.1m from the Council's General Fund is planned over the period from 2023/24 to 2030/31, supporting the 3 key strategic priorities from the Council Plan. This includes planned expenditure of £72.4m towards the Ayrshire Growth Deal to 2030/31. It is recognised that the total level of investment across Ayrshire will be in the region of £251.5m (including £103m commitments from both the UK and Scottish Governments).



The capital plan includes £122.1m planned investment in Education.

The major areas of education investment include;

Universal School meals Expansion - £9.8m	Ardrossan Campus- £78.7m	Montgomerie Park school £22.4m	Moorpark Primary School £4.9m
<ul style="list-style-type: none">•Improvements to current kitchen and dining facilities across the school estate to create capacity for the anticipated uptake.	<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 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.

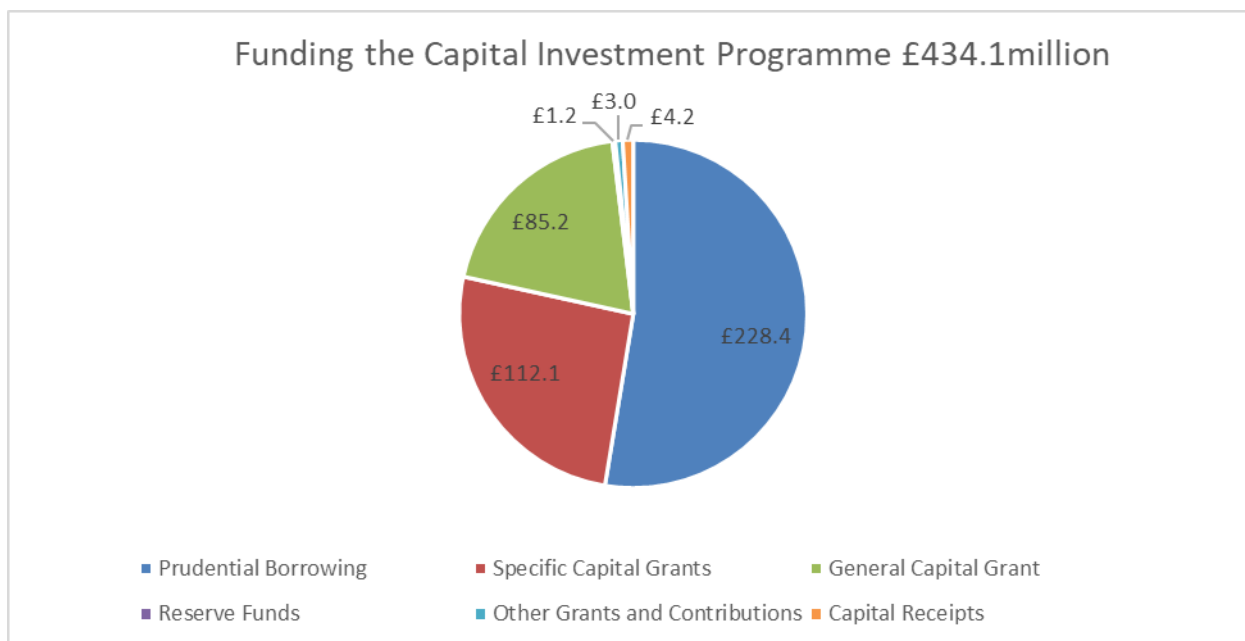
It is also recognised that investment in education contributes to and can be integrated within wider economic development and regeneration within the localities and this is reflected in the nature of the planned developments for Ardrossan Academy and Montgomerie Park school. Through stakeholder engagement, 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.

Investing in core assets and infrastructure is key to ensuring sustainability. A planned investment of £127.4m within Roads, Structures and Lighting includes £31.0m road improvements, £47.8m on flood prevention works and £24.9m on the upgrading of the B714 following a successful application to the UK Governments Levelling Up Fund. Property lifecycle investment of £8.7m, 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. The plan includes investment in several key programmes of regeneration within North Ayrshire and, in respect of the Ayrshire Growth Deal, on a wider pan Ayrshire basis.

The Capital Investment Programme 2023/24 to 2030/31 sets out the ambition of North Ayrshire Council and supports the key strategic themes of the Council Plan. 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 £434.1m capital investment programme to 2030/31 include;



The major sources of funding include assumptions on the level of general capital grant from Scottish Government to 2030/31 (£85.2m) and the level of prudential borrowing (£228.4m) 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 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 with annual loans fund repayments made to reduce the debt. This approach helps to ensure that investment in assets to deliver on the Council's strategic priorities is sustainable in the long term.

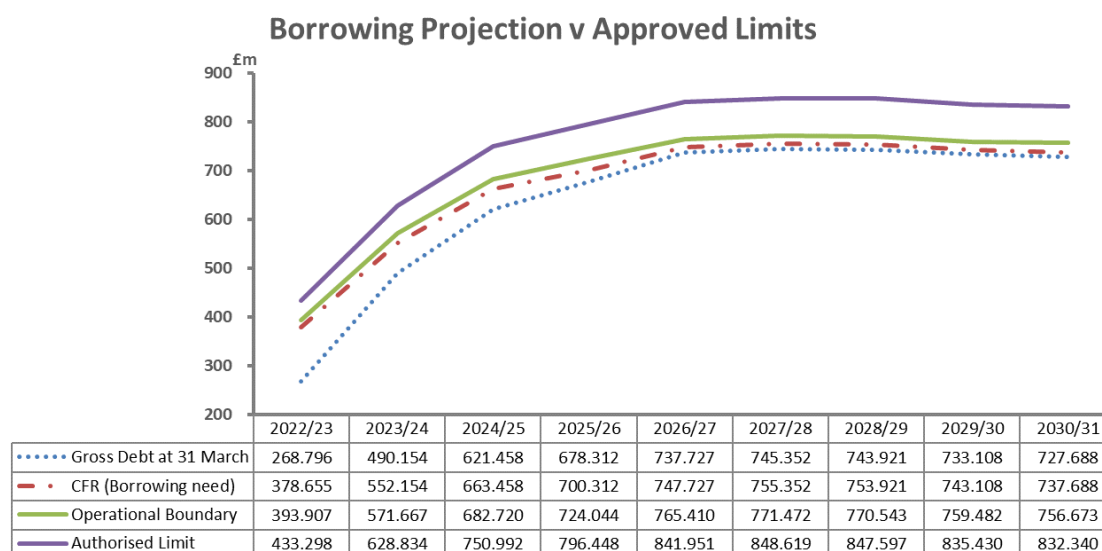
Treasury Management Strategy and Loans Fund Policy

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 Report 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 2023/24, the analysis of the Capital Financing Requirement for North Ayrshire Council indicates that the borrowing needs to support delivery of the capital programme will increase to £745.352m by 2027/28 and then reduce annually to 2030/31. The analysis also indicates that this borrowing need continues to be 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.

Proportion of financing costs to net revenue stream	2022/23	2023/24	2024/25	2025/26
	Probable Outturn	Estimate	Estimate	Estimate
	%	%	%	%
General Services	2.9%	3.4%	4.6%	5.6%
HRA	20.9%	27.8%	36.8%	39.9%

The estimated ratio of debt to net revenue stream across the next 3 years averages at 4.5% for General Services and 34.8% for the HRA. From a General Fund perspective, the draft CIPFA Directors of Finance Performance Indicators 2021/22 show a Scottish Local Authority average 5.48%, therefore demonstrating a prudent borrowing policy. For the HRA, the indicative Scottish average in 2021/22 was 23.03%. The rising ratio within the HRA is indicative of the significant capital investment programme as outlined in the Strategic Housing Investment Plan. The level of loan charges is deemed prudent and affordable within the framework of the 30 year Housing business plan.

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 year's 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

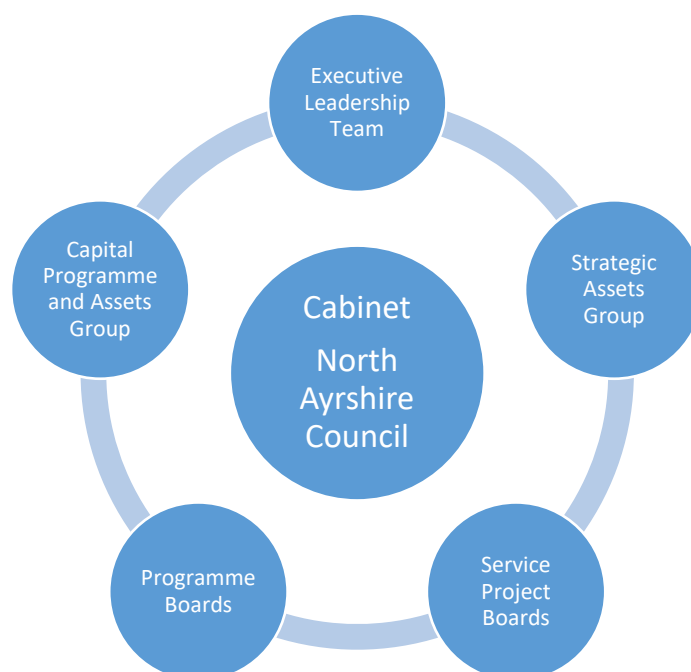
Having robust governance arrangements in place is key to ensuring effective strategic management of assets, from initial planning through to delivery, utilisation and disposal. North Ayrshire Council delivers a governance framework through a number of officer and member represented groups / committees.

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
- Scope and Benefits
- Options Appraisal,
- Risks, Constraints & Dependencies
- Procurement arrangements
- Monitoring of Key milestones
- Evaluation criteria & 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.

Programme Boards provide a strategic focus at programme level and are chaired by the responsible Chief Officer. Each programme can include a number of individual projects across each Directorate which contribute to specific Council and programme objectives. To ensure the objectives are met the Chief Officer for the programme is responsible for strategic oversight including all projects that form part of the overall programme.

The Capital Programme and Assets Group is chaired by the Head of Service (Finance) 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 prudent capital receipts programme for inclusion in the Council's Capital Programme.

The **Executive Leadership Team** consists of the Chief Executive, Executive Director Communities, Executive Director Place, Director of Growth and Investment, Head of Democratic Services, Head of People and ICT and Head of Finance 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 as well as being the escalation point for any key strategic decisions across the Capital Investment Programme prior to consideration by Cabinet or Council.

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.

Knowledge & Skills

North Ayrshire Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.

The Head of Finance is a qualified accountant and holds the position of Section 95 officer for the Council. The Council's Section 95 Officer is responsible for the proper administration of the Council's financial affairs 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.

Where the Council does not have the knowledge and skills required, use is made of external advisers that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers to ensure that we have access to specialist knowledge and skills if required.

Decisions to invest in land and property are overseen in accordance with Council policies and the priorities from our Council plan, to capitalise on its position, power and influence to deliver tangible improvements to the lives of people in North Ayrshire. These decisions are made by suitably qualified personnel including architects and surveyors.

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 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 £251m.

Related Documents / Strategies / Plans

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