North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Cunninghame House,
Irvine.

21 September 2017

Cabinet

You are requested to attend a Meeting of the Cabinet of North Ayrshire Council to be held in the Council Chambers, Cunninghame House, Irvine on **TUESDAY 26 SEPTEMBER 2017** at **2.30 p.m.** to consider the undernoted business.

Yours faithfully

Elma Murray

Chief Executive

1. **Declarations of Interest**
    Members are requested to give notice of any declaration of interest in respect of items of business on the agenda.

2. **Minutes (Page 6)**
    The accuracy of the Minutes of the meeting of the Cabinet held on 29 August 2017 will be confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973 (copy enclosed).

EDUCATION ITEMS FOR DECISION

3. **1+2 Language Policy, focusing on Erasmus+ (Page 12)**
    Submit report and receive presentation by the Executive Director (Education and Youth Employment) on the work of Erasmus+ in assisting the delivery of language learning in our schools (copy enclosed).

4. **Scottish Attainment Challenge in North Ayrshire (Page 16)**
Submit report by the Executive Director (Education and Youth Employment) on the proposed Attainment Challenge long term outcomes to reduce the poverty-related attainment gap by 2020 (copy enclosed).

5. **Pupil Equity Funding in North Ayrshire (Page 31)**
Submit report by the Executive Director (Education and Youth Employment) on North Ayrshire Council's approach to supporting schools with the planned use of the Pupil Equity Fund (copy enclosed).

GENERAL BUSINESS FOR DECISION

6. **Smarter Ways of Working: A Digital Strategy for North Ayrshire Council (Page 51)**
Submit report and receive presentation by the Executive Director (Finance and Corporate Support) on the Digital Strategy for North Ayrshire Council.

Reports by the Chief Executive

7. **Lay Representatives on Cabinet (Education) (Page 69)**
Submit report by the Chief Executive on the Roman Catholic Church's representation on the Cabinet when the Cabinet meets to consider Education Authority business (copy enclosed).

8. **Regulation of Investigatory Powers (Scotland) Act 2000- Inspection Report (Page 71)**
Submit report by the Chief Executive on the Council's use of the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) and the inspection undertaken by the Office of the Chief Surveillance Commissioner (copy enclosed).

9. **Public Performance Reporting 2016/17 (Page 76)**
Submit report by the Chief Executive on the 2016/17 public performance reporting and the draft Annual Performance Report 2016/17 (copy enclosed).

Reports by the Executive Director (Place)

10. **Council House Building Programme (Page 124)**
Submit report by the Executive Director (Place) on the increase the Council's housing building programme from 750 to 1,000 units for delivery by March 2022 (copy enclosed).

11. **Strategic Housing Investment Plan 2018 - 2023 (Page 131)**
Submit report by the Executive Director (Place) on the the draft Strategic Housing Investment Plan 2018-2023 (copy enclosed).

12. **Burial and Cremation (Scotland) Act 2016 and the North Ayrshire Bereavements Charter (Page 168)**
Submit report by the Executive Director (Place) on the Burial and Cremation (Scotland) Act 2016 and the actions taken to develop a North Ayrshire Bereavements Charter (copy enclosed).

13. **Demolition of Shelter within Douglas Park, Largs (Page 177)**
Submit report by the Executive Director (Place) on the demolition of the shelter and former public toilets within Douglas Park, Largs (copy enclosed).

14. **Memorandum of Understanding with Scottish Water regarding responsibilities for the provision of surface water drainage from new housing developments (Page 180)**
Submit report by the Executive Director (Place) on the Memorandum of Understanding regarding the provision of surface water drainage from new housing developments (copy enclosed).

Reports by the Executive Director (Finance and Corporate Support)

15. **Revenue Budget 2017/18 : Financial Performance to 31 July 2017 (Page 189)**
Submit report by the Executive Director (Finance and Corporate Support) on the financial performance for the Council at 31 July 2017 (copy enclosed).

16. **Capital Programme Performance to 31 July 2017 (Page 216)**
Submit report by the Executive Director (Finance and Corporate Support) on the progress in delivering the Capital Investment Programme as at 31 July 2017 (copy enclosed).

17. **Long Term Financial Strategy 2018/19 to 2027/28 (Page 236)**
Submit report by the Executive Director (Finance and Corporate Support) on the significant financial challenge that the Council faces over the next 10 years and the approach to respond to this (copy enclosed).

Reports by the Executive Director (Economy and Communities)

18. **Universal Credit Full Service (Page 282)**
Submit report by the Executive Director (Economy and Communities) on the roll out of Universal Credit Full Service (copy enclosed).

19. **Proposed Arms' Length Organisation for Connected Communities Services: Options Appraisal (Page 287)**
Submit report by the Executive Director (Economy and Communities) on the conclusions of the Options Appraisal for a proposed Arms' Length Organisation for Connected Communities services (copy enclosed).

20. **Exploration of a Regional Partnership for Economic Development Services (Page 331)**
Submit report by the Executive Director (Economy and Communities) on options in relation to a Regional Partnership for Economic Development Services (copy enclosed).

21. **Islands Bill Consultation Response (Page 344)**
Submit report by the Executive Director (Economy and Communities) on the Council's response to the Scottish Government's request for evidence at Stage 1 of the Bill (copy enclosed).

<u>CONTRACTS</u>

22. **Award of Contract - Heating, Ventilation and Air Conditioning: Responsive Repairs and Planned Maintenance (Page 356)**
Submit report by the Executive Director (Finance and Corporate Support) on the result of the tender exercise for the Measured Term Contract 2017 / 2020 Heating, Ventilation and Air Conditioning: Responsive Repairs and Planned Maintenance (copy enclosed).

23. **Award of Contract - Supply of a Managed Fleet Stores Service (Page 360)**
Submit report by the Executive Director (Finance and Corporate Support) on the result of the tender exercise for the Supply of a Managed Fleet Stores Service Contract (copy enclosed).

24. **Urgent Items**
Any other items which the Chair considers to be urgent.

Sederunt:

Elected Members

Joe Cullinane (Chair)
John Bell (Vice-Chair)
Robert Foster
Alex Gallagher
Louise McPhater
Jim Montgomerie

Church Representatives

Very Reverend Canon Matthew McManus
Ms Elizabeth H. Higton
Mr Ian Haining

Teaching Representative

Mr Gordon Smith

Youth Council Representatives

Chair:

Attending:

Apologies:

Meeting Ended:

Cabinet
29 August 2017

IRVINE, 29 August 2017 - At a Meeting of the Cabinet of North Ayrshire Council at 2.30 p.m.

Present

Joe Cullinane, John Bell, Robert Foster, Alex Gallagher and Jim Montgomerie.

Also Present

Robert Barr (item 3 only), Anthea Dickson (items 3-14), Christina Larsen, Donald L. Reid, and Davina McTiernan.

In Attendance

E. Murray, Chief Executive; J. Butcher, Executive Director (Education and Youth Employment); L. Friel, Executive Director, (Finance and Corporate Support) and A. Lyndon, Team Manager (Corporate Procurement); K. Yeomans, Executive Director, C. McAuley, Head of Service (Economic Growth), A. Sutton, Head of Connected Communities, G. Robson, Senior Employability and Skills Manager and Alastair Laurenson, Senior Manager (Regeneration) (Economy and Communities); D. Rowland, Head of Service (Health and Community Care) and M. Inglis, Senior Manager (Intervention Service) (Health and Social Care Partnership); Y. Baulk, Head of Service and L. Cree, Senior Manager (Property Management and Investment) (Place); A. Fraser, Head of Democratic Services, M. Sugden, Communications Officer and D. McCaw, Committee Services Officer (Chief Executive's Service).

Chair

Councillor Cullinane in the Chair.

Apologies for Absence

Louise McPhater.

1.   **Declarations of Interest**

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

2.   **Minutes**

The accuracy of the Minutes of the meeting of the Cabinet held on 20 June 2017 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3.   Fair for All and Locality Partnership Budget Proposals

Submitted report by the Chief Executive on the extent of the funds and programmes approved by Council to take forward the development of Locality Partnerships and Fair for All and on the use of Participatory Budgeting as an approach to the co-design and delivery of Environmental Services elements of the Council's General Services Revenue budget.

Members asked questions and were provided with further information in relation to:-

- the amount of funding available from the Community Investment Fund (CIF) and the approach which will be taken regarding distribution of the Fund;
- the CIF being a one-off Fund with no restriction on how long it takes to disburse;
- a possible review of the disbursement of the CIF, and on projects coming forward to the Fund, which could be carried out towards the end of the next calendar year;
- the governance process in relation to Locality Partnerships and voting rights in relation to the CIF; and
- recommendations from Locality Partnerships on the spending element of the CIF being approved by the Cabinet.

The Cabinet agreed (a) to approve the criteria and implementation approach proposed for the Community Investment Fund (CIF); (b) to approve the proposals for Poverty Challenge Funds; (c) that officers work to develop a feasibility for a Basic Income Pilot; (d) to note the introduction of a North Ayrshire Poverty Truth Commission, subject to Scottish Government approval; (e) to note the development approach and timescales for Participatory Budgeting in respect of Environmental Services and agree to take Locality Basis approach; and (f) to receive further reports in relation to Poverty Challenge Funds, Community Investment Fund and Participatory Budgeting.

4.   North Ayrshire Council Landfill Advisory Fund Panel

Submitted report by the Chief Executive on a change to the Elected Member composition of the North Ayrshire Council Landfill Advisory Fund Panel which makes recommendations to LandTrust who administer and distribute the Scottish Landfill Communities Fund.

The Cabinet agreed (a) that the Elected Member composition of the North Ayrshire Council Landfill Advisory Fund Panel shall comprise the Cabinet Portfolio Holder for Place, one Member nominated by the Administration, one Member nominated by the Opposition and one other Member nominated by the Conservative and Unionist Group or Independent Members; and (b) to remit to the Council to make the relevant appointments.

5. Appointment of Third Church Representative on Cabinet (Education)

Submitted report by the Chief Executive on the outcome of the work to identify a third church representative to serve on the Cabinet when it meets to consider Education Authority business.

The Cabinet agreed to approve the appointment of Ian Haining of the Bridge Church as the third church representative as detailed within the report.

6. Individual Placement Agreements

Submitted report by the Executive Director (Finance and Corporate Support) seeking approval for the 'in principle' use of Individual Placement Agreements (IPAs) to support best practice and ensure procured care is specified at an individual client level and confirms the contractual relationship between the Purchaser and the Provider from the outset.

The Cabinet agreed the use of IPAs where appropriate contractual arrangements are in place.

7. Irvine Bay Urban Regeneration Company Pension Fund Cessation Deficit

Submitted report by the Executive Director (Finance and Corporate Support) of the pension fund cessation deficit of Irvine Bay Urban Regeneration Company.

The Cabinet agreed to approve consolidation of the future pension fund position of the Irvine Bay Urban Regeneration Company into North Ayrshire Council's pension fund position.

8. Ensuring Alignment of Advice Services in North Ayrshire

Submitted report by the Director (Health and Social Care Partnership) setting out a vision for the delivery of fully aligned advice services across North Ayrshire and making specific recommendations on the future role and function of the directly managed and commissioned service.

The Cabinet was advised that within the Financial Implications at section 4 of the report, the reduction in the value of the commissioned service is £45k and not £75k as stated.

Members asked a question and were provided with further information in relation to any perceived weaknesses in relation to targeting and delivery of advice services across North Ayrshire.

The Cabinet agreed to (a) the implementation of the necessary changes within the directly managed service, including the initiation of a tendering exercise to secure wider advice services, as detailed in the report; and (b) note that a report was to be submitted to the September meeting of the Integration Joint Board to seek approval of the proposals.

9. Corporate Parenting Plan 2017-2020

Submitted report by the Director (Health and Social Care Partnership) on approval of the final draft of the Corporate Parenting Plan 2017-2020 as detailed at Appendix 2 to the report.

The Cabinet agreed to approve the final draft of the Corporate Parenting Plan 2017-2020.

10. The Expansion of Early Learning and Childcare in Scotland: North Ayrshire Council's Implementation Plan

Submitted report by the Executive Director (Place) seeking approval for the proposed North Ayrshire Council Implementation Plan for the Expansion of Early Learning and Childcare in Scotland by 2020 and providing information on the model of delivery to meet the requirements of the expansion programme.

Members asked questions and were provided with further information in relation to:-

- challenges in terms of staffing and the need for a flexible workforce to enable establishments to be open 50 weeks of the year; and
- the affordability of wrap around care and the requirement for significant negotiations with the Scottish Government over the next few years.

The Cabinet agreed to (a) approve the proposed Implementation Plan for submission to Scottish Government on 29 September 2017; (b) approve the proposal to develop a new Early Years Centre, at a site still to be determined, in Irvine, that incorporates a learning and development facility for early years practitioners and leaders, subject to Scottish Government funding; and (c) receive regular updates on the progress of the expansion programme in North Ayrshire.

11. Update regarding the Report of the Independent Enquiry into the Construction of Edinburgh Schools (the Cole Report)

Submitted report by the Executive Director (Place) providing an update on the Report of the Independent Enquiry into the Construction of Edinburgh Schools (the Cole Report).

Members asked a question and were provided with further information in relation to quality and inspection of the current building projects in North Ayrshire and on any review of how building works are inspected by the Council.

The Cabinet agreed that members note (a) North Ayrshire Council's response to the issues experienced as a result of structural failure at Edinburgh's Oxgangs Primary School; (b) the main issues and recommendations of the subsequent Cole Report; (c) the continuing actions to ensure the effective management of any risk to North Ayrshire Council; and (d) that any further recommendations are awaited upon publication of the Scottish Government's response to the Cole report.

12. Update regarding the Council's response to the Grenfell Tower fire

Submitted report by the Executive Director (Place) providing an update regarding the Council's response to the Grenfell Tower fire and the actions being undertaken to address all relevant issues.

Members asked questions and were provided with further information in relation to:-

• any progress in identifying properties which do not have fire proof doors where residents have replaced doors with ones which do not provide 1-hour fire resistance and on the best way to manage replacement of the doors; and
• timescales in connection with the installation of the proposed sprinkler systems.

The Cabinet agreed to endorse the Council's response to the Grenfell Tower incident and the further action planned as a result of the incident, including the development of detailed proposals regarding the installation of sprinkler systems within our high-rise residential properties.

13. Better Off North Ayrshire - 6 month progress update

Submitted report by the Executive Director (Economy and Communities) on progress in delivering on the Lottery/ESF funded contract for the delivery of financial inclusion services.

Members asked a question and were provided with further information in relation to links with First Alliance in relation to affordable loans.

The Cabinet agreed to (a) note the update and the continuing approach being taken in relation to services and risk management; (b) support the full launch of Better Off North Ayrshire during Challenge Poverty week in October; and (c) support the continuing work of the Better Off North Ayrshire Partnership.

14. Education Scotland Inspection of Community Learning and Development in North Ayrshire Council

Submitted report by the Executive Director (Economy and Communities) on the findings of the Education Scotland Inspection of Community Learning and Development in North Ayrshire Council.

The Cabinet agreed to (a) note the high quality of the findings of the report of the Education Scotland Inspection of Community Learning and Development in North Ayrshire Council; and (b) approve the areas for development as detailed in the report.

15.   Quarry Road, Irvine - Proposed Preferred Option for Phase Two

Submitted report by the Executive Director (Economy and Communities) on development proposals for Quarry Road, Irvine including the identification of a preferred option for the second phase.

Members asked questions and were provided with further information in relation to:-

- revisions to the options which include additional facilities for cycling and tennis;
- the move away from full size indoor provisions in terms of cost and specification requirements.

The Cabinet agreed (a) the preferred option identified for the second phase of the proposals; (b) that applications for additional external funding in support of the preferred option are submitted; (c) to the purchase of additional land to facilitate the proposals; and (d) to note the emerging intentions for the development of a third phase in association with the Health and Social Care Partnership.

16.   Regeneration Capital Grant Fund (RCGF) - 2018/19 funding applications

Submitted report by the Executive Director (Economy and Communities) on the submission of applications to the Regeneration Capital Grant Fund to in support of local regeneration projects.

The Cabinet agreed to homologate the decision to submit applications for projects at Ardrossan Harbour, Irvine Enterprise Area and Arran Gateway for funding support from the Scottish Government's Regeneration Capital Grant Fund.

17.   Award of Contract - Internal and External Alterations to Dickson Court Sheltered Housing Unit, Dickson Court, Beith

Submitted report by the Executive Director (Finance and Corporate Support) on the result of the tender exercise for the contract for Internal and External Alterations to Dickson Court Sheltered Housing Unit, Dickson Court, Beith.

The Cabinet agreed to approve the award of the contract to James Frew Ltd.

The Meeting ended at 3.55 p.m.

NORTH AYRSHIRE COUNCIL

Agenda Item 3

26 September 2017

Cabinet

Title:	**1+2 Language Policy, focusing on Erasmus+**

Purpose:	To inform Cabinet of progress with 1+2 Languages and the Erasmus+ initiative..

Recommendation:	Members acknowledge the work of Erasmus+ in assisting the delivery of language learning in our schools. Members are asked to note progress.

1.   Executive Summary

1.1   The Scottish Government introduced a policy to support the delivery of 1+2 Languages in 2012. This policy aims to expand and improve language learning, by 2021, so that our children and young people within the Broad General Education, are equipped with the skills and competencies they may need in our increasingly globalised world.

1.2   North Ayrshire received a Grant to the sum of 107,415 Euros, funded by Erasmus+ and the British Council to allow fifty three members of our staff to participate in European mobility projects. This funding supports our ambition to develop staff knowledge and skills in the delivery of modern foreign languages and so improve the quality and diversity of language teaching in the Broad General Education in North Ayrshire.

2.   Background

2.1   The Scottish Government published 'Language Learning in Scotland: A 1+2 Approach' in 2012. North Ayrshire Council has developed its own strategy and action plan to meet the requirements of this Scottish Government policy. This is evaluated and reviewed annually.

2.2   In order to further enhance our provision of languages for our children and young people, and keep in line with national developments, 53 members of our staff are participating in European mobility projects. These projects have been made possible thanks to the successful award of 107,415 Euros, received from the British Council.

2.3   The chosen group represent a varied cross-section of our teaching staff including Early Years, ASN, Primary and Secondary sectors, Language Assistants and leaders in the 1+2 Language Team. Each cluster group in our education authority is also represented.

2.4   Our Erasmus+ programme includes a one week immersion course where teachers engage in professional learning; explore new methodology in the teaching and learning of Spanish/French, including the effective use of technology; widen their knowledge of French/Spanish language and culture and work collaboratively with colleagues from a variety of local authorities. Staff will also participate in initiatives such as science week at their partner school abroad to observe new methodologies in the teaching of science and Spanish.

2.5   Upon return, teachers will reflect on their professional practice, measure the impact of this educational visit on their own teaching of languages, share good practice with their colleagues and take a lead role within their school/local authority. All participants have applied for GTC accreditation.

2.6   North Ayrshire's strong self-evaluation and quality assurance processes will ensure that the learning activities undertaken on this Erasmus+ Project are reflected upon regularly and their impact reviewed, measured and evidenced through a range of approaches. We will use multiple data sources when investigating the outcomes of Erasmus + and how it has impacted on our pupils, their families and the surrounding communities. This will contribute to the annual impact report which is gathered to share ideas and promote best practice in Language Learning: 1+2 each session.

2.7   By investing in our staff in this way, we hope to further raise the aspirations and expectations for pupils in North Ayrshire and work toward closing the poverty related attainment gap.

3.   Proposals

3.1   Cabinet acknowledges the work of Erasmus+ in assisting the delivery of language learning in our schools. Members are asked to note progress.

4. Implications

Financial:	Grant received from British Council of 107,415 Euros (+).
Human Resources:	There are no Human Resource implications.
Legal:	There are no Legal implications.
Equality:	Promotes North Ayrshire's Equality Policy.
Environmental & Sustainability:	This approach will ensure sustainability across North Ayrshire, so improving the opportunities and quality of language teaching across our schools. Moreover, engaging teachers in these courses will enable us to meet the recommendation of the Scottish Government's 1+2 strategy and improve our long term approach to language learning. Our Lead Trainers' structure for language development ensures sustainability.
Key Priorities:	To involve all members of our learning community in language learning.
Community Benefits:	As well as benefitting our immediate communities, this European mobility project provides opportunities to link up and partner with other European communities/schools through e-Twinning. Locally, family learning and inter-generational projects are developing a positive interest in languages across our communities in North Ayrshire.

5.   Consultation

5.1   Consultation has taken place at a range of levels including:

- Directorate Management Team
- Senior Education Managers
- All schools clusters
- External agencies e.g. SCILT (Scottish Centre for International Language Training), Education Scotland Partners abroad

JOHN BUTCHER
Executive Director (Education and Youth Employment)

Reference : CA/FH
For further information please contact Caroline Amos Head of Service (Inclusion) on 01294 324416

Background Papers
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NORTH AYRSHIRE COUNCIL

Agenda Item 4

26 September 2017

Cabinet

Title:	**Scottish Attainment Challenge in North Ayrshire**
Purpose:	a) To seek approval for North Ayrshire Council's proposed Attainment Challenge long term outcomes to reduce the poverty-related attainment gap by 2020. b) To provide information on North Ayrshire Council's approach to reducing the poverty-related attainment gap and year three activity to reach these long term outcomes.
Recommendation:	1. Cabinet approves North Ayrshire Council's proposed Scottish Attainment Challenge long term outcomes and 2017/18 planned operational group activity. 2. Cabinet agrees to receive regular updates on the progress of the Scottish Attainment Challenge.

1.   Executive Summary

1.1   The Scottish Attainment Challenge aims to achieve equity in educational outcomes by ensuring every child has the same opportunity to succeed. The Scottish Attainment Challenge focuses on closing the poverty-related attainment gap by providing targeted support to increase the attainment of children living in North Ayrshire's highest concentrated areas of deprivation. North Ayrshire Council is one of nine Challenge Authorities supported through the Attainment Scotland Fund and is granted an allocation of this £750m fund to develop and deliver targeted initiatives and interventions to increase attainment in the highest concentrated areas of deprivation.

1.2   North Ayrshire Council is now in its third year as a Challenge Authority and the Directorate of Education and Youth Employment have recently reviewed North Ayrshire Council's Attainment Challenge operational working group outcomes. These thematic workstreams have been established to support the closing of the poverty-related attainment gap and have set outcomes to be achieved by 2020. Reviewing these outcomes has enabled a renewed focus and will support enhanced monitoring, evaluating and reporting on Attainment Challenge progress and the closing of the gap.

2.   Background

2.1   In February 2015, the Scottish First Minister launched the Scottish Attainment Challenge and the £750m Attainment Scotland Fund. This initiative aims to provide targeted support to increase the education attainment and outcomes of children in Scotland's highest concentrated areas of deprivation. The Attainment Scotland Fund was divided into three distinct funding streams:

2.1.1 **The Challenge Authorities** are currently Glasgow, Dundee, Inverclyde, West Dunbartonshire, North Ayrshire, Clackmannanshire, North Lanarkshire, East Ayrshire and Renfrewshire. The Fund was initially focused on primary schools and targeted improvements in literacy, numeracy and health and wellbeing.

2.1.2 **The Schools Programme** supports primary schools outwith the Challenge Authorities. These schools have been identified on the basis of supporting a significant proportion of pupils and families from communities which are facing some of the greatest challenges across Scotland. The scope of these Programmes has now been extended to support a number of **secondary schools** across Scotland.

2.1.3 **The Innovation Fund** was introduced to identify and fund projects to improve literacy, numeracy and health and wellbeing for children adversely impacted by deprivation. It was open to primary, special and secondary schools who were not already benefitting from Attainment Scotland Funding, opening up opportunities for all authorities to receive support.

2.2   In response to being selected as a Challenge Authority the Directorate of Education and Youth Employment commissioned the Attainment Challenge Programme Board (ACPB) to lead, deliver, monitor and evaluate North Ayrshire's Attainment Challenge funded programme of work and reports directly to Scottish Government. A number of workstreams were established to deliver key in focused areas of thematic outputs:

- Establishing the Professional Learning Academy (focusing on improving teaching and learning in literacy & numeracy)
- Creating nurturing schools
- Developing and maintaining good mental health and emotional wellbeing
- Supporting enhanced family learning
- Enhancing assessment and better use of data to target improvements

2.3   Key Operational Activity to Date

2.3.1   Key Attainment Challenge workstream progress is outlined in Appendix 1.

2.3.2   In addition, the Robert Owen Centre has supported the Directorate of Education and Youth Employment with evaluating aspects of our work in this area, the outputs of which have contributed to our action plans. Other previous work includes evaluation of:

- our approaches to parental engagement and involvement
- our use of evidence and data to plan future improvements
- how we provide pastoral and learning support to our secondary pupils

2.4   Measuring Progress

2.4.1   The Attainment Challenge Programme Board has recently undertaken an activity to review the workstream desired outcomes and evaluated the current measurement and monitoring of workstream performance. This was carried out through a workshop, which was supported by colleagues from Education Scotland and North Ayrshire's Attainment Advisor. The revised long term outcomes are provided in Appendix 2.

2.4.2   A range of overarching performance measures have been designed to show the Impact of the Attainment Challenge in North Ayrshire. All data is analysed measuring SIMD Quintile 1 against (i) Quintiles 2-5 and (ii) against Quintile 5. These include a focus on:

- Achievement of Curriculum for Excellence Levels data at P1, P4, P7, S3
- Standardised assessment results (NGRT – P4, P7)(Progress in English P3, P6)(Progress in Mathematics – P3, P6)
- Early Learning Milestones
- Health & Wellbeing – measured universally using "Pupil Attitudes to Self and School"
- Attendance and Exclusion levels

2.4.3   Early indications show progress in closing the attainment gap in literacy and numeracy between children living in SIMD Quintile 1 in North Ayrshire compared to the rest of the North Ayrshire school population (attached at Appendix 3). The results are positive at P1, P4 and S3. *[Please note that this progress is based on only two years' worth of data and, as such, caution should be applied when drawing conclusions at this stage.]*

2.4.4 Data supporting the positive impact of Nurture is attached at Appendix 4. Our future focus will be to supplement this data with longitudinal data on sustained improvements for these children.

2.5 Attainment Challenge 2017/18 Session Activity

2.5.1 The five well-established workstreams will continue into session 2017-18. The pace of progress will be accelerated and there will be a renewed and tighter focus on creating impact on the most deprived learners, and where our data analysis shows us the biggest gains can be made in reducing the poverty-related attainment gap. The Primary and Secondary programmes will be merged. The key operational activity is provided in Appendix 5.

2.5.2 A new workstream will be created to focus on developing high quality leadership and the role of leaders of learning in closing the attainment gap. The professional learning programmes will include: family empowerment programme; coaching and mentoring programmes; middle and senior leadership programmes.

2.5.3 Other new proposals include a pilot project to support better outcomes for looked after children (in the Greenwood cluster) and better access to Speech & Language Therapy on the Isle of Arran. Regional collaboration will be facilitated across Ayrshire with the introduction of a Quality Improvement Officer post across the three local authorities. This post holder's role will be to enhance collaboration across Ayrshire and facilitate the better sharing of "what works" in terms of closing the poverty-related attainment gap.

2.5.4 We will increasingly look at how we will be able to sustain the positive impact of the Attainment Challenge beyond the life of the programme. In addition, work is already underway to provide better articulation between the Attainment Challenge and the Pupil Equity Funding, ensuring that individual school programmes and North Ayrshire wide approaches complement each other.

3. Proposals

3.1 It is proposed that: 1. Cabinet approves North Ayrshire Council's proposed Scottish Attainment Challenge long term outcomes and 2017/18 planned operational group activity; and 2. Cabinet agrees to receive regular updates on the progress of the Scottish Attainment Challenge.

4. Implications

Financial:	Whilst there has been no formal announcement by Scottish Government, it is anticipated that Attainment Challenge funding will continue until 2020. Long term outcomes are intended to be only through assumed funding at the current levels.
Human Resources:	A workforce planning exercise has been undertaken to ensure that any additional posts funded through the Scottish Attainment Challenge have either been appointed/backfilled on a temporary basis in order to ensure no ongoing contractual commitments at the end of the programme.
Legal:	There are no legal issues arising from the content of this paper.
Equality:	There are no equality issues arising from this report.
Environmental & Sustainability:	There are no environmental or sustainability issues arising directly as a result of this report.
Key Priorities:	● Education and Youth Employment Directorate: Directorate Plan 2015-2018. ● Priority 1: We are reducing inequalities and delivering improved outcomes for children and young people. ● North Ayrshire Council Plan 2015-2020. ● Priority 3: Ensuring people have the right skills for learning, life and work.
Community Benefits:	N/A

5. Consultation

5.1 Attainment Challenge consultation during the 2017/18 session has been documented in individual workstream plans when deemed appropriate in relation to the development of new initiatives, interventions and programmes. Regular consultation and evaluation from those engaged in Attainment Challenge programmes as participants, practitioners, partners and school leaders is collected and evaluated on an on-going basis to support future programme improvements and development.

JOHN BUTCHER
Executive Director (Education and Youth Employment)

Reference : AMcC/SR
For further information please contact Andrew McClelland, Head of Service (Learning, Teaching & Curriculum), on 01294 324413.

Background Papers
None

APPENDIX 1 - Key Operational Activity to date as at 6th of September 2017.

1.1 Professional Learning Academy (PLA)

- Early and First Level Numeracy Frameworks have been developed and implemented supported by training and enhanced follow-up support for Quartile 1&2 schools.
- The SHORS (Strathclyde Higher Order Reading Skills) literacy programme has been successfully piloted and produced promising results. Statistical evidence shows significant gains for all learners, particularly boys.
- Professional learning programmes for "Talking into Writing" and "Talk the Big Talk" have been developed to build on talking and listening skills development work in Quartile 1&2 schools.
- A suite of 120 PLA delivered Twilight Training sessions have been programmed for the 2017/18 school session to enhance practitioner skills, knowledge and pedagogical practice across North Ayrshire.
- The PLA has secured a place on the "Reading Recovery" trainer programme in order to develop a sector leading in-house "Reading Recovery" training across the authority.
- The PLA has developed a leadership strand to build school leaders capacity to lead equitable positive attainment outcomes for all and ensure effective quality assurance and evaluation across the school community

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1.2 Nurture

- 15 Primary Nurture Groups have been established across the authority which support 78 pupils in core 3 hour morning sessions and groups and 140 in flexible afternoon sessions.
- This work has resulted in 66 pupils successfully transitioning back into mainstream education provision with positive reports from all engaged stakeholders.
- Whole school nurturing approaches training has been delivered to all Primary and Secondary schools across the authority.
- An in-house Nurture Quality Improvement Framework has been developed which has successfully enabled collection of evidence to support further practice development.
- Observations from Quality Improvement visits have indicated nurturing approaches are extending beyond the nurture group into the wider school and supporting the authority's nurture vision.
- Nurture performance measurements (SDQ, BIOS and Boxall) indicate Nurture intervention is having a positive impact.
- A secondary nurture operational framework has been developed and guidelines have been shared with all key staff who have completed 4 day nurture training.
- 6 secondary school counsellors have been appointed who work in partnership with Education Psychology to deliver strengthened mental, social and emotional wellbeing secondary school support for young people.

1.3 Mental Health & Emotional Wellbeing

- Partnership working, with third sector organisation Place2be, has been successfully established to deliver a range of 1:1 focused mental health supports in 6 Quartile 1&2 primary schools.

- Effective partnership working with Health & Social Care Partnership CAMHs colleagues has been successfully established and guidance has been issued to education practitioners to support in responding to mental health concerns and appropriate CAMHs referrals.
- Effective partnership working between secondary schools and national mental health 'See Me Scotland' has been secured to demote mental health stigmatisation and discrimination.
- A range of resources to promote positive mental, social and emotional wellbeing have been developed and delivered to primary schools including PLAYBACK ICE's 'Knowing Me, Knowing You' resource to all SIMD Quartiles 1&2 schools.
- An in-house 'Mindfulness' programme has been piloted and learning has been used to develop a series of lessons focused on mindfulness for delivery in the 2017/18 school session in Primary schools.

Family Learning

- 'Family Learning Zones' have been developed in 5 schools to actively engage parents and families in learning.
- The Family Learning Team (FLT) have supported the creation of a range of parental engagement activities Quartiles 1&2 schools. These include Family Homework Clubs; Family Book Clubs; Family Fun Clubs and Families Connect.
- Effective partnership working has been established with schools, Early Years Classes/Nurseries and the PLA to introduce and develop a programme to help equip parents to make the transition to primary school.
- The FLT has supported and led Read Write Count sessions in 26/50 primary schools, providing parents and families with an opportunity to engage in a variety of literacy and numeracy activities.
- Parents across the authority have been consulted through an annual survey as well as children directly through Stop and Talk sessions which were held in 49/50 primary schools. This will support future workstream planning.
- 1:1 targeted support with identified families in Quartiles 1&2 has been provided to build capacity, confidence, understanding and participation in family learning.

Assessment & Data Analysis

- Analytical tools have been developed to support schools with focusing on identifying attainment gaps and outcomes of specific groups.
- Data Coaches have been appointed and will be trained in the 2017/18 school year.
- A Data Literacy framework has been developed with planned data training underway for head teachers.

Professional Learning Academy – Long Term Outcomes
1. Leadership teams, teaching staff, early years practitioners and classroom assistants within North Ayrshire Council will have increased knowledge and understanding of highly effective pedagogical approaches, and how to ensure learners thrive in a variety of establishments, classrooms or playrooms which consistently model excellent practice.
2. Leadership teams will have increased confidence and be highly skilled in ensuring clear and consistent pedagogical practice across their establishments through robust approaches to quality assurance.
3. Leadership teams, teaching staff and early years practitioners within Quartile 1 and 2 schools will have increased knowledge and understanding of a broad range of evidence-based approaches focused on closing the attainment gap in literacy and numeracy.
4. Leadership teams within all establishments have the necessary knowledge and skills to ensure their local arrangements for teaching and learning within the core aspects of the curriculum are evidence-based and robust.
5. The attainment of learners in Quartile 1 and 2 schools is increased as learners benefit from knowledgeable, skilled and confident staff who are well–equipped to meet their needs in literacy and numeracy and are able to intervene when learners face challenges to their progress.
6. The Professional Learning Academy will be a sustainable organisation which is able to deliver a consistent rolling programme of high-quality professional learning opportunities for leadership teams, teachers, early years practitioners and classroom assistants.

Family Learning – Long Term Outcomes
1. Families will have increased their knowledge and confidence of transition both at primary and secondary stages.
2. Families will be more empowered through the development of Family Learning Zones, Parent/Family Groups and Programmes to increase their skills and abilities
3. The Family Learning Team will have established a Family Learning Network within the authority to share good practice, build capacity and sustainability with a variety of partners to support family learning within schools
4. All parents/carers will have a greater understanding of how to engage in supporting their children's learning at home and at school
5. All parents/carers will be more confident and have increased capacity to support their children's learning at home and at school
6. All schools will be more equipped to work and have increased capacity to engage families in supporting their children's learning, leading to sustainability of family learning
7. The Family Learning Team will have established strong links and relationships with schools, families, communities, volunteers and relevant partners to enhance the provision of family learning

Nurture - Long Term Outcomes
1. Children and young people who have received nurture support are sustaining gains in social and emotional progress over time in primary and secondary education establishments.
2. Children and young people who have received nurture support are attaining and achieving more closely in line with peers over time.
3. Almost all staff are confident in providing a nurturing approach in almost all establishments.

Leadership - Long Term Outcomes
1. Head teachers' use their knowledge and understanding of school leadership through the Head teachers' Leadership Academy to improve attainment rates within SIMD 1 and 2
2. Middle Leaders' use their knowledge and understanding of school leadership through the Middle Leadership programme to improve attainment rates within SIMD 1 and 2.
3. Teachers and middle leaders use their knowledge and understanding of coaching theory and practice through Leadership Coaching programmes and/or the Parental Empowerment programme to improve attainment rates within SIMD 1 and 2.
4. Parents and carers using their knowledge and understanding of coaching theory and practice through the Parental Empowerment programme to support their children's attainment.

Mental Health and Wellbeing - Long Term Outcomes
School leadership teams are active in supporting an improved culture which promotes positive mental health and emotional wellbeing.
Practitioners have access to training and resources etc to further develop and enhance their capacity to support the emotional wellbeing of children and young people.
Learners will have increased capacity to support their own emotional wellbeing and when required, access appropriate resources and interventions.

Listening and Talking

	SIMD 3-10	SIMD 1&2	Gap
2015 P1	83.1%	72.0%	11.1%
2016 P1	85.5%	79.3%	6.3%
2015 P4	77.0%	62.5%	14.5%
2016 P4	78.1%	67.4%	10.7%
2015 P7	79.9%	71.9%	8.0%
2016 P7	78.6%	65.2%	13.3%
2015 S3	75.1%	51.6%	23.5%
2016 S3	81.2%	65.6%	15.6%

Writing

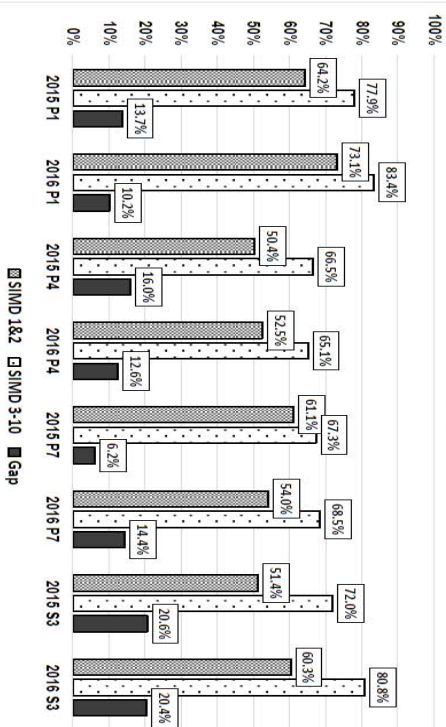|	SIMD 3-10	SIMD 1&2	Gap
2015 P1	77.9%	64.2%	13.7%
2016 P1	83.4%	73.1%	10.2%
2015 P4	66.5%	50.4%	16.0%
2016 P4	65.1%	52.5%	12.6%
2015 P7	67.3%	61.1%	6.2%
2016 P7	68.5%	54.0%	14.4%
2015 S3	72.0%	51.4%	20.6%
2016 S3	80.8%	60.3%	20.4%

Reading

	SIMD 3-10	SIMD 1&2	Gap
2015 P1	78.8%	66.5%	12.3%
2016 P1	82.1%	73.8%	8.3%
2015 P4	70.2%	57.3%	12.9%
2016 P4	73.9%	64.0%	9.9%
2015 P7	74.4%	65.7%	8.7%
2016 P7	74.8%	58.7%	16.1%
2015 S3	75.4%	52.7%	22.7%
2016 S3	81.0%	63.9%	17.1%

Mathematics

	SIMD 3-10	SIMD 1&2	Gap
2015 P1	85.1%	71.3%	13.8%
2016 P1	87.0%	80.3%	6.8%
2015 P4	70.8%	50.4%	20.3%
2016 P4	70.9%	60.5%	10.4%
2015 P7	73.5%	64.7%	8.8%
2016 P7	76.5%	59.6%	16.9%
2015 S3	78.9%	55.8%	23.1%
2016 S3	87.7%	68.8%	18.9%

APPENDIX 4 - Impact of Nurture Interventions

BOXALL PROFILES

Midpoint Analysis*

Boxall Scores Comparison (Beg of Year 2 and Midpoint Year 2
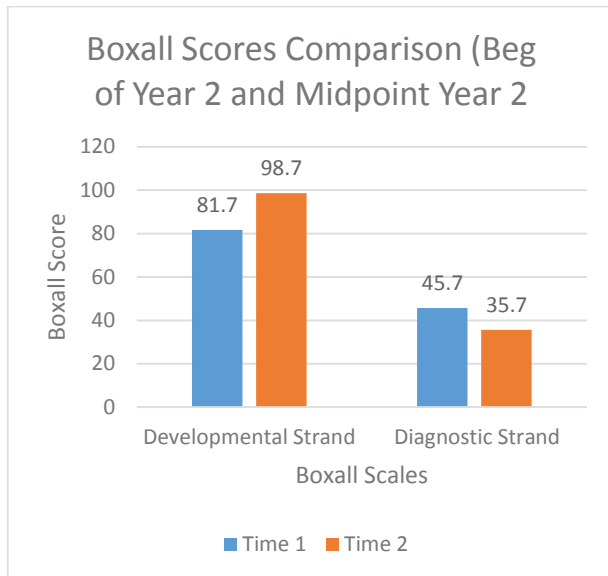
*Excluding leavers

Significant shift

Leavers only

Boxalls Midpoint Year 2 Finishers Analysis
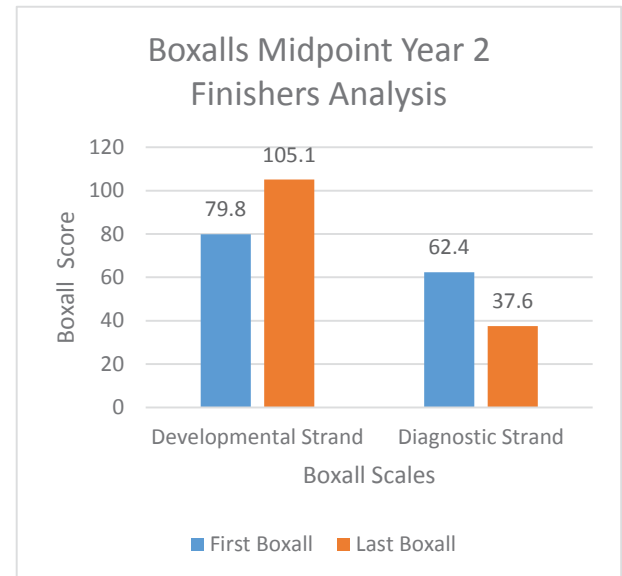
Significant shift

STRENGTHS & DIFFICULTIES QUESTIONNAIRE

(Parents)

SDQ Parents Year 2 Midpoint Analysis
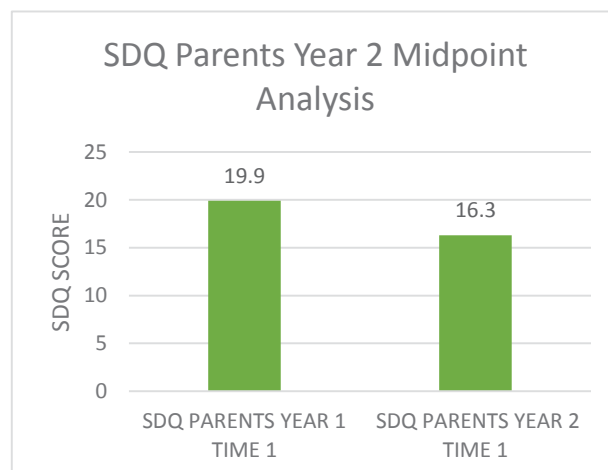
*Excluding Leavers

Significant shift

(Teachers)

SDQ Teachers Year 2 Midpoint Analysis
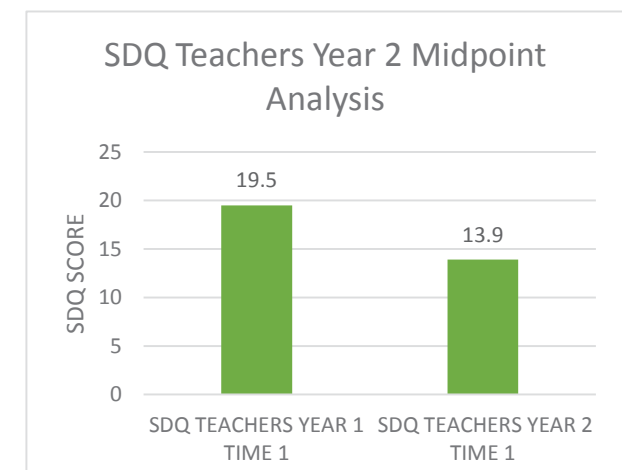
*Excluding Leavers

Significant shift

APPENDIX 5 – Key Operational Activity for Session 2017-18.

Professional Learning Academy

- The PLA will deliver individualised programmes, as agreed on the Service level agreement, with a tailored programme of interventions and trainings to support literacy, numeracy, STEM and general pedagogy in Quartiles 1&2 establishments.
- A universal programme of approximately 120 twilight sessions will be offered, covering 28 different topics. These can be accessed by all staff.

Nurture

- Secondary nurture groups will be established in all secondary schools.
- 9 School Counsellors will be recruited to support the health and wellbeing of our children and young people in secondary schools across the authority. There have been six Counsellors recruited to date and recruitment procedures are ongoing.
- Within the Primary sector, we will enhance nurture group provision in an additional five primary schools.
- Within the Early Years sectors, we will develop and establish 10 early years nurture groups with potential partnership working opportunities with the P&V sector.
- A North Ayrshire bespoke four day training programme for nurture groups will be created. Training for Early Level is the next step in ensuring that there is authority wide understanding of nurture theory and principles.

Mental Health & Emotional Wellbeing

- Further role out of professional learning sessions themed around supporting mental health to build clearer understanding of schools' requirements and support from CAMHS team to deliver.
- Continuation of the existing partnership of Place2Be, Place2Talk and Place2Think in 6 primary schools across the authority.
- Further development of partnership working with HSCP colleagues to improve the outcomes of looked after children through a pilot in one primary and secondary school in the Irvine locality.
- A WRAP programme for secondary schools will be developed, piloted in one secondary school and evaluated for potential wider role out across the authority
- Expanded delivery of in house and partner provided primary and secondary mental health resources with a focus on developing digitally available resources through Glow.
- Delivery of further practitioner and school leadership team training to enhance knowledge, understanding of the importance of good mental, social and emotional mental health and utilisation of available resources.

Family Learning

- Further development of partnership working with primary and second schools to identify focused areas of work which will directly impact on attainment and achievement in the 2017/18 session in Quartiles 1&2 schools.
- Further development of partnership working with PLA, Scottish Book Trust, Save the Children Parenting Network Scotland, third sector organisations and volunteers to enhance family learning across the authority.

- Upskilling and development of the Family Learning Team's (FLT) knowledge, skills and understanding in order to enhance the delivery of delivered interventions and training programmes.
- Further consultation with parents and families on family learning needs and programme impact.
- Expansion of Family Learning Zone provision in primary and secondary schools across the authority.

Leadership

- Development of a number of training programmes to enhance and develop school leadership teams in Quartiles 1&2 establishments through:
    - A Coaching and Mentoring Diploma for Head teachers, Deputes and Principal Teachers.
    - An introduction to coaching programme for teachers involved in the Family Empowerment programme.
    - A programme focused on developing middle leaders involving Deputes, Principal Teachers, Faculty Head Leaders and Aspiring Leaders.
    - Development of a Head Teacher Leadership course.

- Development of a Family Empowerment programme for Quartiles 1&2 establishment practitioners and families.

Assessment & Data Analysis

- Development and appointment of a pan-Ayrshire Quality Improvement Officer for the Attainment Challenge to support enhanced best practice sharing.
- Completion of literature reviews to support workstream leads with future planning.
- Further training for data coaches and class teachers to improve the use of evidence and data for future improvement planning.
- Greater use of infographics will ensure that we can share our progress more readily with a range of stakeholders

NORTH AYRSHIRE COUNCIL

Agenda Item 5

26 September 2017

Cabinet

Title:	**Pupil Equity Funding in North Ayrshire**
Purpose:	a) To provide information on North Ayrshire Council's approach to supporting schools with the planned use of the Pupil Equity Fund. b) To seek approval for the proposed approaches to monitoring and reporting of impact of the Pupil Equity Fund.
Recommendation:	1. Cabinet approves North Ayrshire Council's proposed monitoring and reporting arrangements for the Pupil Equity Fund. 2. Cabinet agrees to receive an annual report on the progress and impact of the Pupil Equity Fund.

1. Executive Summary

1.1 Scottish Government launched the £120m Pupil Equity Fund in February 2017. This forms part of the £750 Attainment Scotland Fund and is allocated to each school, based on the number of P1 – S3 pupils who have registered for free school meals.

The Pupil Equity Fund is intended to be used by head teachers in addition to their core budget to take steps to reduce the poverty-related attainment gap. This paper outlines the key steps which have been taken by schools and the directorate so far in terms of planning and implementation.

A proposed approach to monitoring and reporting on progress on the impact of the Pupil Equity Fund is put forward for approval by Cabinet.

2. Background

2.1 The Pupil Equity Fund (PEF) was announced in February 2017 and forms part of the Scottish Government £750m Attainment Scotland Fund.

2.2 In 20017/18, £120m of Pupil Equity Funding is being allocated directly to schools and targeted at closing the poverty related attainment gap.

2.3   Every council area is benefitting from Pupil Equity Funding and 95% of schools in Scotland have been allocated funding for pupils in P1-S3 known to be eligible for free school meals. For every child that is registered, the school receives £1,200 in addition to their normal budget. In total, in North Ayrshire, the Pupil Equity Fund amounts to £4.3m. Full details of the amounts allocated to North Ayrshire schools are attached at Appendix 1.

2.4   In North Ayrshire, guidance was produced by senior officers and shared with schools in order to support head teachers with the planning process for the use of the Pupil Equity Fund. A copy of this guidance is included at Appendix 2.

2.5   The Pupil Equity Funding is to be spent at the discretion of head teachers working in partnership with each other and their local authority. Schools have been asked to develop plans for using their funding and will now be beginning to implement those plans.

2.6   The Pupil Equity Fund is being used by schools to support their work in reducing the poverty related attainment gap. The funding is commonly being used to secure additional teaching staff, non-teaching staff, early years practitioners, literacy & numeracy resources, nurture resources and health & wellbeing interventions. Details of how each school plans to use their PEF are summarised at Appendix 3.

2.7   Resources or services which are to be procured must comply with the North Ayrshire Council Corporate Procurement Process. The directorate has received support from the Corporate Procurement Team and has allocated some internal resource to support schools with this aspect of delivery.

2.8   Schools are beginning to spend their PEF allocation now that procurement and recruitment processes are nearing completion.

3.   Proposals

3.1   It is proposed that senior officers will monitor the spending and impact of the Pupil Equity Fund within each school in the following ways:

- Through individual quality improvement visits 3 times per year
- Through group peer challenge sessions twice per year
- Through the completion of a tracking document twice per year

3.2   Monthly budgetary monitoring meetings within the directorate will track spending patterns across all schools and provide feedback to head teachers and Education Business Officers.

3.3   A summary report will be submitted by each school to the Executive Director annually evaluating progress towards targeted outcomes. Key aspects of this will form part of the annual update in the School Self-Evaluation Summary Document and will also be included in the annual standards and quality report for parents.

3.4   At directorate level, evidence from the reports submitted by each school will form part of the Education Authority evaluation of progress towards reducing the poverty-related attainment gap. This will be reported through the annual performance review and directorate plan review process at a local level. At a national level, the Education Authority will publish an annual report which will be submitted to Scottish Government, under the requirements of the Education (Scotland) Act 2016.

3.5   A progress and impact report will be provided annually to Cabinet.

3.6   School inspection and other external review processes will be used where necessary to ensure schools are using their funding appropriately.

4.   **Implications**

Financial:	Whilst there has been no formal confirmation by Scottish Government, it is anticipated that Pupil Equity Funding will continue until 2020.
Human Resources:	A workforce planning exercise has been undertaken to ensure that any additional posts funded through the Pupil Equity Fund have either been appointed/backfilled on a temporary basis in order to ensure no ongoing contractual commitments at the end of the programme.
Legal:	There are no legal issues arising from the content of this paper.
Equality:	There are no equality issues arising from this report.
Environmental & Sustainability:	There are no environmental or sustainability issues arising directly as a result of this report.
Key Priorities:	● Education and Youth Employment Directorate: Directorate Plan 2015-2018. ● Priority 1: We are reducing inequalities and delivering improved outcomes for children and young people. ● North Ayrshire Council Plan 2015-2020. ● Priority 3: Ensuring people have the right skills for learning, life and work.
Community Benefits:	N/A

5.   Consultation

5.1   Schools have ensured that arrangements are in place for the Parent Council, pupils and parents to be consulted on the proposed plan. In addition, schools were encouraged to consider how their approaches to PEF planning could be aligned with the authority's participatory budgeting approaches.

JOHN BUTCHER
Executive Director (Education and Youth Employment)

Reference : JB/AMcC
For further information please contact Andrew McClelland, Head of Service (Learning, Teaching & Curriculum) on 01294 324413.

Background Papers
None

Local Authority	Seed Code	School	Stage	Allocation	
North Ayrshire	8212627	Abbey Primary School	Primary	£	84,000
North Ayrshire	8218323	Annick Primary School	Primary	£	63,600
North Ayrshire	8214123	Ardeer Primary School	Primary	£	98,400
North Ayrshire	8210829	Beith Primary School	Primary	£	105,600
North Ayrshire	8212724	Blacklands Primary School	Primary	£	48,000
North Ayrshire	8218129	Brisbane Primary School	Primary	£	33,600
North Ayrshire	8200122	Brodick Primary School	Primary	£	7,200
North Ayrshire	8218625	Caledonia Primary School	Primary	£	104,400
North Ayrshire	8211825	Castlepark Primary School	Primary	£	217,200
North Ayrshire	8200327	Corrie Primary School	Primary	*	
North Ayrshire	8212821	Corsehill Primary School	Primary	£	68,400
North Ayrshire	8218226	Cumbrae Primary School	Primary	£	8,400
North Ayrshire	8210926	Dalry Primary School	Primary	£	121,200
North Ayrshire	8211124	Dreghorn Primary School	Primary	£	74,400
North Ayrshire	8213429	Dykesmains Primary School	Primary	£	81,600
North Ayrshire	1003127	Elderbank Primary School	Primary	£	193,200
North Ayrshire	8211221	Fairlie Primary School	Primary	£	7,200
North Ayrshire	8215634	Garnock Academy	Primary	£	38,400
North Ayrshire	8211329	Gateside Primary School	Primary	£	7,200
North Ayrshire	8211922	Glebe Primary School	Primary	£	84,000
North Ayrshire	8214328	Glencairn Primary School	Primary	£	79,200
North Ayrshire	8214220	Hayocks Primary School	Primary	£	160,800
North Ayrshire	8216223	Kelburn Primary School	Primary	£	70,800
North Ayrshire	8200424	Kilmory Primary School	Primary	*	
North Ayrshire	8218420	Lamlash Primary School	Primary	£	9,600
North Ayrshire	8218722	Lawthorn Primary School	Primary	£	51,600
North Ayrshire	8212120	Loudoun-Montgomery Primar	Primary	£	69,600
North Ayrshire	8213623	Mayfield Primary School	Primary	£	79,200
North Ayrshire	8211523	Moorpark Primary School	Primary	£	82,800
North Ayrshire	8212929	Pennyburn Primary School	Primary	£	112,800
North Ayrshire	8200521	Pirnmill Primary School	Primary	£	-
North Ayrshire	8200629	Shiskine Primary School	Primary	*	
North Ayrshire	8213925	Skelmorlie Primary School	Primary	£	6,000
North Ayrshire	8214026	Springside Primary School	Primary	£	39,600
North Ayrshire	8213720	St Anthony's Primary School	Primary	£	70,800
North Ayrshire	8211620	St Bridget's Primary School	Primary	£	66,000
North Ayrshire	8218528	St John Ogilvie Primary Scho	Primary	£	63,600
North Ayrshire	8214425	St John's Primary School	Primary	£	48,000
North Ayrshire	8217025	St Luke's Primary School	Primary	£	40,800
North Ayrshire	8217521	St Mark's Primary School	Primary	£	109,200
North Ayrshire	8213224	St Mary's Primary School	Primary	£	15,600
North Ayrshire	8211027	St Palladius' Primary School	Primary	£	21,600
North Ayrshire	8210721	St Peter's Primary School	Primary	£	63,600
North Ayrshire	8213127	St Winning's Primary School	Primary	£	39,600
North Ayrshire	8210527	Stanley Primary School	Primary	£	182,400
North Ayrshire	8214522	West Kilbride Primary School	Primary	£	46,800
North Ayrshire	8216924	Whitehirst Park Primary	Primary	£	31,200
North Ayrshire	8200726	Whiting Bay Primary School	Primary	£	6,000
North Ayrshire	8210624	Winton Primary School	Primary	£	73,200
North Ayrshire	8212422	Woodlands Primary School	Primary	£	182,400
North Ayrshire	8214638	Ardrossan Academy	Secondary	£	124,800
North Ayrshire	8200831	Arran High School	Secondary	£	14,400
North Ayrshire	8216134	Auchenharvie Academy	Secondary	£	127,200
North Ayrshire	8215634	Garnock Academy	Secondary	£	114,000

North Ayrshire	8215030	Greenwood Academy	Secondary	£	178,800
North Ayrshire	8215138	Irvine Royal Academy	Secondary	£	133,200
North Ayrshire	8217831	Kilwinning Academy	Secondary	£	108,000
North Ayrshire	8215839	Largs Academy	Secondary	£	64,800
North Ayrshire	8210039	St Matthew's Academy	Secondary	£	181,200
North Ayrshire	8217742	Haysholm School	Special	£	22,800
North Ayrshire	8217440	James McFarlane School	Special	£	6,000
North Ayrshire	8216541	James Reid School	Special	£	26,400
North Ayrshire	8217149	Stanecastle School	Special	£	14,400

February 2017

North Ayrshire Council

Pupil Equity Fund: Spending Proposals Guidance

1. Introduction

1.1   Nationally, £120 million has been provided to help raise attainment with a focus on supporting those children and young people who face barriers to their learning owing to the impact of poverty. This is called Pupil Equity Funding (PEF).

1.2   PEF has been allocated based on the numbers of children and young people registered for Free School Meals from P1 to S3 in each primary, secondary and special school in Scotland[1]. The funding is available for the financial year 2017/18 and is expected to be available each year for the next three years.

1.3   The planning for the funding is a partnership between Scottish Government, local authorities and schools with headteachers leading the planning process. North Ayrshire's share of the PEF is £4.340m. School allocations will be confirmed by the end of January 2017.

2.   Planning for improvement

2.1   When developing proposals, schools should consider the feasibility of their plans and take into account the time taken to implement some interventions, such as staff recruitment timescales.

2.2   The First Minister launched the Scottish Attainment Challenge in February 2015 to bring a greater sense of urgency and priority for everyone involved in Scottish education to relentlessly focus their efforts on narrowing the poverty-related attainment gap at all levels and in all sectors. The Challenge has been introduced to focus and accelerate targeted improvement activity in literacy, numeracy and health and wellbeing. It also supports and complements a broader range of initiatives and programmes to ensure that all of Scotland's children and young people reach their full potential.

2.3   In their plan, schools, with the support of the link Senior Manager, should identify the issue to be addressed, and the target group or groups of pupils for whom deprivation is an issue based on an analysis of local evidence and data. Schools should ensure that they focus on a small number of specific aspects of literacy, numeracy or health and wellbeing. They should choose which aspects will best meet their pupils' needs, based on an analysis of their local needs, their school improvement plan and the current evidence base. Whilst a particular focus may overlap with other areas, there should be a clear rationale

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[1] Note that PEF has been calculated by the Scottish Government using data from last year. An estimate for P1 to P3 is being used. It will not be re-calculated if your school has more children registered for free school meals this year.

1

for why they have chosen this approach, with clear methodology to measure impact in this area.

2.4 Partnership work can be a focus of any initiative provided it is targeted to improve attainment and achievement. Impact should be considered in terms of the desired outcomes for pupils and how progress towards these will be measured over time. Improvement plans should include consideration of how data will be collected and reported.

3. Issues for Consideration

3.1 Consideration should be given to working in partnership with other schools (for example within your cluster or family/quartile group), sharing practice and building capacity. Other partnerships should also be considered, for example with the Health and Social Care Partnership, other directorates, or private and voluntary organisations.

3.2 A template is provided in Appendix A which should be used to set out detail of the proposed plan, using where appropriate the Framework of Interventions and other advice published on the National Improvement Hub by Scottish Government and Education Scotland (see Appendix B).

3.3 Some points to consider when planning:

- The grant awards seek to deliver improvements to educational attainment through specifically targeting work to reduce the impact of poverty on attainment outcomes.

- Funding may cover staff costs, both teaching and support, resources or services. The funding cannot be used for capital expenditure.

- Funding must provide additionality to core service delivery in new or enhanced activity.

- Targeted deliverables in outputs such as hours of activity, numbers of pupils, analysis of pupils' background, parental involvement etc. are required.

- Targeted outcomes should be specified: for example, attainment levels, attendance, exclusions, positive destinations. Any additional qualitative measures should be discussed with link Senior Managers.

- The funding budget will be managed centrally and downloaded to establishments and vired across expenditure headings as required.

- Arrangements should be in place for the Parent Council, Finance/DMR Committee and pupils and parents to be consulted on the proposed plan. Schools should consider how this can be aligned with the authority's participatory budgeting approaches (see Appendix C).

2

- Funding will be for financial year 2017/18 and it is anticipated that the current level of funding will continue for three years, but this is still to be confirmed.

- Resources or services which are procured must comply with the North Ayrshire Council Corporate Procurement Process (see Appendix D).

- Appendix E sets out what will continue to be funded centrally to continue the work of North Ayrshire's Attainment Challenge 2015-2020.

- Proposals should be discussed fully with your link Senior Manager before submission.

- Consideration must be given to the implications of proposed spend on future costs to the Education and Youth Employment directorate

3.4 A summary report will be submitted to the Executive Director annually evaluating progress towards targeted outcomes. Key aspects of this would form part of the annual update in the School Self-Evaluation Document and would also be included in the annual standards and quality report for parents. Throughout the session, the impact of the work funded by the PEF will be discussed with link Senior Managers as part of quality improvement visits.

3.5 Appendix F provides information on the range of positions which may be open for recruitment along with costs for full-time equivalent or term-time equivalent.

There are two staff groups which can be considered. Those on North Ayrshire Council (NAC) terms and conditions and those on SNCT terms and conditions. There are Role Profiles written for each role under NAC terms and conditions. You will find it useful to consider these before deciding which role you wish to introduce. These are available http://naconnects.north-ayrshire.gov.uk/home.aspx

For those under SNCT terms and conditions, schools should write a clear Role Profile. The Role Profile should set out clearly the outcomes you are expecting from the postholder. The role may then need to be job-sized. These should be discussed with Education Resources.

Further information on salary scales for teachers is available from the SNCT web-site – http://www.snct.org.uk/wiki/index.php?title=Appendix_2.1

4. Planning Timeline

4.1 The timeline for planning will be as follows:

- Forms issued January 2017
- A schedule of meetings will be planned for groups of schools during February and March. These will be issued by Senior Managers. The purpose of these

3

meetings will be to outline draft plans and engage in peer discussion to support and challenge thinking.

- The meetings will involve HR/Finance colleagues to test the plan being proposed to ensure staffing meets national and local terms and conditions and expenditure is compliant with procurement regulations.
- Plans will then be revised, as appropriate, for final submission to the Executive Director by mid March 2017.
- Implementation from April, wherever possible.

4.2   The format of the planning meetings in February and March will be as follows:

- Each meeting will be chaired by a Senior Manager and have finance and HR Representation. The Executive Director and/or Heads of Service will attend some meetings.
- Each school to be represented by the Headteacher, who may also choose to bring other key staff
- A first draft of the plan for the spend should be brought to the meeting. This can be in outline form. Some discussion should have taken place prior to the meeting with staff, parents and pupils.
- Each school will be expected to **briefly** present on their plan.
- Other members of the group will be expected to engage in a discussion about each school's plan to support improvement.
- The meeting chair who will take summary notes which will be shared with all within 2 days of the meeting taking place.
- The final plans should be submitted to the Executive Director by mid March 2017.
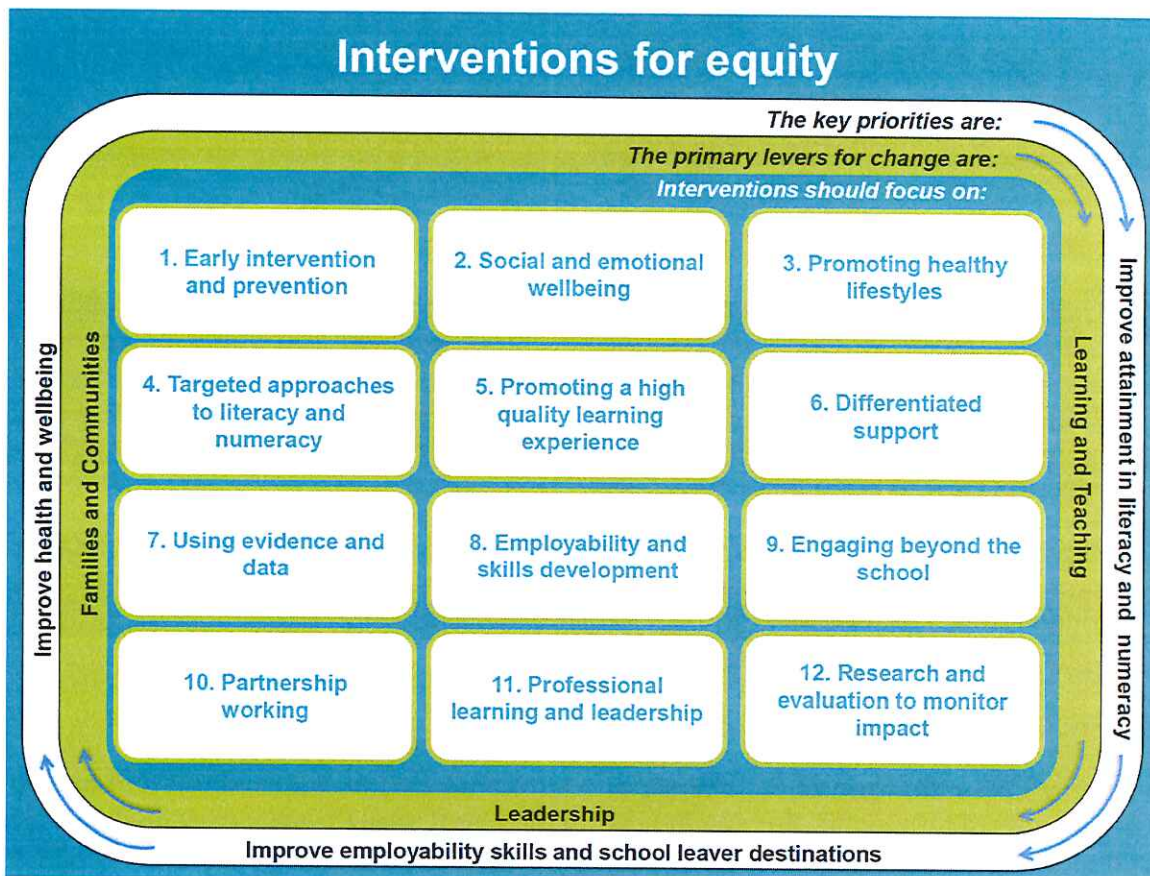
4

Appendix A

Pupil Equity Fund – Spending Proposal

Proposal Period : April 2017 – March 2018	Local Authority: North Ayrshire Council	Link Senior Manager:
School:	PEF Total Allocation: £	Completed by:
Evidence based Rationale: *Why are you planning to spend your PEF allocation in this way?* • Presentation of data in the local context • Analysis of what this reveals in terms of the attainment gap • Identification of target populations • Rationale behind proposals		
Proposed Interventions: *What are you planning to do with your PEF allocation?* • Proposals to address identified issues • Aim and expected impact of proposals • Initial assessment of funding requirement • Plans to work in partnership with other schools/local partners/providers, if applicable • Link to HGIOS 4 quality indicators / NIF		

5

Impact Measurement: *How will you know your interventions are having an impact/improving outcomes?* • Proposals for measuring impact (including specific reference to targeting young people most affected by poverty) • Data, new and existing, which will be required • Plans for how data will be collected and reported	
Governance: *How will you organise the management and reporting arrangements?* • Proposals for how the work will be managed at school level/partnership level (if applicable) • Plans for reporting on progress	

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Appendix B

National Improvement Hub: Framework of Interventions for Equity

Interventions for equity

The key priorities are:

The primary levers for change are:

Interventions should focus on:

1. Early intervention and prevention	2. Social and emotional wellbeing	3. Promoting healthy lifestyles
4. Targeted approaches to literacy and numeracy	5. Promoting a high quality learning experience	6. Differentiated support
7. Using evidence and data	8. Employability and skills development	9. Engaging beyond the school
10. Partnership working	11. Professional learning and leadership	12. Research and evaluation to monitor impact

Improve health and wellbeing

Families and Communities

Learning and Teaching

Improve attainment in literacy and numeracy

Leadership

Improve employability skills and school leaver destinations

Further detail on practical examples of the above interventions for equity can be found at: https://education.gov.scot/improvement/Pages/Interventions-for-Equity.aspx

Currently, a curated selection of research which evidences successful approaches to closing the poverty related attainment gap is available on the National Improvement Hub. This is a useful reference point for practitioners to familiarise themselves with the evidence base about how poverty affects educational attainment, and what schools and others can do to tackle this.

The Education Endowment Foundation (EEF) toolkits are also of particular use to schools in making decisions around equity. The EEF Teaching and Learning Toolkit is an accessible summary of educational research designed to inform discussions on the most effective approaches to improving pupil attainment. It contains 34 teaching approaches and interventions, each summarised in terms of their average impact on attainment, the strength of the evidence supporting them and their cost.

The EEF Early Years Toolkit summarises the evidence for early years settings. It contains 12 teaching approaches and interventions, each summarised in terms of their average impact on attainment, the strength of the evidence supporting them and their cost.

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Appendix C

Participatory Budgeting in North Ayrshire

What is it?

Participatory Budgeting (PB) is an inclusive way for Local Communities to decide how they want to spend public funds.

Why do it?

Public agencies can achieve more when they work in partnership with other agencies and with communities. Communities become more enabled and better equipped to improve the lives of their residents when they take action themselves. Local people know their Communities better than anyone. It therefore goes without saying that they should be able to vote for the projects that they believe will make a difference to their area and the people living in it.

The Scottish Government are highlighting PB as a way for communities to take decisions about the area they live in. They have recently published guidance to help Communities across Scotland to use Participatory budgeting. grant-making-through-pb-a-guide-for-community-choices

How does it work?

It usually takes the form of community groups completing an application form saying what they want money for; then on the day of the event local people come along, listen to the groups "making a pitch" (usually in a few minutes) and then vote for their favourites (although there are many ways that Participatory Budgeting can work both on the large and small scale). For more information about this check out the PB Scotland website.

Participatory Budgeting in North Ayrshire

Participatory Budgeting (PB) in North Ayrshire has been developing and growing over the last year, through pilot events at which local communities decided how to spend a total of £90k.
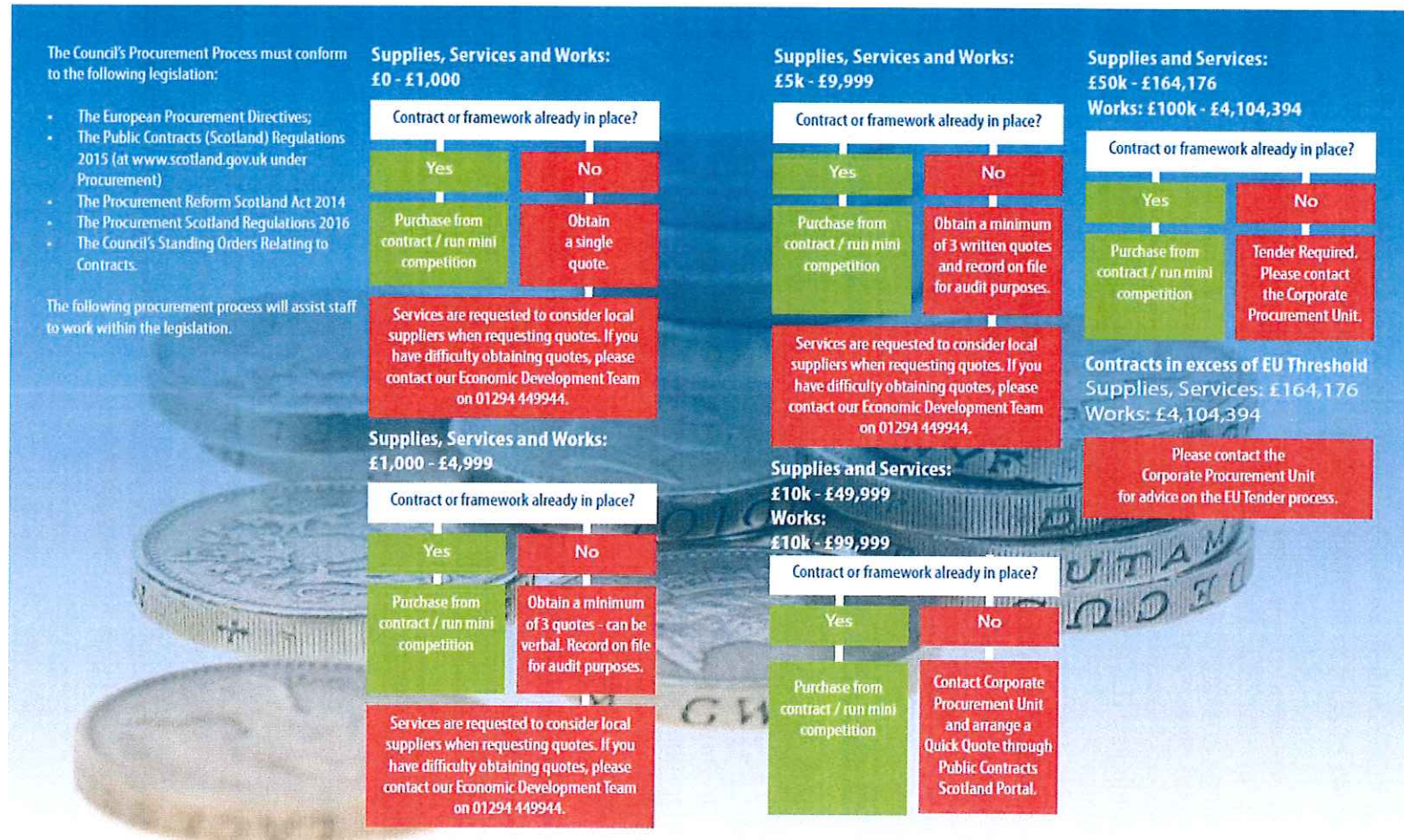
What next?

North Ayrshire CPP is fully committed to taking forward PB as part of its move towards a locality planning approach. We have now established our 6 Locality Partnerships and one of the responsibilities of the partnerships is to take forward PB.

Our CPP has been exploring options around the new Community Choices fund as there is a commitment to the use of PB as part of our core business going forward. Going forward we hope that an annual conference will be held in each locality and it is being proposed that this will include an annual PB event.

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Appendix D

North Ayrshire Council Procurement Process

The Council's Procurement Process must conform to the following legislation:

- The European Procurement Directives;
- The Public Contracts (Scotland) Regulations 2015 (at www.scotland.gov.uk under Procurement)
- The Procurement Reform Scotland Act 2014
- The Procurement Scotland Regulations 2016
- The Council's Standing Orders Relating to Contracts.

The following procurement process will assist staff to work within the legislation.

Supplies, Services and Works: £0 - £1,000

Contract or framework already in place?

Yes	No
Purchase from contract / run mini competition	Obtain a single quote.

Services are requested to consider local suppliers when requesting quotes. If you have difficulty obtaining quotes, please contact our Economic Development Team on 01294 449944.

Supplies, Services and Works: £1,000 - £4,999

Contract or framework already in place?

Yes	No
Purchase from contract / run mini competition	Obtain a minimum of 3 quotes - can be verbal. Record on file for audit purposes.

Services are requested to consider local suppliers when requesting quotes. If you have difficulty obtaining quotes, please contact our Economic Development Team on 01294 449944.

Supplies, Services and Works: £5k - £9,999

Contract or framework already in place?

Yes	No
Purchase from contract / run mini competition	Obtain a minimum of 3 written quotes and record on file for audit purposes.

Services are requested to consider local suppliers when requesting quotes. If you have difficulty obtaining quotes, please contact our Economic Development Team on 01294 449944.

Supplies and Services: £10k - £49,999
Works: £10k - £99,999

Contract or framework already in place?

Yes	No
Purchase from contract / run mini competition	Contact Corporate Procurement Unit and arrange a Quick Quote through Public Contracts Scotland Portal.

Supplies and Services: £50k - £164,176
Works: £100k - £4,104,394

Contract or framework already in place?

Yes	No
Purchase from contract / run mini competition	Tender Required. Please contact the Corporate Procurement Unit.

Contracts in excess of EU Threshold
Supplies, Services: £164,176
Works: £4,104,394

Please contact the Corporate Procurement Unit for advice on the EU Tender process.

For further information, please find the North Ayrshire Procurement Manual via this link: http://naconnects.north-ayrshire.gov.uk/documents/guides-templates/finance-guides/procurement-manual.doc

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Appendix E

North Ayrshire Attainment Challenge – Ongoing Priorities

In North Ayrshire Council, we will be submitting a central bid to cover the costs of the following areas of work to maintain continuity of support:

- The continuation of the Professional Learning Academy (PLA) to improve the quality of learning and teaching and to enable teachers to enhance their pedagogical expertise, with a focus on Literacy and Numeracy. The PLA is managed by an Operational Lead and staffed by Principal Teachers, Teachers, Speech and Language Therapists, Senior Early Years Practitioners, Education Psychologist, Research Assistant and a Clerical Assistant who are all pivotal to the future sustainability of the Learning Academy.

- The continuation of the Nurture initiatives and groups by creating the necessary culture and ethos which will make North Ayrshire a 'Nurturing Authority'. The nurture groups consist of one Teacher and one Classroom Assistant in each of 15 schools which have been identified as having a particularly high level of deprivation. A Principal Teacher for nurture is responsible for the management of these groups and a part-time Research Assistant provides statistical support.

- The continuation of approaches to supporting Mental Health and Wellbeing which provides support and an infrastructure to help develop the social and emotional needs of identified children so that they can develop the skills for learning and life. A Project Officer and a Development Officer provide support, training, development and resources. The Services of CAMHS and Place2Be have been engaged to work with children and young people, providing emotional and therapeutic support.

- The continuation of the Family Learning Team (FLT) who work with parents and families in supporting their children's learning in the home. The FLT supports the development of locality teams to enable them to work in a family-centred manner. The Team consists of a Principal Teacher and six Family Learning Workers who help to build parental confidence and capacity to engage more in their child's learning and in the life of the extended school community.

- The continuation of the Data Analysis support and co-ordination aims to raise attainment and achievement through innovative learning and teaching approaches which are informed by the data derived from their use of high quality assessments such as; Progress Tests in English and Maths; professional judgement exercise; Pivot Tables and GL Assessments. The support is provided by a Data Analyst, a Research Assistant and a Performance Manager who support all of the North Ayrshire workstreams ensuring consistency of practice in evaluations, analysis and governance.

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Appendix F

Staff Costs

Role	Full Time hours	Salary – full-time equivalent	Salary – term-time equivalent
Early Years Practitioner (Grade 7)	37.5 hpw	£25,487	£21,702
Classroom Assistant ASN (Grade 5)	30 hpw	£16,067	£14,177
Classroom Assistant (Grade 4)	27.5 hpw	£13,063	£11,527
Education Assistant (Grade 4)	35 hpw	£16,625	£14,157
Area Inclusion Worker (Grade 7)	35 hpw	£23,787	£20,255

For the full costs of the above posts, you should add 28.3% to the salaries listed above to cover statutory employer contributions for National Insurance and Pension.

Before deciding which role you wish to introduce you should consider the Role Profile for each position. These are available – http://naconnects.north-ayrshire.gov.uk/home.aspx

Role	Salary – full-time equivalent
Teacher (top of main grade scale)	£35,763
Principal Teacher 1	£38,991
Principal Teacher 2	£40,602
Principal Teacher 3	£42,225
Depute Headteacher 1	£44,223

For the full costs of the above posts, you should add 26.2% to the salaries listed above to cover statutory employer contributions for National Insurance and Pension.

Before deciding which role you wish to introduce you should write out a clear Role Profile. The Role Profile should set out clearly the outcomes you are expecting from the postholder. The role may then need to be job-sized. Contact: Education Resources 01294 324418

Further information on salary scales for teachers is available from the SNCT web-site http://www.snct.org.uk/wiki/index.php?title=Appendix_2.1

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School Name	Teaching Staff	Support Staff	Early Years Practitioner	Training	Assessment Package	Literacy Resources	Numeracy Resources	Nurture	ICT	Music Resources	Health & Wellbeing
Abbey Primary School	Yes	Yes				Yes	Yes		Yes		Yes
Annick Primary School		Yes	Yes								Yes
Ardeer Primary School	Yes										
Beith Primary School		Yes			Yes	Yes					Yes
Blacklands Primary School	Yes	Yes				Yes					
Brisbane Primary School	Yes	Yes				Yes	Yes	Yes			Yes
Brodick Primary School		Yes									
Caledonia Primary School	Yes	Yes				Yes					
Castlepark Primary School			Yes					Yes	Yes		Yes
Corrie Primary School		Yes									
Cortiehill Primary School										Yes	
Cumbrae Primary School	Yes	Yes				Yes	Yes				Yes
Dalry Primary School		Yes	Yes			Yes			Yes		
Dreghorn Primary School		Yes	Yes			Yes			Yes		
Dykesmain Primary School		Yes	Yes			Yes			Yes		
Elderbank Primary School	Yes				Yes	Yes	Yes				Yes
Fairlie Primary School						Yes			Yes		
Gateside Primary School	Yes		Yes			Yes					
Glebe Primary School	Yes	Yes	Yes			Yes					
Glencairn Primary School	Yes	Yes				Yes					Yes
Garnock Community Campus Primary School		Yes				Yes					
Hayocks Primary School	Yes	Yes	Yes			Yes	Yes				Yes
Kelburn Primary School		Yes				Yes	Yes				Yes
Kilmory Primary School	Yes	Yes						Yes			
Lamlash Primary School	Yes							Yes			
Lawthorn Primary School	Yes	Yes	Yes								
Loudoun-Montgomery Primary School	Yes	Yes				Yes					Yes
Mayfield Primary School		Yes				Yes			Yes		
Moorpark Primary School		Yes	Yes								
Pennyburn Primary School		Yes						Yes			
Pirnmill Primary School		Yes						Yes			
Shiskine Primary School		Yes				Yes					Yes
Skelmorlie Primary School	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes
Springside Primary School		Yes	Yes			Yes					Yes
Stanley Primary School	Yes	Yes	Yes			Yes					Yes
St Anthony's Primary School		Yes				Yes					Yes
St Bridget's Primary School		Yes	Yes			Yes	Yes		Yes		Yes
St John's Primary School	Yes	Yes				Yes	Yes				Yes
St John Ogilvie Primary School	Yes	Yes	Yes			Yes					Yes
St Luke's Primary School		Yes	Yes			Yes			Yes		Yes
St Marks' Primary School	Yes				Yes	Yes					Yes
St Mary's Primary School	Yes					Yes					Yes
St Palladius' Primary School						Yes					
St Peter's Primary School		Yes	Yes								
St Winning's Primary School	Yes	Yes									Yes
West Kilbride Primary School		Yes						Yes			
Whitehirst Park Primary School		Yes						Yes			Yes
Whiting Bay Primary School	Yes	Yes				Yes	Yes		Yes		
Winton Primary School		Yes	Yes			Yes	Yes				Yes
Woodlands Primary School		Yes	Yes								Yes
Haysholm School				Yes							
James McFarlane School				Yes							
Stanecastle School		Yes		Yes							
Ardrossan Academy	Yes	Yes						Yes	Yes		Yes
Arran High School	Yes	Yes									Yes
Auchenharvie Academy	Yes	Yes									Yes
Garnock Community Campus Secondary School	Yes	Yes									
Greenwood Academy	Yes	Yes		Yes		Yes			Yes		Yes
Irvine Royal Academy	Yes					Yes	Yes	Yes	Yes		Yes
Kilwinning Academy	Yes	Yes				Yes	Yes	Yes	Yes		Yes
Largs Academy	Yes										
St Matthew's Academy	Yes					Yes	Yes				Yes

NORTH AYRSHIRE COUNCIL

Agenda Item 6

26 September 2017

Cabinet

Title:	**Smarter Ways of Working: A Digital Strategy for North Ayrshire Council**
Purpose:	To seek approval of the Digital Strategy for North Ayrshire Council.
Recommendation:	That Cabinet agrees to approve the Digital Strategy.

1. Executive Summary

1.1 The Digital Strategy details the key priorities and actions that will enable North Ayrshire Council to make best use of data and technology to deliver more effective and efficient high quality services to all.

1.2 The Digital Strategy has been developed to replace the Customer Service Strategy and the ICT Strategy. These Strategies enabled us to develop as an organisation - the Digital Strategy seeks to build upon this progress in an increasingly demanding digital landscape.

1.3 The Digital Strategy is attached as an appendix.

2. Background

2.1 We cannot predict the future so as an organisation we must be agile enough to rapidly adapt to the changing needs of our customers and colleagues.

2.2 North Ayrshire Council's vision is "to be a leading organisation defined by excellent and innovative services" and digital has a key role to play in enabling this. Digital transformation is more than a way for the Council to save money - it is an investment in the future of North Ayrshire.

2.3 Digital is as much about people as it is technology. The Digital Strategy reflects this importance both in terms of colleagues and customers. Digital is not simply a matter for IT, all services have a major role to play if we are to realise the benefits. We believe that applying a digital approach allows us all to work and learn in a smarter way, delivering excellent services.

2.4   The Digital Strategy covers far more than websites and digital access to services, it covers the processes behind the services, the way our customers find and access them, how we communicate, how we work and how we continue to improve.

2.5   It sets out the following priorities that we will focus on to ensure that we do this:

- **Our Customers** - We will provide digital services so good that they are the preferred choice for all
- **Our People** - We will develop a workforce that is empowered, enabled and inspired to realise the benefits of digital
- **Digital Participation** - We will encourage and support our customers to make the most of digital opportunities
- **Collaboration** - We will seek out opportunities to collaborate and break down barriers
- **SMART** - We will use data and new technologies to operate more effectively

2.6   A number of key workstreams have been identified that align with our priorities:

2.7   **Participation and Inclusion**

- Connected Communities will support and encourage people to get online at libraries and other community facilities to reduce social exclusion and inequalities
- Customer & Digital will use the People's Panel survey to gain a better understanding of the digital skills in North Ayrshire
- Economy & Communities and Customer & Digital will work with CPP partners to provide people with skills for work
- Customer Service will ensure that there is front-line support in place for those unable to use digital themselves
- Corporate Communications will assist services in raising awareness of digital services and promoting digital first
- Education & Youth Employment will develop a programme to ensure that young people enter the workforce with the required digital skills

2.8 **Digital**

- Customer & Digital will be restructured to better assist all services in the identification and resolution of business problems
- HR and Corporate Communications will engage with colleagues to challenge the barriers to digital adoption
- IT will conduct an application review to ensure that we have technology and systems that are fit for purpose and offer value for money
- Mobile working will be rolled out to a further 600 staff providing a more flexible working environment and offering services the opportunity to make savings by rationalising their estate
- Front-line service delivery, particularly in the Health & Social Care Partnership and Place will utilise mobile technology to receive information and update cases and systems whilst out of the office
- Customer & Digital will support and encourage all services to investigate opportunities for local and national collaboration as a means of realising savings and increasing efficiency
- Many services, particularly within Place, will reduce repeat contact by utilising automation to better communicate with customers and provide updates on cases
- Education & Youth Employment will continue to develop Digital Schools which effectively integrate digital technology with teaching
- The HSCP will work with the Customer & Digital team to identify opportunities to utilise technology to support our most vulnerable residents.

2.9 **Data**

- Customer & Digital will work with all services to develop a range of policies to effectively manage the data that the Council holds
- All services will be encouraged to publish further open data to increase transparency, reduce FOI requests and encourage reuse for community benefit
- A single view of the customer will be developed using data from services such as Council Tax, Housing and Customer Service
- Economic Growth will work with businesses to capture the economic benefits that data driven innovation offers and encourage economic growth
- All services will have the tools required to utilise data to better understand customers and deliver more personalised, efficient and effective services, often to the most vulnerable in society

3. **Proposals**

3.1   That the Digital Strategy be approved for publication.
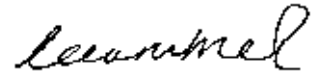
4.   Implications

Financial:	The strategy will deliver savings through increased efficiency and reduced costs, but will require initial funding for projects to create a foundation on which to build. Individual detailed Business Plans will be submitted for actions requiring funding. Estimated savings within Customer & Digital within the first 2 years are £450k.
Human Resources:	The savings will be achieved through reduction in the workforce, this is estimated to be approximately 17 FTE within Customer & Digital up to 2019/20. A workforce plan is being developed with HR to minimise the impact on employees.
Legal:	None.
Equality:	Equality Impact Assessments will be conducted where necessary for individual projects relating to the Strategy's actions.
Environmental & Sustainability:	The strategy is expected to have positive implications for the environment due to increased efficiency and reduced paper, travel requirements and reduced energy consumption.
Key Priorities:	The strategy will contribute to the delivery of all the Council's priorities. Better use of data and technology will enable all services to be more efficient and effective in delivering the priorities.
Community Benefits:	None.

5.   Consultation

5.1   Extensive consultation took place during the development of the Digital Strategy. This consultation involved presentations, question and answer sessions, workshops and online surveys. Internally, all services were engaged with and both community groups and CPP partners had opportunity to feedback on the strategy and this feedback has been incorporated into the final document.

5.2 The feedback received help to shape the strategy, particularly around the development of the priorities.

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[signature]

LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference : Appendix 1: Smarter Ways of Working: A Digital Strategy for North Ayrshire Council
For further information please contact Esther Gunn-Stewart, Head of Customer & Digital on 01294 323960.

Background Papers
0

Smarter Ways of Working
A Digital Strategy for North Ayrshire Council

North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Introduction

The world that we live in is changing rapidly. In just over two decades, there has been a dramatic digital revolution which is transforming our lives, often without us realising it. We cannot predict the future so as an organisation we must be agile enough to rapidly adapt to the changing needs of our customers and colleagues.

People rely on the internet to communicate and carry out everyday tasks. Completing transactions and finding information online has become second nature, with more and more of us choosing this approach, because it tends to be quicker, more convenient and cheaper.

However our digital vision covers far more than websites and digital access to services, it covers the processes behind the services, the way our customers find and access them, how we communicate, how we work and how we continue to improve.

We live in an increasingly data-driven world where organisations seek to understand us better as a means of meeting our ever more demanding needs. We must embrace the opportunities that data affords us to deliver excellent public services that meet and exceed expectations in a digital world.

The accelerating pace of technological innovation is increasing all our expectations. Customers and colleagues expect the same quality of service from the Council as they do from companies like Google, Apple and Tesco.

Digital North Ayrshire

The opportunities that digital offers may be a challenge for local authorities to exploit. However, increased expectations on local services, together with rising budgetary and resource pressures, mean that local authorities must strive for innovation and improvement.

North Ayrshire Council's vision is "to be a leading organisation defined by excellent and innovative services" and digital has a key role to play in enabling this.

Digital transformation is more than a way for the Council to save money - it is an investment in the future of North Ayrshire.

Digital People

Digital is as much about people as it is technology. It is about how people engage with and utilise technology to enable new ways of living, learning and doing business. We must embrace digital and reimagine the work that we do for a digital age.

Many people no longer simply go online - they live online.

Customers
Partners
Colleagues
Leaders
North Ayrshire
Learners
Businesses
Elected Members
Visitors

We believe that applying a digital approach allows us to work and learn in a smarter way, delivering excellent services to all.

1

Our Engagement

It is crucial that the Digital Strategy reflects the needs and ambitions for the whole of North Ayrshire Council. A series of engagement events enabled us to better understand where our colleagues are digitally and what their challenges, projects and plans are.

We used workshops, presentations, interactive learning sessions and online surveys to engage with the following groups:

- Customers
- Elected Members
- Leadership Teams
- Heads of Service

- Executive Leadership Team
- Digital Office for Scottish Local Government
- Community Planning Partners

- Subject Matter Experts
- Council colleagues
- Modern Apprentices
- Other Councils

These engagement exercises helped shape the Digital Strategy and provided insight into the work and needs of colleagues. Examples of the excellent digital work already being undertaken were identified and some have been included in this document.

Crucially, our engagement work will continue beyond the launch of the Strategy. The Strategy is only the start of the journey - we must bring everyone along with us if we are to truly transform as an organisation.

Workshops

We ran a series of workshops with colleagues to gather their ideas regarding the Strategy. The sessions were tailored to the service for example our IT workshops looked at how technology can enable digital transformation.

The ideas and feedback influenced how we approached and grouped our priorities and actions:

- Data underpins so much that we need to do and cannot sit in isolation - it is part of more than one priority now
- Collaboration is key, it is crucial to our success and must be encouraged - it is now a priority
- Digital Participation is about more than just access to technology and the internet - this priority now considers skills, motivation and access

5 to 15 year olds now spend **more time online** than watching television on a TV set [1]

72% of 12 to 15 year olds have a social media profile [1]

Digital Schools

Digital Schools status is awarded to schools that utilise technology to seamlessly support everyday teaching and learning. Digital is not an afterthought, it is at the heart of how the school functions.
At Dalry Primary Wi-Fi is available across the whole school and most classes have an interactive whiteboard. This allows teachers to prepare and deliver exciting and engaging lessons.
Pupils are actively digitally involved and support the management of IT resources as well as helping to run coding clubs and generate enthusiasm.

- **Dalry** Primary School was awarded Digital School status in November 2016
- **Beith** and **Whitehirst** Primary Schools were awarded Digital School status in February 2017

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1. "Children and parents: media use and attitudes report", Ofcom, Nov 2016

Our Priorities

We have identified the following priority areas as being key to a digital North Ayrshire. **Our priorities** will determine what we focus on and what outcomes we will deliver.

Our Customers

We will provide digital services so good that they are the preferred choice for all

Our People

We will develop a workforce that is empowered, enabled and inspired to realise the benefits of digital

Digital Participation

We will encourage and support our customers to make the most of digital opportunities

Collaboration

We will seek out opportunities to collaborate and break down barriers

SMART

We will use data and new technologies to operate more effectively

Our principles underpin the work that we do and guide how we deliver in our priority areas.

Our Principles

1 Digital First
Our services will be designed to encourage customers to choose the digital option first

2 ICT Infrastructure
Our infrastructure will enable mobile working and be flexible enough to meet the changing needs of digital service delivery

3 Digital by Design
We will design services to be as digital and automated as possible

4 Open Data
Our data will be as open and available as possible to help customers and businesses

5 Digital Leaders
Our leaders will have a digital focus and the necessary skills to lead a digital workforce

6 One View
We should have a single view of each customer / property / business regardless of the service requested

7 Digital Colleagues
Our colleagues will have a digital focus and the necessary skills to support our digital customers

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Our Customers

We have both external customers (residents, learners, businesses and visitors) and internal customers (colleagues).

We must put our customers at the heart of the organisation and build our processes and services around them.

With reducing resources, we must make best use of the data available to us whilst keeping it secure and building trust.

Our Focus

1. Developing, designing and testing new digital approaches with our customers to ensure they are user-friendly and meet customer expectations.

2. Building a single view of our customers allowing us to offer more efficient and customer friendly services.

3. Engaging with the public to build an understanding of how we use their data to improve the services we deliver to them, whilst ensuring that it is kept secure.

4. Increasing the amount of Council information made available to customers.

Our vision:
Digital services so good that they are the preferred choice for all

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88% of Scottish adults have used the internet in the past 3 months [2]

75% of adults access the internet on the go [3]

Street Light Fault reporting

The online self-service form for reporting street light faults was integrated with the Roads Management System. Our customers told us that they wanted to be updated on the status of their reports and the integration work means that automated responses are now sent to customers.

Customers receive automatic updates on the status of the repair

Removal of the need for colleagues to re-enter information

Simpler form and increased customer satisfaction

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2. "Internet users in the UK: 2017", Office for National Statistics, May 2017
3. "Internet access - households and individuals: 2016", Office for National Statistics, August 2016

Our People

Our colleagues show a real commitment to continuous improvement and we are recognised as a progressive, forward thinking and innovative Council.

To progress further we must ensure that we understand the digital skills of our colleagues and are able to encourage and enable them to develop and utilise these skills.

Technology alone will not deliver the improved services that our customers demand. We need colleagues to be confident, supported and comfortable using and proposing the use of data and technology to improve the work they do on a daily basis.

Our Focus

1. Gaining a better understanding of the digital skills of colleagues.

2. Encourage our colleagues to seek new, smarter ways of working using technology to improve performance delivery and processes.

3. Having a digitally literate leadership team who will lead by example.

4. Supporting our colleagues to develop and increase their digital skills and confidence.

5. We will ensure mobile working is in place across the Council.

Our vision:
Colleagues who are empowered, enabled and inspired to realise the benefits of digital

45%

of people turn to friends and family to learn how to use the internet

Peer-to-peer support is crucial to improving the digital skills of our colleagues. [4]

Digital skills - DigiKnow

The Wheatley Group provides homes and services to over 200,000 people in 17 local authority areas across Central Scotland. DigiKnow is their fun, interactive and innovative group-wide digital campaign aimed to improve the digital skills of colleagues.

The DigiKnow campaign focuses on the digital needs of colleagues and how digital can benefit them in their personal lives. This approach makes the training more relevant and engaging.

The themes cover things like: saving money by shopping online, basic IT security and fitness.

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4. "UK Consumer Digital Index 2017", Lloyds Bank, March 2017

Digital Participation

Being able to use digital services like websites and apps is an important part of modern society. There are clear links between social isolation, poverty and digital exclusion.

We currently provide public Wi-Fi, schools' digital infrastructure and resources, support community groups, and offer lifelong learning activities. However, we want to increase digital participation further and have signed up to Scotland's Digital Participation Charter.

We also recognise that not everyone is able to participate digitally so we will support those who require it. Digital participation covers more than just access to the internet, it is about the skills to use it safely and the confidence and motivation to do so.

Our Focus

1. Working with partners and providers to improve access to digital across North Ayrshire.

2. Developing the digital skills of our local communities with our partners.

3. Ensuring our colleagues are able to assist those who need help using digital services.

4. Promoting the many benefits of digital.

5. Aligning our work with Scotland's Digital Participation Charter and our pledges.

Our vision:
Customers who are encouraged and supported to make the most of digital opportunities

Participation requires skills, access and motivation.

800,000 (around 20%) [5] adults in Scotland do not have basic digital skills

Reason for not having the internet at home: [6]

Cost: **10%**   Lack of interest: **62%**

DigiDabble

Our libraries have been developing digital skills through an award winning family learning project called DigiDabble. The team wanted to provide a fresh range of activities through pop-up, all-day events concentrating on digital participation. DigiDabble provides access to a range of software, a 3D printer, robotic kits, virtual reality and coding. It supports the STEM (Science, Technology, Engineering and Maths) agenda but more importantly it is helping increase social and digital participation by building skills and confidence.

- **2017 Edge Digital Library Award Winner**
- **2017 Digital Leaders 100 Council of the Year Finalist**

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Collaboration

Collaboration, both internally and nationally, has become a necessity in today's digital world as it offers more effective and affordable solutions. We must increase the pace and capacity of digital development and collaboration enables solutions to be re-used rather than built.

Customers expect to interact with North Ayrshire Council as a single entity. This requires increased internal collaboration and a willingness to break down the barriers to cross service working.

We should not be trying to re-invent the wheel if solutions are already available elsewhere.

Our Focus

1. Engaging with national programmes such as the Digital Office for Scottish Local Government, myaccount and the National Entitlement Card at the right time.

2. Working with our partners nationally to develop a set of principles and standards that drive the sharing and re-use of data and technology.

3. Working with our partners to deliver digital that enables Health and Social Care Integration.

4. Working with our partners to identify areas to share best practice and increase collaborative procurement of technology solutions.

Our vision:
Internal, regional and national collaboration enabling the delivery of more efficient public services

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Only **28%** [6]

of adults in Scotland look up information or services on Government or council websites

this is 7 % lower than the UK average

and is significantly lower than the percentage that shop online (66%) and bank online (53%)

The Digital Office for Scottish Local Government

Working in partnership with Scotland's local authorities, the Digital Office aims to improve how services work and councils serve residents through collaboration and digital transformation.

They have a number of projects that focus on key areas of service delivery for local authorities:

- Skills Development & Workforce Planning
- Digital Health & Social Care
- Digital Education
- Digital Innovation for savings in Council assets
- Digital Procurement including Office Productivity
- Better Use of Data

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6. "Internet use and attitudes", Ofcom, August 2016

SMART

Like the best technology companies, councils need to be lean, agile and data-driven.

Better use of more accessible data will improve decision-making and policy development. It will also allow processes to be improved, and more effective and efficient services to be delivered.

We must also become smart purchasers, buying the most appropriate systems and finding systems that are already working elsewhere, allowing for faster implementation.

Our Focus

1. Investigating options to provide corporate business intelligence standards and tools, which will improve service planning.

2. Ensuring our colleagues and partners are connected to the information they require to make decisions based on accurate, timely and up to date information.

3. Utilising system automation to streamline processes and improve the customer experience.

4. Developing plans with partners for improved data sharing and business intelligence.

5. Being smarter with technology: Consolidate, Re-use, Buy then Build.

Our vision:
We use data and new technologies to operate more effectively

Our website is optimised for mobile devices - data tells us that most customers are using mobile devices for their visit.

Number of Council systems that hold customer records

40+

e-Estonia

Estonia is one of Europe's digital pioneers. Inhabitants of Estonia are able to do things like vote, view their health records, and submit tax returns online.
Integration is key to the success of the Estonian approach - all existing databases and systems can be linked and new ones can be added, no matter what platform they use.

820 years of working time saved in 2016 [7]

98% of prescriptions are prescribed online

900+ organisations use it each day

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7. https://www.ria.ee/x-tee/fact, e-Estonia, 2017

Our Key Actions

	Our Customers	Our People	Digital Participation	Collaboration	SMART
Review and update all communications to promote Digital First	✓	✓	✓		
Develop a marketing strategy and plan to reduce telephone calls	✓				
Define an approach for assisted digital	✓		✓		
Baseline digital skills internally and externally and identify a programme for improvement	✓	✓	✓	✓	✓
Implement an approach for baselining and evaluating digital participation	✓		✓	✓	
Review Customer & Digital structure to align with service delivery		✓		✓	✓
Develop a business partnering approach		✓		✓	✓
Conduct an applications review and implement the recommendations	✓	✓		✓	✓
Roll out Office 365		✓		✓	✓
Implement virtual desktops		✓			✓
Implement mobile working across the Council		✓			✓
Define a strategy for cloud first		✓		✓	✓
Develop a policy and approach for Master Data Management	✓			✓	✓
Develop a policy and approach for Open Data and GIS usage	✓			✓	✓
Develop a policy and approach for business integration					✓
Develop a policy and approach for business analytics and intelligence					✓
Work collaboratively with partners and providers to consider opportunities for improving connectivity	✓		✓	✓	
Work with businesses to capture the economic benefits that data driven innovation offers				✓	✓

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Our Timescales

	2017	2018	2019
Review and update all communications to promote Digital First	███	███	███
Develop a marketing strategy and plan to reduce telephone calls	███		
Define an approach for assisted digital	███	██	
Baseline digital skills internally and externally and identify a programme for improvement	███		
Implement an approach for baselining and evaluating digital participation	███	██	
Review Customer & Digital structure to align with service delivery - Phase 1	██		
Phase 2	██	██	
Phase 3		██	██
Develop a business partnering approach	███		
Conduct an applications review and implement the recommendations	███	███	███
Roll out Office 365 - Phase 1	███	██	
Phase 2	███	██	
Phase 3		██	██
Implement virtual desktops	███	███	
Implement mobile working across the Council	███	███	███
Define a strategy for cloud first	███		
Develop a policy and approach for Master Data Management	███	██	
Develop a policy and approach for Open Data and GIS usage	███		
Develop a policy and approach for business integration	███	██	
Develop a policy and approach for business analytics and intelligence	███	██	
Work collaboratively with partners and providers to consider opportunities for improving connectivity	███	███	███
Work with businesses to capture the economic benefits that data driven innovation offers	███	███	███

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Our Future Engagement

	Sep	Oct	Ongoing
Pre-launch campaign around the strategy to encourage interest	■		
DigiQuiz to gain a better understanding of the digital skills of colleagues	■	■	
Recruit DigiBuddies	■	■	■
Staff Talk article focusing on what the Strategy means for all colleagues	■		
Digital Strategy for Cabinet approval	■		
DigiBytes - useful information, best practice and resources about digital		■	■
"Digital for you" campaign around the key elements of the strategy and what they mean to colleagues		■	■
Digital Diaries - series of video interviews with a selection of colleagues		■	■
Executive Directors vlog showing how they use digital and lead by example		■	■
Specific drop-in sessions / roadshows to wider locations		■	■
Lunchtime drop-in sessions and webinars for digital skills training		■	■
New website to enable digital engagement and the sharing of digital knowledge and best practice		■	■
Digital Strategy formally launched		■	
Digi 2025 video		■	■
National Customer Service Week - digital participation, skills and awareness raising activities		■	
Buddy Meetings to engage with the DigiBuddies, train them and capture feedback			■
External customer digital engagement sessions			■

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Measuring Our Progress

Priorities	Our Customers	Our People	Digital Participation	Collaboration	SMART
Outcomes	Services built with our customers and delivered to meet their needs in a digital world	Digitally skilled and motivated colleagues who have embedded digital in how they work	Customers with the necessary skills, motivation and access to realise the benefits of digital	An organisation that seeks out opportunities to collaborate and operate more efficiently	An organisation that takes full advantage of data and technology to operate more efficiently and effectively
Measures of success	1. Customer satisfaction 2. Channel shift 3. Engaging with our customers	1. Digital skill level 2. Channel shift 3. Staff satisfaction	1. Digital participation level 2. Digital skill level 3. Access to digital	1. Number of collaborative projects 2. Cost savings	1. Process improvement 2. Cost savings 3. Data sharing
Indicators	1. Customer satisfaction surveys 2. Proportion of external transactions completed online 3. The number of customer engagement sessions	1. Staff skills survey 2. Proportion of internal transactions completed online 3. Staff satisfaction survey	1. Surveys - ONS, People's Panel, Scottish Household 2. Number of people receiving digital skills training 3. Number of locations providing digital access 4. Number of people accessing our free public WiFi	1. Number of national digital projects involved in 2. Savings achieved from collaboration	1. Number of processes improved through automation and integration 2. Savings achieved from using data and technology 3. Number of data sets made available as open data

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NORTH AYRSHIRE COUNCIL

Agenda Item 7

26 September 2017

Cabinet

Title:	**Lay Representatives on Cabinet (Education)**
Purpose:	To update the Cabinet on the Roman Catholic Church's representation on the Cabinet when when the Cabinet meets to consider Education Authority business.
Recommendation:	That the Cabinet agrees to note that the Very Reverend Matthew Canon McManus will continue to serve as the Roman Catholic Church representative's for the time being, pending the identification in due course of a replacement representative.

1.   Executive Summary

1.1   This report updates the Cabinet on the Roman Catholic Church's representation on the Cabinet when it meets to consider Education Authority business.

2.   Background

2.1   At its meeting on 17 May 2017, the Council considered a number of Committee appointments, including the appointment of a number of additional members to the Cabinet when it meets to consider Education Authority business.   Section 124(4) of the 1973 Act provides that the persons to be appointed shall include "one representative of the Roman Catholic Church, nominated in such manner as may be determined by the Scottish Hierarchy of the Church". The appointed Roman Catholic Church representative was the Very Reverend Matthew Canon McManus.

2.2   The Right Reverend William Nolan has advised that Canon McManus has now retired from his role as Parish Priest at St. Peter's Church, Ardrossan with effect from 7 September 2017. The Catholic Church initially intended to identify a replacement representative to serve thereafter. However, in order to provide a smoother transition, the Church has intimated that it would wish to see Canon McManus continue in his role for the time being, with a replacement to be identified in the course of the next year.

3. Proposals

3.1 That the Cabinet agrees to note that the Very Reverend Matthew Canon McManus will continue to serve as the Roman Catholic Church representative's for the time being, pending the identification in due course of a replacement representative.

4. Implications

Financial:	None arising from this report.
Human Resources:	None arising from this report.
Legal:	None arising from this report.
Equality:	None arising from this report.
Environmental & Sustainability:	None arising from this report.
Key Priorities:	None arising from this report.
Community Benefits:	Not applicable.

5. Consultation

5.1 No consultations have been undertaking in respect of this report.

ELMA MURRAY
Chief Executive

Reference :
For further information please contact Diane McCaw, Committee Services Officer on 01294 324133.

Background Papers
None.

NORTH AYRSHIRE COUNCIL

Agenda Item 8

26 September 2017

Cabinet

Title:	**Regulation of Investigatory Powers (Scotland) Act 2000- Inspection Report**
Purpose:	To provide an update to Cabinet on the Council's use of the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) and the inspection undertaken by the Office of the Chief Surveillance Commissioner
Recommendation:	That Cabinet notes the measures in place to secure compliance with RIPSA and agrees the recommendations made in the report of the Chief Surveillance Commissioner.

1. Executive Summary

1.1 In the course of carrying out its regulatory duties, the Council may require to carry out surveillance. The Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) sets up a framework under which surveillance can be authorised and the evidence obtained used in subsequent court actions without challenge under Human Rights legislation. If the legislation is not complied with, it could lead to the Council breaching an individual's right to privacy or for any information gathered being inadmissible as evidence in court.

1.2 The Council is audited on its RIPSA procedures by the Office of the Surveillance Commissioner (OSC) every three years. The latest inspection took place on 19 April 2017

2. Background

2.1 The European Convention on Human Rights provides for a right to privacy. This cannot be interfered with by public authorities, except for certain defined purposes. Such interference must also be proportionate. As surveillance of persons without their knowledge (covert surveillance) would be an interference with a person's right to privacy, RIPSA creates a framework, which if followed, allows for surveillance by public authorities. Key issues to be addressed in considering surveillance are whether it is:-

- Necessary (is there any other way to achieve the same aim without covert surveillance, e.g. can you stop the problem by letting people know they are being watched (overt surveillance) etc.);

- Proportionate (is the proposed surveillance excessive having regard to the objective sought); and

- Collateral intrusion (would the surveillance also record details of other individuals, breaching their right to privacy).

2.2 The two types of surveillance currently available to the Council are directed surveillance (observing people without their knowledge) and covert human intelligence sources (asking a third party to establish or maintain a relationship to obtain information in secret).

2.3 The core procedures which ensure the Council's compliance with RIPSA are:-

- A Senior Responsible Officer, has responsibility for the Central Register which records all cases of covert surveillance;

- There are three authorised officers who consider applications for covert surveillance

- Council procedures are set out in two Protocols on Directed Surveillance and Covert Human Intelligence Sources, last revised in March 2017;

- The Council's CCTV procedures and policy were reviewed in summer 2016. North Ayrshire CCTV Company also has policies and procedures which were commended at an inspection in 2013;

- Training- A half-day RIPSA training course is now a fixture of the Council's Learning and Development Directory and is delivered annually. Courses took place in March 2015, March 2016, October 2016 (on account of demand) and March 2017. Over and above the half-day course, a number of teams have received an informal hour-long RIPSA briefing designed to ensure that staff have a broad overview of the terms of the Act. These include the Housing Governance Board in May 2016, the Social Work Governance Board in June 2016, the Environmental Enforcement Team in September 2016 and almost all Housing staff in November 2016. In total, these briefings have reached around 100 staff,

- A refresher briefing is given annually to the Council's Extended Leadership Team on the requirements of RIPSA. Refresher briefings took place in April 2015, April 2016 and 6th April 2017.

- The Chief Executive and Directors are all asked to sign an annual undertaking that any relevant staff within their Service have received the necessary RIPSA training,

- Internal Audit - a report was prepared by Internal Audit on the Council's use of RIPSA in July 2014. Given the very low use of RIPSA, no further reports are currently envisaged. A report was also prepared on the Council's use of social media in March 2015.

2.4 Since the Act came into force in 2000, the Council's use of surveillance has gradually reduced. A number of reasons are responsible for this reduction. These include:-

- Covert surveillance is a resource intensive activity;

- Other less intrusive means are being found to investigate cases, such as data sharing;

- Overt action to disrupt unlawful activity is considered more effective (you make it known that a person or area is under surveillance);

- The transfer of most benefit fraud investigations to the DWP greatly reduced the type of investigation for which covert surveillance was appropriate;

- Within Trading Standards, rather than focussing on enforcement action, a more effective use of resources is to educate retailers to self-police rather than to pursue surveillance.

2.5 The Council has used surveillance on only one occasion in the past five years, in February 2014. The target of the surveillance was an employee accused of theft.

2.6 The Council is audited on its RIPSA procedures by the Office of the Surveillance Commissioners (OSC) every three years. The latest inspection took place on 19 April 2017. In their inspection report the Surveillance Inspector and the Chief Surveillance Inspector both note that, in circumstances where the Council makes very limited use of its surveillance powers, awareness of the statutory regime is important. Against that background the Council's training regime was commended as excellent. Three recommendations were made by the Inspector, all of which are agreed and will be actioned. The three recommendations were:-

- The advice and guidance contained in the Council's Protocols should be expanded in relation to the use of social media. This reflects the increasing amount of information available on social media, and while one or two checks on a person's public social media sites is fine, ongoing surveillance will require RIPSA authorisation.

- Trading Standards should seek an authorisation for underage test purchases, or if this is not considered appropriate, to have a record of why no authorisation is required, on a case by case basis.

- Where CCTV cameras are deployed in a covert manner, an authorisation for directed surveillance should be granted by the public authority requesting the deployment. For example the Police could ask the CCTV Company to deploy their mobile camera. If it was not clearly advertised as a CCTV camera in operation, the Police would require a RIPSA authorisation.

3. Proposals

3.1 That Cabinet notes the measures in place to secure compliance with RIPSA and agrees the recommendations made in the report of the Chief Surveillance Commissioner

4. Implications

Financial:	There are no financial implications arising from this report.
Human Resources:	There are no human resource implications arising from this report.
Legal:	There are no legal implications arising from this report.
Equality:	There are no equality implications arising from this report.
Environmental & Sustainability:	There are no environmental implications arising from this report.
Key Priorities:	Compliance with the RIPSA inspection process is a key part of effective governance which underpins the Council's Strategic Priorities
Community Benefits:	There are no community benefit implications arising from this report.

5.   Consultation

5.1   None.

ELMA MURRAY
Chief Executive

Reference :
For further information please contact Andrew Fraser, Head of Democratic
Services on 01294 324125

Background Papers

Letter from the Chief Surveillance Commissioner dated 17 May 2017,
attaching report dated 20 April 2017 from the Surveillance Inspector

North Ayrshire Council Protocols on Directed Surveillance and Covert Human
Intelligence Sources March 2017

NORTH AYRSHIRE COUNCIL

Agenda Item 9

26 September 2017

Cabinet

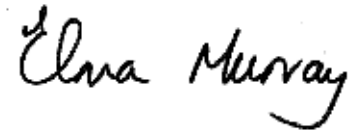| Title:	**Public Performance Reporting 2016/17**
Purpose:	To advise Cabinet on 2016/17 public performance reporting and the draft Annual Performance Report 2016/17.
Recommendation:	That Cabinet agrees (a) to note the status of the Council's performance indicators at Appendices One and Two; (b) endorse the Annual Performance Report 2016/17 set out at Appendix Three; and (c) note that this report will be referred to the Audit and Scrutiny Committee for further consideration.

1. Executive Summary

1.1 This report details the performance of the range of Performance Indicators (PIs) that will be used to inform our public performance reporting for 2016/17. The report also details the content of the Annual Performance Report which will be published on the Council's website by October 2017.

2. Background

2.1 The 2015 Account Commission's Direction relates to performance information to be collected during the 2016/17 financial year and runs for a three year period. This includes a **requirement** to publish our performance in relation to Local Government Benchmarking Framework (LGBF) PIs.

2.2 The Commission will continue to engage with the LGBF Board and monitor the ongoing development of the LGBF and councils' reporting of performance on an annual basis. As part of this new approach, the Commission want to better reflect the impact that councils are making, including with their partners, on their communities and how they are contributing to improved outcomes for local people.

2.3 **142** indicators including the Council Plan and the LGBF indicators have been identified as being appropriate for demonstrating our performance against the strategic priorities and enablers. These are available on our public website, which is reviewed monthly.

2.4 The performance indicators are published on the Council's website via an interactive portal – **North Ayrshire Performs** - generated from Covalent. This provides the **detail** for the public on our **performance** including **trends** and current **status**.

2.5 **Appendix One** details the full set of PIs, showing (where available) three years of performance trends, along with targets. There is also a traffic light (Red, Amber Green) symbol to show whether the target level of performance has been achieved (Green), is slightly adrift of target (Amber) or is significantly adrift of target (Red).

2.6 Analysis of the indicators with latest available targets is outlined in Table 1, below.

Table 1

2016/17 Summary of Traffic Light Status	
Traffic Light	**Indicators**
🟢 on target	76%
🔶 slightly adrift	9%
🔴 significantly adrift	15%

2.7 It should be noted that data for the LGBF indicators will not be available until early 2018. Data for the Education indicators will be available in February 2018.

2.8 **Appendix Two** lists the 26 Red/Amber indicators along with management commentary from the relevant Directorate.

2.9 Comparison of 2016/17 performance with previous years is noted in Table 2, below. Performance improved in 54% of indicators with trend information over the one year period and in 63% over the three year period.

Table 2

2016/17 Summary of short term/long term trends		
	Short Term	**Long Term**
⬆ Improved	54%	63%
⬇ Declined	43%	36%
➖ No change	3%	1%

2.10 To meet the various requirements for public performance reporting a draft Annual Performance Report 2016/17 has been produced. This is attached at **Appendix Three**. Meetings took place with Executive Directors in July to discuss and agree the content of the Annual Performance Report. Executive Directors and Heads of Service were also consulted on the designed draft report in August to ensure their sign off prior to the presentation of the report to the Executive Leadership Team.

2.11   The Report includes information on our key achievements in delivering the strategic priorities in the Council Plan 2015/20 and case studies, quotes and infographics

2.12   The Report will be made available as an electronic document downloadable from the Council's website. A limited number of summary hard copies will be made available at the Council's main public buildings. The summary document will highlight key data through the use of infographics which will be used to improve the accessibility of performance information for the public.

3.   Proposals

3.1   It is proposed that Cabinet agrees (a) to note the status of the Council's performance indicators at Appendices One and Two; (b) endorse the content of the Annual Council Performance Report 16/17 set out at Appendix Three; and (c) notes that this report will be referred to the Audit and Scrutiny Committee for further consideration.

4.   Implications

Financial:	The cost of design and print run of summary hard copies can be met from the Policy and Performance revenue budget.
Human Resources:	There are no human resource implications.
Legal:	Reporting requirements specified in the 2015 Accounts Commission Direction represent a departure from the previous Direction. The Commission want to better reflect the impact that councils are making on their communities and how they are contributing to improved outcomes for local people. There is more scope for Councils to choose their own Performance Indicators (PIs) to fulfil the Best Value obligations arising from the Local Government in Scotland Act 2003. This report confirms the arrangements for the Council's compliance with its duties under the Local Government Act 1992 and the Local Government in Scotland Act 2003 and commitment to improving public performance reporting.
Equality:	There are no equality implications.
Environmental & Sustainability:	There are no environmental and sustainability implications.
Key Priorities:	The Report helps to demonstrate the Council's delivery of its strategic priorities.
Community Benefits:	There are no community benefit implications.

5.   Consultation

5.1   The Executive Leadership Team discussed the content of the report at
         a meeting on the 13 September 2017.

Elma Murray

ELMA MURRAY
Chief Executive

Reference :
For further information please contact Margaret Davison, Senior Manager,
Democratic Services on 01294 324138

Background Papers
Council Plan 2015/20
Directorate Plans 2015/18

North Ayrshire Performs - Committee Report

Priority 1. Growing our economy, increasing employment and regenerating towns - Theme 1. Council Plan - corporate								
Code & Short Name	**2014/15**		**2015/16**		**2016/17**		**Trend**	
	Value	Status	Value	Status	Value	Status	Short	Long
CP_DE_P04 Number of Modern Apprentices supported through North Ayrshire sponsored initiatives	267	(amber)	220	(?)	188	(green)	↓	↓
EG_11 Leverage of External Funding			2.03	(chart)	3.27	(chart)	↑	↑
EG_28 Town Centre Footfall			6,814,037	(?)	7,137,165	(?)	↑	↑
REC201213_30 Business Gateway Start-Ups	234	(?)	64	(?)	269	(green)	↑	↑
SOA_WNA4 Gross value added	£45,767.00	(green)	£42,944.00	(red)	Available Dec 2017		↓	↓
SOA_WNA21 Youth employment rate	52.2%	(chart)	43.4%	(chart)	44.8%	(chart)	↑	↓
EG_03 Gross weekly earnings – Workforce based	£507.40	(green)	£479.80	(green)	£522.70	(green)	↑	↑
SOA15-16_WNA02 Number of unemployed people who have progressed to employment through participation in NAC funded or operated employability activities			428	(?)	704	(red)	↑	↑
SOA_WNA12 % of working age population in employment	70.5	(green)	65.1	(green)	64.7	(green)	↓	↓

Priority 1. Growing our economy, increasing employment and regenerating towns - Theme 2. Service performance								
Code & Short Name	**2014/15**		**2015/16**		**2016/17**		**Trend**	
	Value	Status	Value	Status	Value	Status	Short	Long
DP_FACS_P01* Number of apprenticeships/jobs created through community benefit clauses	35	(green)	40	(green)	44	(green)	↑	↑
EG_09 No of businesses supported by Council Economic Growth activity			388	(?)	754	(?)	↑	↑
OP_FCS_PRO_P_P01 % Procurement spend with local suppliers	22	(chart)	19.4	(chart)	20	(chart)	↑	↓

Priority 1. Growing our economy, increasing employment and regenerating towns - Theme 3. LGBF								
Code & Short Name	**2014/15**		**2015/16**		**2016/17**		**Trend**	
	Value	Status	Value	Status	Value	Status	Short	Long
SECON04 % of procurement spent on local small/medium enterprises	14.3	(chart)	13.4	(chart)	LGBF - Available Feb 2018		↓	↓
SOL_ECDEV01 % Unemployed People Assisted into work from Council operated / funded Employability Programmes (source LGBF)	16.03	(chart)	8.2	(chart)	LGBF -Available Feb 2018		↓	↓

Priority 2. Working together to develop stronger communities - Theme 1. Council Plan - corporate

Code & Short Name	2014/15 Value	2014/15 Status	2015/16 Value	2015/16 Status	2016/17 Value	2016/17 Status	Trend Short	Trend Long
CC_09 The number of volunteers who are active in Connected Communities and Third Sector Interface activities	7,585	✓	7,633	⚠	26,016	✓	⬆	⬆
SOA_WNA9 Resident confidence about the future wellbeing and economic prospects of local area		?	31	✓	Available late 2017		?	⬇
SP_ES_P_E01 Number of Active volunteers who have participated in training delivered by Connected Communities	4,875	✓	11,285	✓	14,727	✓	⬆	⬆
SP_ES_P_E02 Number of Groups who have participated in training delivered by Connected Communities	8,217	✓	2,669	●	1,351	✓	⬇	⬇
SP_ES_P_E03 Number of groups accessing support and guidance by Connected Communities	588	✓	600	✓	710	✓	⬆	⬇
SOA_WNA15 Tourism visitor numbers	1,623,600	?	1,661,870	✓	1,709,000	✓	⬆	⬆

Priority 2. Working together to develop stronger communities - Theme 2. Service performance

Code & Short Name	2014/15 Value	2014/15 Status	2015/16 Value	2015/16 Status	2016/17 Value	2016/17 Status	Trend Short	Trend Long
SPI 11_A_02 Number of visits to/usages of council funded or part funded museums per 1000 population	1,813	✓	1,951	✓	1,962	✓	⬆	⬆
SPI 12_A_02 Number of library visits per 1000 population	13,103	✓	12,061	✓	11,213	✓	⬇	⬇
SPI 13a_SDS4aii The average time (weeks) to deal with major and local planning applications determined during the year: Major developments - Average time (weeks) to deal with applications	12.6	✓	26.7	●	13.8	✓	⬆	⬆
SPI 13b_SDS4bii The average time (weeks) to deal with major and local planning applications determined during the year: Local developments - Average time (weeks) to deal with applications	6.2	✓	5.3	✓	5.2	✓	⬆	⬆

Priority 2. Working together to develop stronger communities - Theme 3. LGBF

Code & Short Name	2014/15 Value	2014/15 Status	2015/16 Value	2015/16 Status	2016/17 Value	2016/17 Status	Trend Short	Trend Long
SOL_C&L02 Cost per library visit £	£1.44	?	£1.47	?	LGBF - Available Feb 2018		⬇	⬆
SOL_C&L03 Cost per museum visit £	£0.38	✓	£0.31	?	LGBF - Available Feb 2018		⬆	⬆
SOL_CORP05b2 Average time between time of noise complaint and attendance on site (hours)	0.62	✓	0.5	✓	0.41	✓	⬆	⬆

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Priority 3. Ensuring people have the right skills for learning, life and work - Theme 1. Council Plan - corporate

Code & Short Name	2014/15		2015/16		2016/17		Trend	
	Value	Status	Value	Status	Value	Status	Short	Long
CC_01 % of participants accessing learning opportunities whose confidence, knowledge and skills has improved as a result			96.5	✅	97.9	✅	⬆	⬆
CC_08 The number of adult learning opportunities accessed provided by Connected Communities	17,161	✅	15,271	✅	13,574	✅	⬇	⬇
E&S_P_B01 % of children achieving their developmental milestones at the time the child starts primary school	71	📊	72	📊	77	📊	⬆	⬆
E&YE_PI_D01 % of leavers attaining literacy at National 4 (SCQF Level 4)	95.79	✅	95.67	✅	Available Feb 2018		⬇	⬆
E&YE_PI_D02 % of leavers attaining literacy at National 5 (SCQF Level 5)	74.14	✅	79.35	✅	Available Feb 2018		⬆	⬆
E&YE_PI_D03 % of leavers attaining numeracy at National 4 (SCQF Level 4)	86.05	✅	88.76	✅	Available Feb 2018		⬆	⬆
E&YE_PI_D04 % of leavers attaining numeracy at National 5 (SCQF Level 5)	64.87	✅	68.49	✅	Available Feb 2018		⬆	⬆
E&YE_PI_D07 Average tariff score: All Leavers	834.5	✅	864.7	✅	Available Feb 2018		⬆	⬆
E&YE_PI_D09 Average tariff score: LAC Leavers	357.9	✅	317.3	✅	Available Feb 2018		⬇	⬆
SOL_CHN11 % of school leavers entering positive destinations	95.9	✅	94.8	✅	LGBF - Available Feb 2018		⬆	⬆

Priority 3. Ensuring people have the right skills for learning, life and work - Theme 2. Service performance

Code & Short Name	2014/15		2015/16		2016/17		Trend	
	Value	Status	Value	Status	Value	Status	Short	Long
E&S_P_A05 Average total tariff score of the lowest 20% attainment cohort	186	✅	182	✅	Available Feb 2018		⬇	⬆
E&S_P_A06 Average total tariff score of the middle 60% attainment cohort	756	✅	786	⚠️	Available Feb 2018		⬆	⬆
E&S_P_A07 Average total tariff score of the highest 20% attainment cohort	1,719	⚠️	1,779	✅	Available Feb 2018		⬆	⬆
E&S_P_A11 % of young people choosing to stay to S5 (as % of S4 roll at Sept. previous year)	78.1	⚠️	79.16	⚠️	78.5	❓	⬇	⬇
E&S_P_B04 % of participants (on completion of parenting programmes) who report an increase in their confidence levels as a parent	78	✅	100	✅	100	✅	−	⬆
E&S_P_B05 % of participants (on completion of parenting programmes) who report an increase in their levels of interaction with their children	90	✅	100	✅	100	✅	−	⬆
E&YE_PI_D06 % gap in attainment of Looked After Children	79.9	✅	92.6	✅	Available Feb 2018		⬇	⬆

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Priority 3. Ensuring people have the right skills for learning, life and work - Theme 3. LGBF

Code & Short Name	2014/15 Value	2014/15 Status	2015/16 Value	2015/16 Status	2016/17 Value	2016/17 Status	Trend Short	Trend Long
SCHN12a Overall Average Total Tariff	818	📈	795	📈	LGBF - Available Feb 2018		⬇	⬆
SCHN12b Average Total Tariff SIMD Quintile 1	620	📈	607	📈	LGBF - Available Feb 2018		⬇	⬆
SCHN12c Average Total Tariff SIMD Quintile 2	720	📈	716	📈	LGBF - Available Feb 2018		⬇	⬆
SCHN12d Average Total Tariff SIMD Quintile 3	828	📈	867	📈	LGBF - Available Feb 2018		⬆	⬆
SCHN12e Average Total Tariff SIMD Quintile 4	1052	📈	1078	📈	LGBF - Available Feb 2018		⬆	⬆
SCHN12f Average Total Tariff SIMD Quintile 5	1181	📈	1100	📈	LGBF - Available Feb 2018		⬇	⬆
SOL_CHN01 Cost per primary school pupil £	£4,624.00	📈	£4,793.00	📈	LGBF - Available Feb 2018		⬇	⬆
SOL_CHN02 Cost per secondary school pupil £	£6,859.00	📈	£6,965.89	📈	LGBF - Available Feb 2018		⬇	⬇
SOL_CHN03 Cost per pre-school place £	£4,047.00	📈	£4,644.96	📈	LGBF - Available Feb 2018		⬇	⬇

Priority 4. Supporting all our people to stay safe, healthy and active - Theme 1. Council Plan - corporate

Code & Short Name	2014/15 Value	2014/15 Status	2015/16 Value	2015/16 Status	2016/17 Value	2016/17 Status	Trend Short	Trend Long
HS - PI003 Number of new build Council housing units reaching completion on a yearly basis	122	📈	56	📈	7	📈	⬇	⬇
SOL_SW03 % of people aged 65 or over with intensive needs receiving care at home	41.37	🟢	34.23	🟢	LGBF - Available Feb 2018		⬇	⬇
SPI 10_B_01 Number of attendances per 1,000 population for indoor sports and leisure facilities excluding pools	10,338	🟢	11,193	🟢	11,313	🟢	⬆	⬆
NAHSCP_02 Money Matters – income generation for service users (£)	£7,549,196.20	🟢	£7,614,139	🟢	£8,234,082.46	🟢	⬆	⬆
NAHSCP_29 % of ASP Inquiries completed within 5 days	42.9	🔴	51.9	🔴	56.5	🔴	⬆	⬆
SOA1013_04b_002 % of formerly looked after young people entitled to aftercare in employment, education or training	55.81	🟢	36.59	🟢	36.99	🟢	⬆	⬇
SOA_HNA25 % of service users indicating an improvement in their recovery capital following the introduction of the Recovery Capital Questionnaire	7.93	❓	61.22	❓	50	❓	⬇	⬆
SPSS_P_E03 % of learning disability service users accessing employment support activities	27.05	🔴	28.13	🔴	24.3	🔴	⬇	⬇
SPSS_P_E14 Number of Carers assessments completed	61	❓	34	❓	27	🔴	⬇	⬇
SOA_SSNA5 % residents within North Ayrshire who feel unsafe walking in their neighbourhood after dark			29	🟢	Available late 2017		❓	⬆

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Priority 4. Supporting all our people to stay safe, healthy and active - Theme 2. Service performance

Code & Short Name	2014/15		2015/16		2016/17		Trend	
	Value	Status	Value	Status	Value	Status	Short	Long
HS - PI005 Homelessness: Number of presentations	776	📈	744	📈	761	📈	⬇	⬇
HS - PI009 % of lets to homeless	25.5	✅	24.8	✅	27.3	✅	⬆	⬆
HS - PI028 Average length of time taken to re-let properties in the last year (days)	14.32	✅	16.07	✅	15.44	✅	⬆	⬇
NAHSCP_03 % of individuals subject to level 1 Community Payback Order Unpaid Work completed within three months	88.81	✅	90.32	✅	93.37	✅	⬆	⬆
NAHSCP_09 % of fostered LAAC who are fostered by an in-house placement	78.98%	✅	82.49%	✅	87.08	✅	⬆	⬆
NAHSCP_11 % of children in a kinship care placement subject to residence order	38.43	✅	33.8	✅	34.64	⚠	⬆	⬇
NAHSCP_21 Number of service users (65+) with a community alarm package	3,109	✅	3,063	✅	3,219	✅	⬆	⬆
NAHSCP_22 Number of service users with an enhanced telecare package	2,074	✅	622	✅	770	✅	⬆	⬇
OP_EC_03 % of food poisoning investigations within two days of inquiry (EH) formerly known as SP1213LP_P_A04	100	✅	100	✅	100	✅	−	−
OP_EC_04 % of high priority pest control requests responded to within working one day of enquiry (EH) formerly known as SP1213LP_P_A05	95.7	✅	97	✅	97.7	✅	⬆	⬆
SOA1112_08a_001 % of families previously registered on the Child Protection Register who have been re-registered following a period of less than 1 year	2.5	✅	6.3	🔴	4.8	✅	⬇	⬇
SP_EG_15 % of high priority public health complaints responded to within 1 working day of receipt (EH) formerly known as SP1213LP_P_A03	99.7	✅	99	✅	98.4	✅	⬇	⬇
SPSS_P_C05 % of individuals subject to level 2 Community Payback Order Unpaid Work completed within six months	82.53	✅	92.45	✅	95.63	✅	⬆	⬆

Priority 4. Supporting all our people to stay safe, healthy and active - Theme 3. LGBF

Code & Short Name	2014/15		2015/16		2016/17		Trend	
	Value	Status	Value	Status	Value	Status	Short	Long
SENV05a Cost of trading standards per 1,000 population £	£5,027.48	📈	£4,936.50	📈	LGBF - Available Feb 2018		⬆	⬆
SENV05b Cost of environmental health per 1,000 population £	£11,835.84	📈	£13,289.00	📈	LGBF - Available Feb 2018		⬇	⬇
SHSN01b Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year - HRA	3.75	🔴	3.23	⚠	3.39	✅	⬇	⬆
SHSN04b (Charter 12) Average time taken to complete non-emergency repairs	9.18	🔴	8.91	✅	7.85	✅	⬆	⬆
SOL_C&L01 Cost per attendance at sports facilities £	£2.15	❓	£0.75	❓	LGBF - Available Feb 2018		⬆	⬆
SOL_CHN08a The gross cost of "children looked after" in residential based services per child per week £	£3,379.54	✅	£3,037.48	✅	LGBF - Available Feb 2018		⬆	⬆

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Code & Short Name	2014/15 Value	Status	2015/16 Value	Status	2016/17 Value	Status	Short	Long
SOL_CHN08b Gross cost of "children looked after" in a community setting per child per week £	£241.60	🟡	£281.57	🔴	LGBF - Available Feb 2018		⬇	⬇
SOL_CHN09 Balance of care for 'looked after children': % of children being looked after in the community	92	🟢	90.2	🟢	LGBF - Available Feb 2018		⬇	⬇
SOL_HSN02 % of rent due in year that was lost due to voids	0.38	🟢	0.33	🟢	0.33	🟢	—	⬆
SOL_HSN03 % of Council dwellings that meet the Scottish Housing Quality Standard	98.22	🟢	99.07	🟢	98.3	🟢	⬇	⬆
SOL_HSN05 % of council properties at or above the appropriate NHER or SAP ratings specified in element 35 of the SHQS, as at 31 March each year.	99.26	🟢	99.69	🟢	99.47	🟢	⬇	⬆
SOL_SW01 Home care costs for people aged 65 or over per hour £	£17.94	🟢	£22.00	🔴	LGBF - Available Feb 2018		⬇	⬇
SOL_SW02 Self-directed support spend for people aged over 18 as a % of total social work spend on adults	2.05	🔴	2.07	🔴	LGBF - Available Feb 2018		⬆	⬆
SOL_SW05 Net residential costs per capita per week for older adults (65+)	£352.18	🟡	£357.36	🟡	LGBF - Available Feb 2018		⬇	⬇

Priority 5. Protecting and enhancing the environment for future generations - Theme 1. Council Plan - corporate

Code & Short Name	2014/15 Value	Status	2015/16 Value	Status	2016/17 Value	Status	Trend Short	Trend Long
CP_FCS_001 Overall carbon emissions (tonnes)	52,711	🟢	50,709	🟢	46,053	🟢	⬆	⬆
SOL_ENV04b % of Class A roads that should be considered for maintenance treatment	34.9	🟢	35.6	🟡	36.2	🟡	⬇	⬇
SOL_ENV04c % of Class B roads that should be considered for maintenance treatment	34.8	🟢	33.6	🟢	36.8	🟡	⬇	⬇
SOL_ENV04d % of Class C roads that should be considered for maintenance treatment	51.1	🟡	48.7	🟢	50.8	🟢	⬇	⬇
SOL_ENV04e % of unclassified roads that should be considered for maintenance treatment	36.7	🟢	35.4	🟢	34.6	🟢	⬆	⬆
SOL_ENV06 % of total household waste that is recycled (calendar year as per SEPA)	56.5	🟢	56	🟢	55.3	🟢	⬇	⬇
SENV03b Street Cleanliness Index - % Clean	92.31	🔴	95.8	🟢	90.6	🔴	⬇	⬇

Priority 5. Protecting and enhancing the environment for future generations - Theme 2. LGBF

Code & Short Name	2014/15 Value	Status	2015/16 Value	Status	2016/17 Value	Status	Trend Short	Trend Long
SENV01 Net waste collection cost per premises	£52.25	🔴	£55.75	🟢	LGBF - Available Feb 2018		⬇	⬇
SENV02 Net waste disposal cost per premises	£99.53	🔴	£107.49	🔴	LGBF - Available Feb 2018		⬇	⬇
SOL_C&L04 Cost of parks and open spaces per 1,000 population £	£30,861.00	🟢	£32,190.00	🟢	LGBF - Available Feb 2018		⬇	⬆
SOL_C&L05b % of adults satisfied with parks and open spaces	89.67	🟢	85.33	🟡	LGBF - Available Feb 2018		⬇	⬇
SOL_CORPAM01 Proportion of operational buildings that are suitable for their current use	90.26	🟢	89.8	🟡	91.6	🟢	⬆	⬆
SOL_CORPAM02 % of internal floor area of operational buildings in satisfactory condition	99.5	🟢	99.5	🟢	99.7	🟢	⬆	⬆

Code & Short Name	Value	Status	Value	Status	Value	Status	Short	Long
SOL_ENV03a Net cost of street cleaning per 1,000 population £	£14,921.00	🟢	£14,875.00	🟢	LGBF - Available Feb 2018		⬆	⬆
SOL_ENV04a Road cost per kilometre £	£10,520.00	📈	£12,501.00	📈	LGBF - Available Feb 2018		⬇	⬇
SOL_ENV07a % of adults satisfied with refuse collection	87.33	🔺	88.33	🔺	LGBF - Available Feb 2018		⬆	⬆
SOL_ENV07b % of adults satisfied with street cleaning	78	🔴	79.67	🟢	LGBF - Available Feb 2018		⬆	⬆
SPI 22_E Overall % of road network that should be considered for maintenance treatment	39.1	🟢	37.8	🟢	38.3	🟢	⬇	⬆

Priority 6. Supporting our Priorities - Theme 1. Council Plan - corporate

Code & Short Name	2014/15		2015/16		2016/17		Trend	
	Value	Status	Value	Status	Value	Status	Short	Long
CP_FACS_004 Capital Expenditure - General Fund - Actual expenditure as a percentage of budgeted expenditure	51.13	🔴	90.18	🔴	72.2	🔴	⬇	⬆
CP_FACS_005 Capital Expenditure - Housing Revenue Account (HRA) - Actual expenditure as a percentage of budgeted expenditure	78.61	🔴	69.83	🔴	83.1	🔴	⬆	⬆
CP_FACS_010 Staff Engagement Level - Council Wide	65	🟢	69.6	🟢	69.6	🟢	▬	⬆
CP_FACS_011 % of Council-Wide Stage 1 (Frontline Resolution) Complaints Handled on Time	87	🟢	91	🟢	90	🟢	⬇	⬆
CP_FCS_002 Revenue Expenditure – General Fund - Actual expenditure as a percentage of budgeted expenditure	98.2	🔺	98.4	🔺	98.3	🟢	⬇	⬇
CP_FCS_003 Revenue Expenditure - Housing Revenue Account - Actual expenditure as a percentage of budgeted expenditure	94	🔴	95.47	🔺	91.7	🔺	⬇	⬇
CP_FCS_007 % of Capital Projects completed on time	67.44	🔴	72.97	🔴	91.9	🟢	⬆	⬆
CP_FCS_008 % of Capital Projects completed within budget	95.35	🟢	100	🟢	94.6	🔺	⬇	⬇
CP_FCS_009 % of Council-Wide Stage Two (Investigations) Complaints Handled on Time	90	🔴	90	🔴	92	🟢	⬆	⬆
SCORP06a Sickness absence days per teacher	3.64	🟢	6.03	🟢	5.88	🟢	⬆	⬇
SCORP06b Sickness Absence Days per Employee (excluding teachers)	9.5	🔴	9.9	🔴	10.88	🔴	⬇	⬇
SOL_CORP08 % of invoices sampled that were paid within 30 days	93.64	🟢	92.5	🔺	92.96	🔺	⬆	⬆
SP_D&AS_A10 Freedom of Information requests responded to in 20 working days %	93		88	🔴	89	🔴	⬆	⬇

Priority 6. Supporting our Priorities - Theme 2. Service performance

Code & Short Name	2014/15		2015/16		2016/17		Trend	
	Value	Status	Value	Status	Value	Status	Short	Long
CPP_PP5 Level of satisfaction with public sector partners - North Ayrshire Council		?			Available late 2017		?	?
DP_FACS_P02 Procurement & Commercial Improvement Programme (PCIP)					68	chart	?	?
DP_FACS_P04 Speed of processing Housing Benefit (New Claims) days	26.27	red	23.11	red	20.32	green	up	up
DP_FACS_P05 Speed of processing Housing Benefit (Change of circumstances) days	15.73	red	16.3	red	13.9	green	up	up
DP_FACS_P06 Speed of Processing (Council Tax Reduction) new claims (days)	31	red	29	red	25.43	green	up	up
DP_FACS_P07 Speed of processing (Council Tax Reduction) changes of circumstances -days	9.88	red	5.97	green	4.44	green	up	up
DP_FACS_P08 Gross administration cost per Housing Benefit/Council Tax Benefit case (£)	£41.49	amber	£41.42	amber	£37.39	green	up	up
DP_FACS_P11 % of Customers delighted with the overall Customer Service	74	?	69	red	77	green	up	up
DP_FACS_P22 Number of Reportable Incidents (RIDDOR) per 100,000 employees	329.3	green	509	red	648	red	down	down
OP_FCS_HR_P_P05 Staff turnover - all employees	8.58	chart	9.1	chart	8.34	chart	up	up
OP_FCS_HR_P_P07 Council-wide staffing numbers for North Ayrshire Council full-time equivalent (FTE)	5,689.7	chart	5,674.5	chart	5,709.97	chart	down	down
SP1213CS_KPI_D6 Number of customer complaints	2,139	chart	1,461	chart	1,520	chart	down	down
SP_FCS_P09 % of public service buildings that are suitable and accessible to disabled people	61	green	62	green	67	green	up	up
SP_FCS_P_A04 % of North Ayrshire Council employees recorded as having a disability	2.11	chart	2.3	chart	2.22	chart	down	up
SP_FCS_P_A05 % of Black and Minority Ethnic (BME) North Ayrshire Council employees	0.7	chart	0.7	chart	0.93	chart	up	up
SP_FCS_P_A06 % of Council staff who have had a Performance and Personal Development (PPD) discussion in the last 12 months	96	green	89	red	83	red	down	down

Priority 6. Supporting our Priorities - Theme 3. LGBF

Code & Short Name	2014/15		2015/16		2016/17		Trend	
	Value	Status	Value	Status	Value	Status	Short	Long
SOL_CORP01 Support services as a percentage of total gross expenditure	2.46	green	2.5	green	LGBF - Available Feb 2018		down	down
SOL_CORP02 Corporate and democratic core costs per 1,000 population	£30,545.99	green	£29,405.72	green	LGBF - Available Feb 2018		up	up
SOL_CORP03b % of the highest paid 5% employees who are women	55.6	green	53.7	green	55.51	green	up	up
SOL_CORP04 Cost of collecting council tax per dwelling £	£10.19	green	£10.43	red	£7.67	green	up	up
SOL_CORP07 % of income due from Council Tax received by the end of the year	94.63	green	94.68	green	94.68	green	flat	down

Key

Performance Trends   **Performance Against our Target**

Getting Better	No Change	Getting Worse	Data only/No target set	Significantly Adrift of Target	Slightly Adrift of Target	On Target	Unable to Calculate
⬆	▬	⬇	📈	🔴	🔺	✅	❓

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Appendix 2

North Ayrshire Performs - Exception Report

Priority 1. Growing our economy, increasing employment and regenerating towns - Theme 1. Council Plan - corporate

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
SOA_W NA4	Gross value added	£42,944	£47,518	🛑		£45,767		⬇	⬇	Data for 2016/17 will be available in Quarter 3. The medium-term outlook is for slower GVA growth due to local and national economic conditions.
SOA15-16_WNA 02	Number of unemployed people who have progressed to employment through participation in NAC funded or operated employability activities	428		❓	704	765	🛑	⬆	⬆	This was the first full year of operating the new programme and there were a variety of factors that impacted delivery. These are being addressed. The job market in North Ayrshire remains challenging with only 1 local job for every 2 residents, however the actual figure of those supported into work by the Council is 64.5% higher than in 2015/16 (when partial funding was available). The result was slightly behind target (8%) but good progress by the service is being made.

Priority 3. Ensuring people have the right skills for learning, life and work - Theme 2. Service performance

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
E&S_P_ A06	Average total tariff score of the middle 60% attainment cohort	786	802	⚠️				⬆	⬆	**PLEASE NOTE:** 2015/16 data relates to the 2016 exam results. The middle attaining 60% of school leavers in North Ayrshire have seen a steady improvement in their average total tariff score in the past six years, reaching its top performance in 2015/16. 2016/17 data will be available in February 2018.

Priority 4. Supporting all our people to stay safe, healthy and active - Theme 1. Council Plan - corporate

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
NAHSC P_29	% of ASP Inquiries completed within 5 days	51.9	80	🛑	56.5	80	🛑	⬆	⬆	Target was 80% compliance to the 5 working days timescale - actual was 56.5% compliance. A number of Local Authorities are struggling with the 5 working day target, reporting that it is unachievable (target was set just after the introduction of the ASP Act and not based on experience) - a benchmarking exercise will seek to identify the average time taken to complete ASP Inquiries over as many West of Scotland Local Authorities as possible and report on the average. The North Ayrshire average is 13 working days (stats taken from Jan - March 2016.
SPSS_P _E03	% of learning disability service users accessing employment support	28.13	30	🛑	24.3	30	🛑	⬇	⬇	Options for employment continue to be limited for this service user group. An employability project is being developed and will hopefully have an impact on the performance in 2017-18.

Code	Short Name	2015/16 Value	Target	Status	2016/17 Value	Target	Status	Trend Short	Long	Note
SPSS_P_E14	Number of Carers assessments completed	34		❓	27	36	🛑	⬇	⬇	The number of Carers assessments completed remains low. However, with the new Carers bill being enacted, new processes are being put in place to ensure all carers are offered an assessment, and where they choose to have one, an assessment of their needs is completed. Recording processes are also being set up to record the reasons why carers decline to have an assessment.

Priority 4. Supporting all our people to stay safe, healthy and active - Theme 2. Service performance

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
NAHSCP_11	% of children in a kinship care placement subject to residence order	33.8	15	✅	34.64	40	🔺	⬆	⬇	Support for Kinship Carers continues to be a major priority for HSCP. The implications and benefits of Residence Orders will continue to be highlighted to Kinship Carers at case reviews. New legislation, increasing the Kinship Care allowance meant all kinship carers had a financial assessment carried out in 2015/16 and income has now been increased to the new level. This new higher rate should help people remain as foster carers with less financial concerns.

Priority 4. Supporting all our people to stay safe, healthy and active - Theme 3. LGBF

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
SOL_CHN08b	The gross cost of "children looked after" in a community setting per child per week £	£281.57	£239.00	🛑				⬇	⬇	The HSCP are delivering a programme of early and effective intervention that aims to support children with care needs at an earlier stage to avoid them being looked after in the first place. These programmes focus on enhanced support in the community which offer meaningful alternatives to residential placements. Data will be available Feb 2018. Furthermore, the HSCP, along with other Community Planning Partners, will be publishing the Children's Services Plan. This plan has been informed by the research carried out by the Dartington Social Research Unit and represents a Universal approach to supporting children and young people in North Ayrshire. Target increased by 5% to take account of the increase in Kinship care payments coming into effect in 2015-16.
SOL_SW01	Home care costs for people aged 65 or over per hour £	£22.00	£20.82	🛑				⬇	⬇	Target is increased by 10% to take into account the increase in rates that private providers will charge once they introduce the living wage in 2015-16. North Ayrshire has now implemented CM2000 the Home Care scheduling system CM2000 This will provide information in real time and allow for improved efficiencies to reduce costs. Data available February 2018
SOL_SW02	Self-directed support spend for people aged over 18 as a % of total social work spend on adults	2.07	2.4	🛑				⬆	⬆	North Ayrshire continues to increase the percentage spend on SDS year on year, rising from 2.05% to 2.07% in 15/16, which is below our target of 2.4% and below the Scotland average of 6.65%. A project to increase the uptake of direct payments is being undertaken in 2017-18.
SOL_SW05	Net residential costs per capita per week for older adults (65+)	£357.36	£352.18	🔺				⬇	⬇	We continually monitor our older adults care home placements. We are focussing more resources on shifting the balance of care and maintaining older adults in their own homes for as long as they are able. Our service redesign

2

| | | | | | | | | | | places an emphasis on an enablement approach, maintaining service users independence for as long as possible.
Care Homes costs are in line with the National Care Home Contract. Partnerships are not able to impact on the cost of a Care Home placement. The partnership is refocussing its service to be able to support people to remain in their own homes for longer. Included in this is the development of rehabilitation and enablement services, a review of Care at Home Services and the development of a comprehensive voluntary sector. Each of these activities will aim to keep people in the community for as long as possible.
For those that I require admission to a Care Home, the average assessment time in now under 14 days in line with Scottish Government standards and funding is being approved in real time from the hospital. This ensures that people are not staying in hospital for longer than they need to. |

Priority 5. Protecting and enhancing the environment for future generations - Theme 1. Council Plan - corporate

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
SOL_ENV04b	% of Class A roads that should be considered for maintenance treatment	35.6	34.5	🔺	36.2	34.8	🔺	⬇	⬇	Despite having the fourth most improved overall road condition index, there has been a slight deterioration in the condition of A Class roads with 36.2% that should be considered for maintenance. The strategic road maintenance plan aims to optimise investment and target resources to locations in greatest need of repair rather than targeting individual road classes. Severe weather conditions have had an impact on road conditions.
SOL_ENV04c	% of Class B roads that should be considered for maintenance treatment	33.6	34.5	✅	36.8	34.7	🔺	⬇	⬇	There has been a slight deterioration in the condition of B Class roads with 36.8% that should be considered for maintenance treatment. We target repairs at locations in greatest need of repair.
SENV03b	Street Cleanliness Index - % Clean	95.8	96.5	✅	90.6	96.5	🔴	⬇	⬇	The overall score for LEAMS is 90.6%. An improvement plan has been developed to help performance including the introduction of mini interim audits and using additional intelligence received through service requests and enforcement visits to target operational resources to hot spot areas. The highly successful Environmental Enforcement Team are also expected to have a positive impact on street cleanliness by reducing the incidences of littering.

Priority 5. Protecting and enhancing the environment for future generations - Theme 2. LGBF

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
SENV02	Net waste disposal cost per premises	£107.49	£88.77	🔴		£115.40		⬇	⬇	Data is not yet available for 2016/17. The target figure of £88.77 was exceeded in 2015/16 as a result of additional landfill tax costs and additional blue bin recyclate processing contract costs. Further actions to increase the re-use and recycling of waste and reduce waste disposal costs will be delivered through a new Waste Strategy 2017 - 2022. A new innovative blue bin processing

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
										contract was implemented in April 2016 which has significantly reduced the associated processing costs.
SOL_ENV07a	% of adults satisfied with refuse collection	88.33	90	🔺		85		⬆	⬆	Data is not yet available for 2016/17. The Improvement Service now pull satisfaction data from the Scottish Household Survey to present in a 3 year rolled average to deliver the required level of precision at a local level. By rolling the data across the 3 years, the confidence interval for all figures are within 5.5%. Although we are slightly adrift of target, performance has improved since 14/15 rolled average.
SOL_C&L05b	% of adults satisfied with parks and open spaces	85.33	90	🔺		88		⬇	⬇	Data is not yet available for 2016/17. This indicator is also calculated on a three-year rolling average. By rolling the data across the 3 years, the confidence interval for all figures are within 5.5%. Although we are slightly adrift of target performance remains steady in this area.

Priority 6. Supporting our Priorities - Theme 1. Council Plan - corporate

Code	Short Name	2015/16			2016/17			Trend		Note
		Value	Target	Status	Value	Target	Status	Short	Long	
CP_FACS_004	Capital Expenditure - General Fund - Actual expenditure as a % of budgeted expenditure	90.18	100	🔴	72.2	98	🔴	⬇	⬆	72.2% of the General Fund capital expenditure has been delivered during 2016/17. A review of slippage has identified the main factors affecting delivery of projects are incorrect profiling where commencement delays and the need to limit disruption to services has required changes to the profiles of several projects followed by delays in decision making e.g in respect of project briefs or external funding decisions. Financial Services will continue to work with services to ensure the originally approved budgets are accurate
CP_FACS_005	Capital Expenditure - Housing Revenue Account (HRA) - Actual expenditure as a % of budgeted expenditure	69.83	100	🔴	83.1	94.5	🔴	⬆	⬆	83.1% of capital expenditure has been achieved during 2016/17. Slippage is primarily related to the New Build and Sheltered Housing programmes. The underspends have been carried forward for use in 2017/18.
CP_FCS_003	Revenue Expenditure - Housing Revenue Account (HRA) - Actual expenditure as a % of budgeted expenditure	95.47	100	🔺	91.7	96	🔺	⬇	⬇	91.7% of revenue expenditure in the HRA was spent in 2016/17, representing an underspend of 8.3%. This was mainly related to an underspend in Capital Funded from Current Revenue, due to House Building programme expenditure being carried forward to future years and significant capital receipts from Council House sales following the end of Right to Buy, combined with a net saving on loan charges as a result of external borrowing falling below anticipated levels. All of this underspend has been carried forward to meet expenditure commitments in 2017/18.
CP_FCS_008	% of Capital Projects completed within budget	100	90	✅	94.6	97	🔺	⬇	⬇	94.6% of capital projects have been completed within budget for 2016/17 with one project having a minor overspend.
SCORP06b	Sickness Absence Days per Employee (excluding teachers)	9.9	8	🔴	10.88	7.57	🔴	⬇	⬇	The Council failed to achieve the target of 7.57 days. Sickness absence per employee (excluding teachers) was 10.88 days, a 0.98 days increase from 2015/16 figure. Musculo/Skeletal, Stress/Anxiety and

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Code	Short Name	2015/16			2016/17			Short Term Trend	Long Term Trend	Note
		Value	Target	Status	Value	Target	Status			
										Surgical Procedures are the top three reasons for sickness. The Council continues to take a proactive approach to health and well-being with support from Occupational Health. This sits alongside close monitoring and management in accordance with the Maximising Attendance Policy and Procedures.
SOL_CO RP08	% of invoices sampled that were paid within 30 days	92.5%	95%	🔺	92.96%	95%	🔺	⬆	⬆	The percentage of invoices paid on time for the 2016/17 financial year was 92.96% which is a slight increase on the previous year (92.5%). For the 2016/17 year the invoices paid within 30 days fell short of target of 95%. The reasons for late payments are due to a combination of factors (Invoices being received late to Account Payable for processing, Accounts Payable errors and Suppliers sending invoices dated weeks before the received date). The implementation of Integra 2 in May 2017 will improve invoice paid on time as all orders placed on the system will be paid automatically. It is envisaged that invoice payment time will show improvement by end of Quarter One 2017/18.
SP_D&A S_A10	Freedom of Information requests responded to in 20 working days (%)	88	94	🔴	89	94	🔴	⬆	⬇	During Q4 we received approximately 100 more requests than in each of the previous two quarters (approx. 450 compared to approx. 330). A significant number of these requests were complex and required additional time and effort to locate information. This inevitably has had an impact on performance against the 20 working days target.

Priority 6. Supporting our Priorities - Theme 2. Service performance

Code	Short Name	2015/16			2016/17			Short Term Trend	Long Term Trend	Note
		Value	Target	Status	Value	Target	Status			
DP_FAC S_P22	Number of Reportable Incidents (RIDDOR) per 100,000 employees	509	350	🔴	648	320	🔴	⬇	⬇	The annual incidence rate for the number of reportable incidents per 100,000 employees is 648 for 2016/2017. This exceeds the target of 320 per 100,000 employees which was a predicted target based on estimated data. The incidence rate for 2016/17 is based on an actual total of 37 RIDDOR Incidents during the year. This compares to a total of 29 RIDDOR incidents for the previous year. Directorates and services investigated a number of reasons as to why there was an increase of 8 RIDDOR incidents, however, no specific cause was established.
SP_FCS _P_A06	% of Council staff who have had a Performance and Personal Development (PPD) discussion in the last 12 months	89	95	🔴	83	100	🔴	⬇	⬇	During 2016/17 83% of employees had a PPD discussion. The target was 100% and was not achieved. This was a decline of 6% on the 2015/16 reported figure of 89%

Annual Performance Report 2016-17

SERVICE
AWARDS
2017

apse

Overall Council of the
Year in Service Delivery

North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Contents

Foreword

Our vision is for North Ayrshire to be the best place to work, live and grow up in Scotland. To do that we need to improve economic growth, close the attainment gap and use our resources to their full potential. We will focus on creating the right conditions for the economy in North Ayrshire to prosper and, hand in hand with that, ensure a consequence of that growth is a reduction in the inequalities that exist across and within our communities.

We need an enormous amount of help from our partners and businesses to succeed. Most importantly we need help from our communities to shape our services and ensure that we use our resources in the best way. This is one of the most challenging financial times for local government for over 20 years. By working together we will achieve our ambition of being an area with thriving places that collectively add up to everyone being offered 'a better life'.

In recent years we have made much progress with this partnership journey, creating our 'Team North Ayrshire' approach to business growth and our Locality Partnerships to work with our communities. This Annual Performance report highlights some of our successes over the last 12 months such as our new Portal Leisure Centre and refurbished Townhouse in Irvine, our Garnock Community Campus and the creation of 1,000 new jobs.

For us to achieve our ambition we need to be the best we can so we want to hear from you about how we can do better and how you can help. Please take some time to provide us with feedback so that we can continue to change for the better.

Councillor Joe Cullinane
Leader of the Council

Elma Murray
Chief Executive

Introduction

Our mission is to improve the lives of North Ayrshire people and develop stronger communities.

In 2016-17 North Ayrshire Council had five strategic priorities:

- ★ Growing our economy, increasing employment and regenerating towns
- ★ Working together to develop stronger communities
- ★ Ensuring people have the right skills for learning, life and work
- ★ Supporting all our people to stay safe, healthy and active
- ★ Protecting and enhancing the environment for future generations

Against each of these priorities, we defined a set of outcomes (what difference did we want to make), priorities (what we would focus on to achieve these outcomes) and key performance indicators (how we would know if we were making a difference).

The following pages highlight some of the real achievements we have made by working with our many partners across the private, public and third sectors, and our communities.

If you are interested in more detail you can visit: **www.north-ayrshire.gov.uk/council/performance-and-spending/council-performance**

Growing our economy, increasing employment and regenerating towns

655 jobs created by businesses supported by Team North Ayrshire

269 Business Gateway Start-Ups

Our ambitions for North Ayrshire will only be achieved if communities and individuals are better connected to the economy and have the opportunity to prosper. This is inclusive growth and is a key economic strand of our Fair for All Strategy. During 2016-17 North Ayrshire Council has continued to make real progress in this area.

Key Achievements

⭐ **Ardrossan Harbour was retained as the mainland port for the Arran and Campbeltown ferries** – This decision in March followed a five-month-long campaign supported by a wide range of community groups, businesses and public and third sector organisations – both on Arran and on the mainland. This not only keeps the crossing and secures local jobs, it also unlocks up to £100m of investment in the wider regeneration of Ardrossan.

⭐ **The Ayrshire Growth Deal** – This Ayrshire-wide framework for business growth and attracting investment has inclusive growth at its core. It represents a significant change in the approach and scale of economic development in the area. The plan recognises businesses do not grow in isolation. They require access to a skilled workforce so the Growth Deal blueprint also includes skills pathways and employment support. Real progress is being made on the planning phase, with Cabinet approval in September 2016. Excitingly, projects such as those resulting from the Ardrossan Ferry decision are already being progressed.

"The ferry link is one of the main reasons why we decided to open our business here."

Anthony Cecchini, local businessman. Watch Anthony's interview here: **https://www.youtube.com/watch?v=FnO0-EF6kPk**

240
businesses actively account managed

64.7%
of working age population in employment
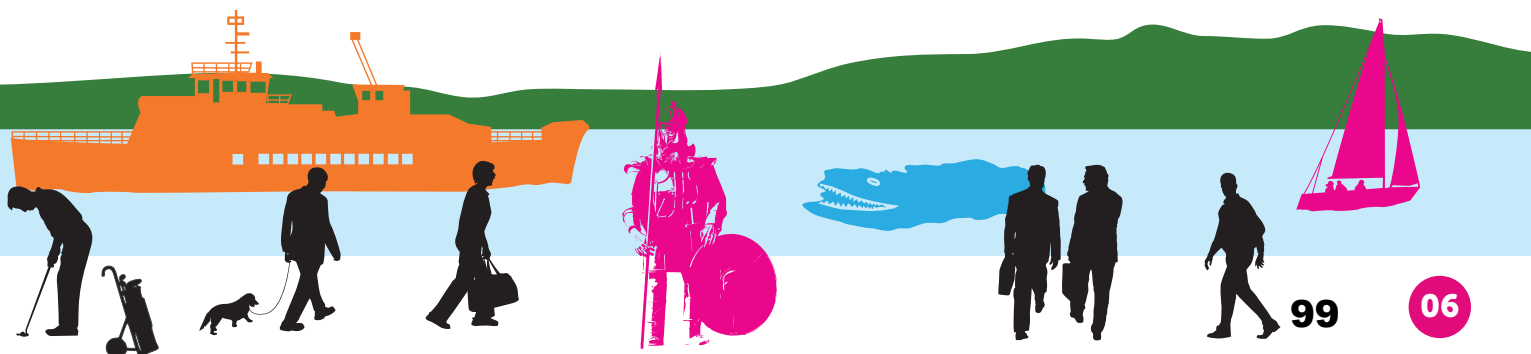
⭐ Our sector leading **Team North Ayrshire**'s partnership approach continues to ensure that we are offering local businesses access to the best business support. The implementation of our International Strategy has seen us supporting our businesses to access international markets, at the same time as we work to attract global businesses to relocate here.

⭐ The **Social Enterprise Strategy** was launched in November 2016 aimed at supporting the development of the social economy sector locally. This is being followed by the roll out of a range of services and support for the sector. A vibrant third sector will help support the delivery of our Fair for All ambitions.

⭐ Our third **Employability Hub** opened in Kilbirnie. Based within the library, the facility offers a drop-in-service, as well as dedicated workshops and training to help residents develop skills to find employment. The hubs are providing a focal point for local employability activity. Planning for three new hubs is also underway. During 2016-17, 631 clients registered with the Hubs.

⭐ The **Portal and Townhouse** opened to widespread public acclaim. As a flagship leisure facility, it brings together the old and the new in Irvine town centre.

⭐ The Council committed to the delivery of 250 **Modern Apprenticeships** (MA) over three years. We are on track to achieve that target. We have increased the range of apprenticeships available including procurement, housing and paralegal.

"I loved every moment of my apprenticeship and learned so much from working alongside other apprentices and community development staff. I received amazing support from community workers.

After the apprenticeship I completed a degree in Community Development at the University of Glasgow. I then joined a missions trip, where I visited 11 different countries in East Africa, Asia and Central America. The apprenticeship helped with my confidence to aim for my goals. It also sparked the desire to support other young people and communities."

Berny Mullin, Project Worker (Former MA)
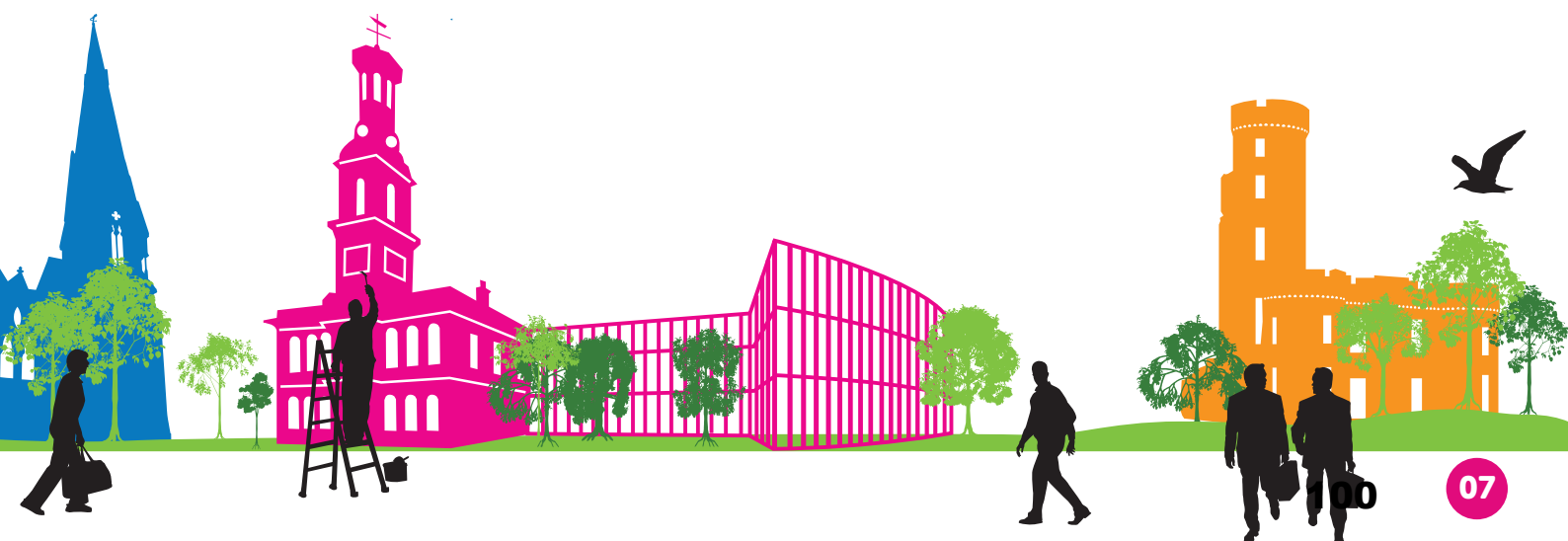
CASE STUDY

Skills for Life

After trying and failing to find employment after 12 years out of work, Derek found himself starting to suffer poor mental health. At this point he approached CEIS Ayrshire, where he undertook a number of skills development courses, and built up his self-confidence. When the Council's Working North Ayrshire Team contacted CEIS for nominations for our Skills for Life programme, Derek was one of 24 people selected. The programme offers six months on-the-job training to provide participants with the skills and experience they need to get into work.

Derek took up a work placement as a Caretaker at Eglinton Country Park, followed by a job within the Council's Streetscence Team. He has recently secured a placement back at Eglinton Country Park. "It has been life changing for me. Before taking part in Skills for Life I had been out of work for over 12 years. I'm proud to have a job I enjoy and hope that my story will give others the motivation to do the same."

704 unemployed people have progressed to employment through participation in Council funded or operated employability activities

1,590 individuals participated in employability programmes

Working together to develop stronger communities

13,574 adult learning opportunities were accessed

1,351 groups have participated in training delivered by Connected Communities

Our locality partnerships continue to be an important link with our local communities. Our work is helping to increase community capacity and ultimately develop stronger communities.

Key Achievements

Empowering Our Communities

⭐ Securing almost £3m of Big Lottery funding and £5.3m of Council funds to support our **Fair for All Strategy** and our drive to reduce inequalities across North Ayrshire.

⭐ The new **Community Planning website** to improve community engagement was launched **www.northayrshire.community**. Work is well underway with our localities to identify local priorities and plans to address them.

⭐ Support for **Community Councils** continues, and we now have more active Community Councils than ever. During the year, 10 Community Councils held successful elections. Notably, 16-year-olds are now able to stand for election to Community Councils and be represented within the Locality Planning Partnerships.

⭐ **Participatory Budgeting (PB)** gives groups and individuals the opportunity to have a say in where money is being spent locally. Successful Participatory Budgeting events have now been held in all six localities and £90,500 has been distributed to community groups. Mainstream PB has been incorporated in service redesign, especially in relation to libraries.

26,016 volunteers are active in Connected Communities and Third Sector Interface activities

14,727 active volunteers have participated in training delivered by Connected Communities

768 people attended grant awarding Participatory Budgeting events, with awards being made to **37** children's groups, **48** groups of young people, **44** adult groups and **19** groups of older people.

Connected Communities have provided support and guidance to 710 groups

CASE STUDY

Community Planning

Driving innovation from community managed facilities, not Council committee rooms – Locality Partnerships represent the biggest power-shift in local democracy for generations. North Ayrshire Community Planning Partners embarked on a radical approach where our communities co-designed, co-produced and co-delivered our approach to Locality Planning. This deep involvement of communities in co-creation of the Locality Partnerships has resulted in the powerful combination of identifying local needs and understanding the importance of increasing equity by pro-actively targeting resources and activity.

As a result of this work and the positive impact on communities, the 2017-18 budget included significant levels of investment in this community empowerment including a £3.162m Community Investment Fund and the establishment of a Community Empowerment Unit.

97.9% of participants accessing learning have improved confidence, knowledge and skills

CASE STUDY

DigiDabble

DigiDabble is an innovative alternative to traditional library provision. We recognised that the traditional Saturday audience had flagged and, when opening hours were reduced, we wanted to fight back with an irresistible digital offer. The pop-up all-day Saturday opening provides a focus on family learning - exploring new technology.

DigiDabble provides a toolbox made up of different software packages, a 3D printer, robotic kits, virtual reality, gaming and coding. People who have come along were attracted by the new digital tools and a chance to try something new. The YouTube video How DigiDabble is Making a Difference in North Ayrshire **(https://youtu.be/FrqL-i2m068)** tells the story. DigiDabble recently won the 2017 Edge Digital Library Award.

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Key Achievements

Empowering our Young People

⭐ We delivered **Scotland's largest-ever online participatory budgeting exercise** exclusively for young people. Applications for funding awards of up to £1,500 were received from 130 groups and £60,672 was distributed to youth projects.

⭐ North Ayrshire's excellent youth work was recognised at the **YouthLink Scotland Awards** in March with three awards for **Inspirational Leadership, Volunteer Youth Worker of the Year** and **Full-Time Youth Worker of the Year**.

Attracting Tourism to North Ayrshire

⭐ We continue to support the **Museums Forum** which brings together our independent museums sector and the Scottish Maritime Museum. We assisted the Scottish Maritime Museum to deliver Illumination: Harbour Festival of Light, which attracted 15,000 visitors. The first Ardrossan Castle Carnival was successful in 2016 and was held again in June 2017.

"Approaches to youth engagement and participation are well established in North Ayrshire. The Joint Cabinet model is a shining example of young people and key decision makers collaborating to improve outcomes. It is clear that this has already resulted in changes to policy and services as a direct result of this involvement."

Young Scot.

442,840
tourist overnight stays in North Ayrshire

1,709,000
visitors to North Ayrshire

During the Scottish Youth Parliament elections, North Ayrshire had four candidates, with # 5,184 **votes cast over both constituencies**

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

94.8% of all leavers achieved positive destinations, which remains above the national performance.

74% of primary pupils assessed achieved their expected CfE level in Numeracy.

Key achievements

⭐ **We have continued to invest in our nurturing approach**, supporting the mental and emotional wellbeing of some of our most vulnerable children. Fifteen primary schools have well established nurture classes, supporting almost 220 children. Sixty six pupils have successfully transitioned back to their classes on a full-time basis, having made measurable progress with their developmental milestones. The expansion of nurturing approaches into our secondary schools is progressing well.

⭐ As a **Scottish Government Attainment Challenge Authority**, we have continued to invest in innovative approaches to close the poverty-related attainment gap. Our Professional Learning Academy (PLA) is fully operational and is having a positive impact on the learning and teaching of both numeracy and literacy in our schools. Performance of pupils at key developmental stages shows that we are beginning to reduce the attainment gap between our most and least deprived learners. This work is a key element of our Fair for All Strategy.

"**I feel that the nurture room has helped him in lots of ways. Emotionally, confidence, humour, he has come on so much in the last year. Both teachers have been an amazing influence.**"

Parent of child attending a Nurture Class.

68.49%
of leavers
attained numeracy at
National 5 (SCQF Level 5)

79.35%
of leavers
attained literacy at
National 5 (SCQF Level 5)
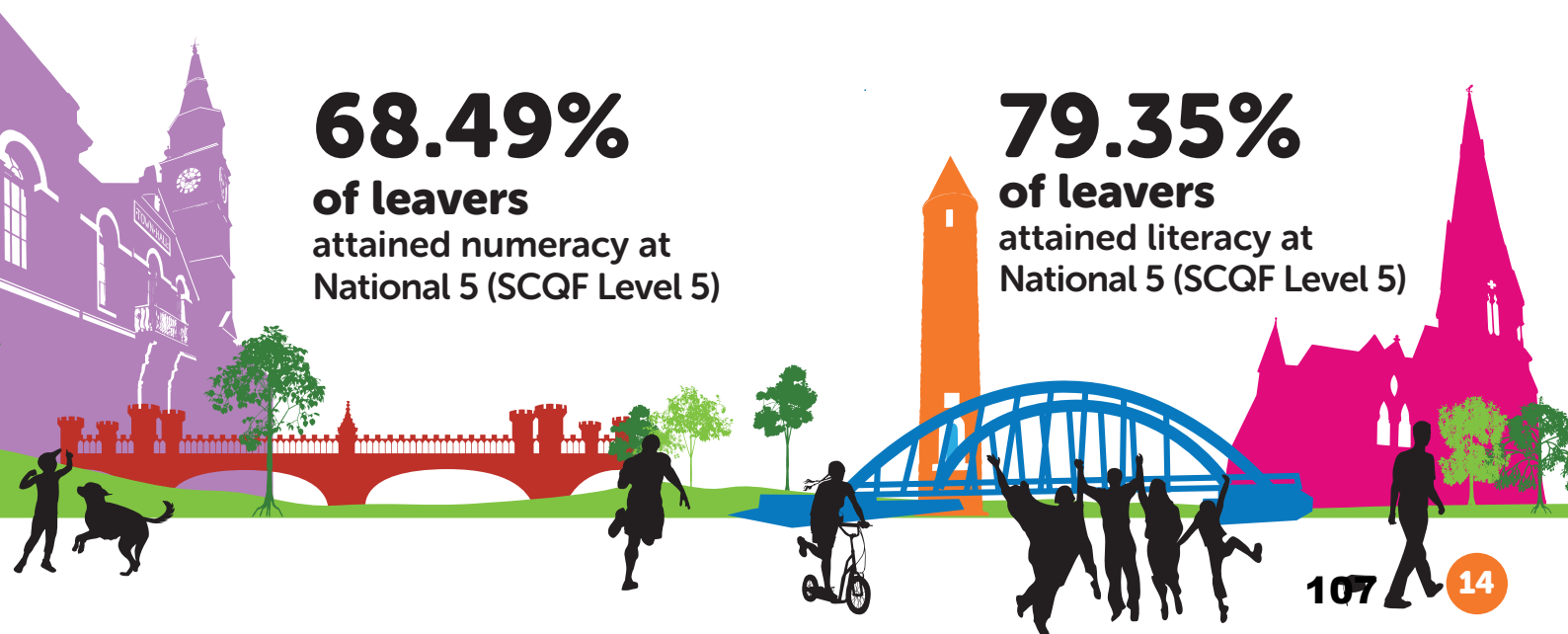
CASE STUDY

The Professional Learning Academy

The Professional Learning Academy (PLA) is a centre of excellence in supporting all those who influence, support, educate, and care for children of North Ayrshire.   It was established as part of the Scottish Government's Attainment Challenge to support staff in closing the poverty related poverty gap. The team benefits from a wealth of experience staff ranging from Early Years, and Primary through to Secondary education, as well as Speech and Language Therapy.

The PLA offers practitioners a wide range of opportunities including, high quality training and support, engagement in professional discussion as well as advice and support to improve learning experiences for children and young people.

The team has achieved an Excellence in Professional Learning Award from the General Teaching Council for Scotland (GTCS). The PLA was recognised for its outstanding culture of 'Leadership of Learning'. The bold, clear and aspirational vision for the quality of its provision was also highlighted. The PLA team are well respected by the teachers they work with.

★ The **Garnock Community Campus** opened at the end of January. The Campus is a state-of-the-art learning environment for three to 18-year-olds, along with a swimming pool and leisure centre.

★ Our **Family Learning Team** is enabling us to work in partnership with families to support their child's learning. A programme of events was designed with the input and support of parents. A range of partners such as Community Connectors, Adult Learning, and Community Learning and Development came together to successfully deliver these learning experiences.

★ **The mental and emotional wellbeing of our children and young people is being supported.** Significant work has taken place in partnership with Child and Adolescent Mental Health Services (CAMHS) to better inform mental health referrals made by schools. A counselling service has been established in partnership with Place2Be (a national charity providing emotional support to children). This service is being expanded and enhanced through the employment of our own counsellors.

★ Over the last year there have been seven positive inspections of our schools carried out by **Education Scotland**.

77%
of children met their developmental milestones at the point of starting primary school

73%
of primary pupils assessed achieved their expected Curriculum for Excellence (CfE) level in Reading

97.9%
of participants accessing learning opportunities have improved confidence, knowledge and skills as a result

Supporting all our people to stay safe, healthy and active

6,196 activity sessions were delivered through our Active School programme

School of Rugby has seen an increase of **44.7%** in secondary school players

We continue building on our successful partnerships providing a co-ordinated response to the health, social and emotional needs of everyone in North Ayrshire. The Health and Social Care Partnership (the Partnership) has begun to see some of the benefits of the integrated system working. For example in supporting older people to remain at home or get home from hospital as soon as possible. The Partnership has also worked with our Education Team to deliver the Children's Action Plan and with our Housing Services who provide high quality homes. These partnerships add significant value and support the ambitions of our Fair for All Strategy.

An Annual Performance Report has been published by the Partnership which shows what has been achieved and the impact it is having to ensure ' All people who live in North Ayrshire are able to have a safe, healthy and active life.' The report can be found on our website at: **www.north-ayrshire.gov. uk/Documents/SocialServices/NAHSCP-annual-report-2016-17.pdf**

We have continued to undertake significant investment within our housing stock including the replacement of windows in 53 homes, new bathrooms in 802 homes, new kitchens in 763 homes, new central heating systems in 481 homes, re-wired 217 homes and new roofs and render on 469 homes

A new housing repairs policy has enabled a 34% reduction in response times to emergencies

98.35%

of non-emergency repairs housing repairs were completed 'right first time'.

93% of

service users were satisfied with the Housing repairs and maintenance service

Ardrossan hostel achieved the highest rating possible from the Care Inspectorate

We managed a 30% increase in demand for Care at Home service whilst maintaining our improved Care Inspectorate grades

18
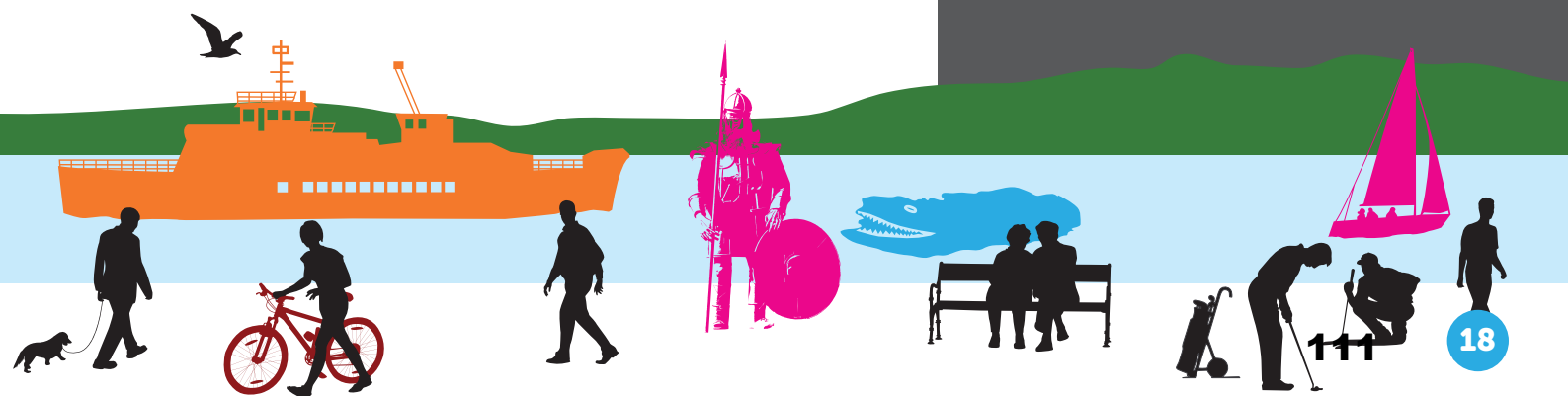
Key achievements

Housing

⭐ **We have increased our house building programme targets** from 500 new homes to 750 new homes for delivery by March 2021.

⭐ **We have completed the final phase of new homes at Montgomerie Court, Kilbirnie** delivering a total of 24 new housing units (16 sheltered units and eight amenity bungalows). We also included a 'dementia demonstrator' housing unit, showcasing dementia-friendly design principles.

Supporting people

⭐ Working across the Council, we continue to develop and implement a range of initiatives to mitigate the impacts of welfare reform and prepare for the full service implementation of Universal Credit in November 2017. Our **Money Matters Team** has supported people to access over £8.2m of previously unclaimed benefits they were entitled to. We have also helped minimise rent arrears among our tenants.

⭐ **We have served over 11,800 meals** through our out-of-school term-time activity and meals programme and are extending the programme into other community buildings.

Over £8.2m
income has been generated for Money Matters service users

CASE STUDY

Refugees

The Council pledged to provide a safe haven to 100 Syrian refugees over a four-year period. As a result of this humanitarian commitment 63 refugees have now been housed and are integrating well into local communities. The families have been warmly welcomed by local residents with many examples of neighbours offering practical and emotional support in the form of food, clothing and friendship.

"Can't thank North Ayrshire enough for all they have done for our family"

"Our kids are loving school"

"We feel safe now, thank you"

Key achievements

Community Safety

⭐ We continue to work with our **Community Planning Partners** to increase community safety in North Ayrshire including delivering the environmental pledges within the Fair for All Strategy. The pledges include satisfaction with open areas, neighbourhoods and reducing fuel poverty.

⭐ The **annual crime statistics** have demonstrated improved performance across North Ayrshire in the last 12 months including reducing:

- Racially aggravated crime by 37.9%
- Domestic abuse by 21.7%
- Violent crime has reduced by 0.9%
- Sexual crime has reduced by 1.4%
- Housebreaking has reduced by 31.2%
- Serious assault has reduced by 6.5%

Crime has reduced by

12.6% = 12,459

fewer incidents

100%
of Building Warrants issued or determined within six days

100%
of food poisoning investigations took place within two days of inquiry

CASE STUDY

Consumer Protection

Our Trading Standards Team have become the first in Scotland to use Consumer Protection legislation to hold a Letting Agent responsible for the deposits they took on behalf of their landlords. Jen Paice, Chief Executive of SafeDeposits Scotland, said: "We greatly value North Ayrshire Council's Trading Standards work in bringing this case to court and hope that it will go a long way to ensuring the minority of letting agents and landlords who don't currently comply with government regulations quickly address this."

97.7%
of high priority pest control requests responded to within one day
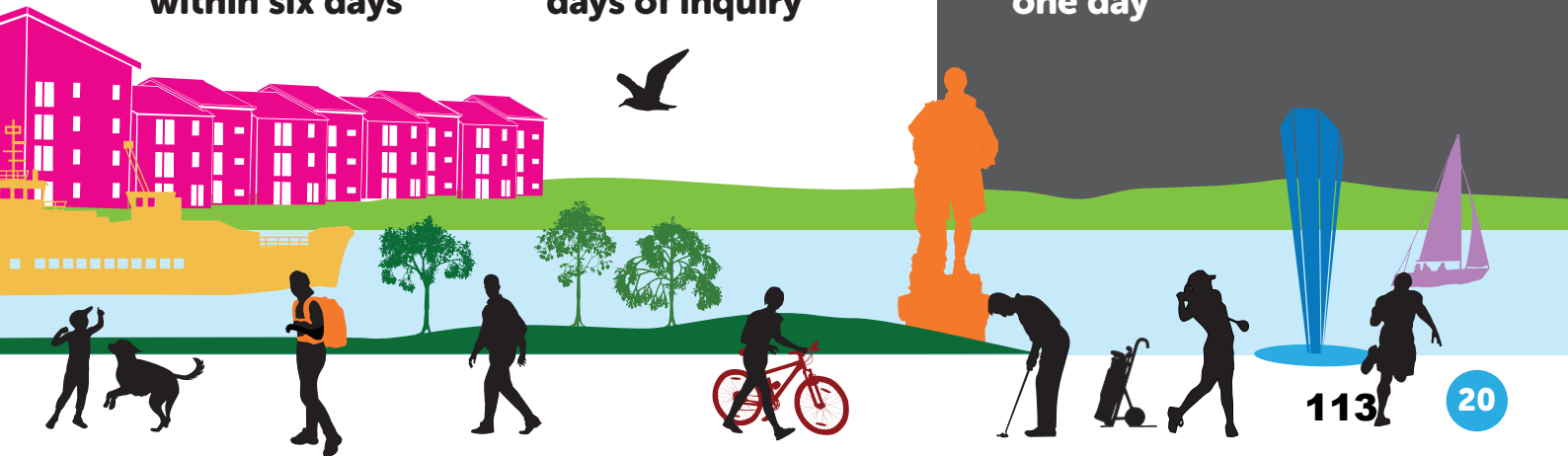
Key achievements

Supporting physical activity

⭐ **We continue to work with our partners** including KA Leisure, sportscotland, and community sports clubs to deliver a wide range of activity programmes. Our School of Sport programme delivers curricular and extra-curricular programmes in rugby, football, basketball and most recently hockey. Clubs are seeing an increase in membership and we are seeing a reduction in childhood obesity.

⭐ **The Nurturing Excellence Programme for Sport (NEPS)** (a local 2012 Legacy programme) continues to support young local athletes. During the year, 80 athletes were engaged in the programme, including Abby Kane who won a Silver Swimming Medal at the 2016 Para Olympics in Rio. A total of 46 athletes represented Scotland or Team GB across 22 sport and para sport disciplines.

1,540,097
attendances at indoor sports and leisure facilities,162,524 attendances at outdoor sport and leisure facilities and 353,204 attendances at all pools

436
Duke of Edinburgh Award participants completed a range of physical, expedition, and volunteering tasks totalling 9400 hours on physical activity and 603 overnight camps

Protecting and enhancing the environment for future generations

3.7%
reduction in the number of households in fuel poverty

Over 24km
of roads have been repaired

Key achievements

Energy Efficiency

We continued to implement our Environmental and Climate Change strategy (2014-17), making significant progress during the year:

- ⭐ **We reduced CO2 emissions by 9.2%** - a total reduction of 19.2% during the life of the strategy.

- ⭐ **We contributed to a reduction in energy bills for over 1,000 households and businesses**, helping to alleviate fuel poverty and improve business competitiveness. The latest fuel poverty statistics, published by the Scottish Government, indicate that the level of fuel poor households in North Ayrshire has fallen by 3.7%.

- ⭐ We were formally recognised as **Scottish Energy Efficient Council of the Year**.

- ⭐ Twenty nine buildings are now equipped with **Photovoltaic (PV) panels and/or Biomass boilers** with further plans to install PV panels on 500 Council homes.

- ⭐ Our **LED street lighting** retrofit programme has installed 13,000 new energy efficient lamps across North Ayrshire and saved £500,000 a year through reduced energy consumption and maintenance costs.

- ⭐ All newly-built Council homes achieved an **Eco Homes Assessment standard** of 'very good'.

99.47% of council dwellings are assessed at or above the appropriate National Home Energy Ratings (NHER) or Standard Assessment Procedure (SAP) rating

We have replaced **500** deteriorated lighting columns

As part of the Litter, Fly-tipping and Dog Fouling Strategy, we have issued **566** Fixed Penalty Notices

16

23

CASE STUDY

A green initiative

We have teamed up with 200 talented University of Glasgow students in an exciting green initiative. The fourth-year Masters of Engineering students are taking part in a ground-breaking six-month assignment that will see them working with local businesses, groups and schools to tackle 'real world' engineering problems – which will reduce our carbon footprint.

At the end of the six months, the students will produce a professional-style consultancy report, presenting solutions to the key eco-challenges facing North Ayrshire. The students are grappling with issues such as addressing Fuel Poverty, Sustainable Commercial Energy, Promoting Circular Economies and Sustainable Infrastructure.

Student Alen Cheong visited his old school Kilwinning Academy to check out their Biomass boiler and newly-installed solar panels. He said: "Our project is focussing on Kilwinning and the commercial, sustainable side of the town. Coming back to my old school has been a real help and given me an opportunity to see how the new infrastructure at the school operates. The project brings a reality to our course and it's definitely beneficial to our development. It gives us that practical experience and a chance to draw up plans and bring them to fruition. Hopefully we'll be able to help the local community as well."

Our pool of low and zero emission vehicles have covered over

160,000 miles

88.3% satisfaction with **our waste management service (the national average is 83%)**

17
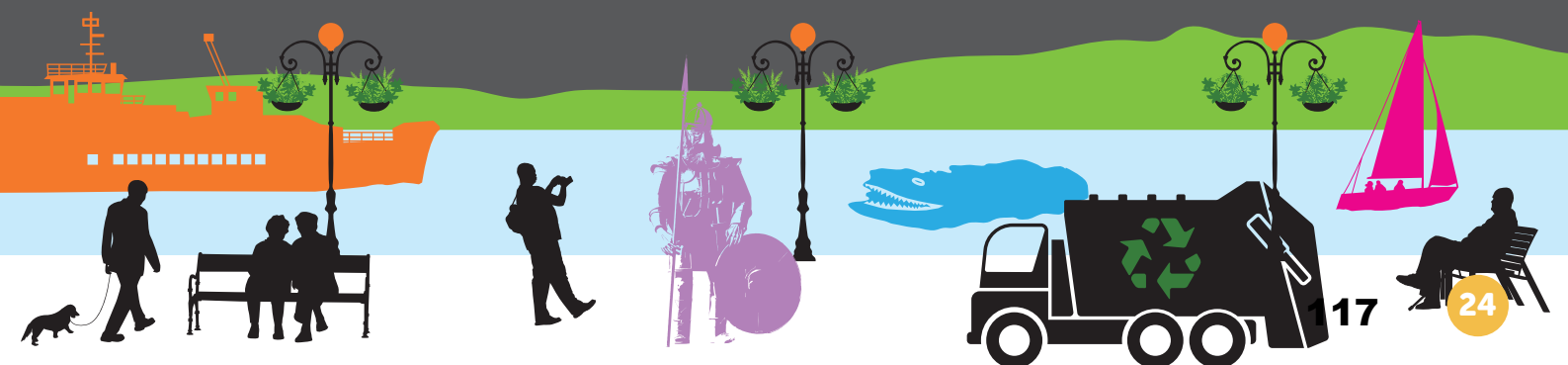
Key achievements

Infrastructure

⭐ We have **completed improvements to cemeteries** at Ardrossan, Stevenston, Lochranza, West Kilbride and Largs.

⭐ Audit Scotland identified the Council as having the **fourth most improved Road Condition Index in Scotland** despite having its 13th largest budget reduction.

Waste and Recycling

⭐ We maintained our position as **one of the best recycling Councils in Scotland** by recycling 55.3% of all household waste collected.

⭐ Working in partnership with **Cunninghame Furniture Recycling Company** we diverted 138.7 tonnes of material from landfill, provided 16 training and employment opportunities and supported residents to secure low cost high quality home furnishings.

CASE STUDY

Streetscene Environmental Enforcement Team

The Streetscene Environmental Enforcement Team was established in April 2016. Our team of five patrol the area, monitor dumping 'hotspots' and issue fixed penalty notices when people are caught leaving a mess. Over the year, 566 fixed penalties have been handed out up from 32 in the previous year. The team has also reported multiple offenders to the Procurator Fiscal for consideration of prosecution.

80% of residents are satisfied with the standard of street cleanliness compared with the national average of **74%**

Supporting our Priorities

Through having sound financial plans and a clear focus on what our customers and communities need, we can work to ensure that our priorities can be met. We also need good governance, good communication, and most importantly, highly-motivated staff who work well together.

Our Change and Transformation Programme focuses on adapting the way we deliver services to ensure we are equipped to respond to future challenges balancing increasing demand for services with reducing budgets. Transformation projects have included:

★ Property rationalisation: We have been reviewing the property we own and use to ensure we have the right buildings, in the right places, for serving our customers. We have been making changes to our property portfolio to ensure best value and improve customer service.

★ Mobile Working: Working in the 21st century, we have been using new technology to allow our staff to work more flexibly and be more responsive to our customers.

In 2016, the change programme has helped to deliver £13.8m of budgeted savings. Since 2010, the programme has contributed to a total of £73m of savings.

89% of Freedom of Information requests responded to in 20 working days

92.96% of invoices sampled were paid within 30 days

90% of Council-Wide Stage One (Frontline Resolution) Complaints handled on time

92% of Council-Wide Stage Two (Investigations) Complaints handled on time

119

Key achievements

⭐ New public Wi-Fi has been installed into Largs, Kilwinning and Saltcoats Libraries and the ground floor of Cunninghame House.

⭐ Streamlining of processes within Council Tax has helped to reduce processing times, improve the customer experience and drive efficiency. We have also increased the take up of the e-bill for Council Tax.

⭐ We are increasing our use of digital media to reach more people. During the year, we led a digital marketing campaign for the count down to the opening of The Portal and Townhouse, and created a blog, marketing materials and online content for the Save our Ferry: Keep it A to B campaign.

⭐ The Provost's Civic Pride Awards Charity Dinner raised over £17,000 for local charities.

⭐ We retained the Healthy Working Lives Gold Award demonstrating our commitment to improving the health and wellbeing of our staff.

⭐ We secured Investors in People Platinum Accreditation for Housing Services, the first council in Scotland to secure this award.

⭐ We secured the Gold Standard for Tenant Scrutiny Accreditation, the first Council in Scotland to achieve this standard.

⭐ We retained Customer Service Excellence accreditation for the Concierge Service.

Online activity has seen us build the corporate twitter account to a following of

over 14,700

44 new apprenticeships/ jobs created through community benefit clauses

9.79
Sickness Absence Days per Employee

198
courses were delivered providing training opportunities for 3,353 members of staff

94.6%
of Capital Projects completed within budget

91.9%
of Capital Projects completed on time

120
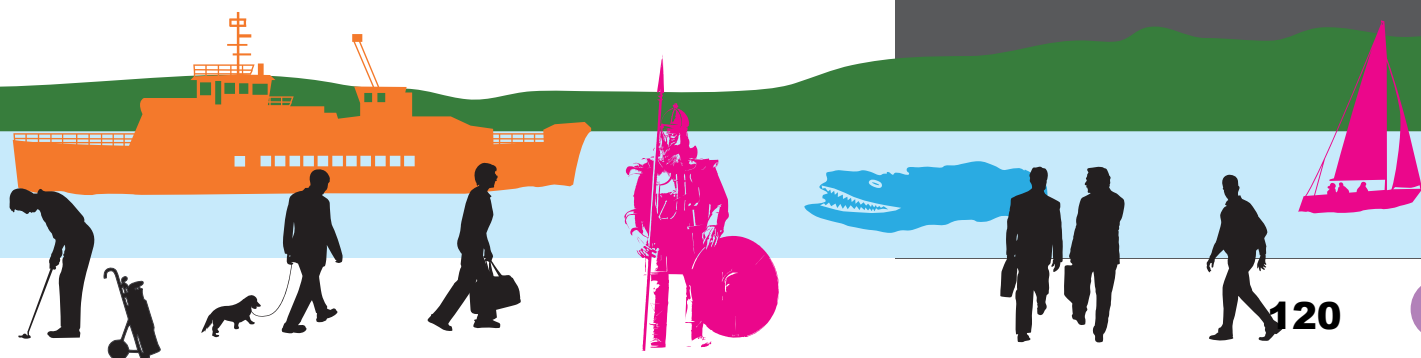
CASE STUDY

Corporate Fraud Team

Our Corporate Fraud Team investigates allegations of fraud within and against the Council. During 2016-17, the team received 15 referrals which involved employees and 539 referrals across a range of services including Council Tax, Housing Tenancies, Blue Badges and the Scottish Welfare Fund. Every allegation received by the team is investigated and action taken as appropriate. This can include financial recoveries, disciplinary action and onward referral to the Police or Procurator Fiscal.

Cases investigated by the team resulted in around £35,000 of recoveries as well as ongoing cost reductions of around £21,000.

Our neighbours, East Ayrshire Council, recognised the good work which was being carried out by our Corporate Fraud Team and we now provide services to them.

2016-17 Performance Indicators

More data about our performance measures and how our performance compares with other councils is available at our North Ayrshire Performs portal on our website at:

www.north-ayrshire.gov.uk/council/performance-and-spending/council-performance

How we spend your Council Tax

Monthly spend of £115.20 per household based on Band D

Education and Youth Employment
£36.04

Chief Executive and Democratic Services
£1.27

Finance and Corporate Support
£5.38

Economy and Communities
£8.77

Financing Costs
£9.58

Other Expenditure
£2.83

£115.20

Health and Social Care Partnership
£29.91

Place
£21.42
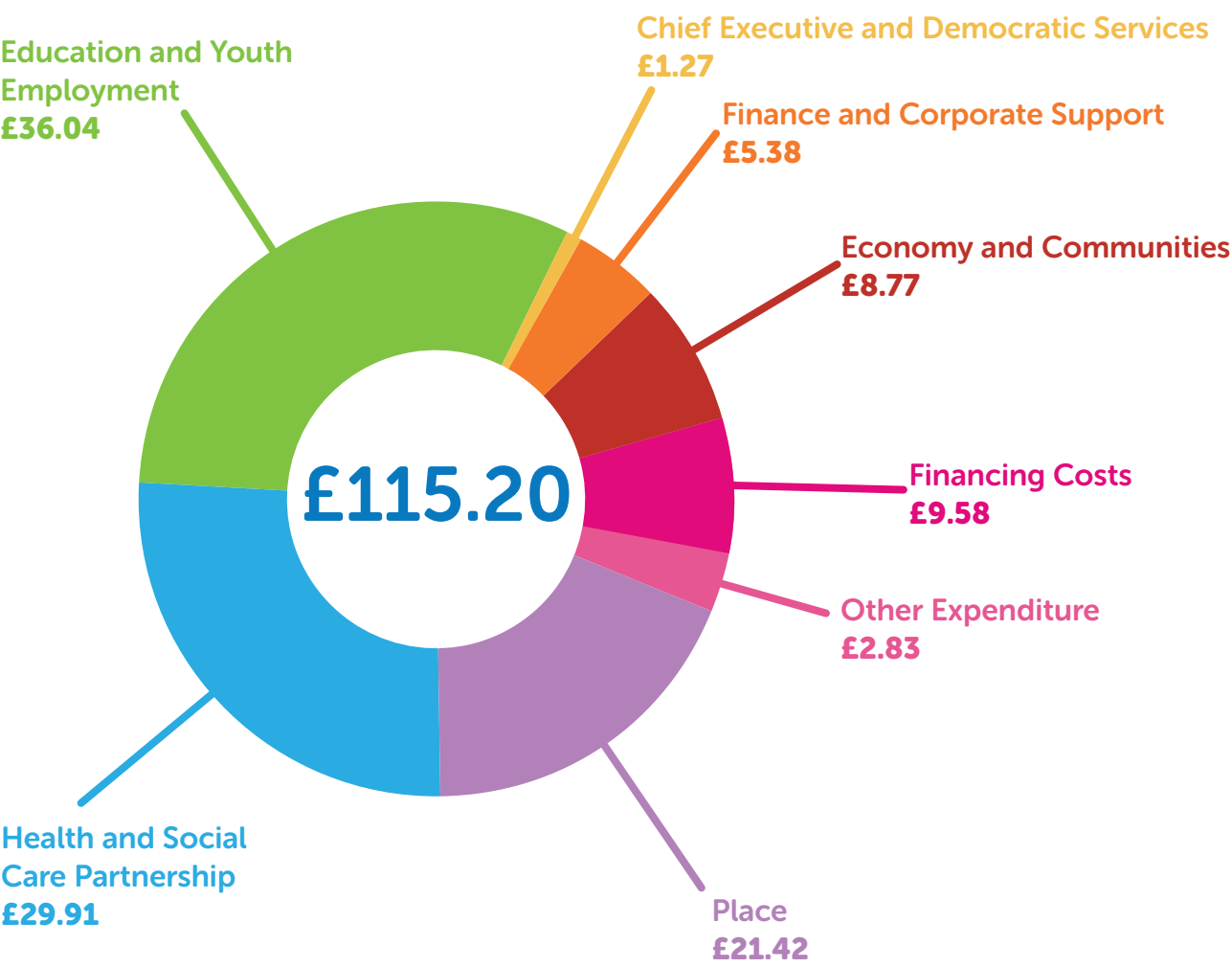
What do you think?

Please take a few minutes to tell us what you think about this Annual Report by completing our short questionnaire. This can be found online at **www.surveymonkey.co.uk/r/CMW68QK**

Alternatively you can print and complete this page and return to:
Policy and Performance, Democratic Services, Cunninghame House, Irvine KA12 8EE

Call us on 01294 324140 or email us at: northayrshireperforms@north-ayrshire.gov.uk

We will use your feedback to improve future publications.

1. **How do you rate the design and layout of the Annual Report?**

   ◯ Very good   ◯ Fairly good   ◯ Average   ◯ Poor

2. **How easy is it to read and understand?**

   ◯ Very easy   ◯ Fairly easy   ◯ Not very easy   ◯ Not at all easy

3. **How useful is it in informing you about the work of your Council?**

   ◯ Very useful   ◯ Fairly useful   ◯ Not very useful   ◯ Not at all useful

4. **Which sections did you find particularly useful?**

5. **What other information would you like to see in a future Annual Report?**

6. **Other comments**

Thank you for your feedback.

NORTH AYRSHIRE COUNCIL

Agenda Item 10

26 September 2017

Cabinet

Title:	**Council House Building Programme**
Purpose:	To seek the approval of Cabinet to increase the Council's housing building programme from 750 to 1,000 units for delivery by March 2022.
Recommendation:	That Cabinet approved the increase in the Council's house building programme from 750 to 1,000 units for delivery by March 2022.

1. Executive Summary

1.1 The Council's current housing development programme is on target to deliver a committed 750 new homes over the ten year period 2011-2021. However, there is an aspiration to increase this by a further 250 new units by 2022.

1.2 There are a number of benefits that increasing the development programme further would bring, such as increasing local affordable housing provision, reducing housing waiting lists, increasing accessible housing choices for those with particular needs, contributing to the national agenda for increased house building and supporting the wider economic regeneration priorities of the Council.

1.3 The anticipated costs of meeting this increased programme would be £40.42m, payable from Government grant, existing Housing Revenue Account reserves and prudential borrowing. The funding sources are based on several assumptions, including a rent increase for tenants, and that additional Government grant, over and above that which has currently been committed, will be forthcoming.

1.4 Subject to Cabinet approval, the increased development programme will be included in the revised Strategic Housing Investment Plan (SHIP) 2018-2023. The SHIP will be presented to Cabinet for approval in September 2017 prior to being submitted to the Scottish Government for consideration no later than 31 October 2017.

2. Background

2.1 The current Council housing development programme, which is aligned to the Housing Revenue Account Business Plan, allows for the development of 750 new homes over the ten year period 2011-2021. A total of 296 units are either completed or under construction, and a further 270 units are at the design stage. Sufficient land has been identified, and is either within the Council's control or is under negotiation for acquisition, to ensure that the remaining 184 units can be delivered by 2021.

2.2 An ambition has been identified to increase the new build programme by a further 250 units during the current administrative period 2017-2022.

2.3 An increase in the development programme would:

- Provide more affordable housing solutions for the people of North Ayrshire
- Increase the range and type of homes available for rent, including properties which will meet the needs of older people and families with complex requirements
- Bring the opportunity to support the wider strategic aims of the Council, including:
  o economic and area regeneration - by investing in the area, improving visual amenity, and potentially supporting further private sector development by introducing infrastructure to sites allocated in the Local Development Plan for residential development. Also by increasing the Community Benefits scheme which provides apprenticeships to young people
  o increasing the proportion of energy efficient stock - all new Council houses are built to meet Eco Homes Very Good standard or equivalent, and incorporate the latest sustainable technologies to reduce energy costs
- Support the national ambition of addressing the housing shortfall by increasing the affordable development programme – the Government has committed to delivering 50,000 new homes nationally by 2021 (35,000 of which should be social housing).

Funding: Housing Revenue Account

2.4 Table 1 gives the total estimated cost (inclusive of annual inflation assumptions for the construction industry) for the proposed increase to the new build programme as £40.42m. The table also shows the sources from which this funding could be provided. If the Scottish Government grant is not available at the assumed level, prudential borrowing would need to increase to address the shortfall. The debt repayment costs arising from the new builds will be made over 40 years.

Table 1: Funding the new build programme

Total cost of 250 new units funded by:	
Scottish Government Grant	£14.75m
Affordable Housing Account Contribution	£1.03m
Use of Reserves	£1.20m
Prudential Borrowing	£23.44m
Total	**£40.42m**

2.5 Prior to 2017/18, annual rent increases have been below the 2.5% assumption set out in the Housing Revenue Account (HRA) 30 year Business Plan model. However due to the increase from 500 new house completions to 750 completions, the required annual rent increase in 2017/18 was 2.79%. In order to fully fund this initial increase in the new build target, higher future rent increases were detailed in a report to Cabinet in November 2016.

2.6 As a result of reductions in borrowing costs and efficiencies within the development programme to reduce costs, the rental increases required to cover debt repayments arising from new build investment have also reduced. The following table outlines the rent increases for the original 250 unit increase and the proposed rent increases for a further 250 units:

Table 2: Rent Increases

Scenario/Year*	18/19	19/20	20/21	21/22	22/23
Indicative rent increases approved Nov 2016 for original 250 unit increase	2.79%	2.93%	3.53%	2.80%	2.50%
Rent increases for further 250 units (i.e. 500 units total)	2.79%	2.93%	3.65%	3.62%	3.20%

Please note that increases quoted above do not include any other amendments to the HRA Business Plan

All rent increases are subject to consultation with tenants.

2.7 North Ayrshire Council's average weekly rental charge compares well nationally and locally. Table 3 below provides comparative data for the main North Ayrshire landlords based on financial year 2015/2016.

Table 3: Rents per week for North Ayrshire Landlords 2015/16

Landlord/Size	ANCHO	CHA	IHA	NAC	Scottish Average
1 bed	£64.58	£78.01	£70.08	**£62.32**	£65.94
2 bed	£74.47	£83.81	£78.36	**£64.30**	£70.39
3 bed	£84.64	£89.04	£80.94	**£65.62**	£71.55
4+ bed	£88.98	£93.37	£82.44	**£66.35**	£77.60

Funding: Scottish Government Grant

2.8 A further consideration is the availability of Scottish Government grant for the additional 250 units. An updated draft Strategic Housing Investment Plan (SHIP) has been prepared, and officers have included the additional 250 units in the draft SHIP to model the grant funding implications. The grant funding arrangement works on the basis of a rolling 'Resource Planning Assumption' (RPA) of three years' funding levels. The Council's RPA for 2018/19-2020/21 is £44.271m. The current year allocation is £10.160m. This provides a total of £54.431m. In addition, local authorities are advised to plan for RPA plus a minimum of 25% within their SHIPs, to allow for flexibility, which gives a total of £68.039m (£54.431m + 25%) to March 2021.

2.9 The SHIP modelling work undertaken to date confirms that in order to accommodate all of our current SHIP commitments, including the Council's current 750 new build unit commitment, refurbishment projects, and other Registered Social Landlord (RSL) development, the funding requirement is £54.913m. The new SHIP's duration is to March 2023, which provides an additional two years of potential grant funding beyond the current RPA, though these figures are not currently confirmed. A reasonable assumption would be to base the grant for these years on the 2017/18 figure (as later years are higher than average to meet the 35,000 new home commitment). This would be £10.160m for each of the two years. All of the funding assumptions are summarised in the table below:

Table 4: Scottish Government Grant Funding Assumptions

Year	Amount	Inc. 25% Slippage Factor
2017/18	£10.160m	£12.700m
2018/19	£13.261m	£16.576m
2019/20	£15.003m	£18.753m
2020/21	£16.007m	£20.009m
2021/22	£10.160m	£12.700m
2022/23	£10.160m	£12.700m
Sub Total		**£93.438m**
Less committed projects		£54.913m
Total Potential Grant Funding Capacity to March 2023		**£38.525m**

2.10   This £38.525m potential capacity needs to be allocated on the basis of projects which best fit with SHIP priorities. The capacity should also be shared with other RSL partners with development aspirations. The SHIP modelling work undertaken to date, which includes the additional 250 Council units and nominations from other RSL partners for new development projects, provides a total requirement for grant subsidy of £40.70m, which is £2.17m or 5.6% in excess of the RPA capacity of £38.525m shown in the above table. Any provision of grant monies over and above the RPA commitment is not guaranteed.

2.11   Consideration also needs to be given to profiling of the projects and the grant funding, as the aspiration is for the 250 units to be completed by March 2022, whereas the new SHIP will cover the period to March 2023.

Land Availability

2.12   In terms of land availability, an initial analysis of Council owned land assets, including their planning status, local education capacity, known site constraints (e.g. access, topography, contamination), indicates that sufficient land is within Council control to deliver a total of 1,000 new build units. The 'abnormal' costs associated with development of these sites (e.g. remediation of contamination and/or undermining) are not known at this time, and may impact on the deliverability of some sites.

2.13   The Council is required to submit a revised SHIP to the Scottish Government in October 2017. The increased house build programme will be detailed in the SHIP 2018 - 2023 for consideration by Cabinet in September 2017, prior to submission to Government in October 2017.

3. **Proposals**

3.1   It is proposed that the housing development programme is increased to include an additional 250 units over the next five years to 2022. This will allow the Council to realise its development ambitions. The £40.42m cost associated with the additional 250 units will be met from:

- £23.44m prudential borrowing
- Estimated £14.75m Scottish Government grant
- £1.20m use of existing reserves
- Estimated £1.03m Affordable Housing Contribution

4. **Implications**

Financial:	As detailed in the report the overall cost to the HRA of the increased development programme is £40.42m. The existing 30 year HRA business plan incorporates an annual rent increase. The additional rental charge impacts of the increased programme are detailed in Section 2.6 of this report.
Human Resources:	The current development programme is delivered by staff from Housing Services and Property Management & Investment. Project budgets include an allowance for professional fees, which would be used as the source for any additional staffing requirements.
Legal:	There is a legal obligation under the Housing (Scotland) Act 2001, s53-54 to consult with tenants prior to amending any housing or related service. As part of our consultation process, we provide details of development projects on a site by site basis, prior to tender, to the Business Plan Implementation Group (the membership of which includes tenant representatives).
Equality:	The provision of new housing will have a positive impact on those who require specialist accommodation, older people, those who are homeless, or at risk of homelessness, and those for whom purchasing a home is not a financial option.
Environmental & Sustainability:	The housing development programme is delivered in accordance with the Local Development Plan. A strategic environmental assessment has been completed as part of the Local Development Plan process. New Council homes contribute to the

	Council's sustainability agenda. All new units are required to achieve an Eco-Homes Rating of Very Good or Equivalent. This means that new stock emits less carbon, and consumes less energy.
Key Priorities:	New house building supports the Council Plan priorities of 'Helping our people to stay safe, healthy and active' and 'Protecting and Enhancing the Environment', by providing a quality home in an attractive environment.
Community Benefits:	All contractors involved in the Development Programme are required to participate in the Council's Community Benefits Scheme which secures apprenticeships for local people. Increasing the programme will increase these benefits.

5. Consultation

5.1 Consultation has taken place with the Housing Business Plan Implementation Group (BPIG), who are supportive of the proposal. Colleagues in Finance and Corporate Services have also been consulted in relation to the financial data within this report.

CRAIG HATTON
Executive Director (Place)

Reference : YB/DH/LM
For further information please contact Yvonne Baulk, Head of Physical Environment on 01294 324542 or via email at ybaulk@north-ayrshire.gov.uk

Background Papers
x

NORTH AYRSHIRE COUNCIL

Agenda Item 11

26 September 2017

Cabinet

Title:	**Strategic Housing Investment Plan 2018 - 2023**
Purpose:	To seek the approval of Cabinet for the draft Strategic Housing Investment Plan 2018-2023.
Recommendation:	That Cabinet (i) approves the Strategic Housing Investment Plan 2018 – 2023 at Appendix 1 for submission to Scottish Government and (ii) gives delegated authority to the Executive Director (Place) and the Cabinet Member for Place to liaise directly with the Scottish Government in agreeing the North Ayrshire development programme and the rescheduling of projects as required.

1. Executive Summary

1.1 The Strategic Housing Investment Plan (SHIP) 2018 – 2023 sets out the priorities for affordable housing investment in North Ayrshire over the next five years in order to support the outcomes set out within the Local Housing Strategy. The SHIP is based on projected Scottish Government grant funding provision of £80.738m during the period 2018-2023. The SHIP reflects an increased target from 750 to 1,000 new Council homes to be built by March 2022, and represents Council investment of £121.72m for the projects within the programme. A slippage programme has also been identified, as required in Government guidance.

1.2 For any projects detailed within the SHIP it is proposed that delegated authority should be assigned to the Executive Director (Place), in consultation with the Cabinet Member for Place, to liaise with the Scottish Government and agree the rescheduling of projects as required. This is of particular importance where deliverability is delayed due to emerging constraints and challenges that require to be addressed. Any new or additional projects that are not contained within the approved SHIP will require further Cabinet approval.

1.3   The SHIP, which was prepared by Council officers in consultation with Registered Social Landlords (RSLs) in the area, outlines the investment priorities in North Ayrshire, including the geographical location, housing size/type (including specialist provision) and subsequent maximum rent charge for new build homes. All projects in the main programme are considered to be deliverable.

1.4   The SHIP will secure investment in 1,563 properties for the residents of North Ayrshire and provide sustainable, affordable, accessible and high quality homes which will contribute to the wider regeneration aims for the area. This will in turn secure employment and training opportunities for North Ayrshire businesses and residents. Members are invited to approve the draft SHIP at Appendix 1 for submission to the Scottish Government, as the Council's investment plan for new affordable housing in the area over the next five years.

2.   Background

2.1   The Strategic Housing Investment Plan (SHIP) 2018 – 2023 sets out the priorities for affordable housing investment in North Ayrshire over the next five years, in order to support the outcomes set out within the Local Housing Strategy. The Plan is prepared in accordance with Scottish Government guidance and includes details of individual development projects to be taken forward over its five year lifespan (see Appendix 1, Table 1). In November 2016, Cabinet approved an increase to the Council's house building target from 500 units to 750 units by March 2021. The latest SHIP reflects the aspiration for 1,000 units for delivery by March 2022, thereby increasing the scale of the programme, and taking the total investment by the Council over the SHIP period to £121.72m.

2.2   In consultation with the Scottish Government, officers have forecast that grant funding for affordable housing development in North Ayrshire will equate to £80.738m between April 2018 and March 2023. We will seek to accelerate the programme where opportunities arise to capitalise on underspends arising in other local authorities' programmes.

2.3   The Council and its RSL partners have committed to delivering the projects detailed within Appendix 1, Table 1. However, the nature of development means that unexpected delays or constraints may emerge. Scottish Government guidance therefore indicates that a slippage programme is required. This provides alternative projects which can be progressed should projects in the main programme become undeliverable for any reason or where additional funding is identified. Should slippage occur, the Council will first aim to bring forward projects scheduled for later years within the main programme, and thereafter from the 'Further Development Opportunities' noted within Appendix 1. These opportunities consist of emerging projects and/or sites with significant development constraints. These sites also provide the Council and our partners with additional development opportunities which can be explored should additional funding become available.

2.4   Table 2 within Appendix 1 details the current site proposals for future applications to the Scottish Government's Housing Infrastructure Fund . These sites have infrastructure constraints which may make them eligible for additional grant funding.

2.5   For any projects noted within the SHIP, it is proposed that delegated authority should be assigned to the Executive Director (Place), in consultation with the Cabinet Member for Place, to liaise with the Scottish Government and agree the rescheduling of projects as required. This will allow flexibility where delivery is delayed while emerging constraints and challenges are addressed. Any new or additional projects that are not contained within the approved SHIP will require Cabinet approval.

Strategic Principles

2.6   The SHIP is based on a series of guiding principles for housing provision, taken from the draft Local Housing Strategy 2017-2022. These are:

- Development must consider its role in providing health benefits to tenants, and supporting young people to maximise their educational attainment;
- Design must be attractive, have aesthetic value, and contribute to the regeneration of North Ayrshire. This will help ensure that properties are desirable and facilitate long-term demand. Ideally, design will be 'tenure neutral' thus avoiding the possibility that developments become stigmatised;
- All investment must be sustainable. Project design, building materials and component parts will maximise energy efficiency and reduce running costs. Design will also contribute to community stability and promote feelings of safety and inclusion;

- Development projects must comprise of unit size and type ratios to recognise assessed demand;
- New homes must meet local aspirations, and become an integral part of existing estates. The involvement of current and future tenants, and surrounding neighbours, is vital. Local people will have the opportunity to review and inform all project designs;
- All new projects will maximise return on investment and value for money by considering build and lifetime maintenance costs.

2.7   In order to prepare the latest SHIP, all projects which are in the current SHIP 2017-2022, and therefore already approved by Cabinet, have been included in the new 2018-2023 plan. Officers then invited site nominations from the Council's RSL partners. Projects proposed were considered on their individual merits against the priorities listed above, and have been included either in the main development programme, or as further development opportunities. If any project becomes delayed or non-viable, the Council will work with RSL partners and the Scottish Government to ensure that new homes are delivered and the available grant funding spent by accelerating other projects or progressing further development opportunities.

2.8   All projects comply in principle with the Local Development Plan. A Council working group comprising Education, Housing and Planning Services was established in 2016 to monitor the impact of the new build programme in terms of planning and education capacity considerations.

Demand

2.9   The Council's Housing Needs and Demand Assessment (HNDA) calculates a housing shortfall figure for each sub-housing market area (SHMA). It should be noted however that the HNDA figures do not reflect other strategic endeavours, such as regeneration or economic recovery, which impact on demand. HNDA figures are intended to give an indication of the range of shortfall, rather than an absolute figure. Figure 1 plots HNDA demand information against the total number of homes which have been, or will be, completed over the life of the HNDA and the SHIP. The new supply figures illustrate the aspiration to plan for a growing population, regeneration within our communities, and to seek continued investment in our housing stock to improve overall stock condition.

Figure 1: SHIP Actual & Projected Completions 2016-2023 vs HNDA Demand 2016-2025
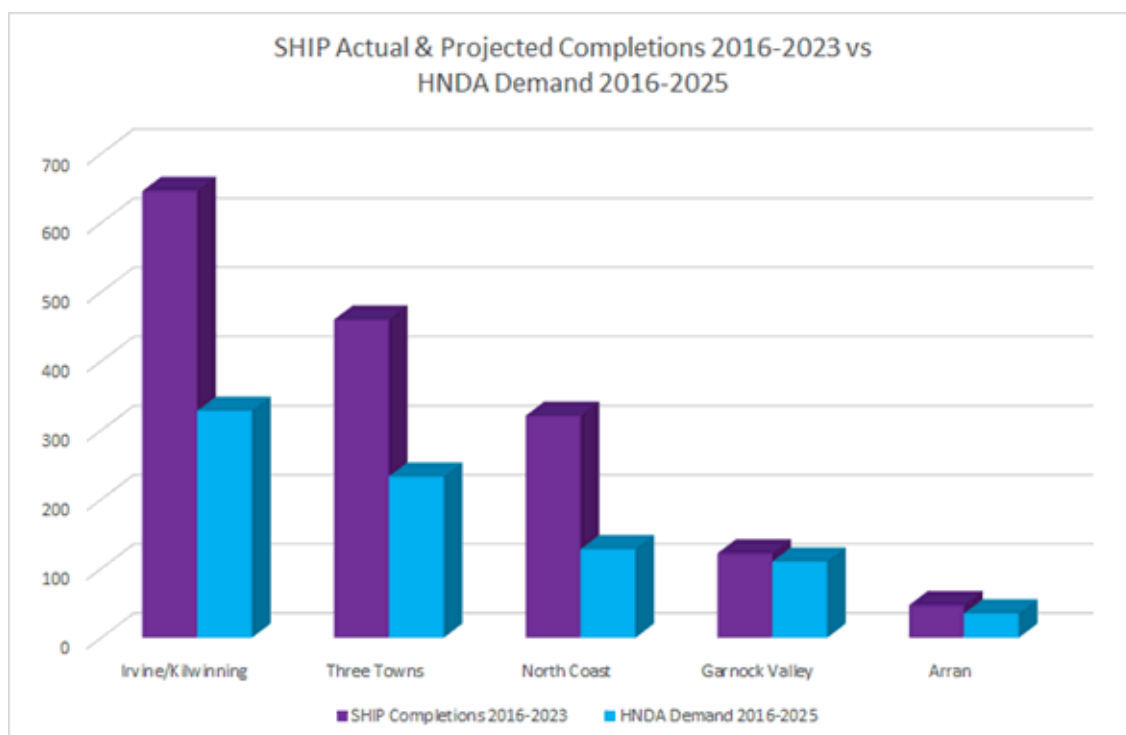
2.10   The Council allocates funding from the Scottish Government Resource Planning Assumption (RPA). Figures 2 and 3 show the proportion of stock held by each developing organisation, and the share of RPA per developing organisation.

Figure 2: Proportion of Stock Held in North Ayrshire per Developing Organisation (%)
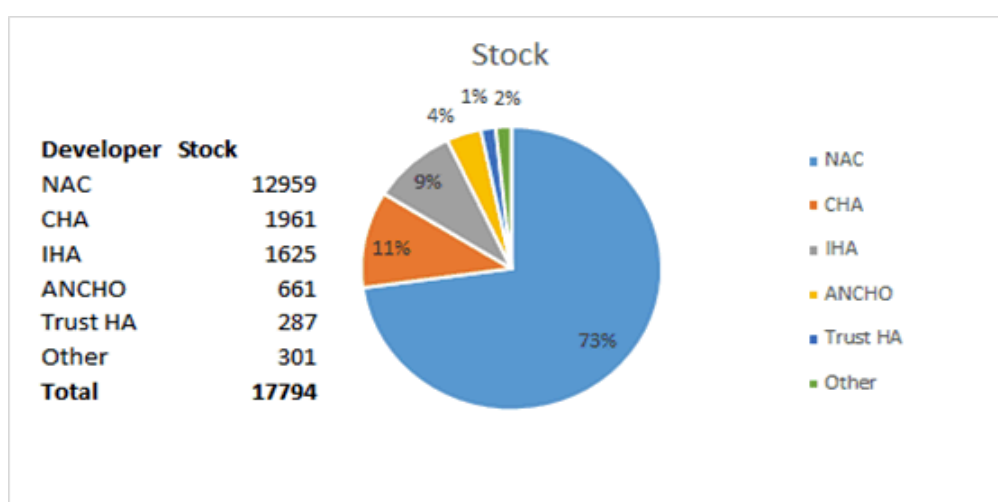
Figure 3: Proportion of Funding per Developing Organisation (%)

Developer Share SHIP 2018 - 2023

Developer	No. of Units
NAC	910
CHA	542
IHA	213
THA	20
	1685
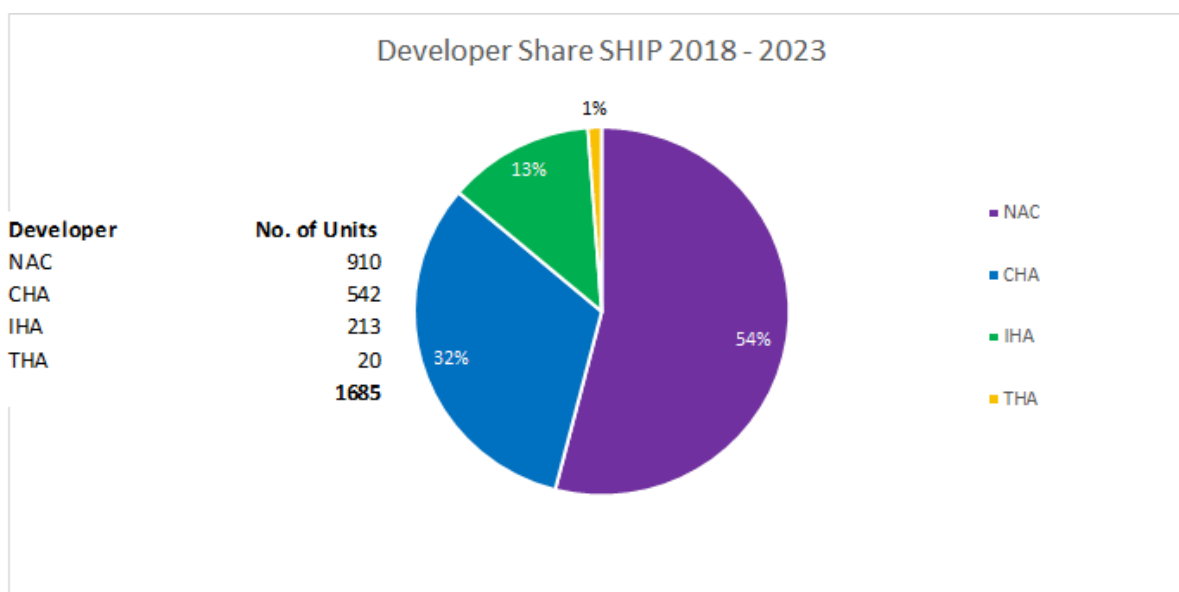
2.11 An indicative size mix (Table 1) for new developments across North Ayrshire has been prepared based on the HNDA and North Ayrshire Common Housing Register intelligence to meet existing and future housing need.

Table 1: Indicative mix by Bedroom Size (reflecting aspiration)

No of Beds	Three Towns	Arran	Garnock Valley	Irvine / Kilwinning	North Coast	North Ayrshire
1	20%	20%	20%	20%	20%	20%
2	68%	69%	65%	69%	70%	69%
3	7%	6%	11%	6%	7%	6%
4	5%	5%	4%	5%	3%	5%

Specialist Accommodation

2.12 Analysis of the North Ayrshire Housing Register, and projected future demographic trends in terms of an aging population, indicate that at least 25% of all new build homes should be designed for older people (i.e. amenity housing or sheltered housing).

2.13 Demand for older people housing will in part be addressed through the continued delivery of the Council's sheltered housing re-provisioning programme. Sheltered housing which comprises bed-sit accommodation is low demand and considered an unsuitable housing option for older people. This accommodation will continue to be demolished and redeveloped into one and two bedroom homes. The decision to build a proportion of two bedroom homes provides flexibility in the future as individuals' circumstances change.

2.14 The HNDA indicates that at least 2% of new homes should be built for wheelchair users, with the majority of demand being from those under 60 years old. Analysis of the North Ayrshire Housing Register confirms elevated levels of demand for such accommodation. To ensure need is met now and in the future, a target of 7% for fully wheelchair accommodation has been set for all partners. Occasionally it may be necessary to build larger 'wheelchair user' housing to meet the specific needs of individual households. Where an RSL proposes to build such accommodation, the Council will liaise with the RSL and approve the proposals before the project commences.

2.15 Officers within the Place Directorate and the Health and Social Care Partnership are developing options for a new supported accommodation housing model in North Ayrshire. It was agreed that the Council's Housing Service should prepare the options appraisal and business case for introducing a new supported accommodation model(s) in North Ayrshire, across all localities, that will:

● assist in preventing demand for additional care and support services;
● herald a move to a more independent lifestyle for adults with disabilities and mental health issues;
● ensure residents are part of local community life;
● utilise technological advances, such as incorporating 'whole house assistive technology';
● provide care and support in homely, as opposed to institutional, accommodation;
● establish effective and efficient provision for those with specialist housing needs; and
● realise financial savings for the North Ayrshire Health & Social Care Partnership.

2.16 The SHIP will support the Health and Social Care Partnership meet specialist housing need through dedicated supported accommodation projects, and as part of a wider site mix on other developments. The new SHIP makes provision for delivery of some 82 supported accommodation housing units.

2.17 The SHIP includes provision to purchase 20 second hand properties which have previously been subject to Right to Buy. The Council and its partners recognise that bringing former social housing stock back into social ownership can assist with housing management and maintenance issues and increase the housing available through the Common Housing Register.

2.18 Empty homes are detrimental to the local environment, they are often the target of antisocial behaviour and are more likely to fall into disrepair. Bringing empty homes back into use supports regeneration; it is a strategic priority within the current LHS and will continue to be a priority in the future. During the period 2018-2023, 10 privately owned empty homes are scheduled to be bought by the Council and added to the stock available for rent.

Sustainability

2.19 The Council is developing a model for a 'sustainable house' within the Dickson Drive, Phase 2 development site. The intention is that this project will highlight best practice in design and innovation and ensure benefits from sustainable technologies are maximised. The findings will then be rolled out to partners in order to inform the wider development programme, and investment in existing stock.

2.20 We seek to maximise the incorporation of energy efficiency measures and renewable technologies within our new build programme. The developments within the SHIP will benefit from a range of sustainable measures, for example solar photovoltaic panels, small scale district heating schemes, and passive design measures to minimise space heating demand. The exact package of measures will be determined through assessment of opportunities on a site by site basis.

Regeneration

2.21 Regeneration of North Ayrshire communities is one of five strategic priorities within the Council Plan 2015 - 2020. The Scottish Index of Multiple Deprivation 2016 shows that 51 of North Ayrshire's 186 data zones are in the 15% most deprived in Scotland. This means that approximately 38,000 of our residents live in some of the most deprived areas in Scotland.

2.22 Public sector investment can have a transformational impact within our communities, and there are cumulative benefits to be achieved by considering ways in which such investment across RSLs, different public service areas and the private sector can be better coordinated. The Council expects all partners contributing to the SHIP programme to support the Council's programmes to regenerate North Ayrshire.

2.23 We intend to do this by exploring with our various partners the site and area specific opportunities to secure maximum regeneration benefits. Housing led regeneration which provides high quality, well designed, and fuel efficient homes, will improve the visual amenity of the area; reduce the cost of living for those choosing to reside in the finished homes, support the provision of sustainable, desirable communities where people want to live, and establish social capital, encouraging local people to take ownership and stewardship of their home environments. This can also attract increased levels of private sector investment, either through perception change and/or by exploring partnership style development opportunities.

2.24 Furthermore, contractors will be expected to participate in the Council (or partners) Community Benefits scheme. These schemes provide apprenticeships to young people – skilling up the local workforce, and supporting economic growth. Research undertaken by Homes for Scotland suggests that there are 4.1 jobs created for every new home constructed - the 1,563 units in the SHIP are therefore expected to create around 6,400 jobs in the construction sector. Effective use of community benefit clauses in development contracts, and partnership work with colleagues in Economic Development to support our local construction and supply chain companies to bid for this work, can secure many of these jobs for our local people.

Education & Health Benefits

2.25 The benefits of new building housing in relation to health, wellbeing and educational attainment, are well documented. New housing is more energy efficient, better ventilated, and has higher levels of thermal comfort, which can result in alleviation of the symptoms in a number of medical conditions for example, respiratory and rheumatoid illnesses. In terms of educational attainment, according to research undertaken by the housing charity Shelter, children can benefit from improved cognitive development and a reduction in behavioural issues through living in a more attractive, warmer, and better ventilated environment.

<u>Island Development</u>

2.26 The SHIP includes details of a Council development (Brathwic Terrace, Brodick, 26 units) and an RSL development on Arran (Springbank Farm, Brodick, 20 units). The developments will support investment on the island and support the work of the Arran Economic Group who are seeking to increase affordable housing options on the island, and to stimulate investment in other infrastructure (transport, marine, digital) to encourage population retention. Similarly, the SHIP makes provision for a new amenity 15 unit and wheelchair user development on Cumbrae as part of a second phase of the successful St Beya Gardens site. The sites at Brathwic Terrace, Brodick, and St Beya Gardens, Millport are also noted in Table 2 of the SHIP as candidates for potential Housing Infrastructure Fund applications to assist with the additional costs that are anticipated with developing in island locations.

<u>Affordability</u>

2.27 The Council is committed to ensuring rents are affordable. Many tenants in social housing are dependent on benefits and are under increasing financial pressure from the impact of Welfare Reform and rising living costs. The Scottish Housing Regulator has intimated that social landlords will be expected to keep rent increases to a minimum. To ensure homes are affordable, the Council and all RSL partners will be required to set rent levels on new build homes below the Local Housing Allowance.

3. Proposals

3.1 It is proposed that Cabinet: (i) approves the North Ayrshire Strategic Housing Investment Plan 2018-2023 for submission to the Scottish Government; and (ii) gives delegated authority to the Executive Director (Place) and the lead Cabinet Member for Place to liaise directly with the Scottish Government in agreeing the North Ayrshire development programme and the rescheduling of projects as required.

4.   Implications

Financial:	The financial implications arising from the projects included within the SHIP 2018-2023 have been addressed by each of the developing organisation, ensuring that the programme is fully deliverable within the timescales set out. The Council has identified a budget of £121.72m to deliver its increased build programme. An annual budget commitment of £0.88m has been earmarked to support the buy back of empty and second hand homes. A budget of £6.56m has been identified for the refurbishment of sheltered housing units included within the SHIP 2018-23.
Human Resources:	There are no human resource issues arising from the SHIP.
Legal:	There are no legal issues arising from the SHIP. It should be noted however that Council developments on appropriately allocated land in the Local Development Plan are permitted development under the Town & Country Planning (General Permitted Development) (Scotland) Order 1992, Schedule 1, Part 12, Class 33, and do not require planning permission. The Council's House Building Protocol governs the design and consultation processes for such development to ensure that appropriate levels of design scrutiny and consultation are maintained.
Equality:	The provision of new social housing will have a positive impact on those who require specialist accommodation, older people, those who are homeless, or at risk of homelessness, and those for whom purchasing a home is not a financial option.
Environmental & Sustainability:	The SHIP projects identified in Table 1 comply in principle with the Local Development Plan (LDP). The strategic environmental impact of the sites already included in the LDP have been considered as part of the LDP process. New homes should have a low environmental impact, with the aim of reducing fuel use and associated fuel costs. All projects within the SHIP will be delivered in accordance with Building Standards regulations for energy efficiency. In addition, the majority of the new projects incorporated into the plan will meet the Scottish Government's 'Greener Standard'. Innovative approaches to fuel efficient

	development will be considered on a site by site basis (e.g.. biomass boilers, solar photovoltaic panels, smart technologies etc). New Council homes contribute to the Council's Sustainability agenda. All new Council units are required to achieve BRE Home Quality Mark four star minimum or equivalent.
Key Priorities:	The SHIP supports the Council Plan priority of supporting all of our people to stay safe, healthy and active.
Community Benefits:	All SHIP projects will contribute to the regeneration of North Ayrshire by: investing in the area; contributing to the Community Benefit scheme (or RSL equivalent schemes) which provide apprenticeships to young people; improving the visual amenity of the area; and supporting further private sector development by introducing infrastructure to sites allocated in the Local Development Plan for residential development.

5. Consultation

5.1 The Council has taken a collaborative approach to the preparation of the SHIP, and the following stakeholders have been involved in the process:

- the Council's Housing Business Plan Implementation Group (BPIG)
- ANCHO
- Cunninghame Housing Association
- Irvine Housing Association
- Trust Housing Association
- Council officers from Housing, Finance, Planning, Education, Property Management and Investment and the Health and Social Care Partnership
- The Scottish Government

5.2   Regular meetings are held with developing organisations, the Council and the Scottish Government as part of the SHIP governance process. The meetings will continue to be convened on a quarterly basis each year, to ensure that partners' requirements are identified, and the development programme delivered.

CRAIG HATTON
Executive Director (Place)

Reference : YB/DH
For further information please contact Yvonne Baulk, Head of Physical Environment on 01294 324542

Background Papers
None

North Ayrshire Council

Strategic Housing Investment Plan 2018 - 2023

NORTH AYRSHIRE
Local Housing Strategy
2017-2022

North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Introduction

1. The Strategic Housing Investment Plan (SHIP) 2018-2023 sets out the priorities for affordable housing investment in North Ayrshire over the next 5 years in order to support the outcomes set out within the draft Local Housing Strategy 2017-2022 (LHS).

2. In preparing the SHIP, the Council has referred to the outcomes identified in the draft LHS. Demand figures have been obtained from the HNDA and the North Ayrshire Housing Register (NAHR). Furthermore, house size and type priorities have also been informed by the NAHR.

3. It should be noted that whilst there are 4,860 applicants on the NAHR, only 52% (2,541) have a recognised housing need (NAHR, July 2017).

4. The Scottish Government's 'More Homes Scotland' initiative was announced in March 2016. This initiative committed to providing £3billion of investment to support the delivery of 50,000 new affordable homes over the next 5 years.

5. The Council has forecast, in consultation with the Scottish Government, that funding for affordable housing development in North Ayrshire will equate to £80.738 million between April 2018 and March 2023.

6. The Council and its partners have committed to delivering the projects detailed within Appendix 1, Table 1. However, the nature of development means that unexpected delays or constraints may emerge.

7. It is for this reason that Scottish Government guidance indicates that a slippage programme is required. This is to provide alternative projects which can be progressed should projects become undeliverable for any reason or where additional funding is identified.

8. To meet the requirement for slippage, the Council will bring forward projects scheduled for later years within the main programme.

9. Further development opportunities are also noted within Appendix 1. These consist of emerging projects, sites with significant development constraints, and/or sites which are less effective in supporting the Council's priorities. These sites provide the Council and our partners with additional development opportunities which can be explored in the event of delays in the main programme, and/or should additional funding become available. Further Cabinet approval will be required before any of these projects are taken forward.

10. All projects which meet the criteria outlined within the SHIP will be considered to be 'high priority'. The housing mix and type for each individual development site should be formally agreed with the Council.

Strategic Aims

11. The draft LHS indicates the importance of establishing clear investment priorities, to meet the housing needs of local people, allow partners to identify projects, and ensure that the Scottish Government's goal of 50,000 new affordable homes over the lifetime of the current Parliament is supported. To ensure maximum benefit is achieved from social housing investment, all development projects must:

- Consider their role in providing health benefits to tenants, and supporting young people to maximise their educational attainment;
- Be attractive and have aesthetic value, to contribute to the regeneration of North Ayrshire;
- Be sustainable. Project design, building materials and component parts will maximise energy efficiency and reduce running costs. Design will also contribute to community stability and promote feelings of safety and inclusion;
- Recognise local needs and aspirations, and become an integral part of existing estates. Homes should be designed in such a way that they can be 'homes for life' and easily adapted to the changing needs of their occupants;
- Maximise return on investment and value for money by considering build and lifetime maintenance costs;
- Involve the local community through consultation and wider action initiatives; and
- Seek to continually improve, with lessons learnt and good practice shared across all partners.

12. The draft LHS also recognises that many tenants in social housing are dependent on benefits and are under increasing financial pressure from the impact of Welfare Reform and rising living costs. The Scottish Housing Regulator has also stated that social landlords will be expected to keep rent increases to a minimum. Therefore, to ensure homes are affordable, partners will be required to set rent levels on new build homes at below the Local Housing Allowance.

13. The Equality Impact Assessment of the SHIP found that it will have no negative or discriminatory effect on any equality groups.

14. The SHIP is an extension of and aligns to the Local Housing Strategy. The Strategic Environmental Assessment (SEA) undertaken for the LHS found that where the strategy would have significant effects on the environment, these have been scoped within the SEA for the North Ayrshire Local Development Plan.

Partnership Working & Governance

15. As the strategic housing authority, the Council is committed to supporting our partners to deliver affordable housing development within North Ayrshire.

16. The Council therefore adopts a collaborative approach in the preparation of the SHIP. The following key stakeholders have influenced the final programme:

    • ANCHO;
    • Cunninghame Housing Association;
    • Irvine Housing Association;
    • North Ayrshire Council Officers (Housing, Finance, Planning, Education, Property Management and Investment and the Health and Social Care Partnership);
    • The Scottish Government; and
    • Trust Housing Association.

17. In order to prepare the SHIP, the Council invited site nominations from its partners.

18. All the developments proposed by partners were considered on their individual merits, with reference to development priorities set out within the LHS (see paragraph 11 above), and any known constraints. Sites nominations have been included either in the main development programme, or as further development opportunities.

19. Thereafter the Council held meetings with each developing organisation and the Scottish Government to discuss the priorities of each individual site and agree the wider plan. The Council will continue to monitor the development programme and any arising windfall opportunities at quarterly meetings held with developing RSLs and the Scottish Government.

20. A Council working group comprising Education, Housing and Planning Services was established to monitor the impact of the new build programme on education facilities.

21. If any project becomes delayed or non-viable, the Council will work with RSL partners and the Scottish Government to ensure that new homes are delivered by accelerating other projects or progressing further development opportunities.

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Investment Priorities

22. All projects which are in the SHIP 2017-2022, and not yet completed, have been included in the new 2018-2023 plan.

23. Thereafter, the Council will prioritise all projects which are considered deliverable and meet the strategic goals outlined below.

Location

24. North Ayrshire contains five Sub Housing Market Areas (SHMAs), these are:

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

25. A SHMA is the widest area that a person would be willing to move to for new living accommodation for the purposes of strategic housing planning. The North Ayrshire Community Planning Partnership is committed to Locality Planning, an approach based on developing strong local partnerships to identify and address area-specific issues. However, in line with legislation, the Local Housing Strategy is based on a Housing Need and Demand Assessment. The Assessment identifies sub housing market areas rather than localities. Generally, the SHMAs align to the locality areas. The only exception is the Irvine/Kilwinning SHMA - those two settlements each have their own designated locality.

26. The Council's Housing Needs and Demand Assessment (HNDA) calculates a housing shortfall figure for each SHMA. It should be noted however that the HNDA figures do not reflect other strategic endeavours, such as regeneration or economic recovery, which impact on demand. HNDA figures are intended to give an indication of the range of shortfall, rather than an absolute figure. This information has been plotted against the total number of homes which have been, or will be, over the life of the HNDA and the SHIP. These new supply figures illustrate the aspiration to plan for a growing population, and to seek continued investment in our housing stock to improve overall stock condition.

SHIP Actual & Projected Completions 2016-2023 vs HNDA Demand 2016-2025
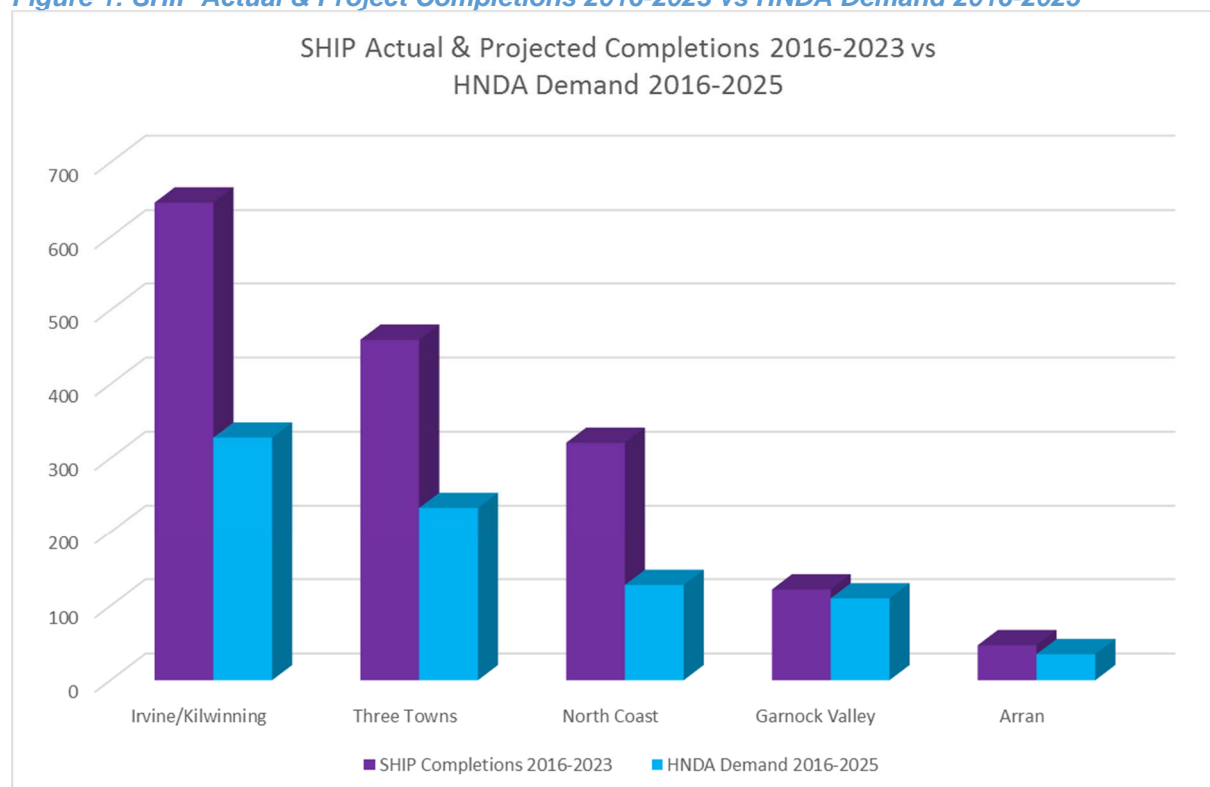
27. Development is not the only policy intervention being explored by the Council. As has always been the case, it would be very difficult for the Council and its partners to meet housing need only through investment in new homes. Work to streamline the Aids & Adaptations service, improve the private rented sector, and support the principles of the Health and Social Care Partnership, are all intended to address the housing needs of the local population. We are also exploring an innovative new mid market model - the 'Accessible Home Ownership' model - in conjunction with Scottish Futures Trust. This product is aimed either at those who have difficulty raising mortgage finance, or older people with equity who are looking to downsize.

28. In addition the private sector also has a role to play through the Affordable Housing Policy and the provision of schemes such as shared equity and help to buy.

Size

29. Whilst the overall demand figure is obtained from the Housing Need and Demand Assessment, analysis of the North Ayrshire Housing Register identifies demand trends for properties. House size has been identified by considering the minimum accommodation size suitable for the household; this is referred to as the 'strategic bedroom requirement.

Table 1: % Applicants by Strategic Bedroom Requirement and SHMA

No of Beds	Three Towns	Arran	Garnock Valley	Irvine / Kilwinning	North Coast	North Ayrshire
1	66%	72%	64%	66%	71%	66%
2	23%	17%	21%	23%	17%	23%
3	7%	6%	11%	6%	7%	6%
4	3%	5%	3%	4%	3%	4%
5	1%	0%	1%	1%	1%	1%

(Source: North Ayrshire Housing Register July 2017)

30. However, it should be noted that strategic bedroom need is used for planning purposes only. The North Ayrshire Common Allocation Policy gives applicants the opportunity to choose the size of house they wish to be rehoused in, provided it meets their minimum requirements (i.e. provided it meets their need). Generally, one bedroom homes are found to be of lower demand in terms of aspiration.

31. Two bedroom homes are a more popular option for smaller households and are more flexible in terms of allocations. Two bedroom properties can be allocated to couples, single people with a child or access to a child, single people living alone, single people with a carer or couples with a child.

32. An indicative size mix (Table 2) for developments across North Ayrshire has been prepared by uplifting the two bedroom provision and reducing the one bedroom - thus meeting aspiration whilst retaining a housing solution for those who may be affected by Universal Credit.

Table 2: Altered Demand by Bedroom Size (Reflecting Aspiration) and SHMA

No of Beds	Three Towns	Arran	Garnock Valley	Irvine / Kilwinning	North Coast	North Ayrshire
1	20%	20%	20%	20%	20%	20%
2	68%	69%	65%	69%	70%	69%
3	7%	6%	11%	6%	7%	6%
4	5%	5%	4%	5%	3%	5%

33. This mix is intended as a guide only, and it is anticipated that each project will be considered on a site by site basis by the developing organisation, before being ratified by the Council.

Type

34. It has become clear from numerous development project consultation events carried out by the Council and its partners to date, that local people express a preference for houses rather than flats. However, in some areas it may be appropriate to include flatted development. This will be assessed on a case by case basis by the Council.

Particular Needs

Housing for Older People

35. Analysis of the HNDA and the NAHR indicates a rising need for accommodation for older people. For this reason, the LHS sets a target of approximately 25% of all new homes to be for older people (i.e. amenity housing and sheltered accommodation). It is anticipated that these homes will primarily comprise one and two bedrooms.

36. Demand for older people housing will in part be addressed through the continued delivery of the Council's sheltered housing re-provisioning programme. Sheltered housing which includes bed-sit accommodation is low demand and considered an unsuitable housing option for older people. This accommodation will be continue to be redeveloped into one and two bedroom homes, the policy decision to build more two bed sheltered housing is in response to the changing demographic towards an aging population.

Wheelchair Accessible Accommodation

37. 'Housing for Varying Needs', a national design guide, provides the following two definitions, which have been adopted by the draft LHS, when describing the applicable specialist housing:

- **Ambulant Disabled Housing:** This house type meets a wide range of specialist housing needs. The majority of demand is likely to be from the older age group, who have mobility problems, but who can walk with (or without) an aid. Some people in this group may occasionally use a wheelchair. Demand is not exclusive to the older age group; mobility issues can affect people throughout their lives, for various reasons.

- **Wheelchair User Housing:** This housing is for people who use a wheelchair all or most of the time. The home will be level access throughout, have space for a wheelchair to circulate and access all rooms, a kitchen and bathroom that suits the occupant's particular needs and fittings and services that are within reach and easy to use. A wheelchair user may live alone, or with a carer or partner or be part of a family unit.

38. The draft LHS confirms that 100% of older people housing should be built to an ambulant disabled standard. The LHS stipulates that 7% of new build homes should be wheelchair user housing. This target is based on evidence from the HNDA, discussions with the North Ayrshire Health and Social Care Partnership, growing national scrutiny in relation to the delivery of good quality wheelchair-user housing, and the Council's commitment to equal opportunities. We are confident that this ambitious target will ensure the needs of our wheelchair users are met.

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The majority of these (74%) should be one or two bedroom, with the remaining split between 3 bedroom (20%) and 4 bedroom (6%). It should be noted that the majority of demand for wheelchair housing comes from those under 60 years old.

39. Occasionally it may be necessary to build larger 'wheelchair user' housing to meet the specific needs of individual households. The Council will approve such RSL housing before a project commences.

Other Specialist Housing

40. Officers within the Place Directorate and the Health and Social Care Partnership are developing options for a new supported accommodation housing model in North Ayrshire.

41. The focus is on maximising independence for adults within a homely setting, who require a higher level of support, and who are living with learning disabilities or mental ill-health issues (all ages), or who are under 65 years and have physical disabilities.

42. It was agreed that the Council's Housing Service should prepare the options appraisal and business case for introducing a new supported accommodation model(s) in North Ayrshire, across all localities, that will:
   - assist in preventing demand for additional care and support services;
   - herald a move to a more independent lifestyle for adults with disabilities and mental health issues;
   - ensure residents are part of local community life;
   - utilise technological advances, such as incorporating 'whole house assistive technology';
   - provide care and support in homely, as opposed to institutional, accommodation;
   - establish effective and efficient provision for those with specialist housing needs; and
   - realise financial savings for the North Ayrshire Health & Social Care Partnership

43. Currently the HSCP provides over 500 individuals under 65 years of age with care packages. The majority of demand comes from adults with learning disabilities. Some individuals are currently in housing solutions outwith North Ayrshire.

44. The SHIP will support the Health and Social Care Partnership to meet specialist housing need through dedicated supported accommodation projects, and as part of a wider site mix on other developments. The new SHIP makes provision for delivery of some 82 supported accommodation housing units.

Regeneration

45. Regeneration of North Ayrshire communities is one of five strategic priorities within the Council Plan 2015 - 2020. The Scottish Index of Multiple Deprivation 2016 shows that 51 of North Ayrshire's 186 data zones are in the 15% most deprived in Scotland. This means that approximately 38,000 of our residents live in some of the most deprived areas in Scotland.

46. Public sector investment can have a transformational impact within our communities, and there are cumulative benefits to be achieved by considering ways in which such investment across RSLs, different public service areas and the private sector can be better coordinated. The Council expects all partners contributing to the SHIP programme to support the Council's programmes to regenerate North Ayrshire.

47. The Council intends to do this by exploring with our various partners the site and area specific opportunities to secure maximum regeneration benefits. Housing led regeneration which provides high quality, well designed, and fuel efficient homes, will improve the visual amenity of the area, reduce the cost of living for those choosing to reside in the finished homes, support the provision of sustainable, desirable communities where people want to live, and establish social capital, encouraging local people to take ownership and stewardship of their home environments. This can also attract increased levels of private sector investment, either through perception change and/or by exploring partnership style development opportunities.

48. Furthermore, contractors will be expected to participate in the Council (or partners) Community Benefits scheme. These schemes provide apprenticeships to young people – skilling up the local workforce, and supporting economic growth. Research undertaken by Homes for Scotland suggests that there are 4.1 jobs created for every new home constructed - the 1,563 units in the SHIP 2018-2023 are therefore expected to create around 6,400 jobs in the construction sector. Effective use of community benefit clauses in development contracts, and partnership work with colleagues in Economic Development to support our local construction and supply chain companies to bid for this work, can secure many of these jobs for our local people.

Education & Health Benefits

49. The benefits of new build housing in relation to health, wellbeing and educational attainment, are well documented. New housing is more energy efficient, better ventilated, and has higher levels of thermal comfort, which can result in alleviation of the symptoms in a number of medical conditions, for example respiratory and rheumatoid illnesses. In terms of educational attainment, according to research

undertaken by the housing charity Shelter, children can benefit from improved cognitive development and a reduction in behavioural issues through living in a more attractive, warmer, and better ventilated environment.

Innovation & Energy Efficiency

50. The North Ayrshire Environmental Sustainability & Climate Change Strategy sets ambitious target of 40% CO_2 reduction by 2030 (based on 2005 baseline levels).

51. The Council considers a household to be living in fuel poverty if in order to maintain a satisfactory heating regime, they have to spend more than 10% of their income on heating costs.

52. The delivery of new housing has a key role to play in carbon reduction, climate change mitigation, and alleviation of fuel poverty. The Council and our partners will continue to consider innovative and sustainable approaches to heat and power on a site by site basis. This could include initiatives such as biomass boilers, solar photovoltaic panels, and smart technologies.

53. All projects within the SHIP will be delivered in accordance with Building Standards regulations for energy efficiency. In addition all new build development projects in the plan will meet the Scottish Government's 'Greener Standard'.

54. The Council and its partners will strive to deliver new homes that have a low environmental impact with the aim of reducing fuel use and in turn fuel costs.

The 'Sustainable House'

55. North Ayrshire Council is developing a model for a 'sustainable house'. The intention is that this project will highlight best practice in design and innovation and ensure benefits from sustainable technologies are maximised. The findings will then be rolled out to partners in order to inform the wider development programme, and investment in existing stock.

Second Hand & Empty Homes Buy Backs

56. The Council and its partners recognise that bringing former social housing stock back into social ownership can assist with housing management and maintenance issues and increase the housing available through the North Ayrshire Housing Register.

57. Empty homes are detrimental to the local environment, they are often the target of antisocial behaviour and are more likely to fall into disrepair. Bringing empty homes back into use is a strategic priority within the current LHS and will continue to be a priority in the future.

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Affordability

58. The Council is committed to ensuring rent levels are affordable throughout North Ayrshire. Many tenants in social housing are dependent on benefits and are under increasing financial pressure from the impact of Welfare Reform and rising living costs. The Council is currently undertaking a review of its rent structures to introduce greater equity and transparency in how our rents are set. Several of our RSL partners are also currently reviewing their structures, or giving consideration to undertaking such a review.

59. The Scottish Housing Regulator has also intimated that social landlords will be expected to keep rent increases to a minimum.

60. To ensure homes are affordable, the Council and all partners will be required to set rent levels on new build homes below the Local Housing Allowance.

Delegated Authority

61. The delegated authority to accelerate any project detailed within the North Ayrshire approved SHIP is held by the Executive Director (Place) and the Cabinet Member for Place.

Windfall Projects

62. Windfall projects not already approved in the SHIP must be approved by the Cabinet of North Ayrshire Council prior to being submitted to the Scottish Government, irrespective of the developing organisation.

Resourcing the SHIP

63. There is a range of funding streams which support the delivery of the Strategic Housing Investment Plan.

Reserves & Balances

64. All developing organisations will utilise available reserves and balances to support the development programme.

Affordable Housing Supply Programme

65. The Scottish Government's commitment to a £3billion investment in affordable housing supply is a key source of funding for new supply homes by 2023. This is payable at a rate of £57/59k per unit for local authority development and an average of £70k per unit for RSL development.

The Housing Infrastructure Fund/Island Development Fund

66. The Council and its partners are currently exploring opportunities to utilise the Scottish Government's Housing Infrastructure Fund for Irvine Harbourside, Lawhill Farm, Brathwic Terrace, Redevelopment Project 8 and any other projects detailed within the SHIP, where these may not be otherwise deliverable. We will also consider applications to the Island Development Fund for development proposals on the Isle of Arran and on Cumbrae.

Council Tax on Empty and Second Homes

67. Income received from the reduction in discount for empty and second hand homes in North Ayrshire is held in the Council's Affordable Housing Account. The Council provides grant funding to support the development of projects within the SHIP from the Affordable Housing Account, when required.

Borrowing

68. The majority of development funding is secured from borrowing. Private finance supports RSLs' development programme, and prudential borrowing supports local authority new build projects.

Developer Contributions

69. A range of housing types, at different prices, tenures, and locations, is needed to cater for the increasing number and variety of households, to maintain the viability of communities, and to support the operation of local labour markets and the wider

economy.

70. Scottish Government guidance states that Local Authorities, should assess future housing land requirements and ensure that land is identified to fully meet these requirements. Guidance notes that in some places the market provides some or all of the affordable housing needed while in other places it will be necessary to make housing available at a cost below market value, to meet an identified need.

71. It is for this reason that the Council operates an affordable housing policy in some areas of North Ayrshire (see Table 3). Any provision secured via this policy will be considered for allocation to the most appropriate developing organisation in North Ayrshire.

Table 3: Developer Contribution Rates

SHMA	Towns	Rate
Irvine / Kilwinning	Irvine & Kilwinning	15%
Three Towns	Ardrossan, Saltcoats & Stevenston	10%
North Coast & Arran	West Kilbride, Seamill, Fairlie, Largs, Skelmorlie & Isle of Arran	25%

72. The Council's prioritised preferences for a developer contribution are:

   i.   Integrated completed units within the development site.
   ii.   Transfer of on-site serviced land
   iii.   Off-site provision of serviced land or completed units
   iv.   Payment of a commuted sum to the Council

73. Within Appendix 1, the Council has included sites which may potentially 'trigger' the affordable housing policy and require a developer contribution.

SHIP Development Projects

74. An overview of projects detailed in the SHIP tables is provided below.

Ardrossan Harbour, Montgomerie Street Phase 1 (CHA) was acquired from Clydeport in 2007. At the time of purchase, it was recognised that the redevelopment of this site was an important element of the overall Ardrossan Harbour regeneration masterplan and would provide affordable rented housing in Ardrossan. The Three Towns area was not prioritised for funding in the preceding years, resulting in the site being land-banked until recently. Funding was made available to allow 70 new houses and flats to be provided and work is due for completion in November 2017.

New Street, Stevenston (CHA) was acquired by CHA from the Council in 2006. The site had been land banked by the Association until recently when funding was made available to deliver a new build development of 14 new flats for rent. Works are scheduled for completion in December 2017.

Dickson Court, Beith (NAC) The sheltered housing complex in Beith town centre is a short walk away from a range of amenities. A total of 20 units will be upgraded to provide accessible accommodation for older people and an additional
2 new units will be created on the site. The communal areas within the complex
will be fully redecorated and new windows and doors will be installed. Residents' homes will also be re-wired, kitchens will be re-designed and wet floor shower rooms will be provided. Residents will remain within the complex during the works, however they will move temporarily into an empty property for the duration of the works to their home. The works are underway and scheduled for completion in Autumn 2018.

Glencairn House, Stevenston (NAC) is a sheltered housing complex which will replace two of North Ayrshire Council's oldest and now unsuitable bed-sit type sheltered accommodation at Afton Court & Caley Court. The site benefits from good transport links and is in close proximity to a number of amenities including shops, the library and the health centre. The new complex will deliver 28 one and two bedroom properties. To maximise the potential of the site, the development will be built over three floors with all flats benefitting from a balcony. Communal facilities such as a scooter store and guest bedroom will also be included within the development. Construction is underway and is expected to be complete by March 2018.

Stanley Road, Ardrossan (CHA) was acquired by CHA from the Council in 2007. The site was the former Stanley Primary school which was demolished and rebuilt on an adjacent area of land. The site occupies a prominent corner location and has lain in an undeveloped state for many years. The site has been land banked by the Association until recently when funding became available to deliver a new build development of 28 new houses and flats for rent. Works commenced on-site in August 2017.

Victoria Hotel, Largs (CHA) The site is an existing hotel which is badly dilapidated, has fallen into disrepair, and given its prominent sea front location is a blight on the area. A retail unit will be retained on the ground floor with 12 new build flats above, all of which will benefit from lift access. Largs is an area of extremely high demand. Works at the site are underway and due for completion during 2018/19.

Sharphill Phase 3, Ardrossan (CHA) was acquired by CHA from the Council in 2006. The Association developed two phases of new build housing in 2008 and 2010. It was agreed that the third phase of land be left undeveloped until it became a priority for funding and has therefore been part of the Association's land bank until fairly recently. Phase 3 is now being progressed with a view to delivering 24 new houses and flats for rent on the site. It is expected that works will commence on site in Autumn 2017.

67-73 Nelson Street, Largs (CHA) This is a vacant, brownfield site which has been the subject of fly tipping in recent years. A planning application has been submitted. The site has capacity for 14 new homes, which are due to begin construction in Autumn 2017.

Canal Court, Saltcoats (NAC) The existing Canal Court has been demolished and construction works began for the new site in July 2017. The complex is expected to be completed by October 2018. Residents within the current Canal Court have been decanted to other suitable accommodation to enable the works to begin. A community hub will also be developed on the site.

Dickson Drive Phase 2, Irvine (NAC) will increase the properties built as part of the regeneration of this area, to include a further 24 units. The site is close to the local primary school and community centre, and within walking distance to the town centre. The project is expected to conclude in March 2019. This project will incorporate 2 'sustainable house' demonstrator units.

Watt Court, Dalry (NAC) is a project which proposes building a new state-of-the-art shared community facility, which will provide new sheltered housing, amenity housing, an area housing office, and a community hub. The new homes will replace the current sheltered housing complex whilst increasing housing provision. The works will be phased to allow the residents of the existing sheltered housing complex to remain in their current homes until their new properties are complete. The project is expected to be complete by Spring 2019.

Tarryholme Drive, Irvine (NAC) is a refurbishment project for 20 new supported accommodation and was part of the wider North Ayrshire Council/Health & Social Care Partnership development of the former British Red Cross House site in Irvine. The units will include wheelchair user accommodation, and will be allocated to individuals with learning disabilities. They are due for completion in March 2019.

Weirston Road, Corsehillhead, Kilwinning (CHA) was sold to Cunninghame Housing Association in March 2016. The Greenfield site sits adjacent to Corsehillhead Farm.

The Association is currently on site developing 72 new houses and flats for rent, and due to complete the development during 2018/19.

Connel Court, Kilbirnie (NAC) will upgrade an existing sheltered housing complex. It is again close to a number of amenities, including shops and transport links. The 17 units will be upgraded to provide accessible accommodation for older people. Residents will remain within the complex during the project, however they will move into an empty property for the duration of the works to their home. The work will commence in June 2018 and are expected to be completed by March 2019.

Ardrossan Harbour, Montgomerie Street, Phase 2 (CHA) This site has been secured by CHA, and a planning application has been submitted. Works are due to start on site in May 2018, with completion during 2019/20. This site follows on from the successful Phase 1 development which is nearing completion.

Ardoch Court, Stevenston (CHA) is a small brownfield site adjacent to Ardoch Crescent. The existing buildings have been demolished. A planning application is due to be submitted shortly, with works starting later in 2017.

Balnagowan, Skelmorlie (CHA) is a greenfield site east of Golf Course Road. The site previously housed a single cottage which has since been demolished. The site was purchased by CHA in March 2017. This will represent the first affordable housing development in the town for some time. Works are due to start in 2018/19.

Melvin House, Kilwinning (CHA) is a brownfield site north of McGavin Park. The site is cleared. A planning application is due for submission imminently, with works starting on site later during 2018/19.

Nethermains Road, Kilwinning (CHA) was previously used as a heavy goods yard, and has been the subject of fly tipping issues in recent years. A planning application is due for submission imminently, with works starting on site during 2021/22.

Sharphill Phase 4, Ardrossan (CHA) is a wider opportunity at Sharphill by acquiring the adjacent site which is presently owned by a private developer. This additional land was purchased in March 2017 and allows CHA to better masterplan the overall site area.

Friar's Lawn, Kilwinning (NAC) 22 properties will be upgraded to provide accessible accommodation for older people in a high demand area. Located close to the town centre, the complex is also nearby to a number of amenities, including a bus stop and train station. Residents will remain within the complex during the works, however will move into an empty property for the duration of the works to their home. The work will commence in Spring 2019 and is expected to complete in December 2019.

Tarryholme, Irvine (IHA) is a land banked site in the ownership of Irvine Housing Association. The site, located on the southern edge of Irvine, is greenfield and highly accessible. The overall site extends to 7.89 hectares or thereby and will accommodate circa 200 units. The site is allocated for residential purposes within the local plan. At present Irvine Housing Association wish to develop a first phase of 86 units on the site for rent.

Ardrossan Road, Seamill (NAC) is located within a very high demand area of North Ayrshire (in terms of market housing). As part of the Council's Affordable Housing Policy, there is the potential opportunity to secure 31 new homes within a wider residential development. The site is in close proximity to public transport links. The project is expected to commence during Spring 2019 and conclude by Spring 2020. Delivery risks relate to the reliance on a third party to progress their own development project and to reach agreement in terms of the contribution with the Council.

Dalrymple Place, Irvine (NAC) currently comprises 22 units, and will be demolished and re-built as part of the sheltered housing re-provisioning programme. The existing bed-sit type accommodation is deemed an unsuitable housing option. The complex will deliver approximately 32 new properties. The complex is located in a high demand area and benefits from good transport links which provide access to the town centre and neighbouring towns. It is expected that work will complete in March 2021.

Brathwic Terrace, Brodick (NAC) will provide 26 affordable family homes for residents of Arran. The Council will seek additional Scottish Government funding for this project in order to meet the increased costs incurred for island development. The site is just a short distance away from a number of shops and cafes, as well as the ferry terminal. This site will be developed by the Council and is due to be complete by Spring 2020. This is the first Council housing development on the island since the stock transfer to Trust Housing Association (then Isle of Arran Homes). The development will support investment on the island and the work of the Arran Economic Group, who are seeking to increase affordable housing options on the island, and to stimulate investment in other infrastructure (transport, marine, digital) to encourage population retention.

Garrier Court, Springside (NAC) is one of North Ayrshire Council's oldest sheltered housing complexes. Whilst close to a number of amenities and having good transport links, the complex requires refurbishment. Nineteen homes will be upgraded to provide accessible accommodation for older people within a high demand area. Residents will remain within the complex during the works, however will move into an empty property for the duration of the works to their home. The work will commence in June 2019 and is expected to complete in March 2020.

Refurbishment Project 7 (NAC) is a small conversion opportunity to create two new wheelchair user units.

Redevelopment Project 6 (NAC) is a town centre regeneration project to bring a vacant site back into productive use. The indicative mix comprises 11 amenity units and 4 wheelchair user units, recognising the highly accessible nature of this location.

Redevelopment Project 7 (NAC) is a neighbourhood regeneration opportunity to provide new homes and retail units in a site in Irvine. The indicative mix comprises 4 amenity units, 1 wheelchair user unit, and the remainder as general needs housing.

St Michael's Wynd Phase 2, Kilwinning (NAC) will be further developed, to provide 70 additional homes in this high demand area. The homes will be developed close to the recently completed new-build development and will link with the site. St Michael's Wynd is situated in close proximity to the town centre and benefits from good transport links. The project will include general needs, amenity housing, wheelchair housing, sheltered and supported accommodation. The site is expected to commence during SHIP 2019/20 and conclude during 2020/21.

Flatt Road, Largs (NAC) will allow the provision of 122 new units in North Ayrshire's most highly pressured housing market. The site is surrounded by existing residential developments and will be designed to link seamlessly with these. The project will provide a mix of general needs, wheelchair accessible and amenity properties. A sheltered housing complex with a community hub will also be developed as part of the project. The central location is within walking distance to the beach and town centre, where a number of shops and restaurants are situated. It is expected that the site will be available for development in September 2018 and will be complete by Spring 2021.

Harbourside, Irvine (NAC) will see the development of 80 new social rented homes. Harbourside is within a high-demand area of Irvine and is just a short walk away from Irvine Beach Park, the town centre, shopping mall and train station. The site will be developed to provide a range of general and specialist needs homes which will meet the diverse needs of a range of tenants. The project is due to be completed by Spring 2021. Decontamination of the site will be required and costs have still to be estimated. The Council will investigate the level of funding required in order to address the contamination on this site and will seek infrastructure funding from the Scottish Government in order to meet this cost.

St Colm's Place, Largs (NAC) will be demolished and re-built as part of the sheltered housing re-provisioning programme. The complex is located in a high demand area and centrally located with good transport links and access to the town centre. The existing accommodation is deemed an unsuitable housing option as it is not easily accessible. The new complex will deliver up to 35 properties providing accessible accommodation for older people. It is expected that work will complete by March 2021.

Caley Court, Stevenston (NAC) is a vacant former sheltered housing complex which is suitable for redevelopment for new supported accommodation, comprising 15 new units.

Former Dalry PS, Dalry (NAC) is part of the former Dalry PS. This site is well located for town centre amenities, and is earmarked for new supported accommodation development. The on-site care provision within the complex could provide 'extra sheltered' facilities to Watt Court in the future.

Former Towerlands PS, Irvine (NAC) has capacity for around 50 new housing units. The indicative mix is mostly general needs housing, with 12 amenity units and 4 wheelchair user unit. The site would offer redevelopment of the vacant former primary school site.

Springbank Farm, Arran (Trust HA) is a 20 unit development by Trust Housing Association on Arran which is due to complete in 2020/21.

Springvale, Saltcoats (NAC) is a regeneration opportunity for a surplus site within the Council's ownership. It provides an opportunity for 16 new housing units, 2 of which will be amenity units, and 4 will be for wheelchair users.

Canal Street, Saltcoats (IHA) is a regeneration opportunity for a vacant site. It has capacity for around 18 units.

Redevelopment Project 8 (NAC) the site has capacity for 80 affordable homes, including 10 amenity units, 10 wheelchair user homes, and 20 sheltered housing units.

St Beya Gardens, Cumbrae (NAC) is Phase 2 of the successful St Beya Gardens site. The site offers the opportunity to delivery housing for older people on Cumbrae, and will comprise 10 amenity homes, and 5 wheelchair user homes.

Lawhill Farm, West Kilbride (TBC) is zoned for affordable housing in the Local Development Plan however is difficult to access and would incur significant infrastructure costs to create a new road to access the site. The site is located in a town which historically is bereft of social housing opportunities and where there is a good level of demand for flatted accommodation. Further work requires to be done to explore how this site can be delivered economically. The infrastructure fund will be considered as a possible solution to allowing access to this site.

STRATEGIC HOUSING INVESTMENT PLAN 2018/19-2022/23

Table 1 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 1-5 2018/19-2022/23

LOCAL AUTHORITY: North Ayrshire Council

PROJECT	SUB-AREA	PRIORITY Low/Medium/High	GEOGRAPHIC COORDINATES (X:EASTING Y:NORTHING)	GEOGRAPHIC CODE	DEVELOPER	Social Rent	Mid Market Rent	LCHO-Shared Equity	LCHO-Shared Ownership	LCHO-Improvement for Sale	PSR	Total Units	Rehab	Off the Shelf	NB	Total Units	GN	Specialist Provision	Type of Specialist Particular Need (If Known)	Total Units by Type	Greener Standards Y or N	Approval Date Financial Year	Pre 2018/19	Site Start 2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL SITE STARTS	Compl 2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL COMPLETIONS	SG 2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL AHSP FUNDING
Ardrossan Harbour (Phase 1)	3T	High	X: 223082 Y: 642698	5	Cunninghame Housing Association	70						70			70	70	54	16	3x W/chair & 13x Amenity	70	Y	2016/17	70						0	complete 2017/18					0						0.000
New Street, Stevenston	3T	High	X: 226772 Y: 641540	5	Cunninghame Housing Association	14						14			14	14		14	Amenity	14	Y	2016/17	14						0	complete 2017/18					0						0.000
Dickson Court, Beith	GV	High	X: 235030 Y: 654062	10	Council	22						22	22			22		22	Sheltered Housing	22	N	2016/17	22						0	22					22	0.975					0.975
Glencairn House, Stevenston	3T	High	X: 226723 Y: 641801	9	Council	28						28		28	28		28	Sheltered Housing	28	Y	2016/17	28						0	complete 2017/18					0						0.000
2nd Hand Buy Backs (Phase 2)	TBA	High	TBA	10	Council	10						10		10		10	10		n/a	10	N	At Comp	10						0	complete 2017/18					0						0.000
Stanley Primary School, Ardrossan	3T	High	X: 223327 Y: 643537	5	Cunninghame Housing Association	28						28		28	28	24	4	2x Amenity & 2x W/chair	28	Y	2016/17	28						0	28					28	0.000					0.000
Victoria Hotel, Largs	NC	High	X: 220241 Y: 659572	5	Cunninghame Housing Association	12						12		12	12		12	Amenity	12	Y	2016/17	12						0	12					12	0.000					0.000
Sharphill, Saltcoats (Phase 3)	3T	High	X: 225343 Y: 643182	5	Cunninghame Housing Association	24						24		24	24	14	10	2x Amenity 8x W/chair	24	Y	2017/18	24						0	24					24	0.580					0.580
67 - 73 Nelson Street, Largs	NC	High	X: 220501 Y: 659647	5	Cunninghame Housing Association	14						14		14	14	7	7	5x Amenity 2x W/chair	14	Y	2017/18	14						0	14					14	0.000					0.000
Canal Court, Saltcoats	3T	High	X: 225125 Y: 641348	9	Council	36						36		36	36		36	Sheltered Housing	36	Y	2016/17	36						0	36					36	0.000					0.000
Dickson Drive, Irvine (Phase 2)	IK	High	X: 232299 Y: 640473	9	Council	24						24		24	24	14	10	3x Amenity & 7x W/chair	24	Y	2016/17	24						0	24					24	0.908					0.908
Watt Court, Dalry	GV	High	X: 229007 Y: 649437	9	Council	33						33		33	33		33	8(+3) Amenity & 22 SH	33	Y	2017/18	33						0	33					33	1.184					1.184
Tarryholme Drive, Irvine	IK	High	X: 232463 Y: 638588	10	Council	20						20	20			20		20	Supported Accomm.	20	N	2017/18	20						0	20					20	0.200					0.200
Weirston (Corsehillhead), Kilwinning	IK	High	X: 231372 Y: 643196	5	Cunninghame Housing Association	72						72		72	72	65	7	5x Amenity & 2x W/chair	72	Y	2016/17	72						0	72					72	0.000					0.000
Connel Court, Kilbirnie	GV	High	X: 231710 Y: 654287	10	Council	17						17	17			17		17	Sheltered Housing	17	N	2017/18		17					17	17					17	0.969					0.969
Ardrossan Harbour (Phase 2)	3T	High	X: 223015 Y: 642580	5	Cunninghame Housing Association	10						10		10	10	2	8	4x Amenity 4x W/chair	10	Y	2018/19		10					10		10				10						
Ardoch Court, Stevenston	3T	High	X: 227387 Y: 640786	5	Cunninghame Housing Association	26						26		26	26	24	2	2x Wheelchair	26	Y	2018/19		26					26		26				26	2.010					2.010
Balnagowan, Skelmorlie	NC	High	X: 219885 Y: 667833	5	Cunninghame Housing Association	28						28		28	28	24	4	Amenity	28	Y	2018/19		28					28		28				28	1.771					1.771
Melvin House, Kilwinning	IK	High	X: 229740 Y: 644203	5	Cunninghame Housing Association	40						40		40	40	36	4	Amenity	40	Y	2018/19		40					40		40				40	1.500	1.590				3.090
Nethermains Road, Kilwinning	IK	High	X: 230464 Y: 642497	5	Cunninghame Housing Association	60						60		60	60	46	14	10x Amenity 4x W/chair	60	Y	TBC					60		60					60	60					4.680	4.680
Sharphill, Saltcoats (Phase 4)	3T	High	X: 225343 Y: 643182	5	Cunninghame Housing Association	80						80		80	80	66	14	12 Amenity 2 Wheelchair	80	Y	TBC					80		80					80	80					4.350	4.350
Friar's Lawn, Kilwinning	IK	High	X: 229881 Y: 643272	10	Council	22						22	22			22		22	Sheltered Housing	22	N	2018/19			22				22		22				22	1.254					1.254
Tarryholme, Irvine (Phase 1)	IK	High	X: 233023 Y: 637910	6	Irvine Housing Association	86						86		86	86	60	26	12x Amenity 14x W/chair	86	Y	2017/18		86					86		86				86	4.875					4.875
Ardrossan Road, Seamill (AHP)	TBA	High	TBA	10	Council	31						31		31	31	22	9	9x Amenity	31	TBC	2016/17		31					31		31				31	1.829					1.829
Dalrymple Place, Irvine	IK	High	X: 232947 Y: 639017	9	Council	32						32		32	32		32	Sheltered Housing	32	Y	2017/18			32				32			32			32	1.888					1.888
Brathwic Terrace, Arran	ARN	High	X: 201898 Y: 635460	9	Council	26						26		26	26	22	4	2x Amenity 2x W/chair	26	Y	2018/19		26					26		26				26	1.534					1.534
Garrier Court, Springside	IK	High	X: 236681 Y: 638709	10	Council	19						19	19			19		19	Sheltered Housing	19	N	2018/19			19				19		19				19	1.083					1.083
Refurbishment Project 7	3T	High	TBA	10	Council	2						2	2			2		2	Wheelchair	2	N	2018/19			2				2		2				2	0.118					0.118
Redevelopment Project 6	3T	High	TBA	9	Council	15						15		15	15		15	11x Amenity 4x W/chair	15	Y	2018/19			15				15			15			15	0.885					0.885
Redevelopment Project 7	IK	High	TBA	9	Council	18						18		18	18	13	5	4 x Amenity 1x Wheelchair	18	Y	2019/20				18			18				18		18			1.062			1.062
St Michael's Wynd, Kilwinning	IK	High	X: 229260 Y: 643070	9	Council	70						70		70	70	32	38	24 SH 10 Supp 2 Amenity 2 W/chair	70	Y	2017/18			70				70			70			70	1.000	2.290				3.290
Flatt Road, Largs (Phase 1)	NC	High	X: 220870 Y: 659464	9	Council	80						80		80	80	12	68	22 Supp Accomm 18 Amenity 28 SH	80	Y	2018/19		80					80			80			80	1.000	3.720				4.720
Flatt Road, Largs (Phase 2)	NC	High	X: 220870 Y: 659464	9	Council	42						42		42	42	42		n/a	42	Y	2018/19			42				42			42			42			2.478			2.478
Harbourside, Irvine	IK	High	X: 230545 Y: 638096	9	Council	80						80		80	80	71	9	6x Amenity 3x Wheelchair	80	Y	2019/20		80					80			80			80	2.360	2.360				4.720
St Colm's Place, Largs	NC	High	X: 220370 Y: 659565	9	Council	35						35		35	35		35	Sheltered Housing	35	Y	2019/20			35				35			35			35			2.065			2.065
Caley Court, Stevenston	3T	High	X: 226725 Y: 641478	9	Council	15						15		15	15		15	Supported Accomm.	15	Y	2021/22			15				15				15		15				0.885		0.885
Former Dairy PS, Dalry	GV	High	X: 229007 Y: 649437	9	Council	15						15		15	15		15	Supported Accomm.	15	Y	2021/22			15				15				15		15				0.885		0.885

Site	Area	Priority	Grid Ref	Geo	Developer	Total						Total			SR	MMR	1P	2P	Amenity	Units	Compliant	Timeframe							Total						Total						Total	Cost	Cost	Cost	Cost	Cost	Total Cost
Towerlands Primary School, Irvine	IK	High	X: 232773 Y: 652754	9	Council	50						50			50	50	34	16	12 Amenity 4 Wheelchair	50	Y	2019/20		50				50			50			50		1.000	1.950			2.950
Springbank Farm, Arran	ARN	High	X: 202068 Y: 635715	5	Trust Housing Association	20						20			20	20	20		n/a	20	Y	2019/20			20			20			20			20			1.580			1.580
Springvale, Saltcoats	3T	High	X: 224596 Y: 641591	9	Council	16						16			16	16	10	6	2x Amenity 4x w/chair	16	Y	2020/21			16			16				16		16				0.944		0.944
Empty Homes Buy Backs (Phase 2)	TBA	High	TBA	10	Council	10					10		10	10		n/a	10	N	At Comp	2	2	2	2	2	10	2	2	2	2	2	10	0.080	0.080	0.080	0.080	0.080	0.400
Additional Site TBA	TBA	High	TBA	9	Council	27						27			27	27	21	6	4x Amenity 2x Wheelchair	27	Y	2019/20			27			27			27			27			1.593			1.593
Canal Street, Saltcoats	3T	High	X: 225378 Y: 641469	5	Irvine Housing Association	18						18			18	18	18		n/a	18	Y	2019/20				18		18				18		18				1.422		1.422
Redevelopment Project 8	3T	High	TBA	9	Council	80						80			80	80	40	40	10 Amenity 10 W/chair 20 SH	80	Y	2019/20			80			80			80			80			4.720			4.720
St. Beya Gardens, Cumbrae	NC	High	X: 216954 Y: 655538	9	Council	15						15			15	15		15	10 Amenity 5 Wheelchair	15	Y	2019/20			15			15				15		15				0.885		0.885
Tarryholme, Irvine (Phase 2)	IK	High	X: 233023 Y: 637910	5	Irvine Housing Association	109						109			109	109	80	29	20x Amenity 9x W/chair	109	Y	2019/20		109				109				109		109		0.500	5.450			5.950
Lawhill Farm, West Kilbride	NC	High	X: 221236 Y: 647985	5	TBC	64						64			64	64	64		n/a	64	Y	2020/21				64		64					64	64				2.000	3.056	5.056
2nd Hand Buy Backs (Phase 3)	TBA	High	TBA	10	Council	20					20		20	20		n/a	20	N	At comp	4	4	4	4	4	20	4	4	4	4	4	20	0.160	0.160	0.160	0.160	0.160	0.800
Total						1685	0	0	0	0	0	1685	102	71	1512	1685	977	708	0	1685				430	367	247	228	6	1278	308	296	457	292	210	1563	16.212	19.001	20.006	13.043	12.326	80.588

Drop Down Table Values	
Numerical Value	**Geographic Code**
1	West Highland/Island Authorities/Remote/Rural Argyll -RSL - SR - Greener — RSL - SR - Greener
2	West Highland/Island Authorities/Remote/Rural Argyll — RSL - SR - Other
3	Other Rural — RSL - SR - Greener
4	Other Rural — RSL - SR - Other
5	City and Urban — RSL - SR - Greener
6	City and Urban — RSL - SR - Other
7	All — RSL - Mid-Market Rent - Greener
8	All — RSL - Mid-Market Rent - Other
9	All — Council - SR - Greener
10	All — Council -SR - Other

Further Development Opportunities

Bank Street, Irvine	IK				IHA	14							TBC																								
Affordable Housing Policy Site 2	IK				NAC								TBC																								
Afton Court, Stevenston	3T				NAC								TBC																								
2nd Hand Buy Backs	TBA				NAC								TBC																								
Five Roads, Kilwinning	IK				ANCHO								TBC																								
Redburn Place, Irvine	IK				ANCHO								TBC																								

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STRATEGIC HOUSING INVESTMENT PLAN 2018/19-2022/23

Table 2 - POTENTIAL HIF AFFORDABLE HOUSING PROJECTS WHICH MAY BE DEVELOPED FOLLOWING HIF INVESTMENT

LOCAL AUTHORITY: North Ayrshire Council

PROJECT	SUB-AREA	PRIORITY Low / Medium / High	GEOGRAPHIC COORDINATES (X:EASTING Y:NORTHING)	GEOGRAPHIC CODE (Numeric Value - from Drop Down Table Below)	DEVELOPER	UNITS - TENURE Social Rent	Mid Market Rent	LCHO - Shared Equity	LCHO - Shared Ownership	LCHO - Improvement for Sale	PSR	Total Units	UNITS - BUILT FORM Rehab	Off the Shelf	NB	Total Units	GN	UNITS - TYPE Specialist Provision	Type of Specialist Particular Need (If Known)	Total Units by Type	GREENER STANDARDS Enter Y or N	APPROVAL DATE Financial Year (Estimated or Actual)	UNIT SITE STARTS 2018/19	2019/20	2020/21	POST 2020/21	TOTAL SITE STARTS OVER PERIOD	UNITS - COMPLETIONS 2018/19	2019/20	2020/21	POST 2020/21	TOTAL COMPLETIONS OVER PERIOD	SG AHSP FUNDING REQUIREMENT (£0.000M) 2018/19	2019/20	2020/21	POST 2020/21	TOTAL AHSP FUNDING REQUIRED OVER SHIP PERIOD
Harbourside, Irvine	IK	High	X: 230545 Y: 638096	9	Council	80						80			80	80	71	9	6x Amenity 3x Wheelchair	80	Y	2019/20	80				80			80		80		2.360	2.360		4.720
Lawhill Farm, West Kilbride	NC	High	X: 221236 Y: 647985	5	TBC	64						64			64	64	64			64	Y	2020/21			64		64				64	64				5.056	5.056
Brathwic Terrace, Arran	ARN	High	X: 201898 Y: 635460	9	Council	26						26			26	26	22	4	2x SH 2x Amenity	26	Y	2019/20	26				26	26				26					0.000
Redevelopment Project 8	3T	High	X: 222857 Y: 642662	9	Council	80						80			80	80	40	40	10 Amenity 10 Wchair 20 SH	80	Y	2019/20			80		80			80		80			0.820	3.900	4.720
St Beya Gardens, Cumbrae	NC	High	X: 216954 Y: 655538	9	Council	15						15			15	15		15	10 Amenity 5 Wheelchair	15	Y	2019/20			15		15			15		15				0.885	0.885
Total						265	0	0	0	0	0	265	0	0	265	265	197	68		265			106	0	159	0	265	0	26	80	159	265	0.000	2.360	3.180	9.841	15.381

Drop Down Table Values

Numerical Value	Geographic Code	
1	West Highland/Island Authorities/Remote/Rural Argyll -RSL -	RSL - SR - Greener
2	West Highland/Island Authorities/Remote/Rural Argyll	RSL - SR - Other
3	Other Rural	RSL - SR - Greener
4	Other Rural	RSL - SR - Other
5	City and Urban	RSL - SR - Greener
6	City and Urban	RSL - SR - Other
7	All	RSL - Mid-Market Rent - Greener
8	All	RSL - Mid-Market Rent - Other
9	All	Council - SR - Greener
10	All	Council -SR - Other

MORE HOMES DIVISION

STRATEGIC HOUSING INVESTMENT PLAN 2018/19-2022/23

LOCAL AUTHORITY: North Ayrshire Council

TABLE 3.1: COUNCIL TAX ON SECOND AND EMPTY HOMES(£0.000M)

	TAX RAISED OR IN HAND	TAX USED TO SUPPORT AFFORDABLE HOUSING	TAX CARRIED FORWARD TO SUBSEQUENT YEARS
PRE - 2015/16	2.727		
2015/16	0.909	0.150	3.486
2016/17	1.151	0.308	4.329

TABLE 3.2: DEVELOPER CONTRIBUTIONS (£0.000M)

	SUMS			UNITS		
	RAISED OR IN HAND	USED TO ASSIST HOUSING	SUM CARRIED FORWARD TO SUBSEQUENT YEARS	AFFORDABLE UNITS FULLY FUNDED FROM CONTRIBUTIONS	UNITS PARTIALLY ASSISTED FROM CONTRIBUTIONS	UNITS TOTAL
PRE - 2015/16						
2015/16			0.000			0
2016/17			0.000			0

Note: These tables are used to capture financial information. Details of how this has been used to fund/assist affordable housing should be contained in the text of the SHIP as described in the guidance.

NORTH AYRSHIRE COUNCIL

Agenda Item 12

26 September 2017

Cabinet

Title:	**Burial and Cremation (Scotland) Act 2016 and the North Ayrshire Bereavements Charter**
Purpose:	To update the Cabinet on the Burial and Cremation (Scotland) Act 2016 and the actions taken to develop a North Ayrshire Bereavements Charter.
Recommendation:	Cabinet is requested to: (1) note the implications from the Burial and Cremation (Scotland) Act 2016; (2) note that the Bereavement Group and Working Group will continue to consider the implications of the new Act and develop arrangements as appropriate to ensure compliance; (3) agree to receive further progress reports on the Act when appropriate to do so; and (4) agree a Bereavements Charter designed to ensure service excellence in Bereavement Services across North Ayrshire.

1. Executive Summary

1.1 The Burial and Cremation (Scotland) Act 2016 was passed by the Scottish Parliament on 22 March 2016 and received Royal Assent on 28 April 2016.

1.2 The purpose of the Act is to provide a modern, comprehensive legislative framework for burial and cremation. The Scottish Government's Policy Memorandum outlined that existing legislation dated back over 100 years and was increasingly unable to meet the needs of modern society.

1.3 The Act consists of seven parts covering burial, cremation, arrangements, inspection, funeral directors, miscellaneous (including licensing, codes of practice & regulations) and general issues. Many of the Act's provisions are rooted in recommendations made by various review groups, particularly the Infant Cremation Commission and the Burial & Cremation Review Group.

1.4   As well as the new Act, North Ayrshire Council and its key partners - funeral directors and clergy - has developed a Bereavement Charter to improve service delivery and provide a framework of standards for the bereaved in North Ayrshire. This Charter will form the basis of the ongoing partnership arrangements designed to provide service excellence.

2.   Background

North Ayrshire Burial Grounds and Crematorium

2.1   North Ayrshire Council has a statutory obligation under the Burial and Cremation (Scotland) Act 2016 to provide a burial ground within the area of the local authority.

2.2   North Ayrshire has 44 Burial Grounds of which 18 remain operational with 26 no longer available for new lairs. The Council looks after its burial grounds through grounds maintenance and repairs to walls, paths and infrastructure. The service manages approximately 750 burials per year of which, on average, half require new lairs.

2.3   North Ayrshire Council doesn't own or operate any crematoriums. The crematorium at Holmsford Bridge is privately owned and operated as is the case with the new crematorium being built between Largs and Kilbirnie adjacent to the A760. The new crematorium is due to open April 2018.

North Ayrshire Bereavement Charter

2.4   Following concerns raised in the local press around the Burials process in North Ayrshire over the Festive period in 2016/17, it was decided to set up a Bereavement Working Group. The group consists of the Council's Bereavement Team, Registration Services, Elected Members, Funeral Directors and Clergy. The objective of the group is to ensure service excellence in the burial process across North Ayrshire though collaboration, developing more effective working practices and better communication.

2.5   The Bereavement Group has held two meetings and agreed to establish a smaller Working Group to develop a Bereavement Charter to outline the service standards bereaved families requiring a burial would receive in North Ayrshire. The group also discussed the current process from death registration until burial. A Funeral Director suggested a new procedure be considered for the processing of Certificates of Registration of Death, which would improve service delivery timescales. This was piloted and has proved successful in helping to reducing waiting times.

2.6 The main concerns expressed after the Festive Period of 2016/17 were particularly in relation to timescales between registering a death and the burial taking place. Shortly thereafter, mechanisms and operational arrangements were put in place within the Bereavement Service to ensure a maximum of 5 working days from receiving a Funeral Director request to day of burial. The current timescale from Funeral Director contact to burial time is within 5 working days and has been since February 2017. For most of this period the timescale has fluctuated between 3 working days and 4 working days.

2.7 A North Ayrshire Bereavement Charter has been developed with all parties included in the process - Bereavement Services, Registration Services, Funeral Directors, Clergy and Celebrants. It is intended that each partner be invited to voluntarily sign up to its proposals.

2.8 The Charter includes the following five commitments:

- Registration Services to offer an appointment within 48 hours and offer an out of hours service over the Festive Period.
- Bereavement Services to offer a date for the burial within 5 working days of receipt of paperwork. Note: Families can still request a burial out-with the 5 day timescale.
- Funeral Directors to ensure paperwork is accurate and notify any changes to Bereavement Services at least 2 working days prior to the burial.
- Funeral Directors, Clergy & Celebrants to ensure good timekeeping when arriving at cemeteries/graveyards.
- Bereavement Services to consider new technological solutions to improve service delivery.

2.9 The Bereavements Charter, if agreed would be launched in late 2017 and would be publicised a on the Council's website and at appropriate Council buildings. Funeral Directors and Clergy will also be invited to publicise the Charter in their offices, parlours, websites and places of worship.

2.10 The Bereavement Group will continue to meet on a Quarterly Basis. The Working Group will also continue to meet on a regular basis, it is currently researching funeral poverty including the opportunities and help available to tackle this problem.

Burial and Cremation (Scotland) Act 2016

2.11 The law on burial was previously set out in the Burial Grounds (Scotland) Act 1855 and has not been substantially revised since the 19th century. The law on cremation was set out in the Cremation Act 1902 and was subsequently amended in 1935.

2.12 The Infant Cremation Commission was established by Scottish Ministers in April 2013 in response to historical practices at some crematoriums in Scotland in relation to the cremation of babies. The Infant Cremation Commission report made a number of recommendations to improve practice many of which are given effect in the Act.

2.13 The Burial and Cremation Review Group was established in 2005 and made recommendations to support the sustainability of burial, many of which are being taken forward in this Act. Recommendations ranged from improving burial authorities' ability to manage burial grounds through to ways to support the on-going supply of burial space.

2.14 There are currently no particular legal or educational requirements to operate as a funeral director. Industry bodies impose particular standards on their members, but not all funeral directors are members of a professional body. The Act contains provisions which allow the Scottish Ministers to introduce a licensing scheme for funeral directors.

2.15 The Act itself consists of seven parts covering burial, cremation, arrangements, inspection, funeral directors, miscellaneous issues (including licensing, codes of practice and regulation) and general issues. Many of the Bill's provisions are rooted in recommendations made by various review groups, particularly the Infant Cremation Commission and the Burial and Cremation Review Group.

Timescale for implementation

2.16 Different parts of the 2016 Act will be commenced at different times. Where Regulations are to be made, they will be designed in collaboration with stakeholders and will be subject to public and stakeholder consultation. The timescales below are high level and indicative only.

- Initial focus on pregnancy loss and cremation, including the commencement of Part 3 of the 2016 Act (Arrangements)
- Draft regulations for consultation
- Public consultation
- Submit regulations to parliament
- New powers for inspector of crematoria

2018

- Focus on burial application process, private burial and exhumation
- Lair restoration to use
- Burial ground management regulations

2019 and beyond

- Regulation of funeral directors
- Recruitment of inspector of burial

2.17 The main proposals for each of the seven parts of the Act are as follows:

Part 1: Burial

2.18 This part of the Act covers burial grounds, private burial, offences, exhumation and the restoration of lairs to use.

Much of this section is updated from the Burial Ground Act 1855 however there is new powers regarding restoration to use of a lair if:

- The lair is in poor state of maintenance and repair with no indication any person is taking an interest in the lair;
- There has not been a burial in the relevant period; or
- It may be practicable for the authority to restore the lair by extinguishing the right-holder's right of burial and making the lair available for burials.

The relevant period is defined as:

- Where there are human remains, a period of 100 years from the date of the last burial, or:
- Where the lair does not contain any human remains, a period of 50 years from the date the lair was sold.

The Act also covers the notification procedure to be adhered to should the authority wish to invoke its powers to restore a lair. The right holder can object to this and this is covered at Section 39 of the Act.

The re-use of lairs is clearly of interest to the Council given the pressure facing the Council on burial space. This is subject to national consultation which is planned to be held in 2018.

Part 2: Cremation

2.19   Cremation has been in the spotlight following the baby ashes issue at Mortonhall, Edinburgh. The Infant Cremation Commission was established in 2013 to deal with these issues and the main recommendations from this are contained within the Act. The Act covers issues such as the handling of ashes, keeping a cremation register and developing a code of practice for cremation authority.

Part 3: Arrangements

2.20   Part 3 of the Act covers:

- Arrangements for the death of an adult or child;
- Pregnancy loss after 24 weeks;
- Pregnancy loss on or before 24 weeks; and
- Local Authority function in the event that a person dies or is found dead in a local authority area and it appears that no arrangements have been made or are being made for the remains to be buried or cremated.

Part 4: Inspection

2.21   The Act allows for the Scottish Ministers to appoint an inspector of burial, cremation and funeral directors and they will have power of entry. The inspectors must also publish an annual report on burial, cremation and funeral directors.

Inspector of Crematoria

2.22   The Inspector of Crematoria, Robert Swanson, was appointed in April 2015 under the Cremation Regulations 1935, as a response to a recommendation made by the Infant Cremation Commission. The appointment was initially on a part-time basis however has now been elevated to a full time post due to the commitments and workload. The Inspector has completed his initial formal inspections of Scotland's crematoriums, and has submitted his report to Scottish Ministers.

<u>Inspector of Funeral Directors</u>

2.23   In December 2016, section 89 (Appointment of Inspectors) of the Burial and Cremation (Scotland) Act 2016 was enacted. This enabled Scottish Ministers to recruit an Inspector of Funeral Directors. The post was advertised at the end of 2016 and Ministers have now appointed Natalie McKail to be Scotland's first Inspector of Funeral Directors. She will spend the first 18 months of her two year appointment undertaking a review of the funeral profession, with a view to making recommendations to Scottish Ministers on how the profession should be regulated, including whether to introduce licensing.

<u>Inspector of Burials</u>

2.24   It is intended that an Inspector of Burial will be recruited in due course however this is not in the immediate plans.

<u>Part 5: Funeral Directors</u>

2.25   The Act allows for the Scottish Minsters to introduce a licensing scheme for funeral directors' businesses and for the introduction of a code of practice for funeral directors. The newly appointed Inspector of Funeral Directors will advise the Scottish Government on this matter.

<u>Part 6: Miscellaneous</u>

2.26   Scottish Ministers may publish guidance on the costs associated with making arrangements for a funeral. The guidance may in particular cover the desirability of such costs being affordable and will consult with burial authorities, cremation authorities, funeral directors and other interested parties prior to issuing such guidance.

<u>Part 7: General</u>

2.27   This covers the implementation and operation of the Act including the consultation requirements, parliamentary procedure, interpretations and repeals.

2.28   The Bereavement Group and Working Group established to review and improve Bereavement Services will consider and develop proposals to ensure compliance with the Burials and Cremation (Scotland) Act 2016 as appropriate.

3. Proposals

3.1 It is proposed that Cabinet: (1) note the implications from the Burial and Cremation (Scotland) Act 2016; (2) note that the Bereavement Group and Working Group will continue to consider the implications of the new Act and develop arrangements as appropriate to ensure compliance; (3) agree to receive further progress reports on the Act when appropriate to do so; and (4) agree a Bereavements Charter designed to ensure service excellence in Bereavement Services across North Ayrshire.

4. Implications

Financial:	None.
Human Resources:	None.
Legal:	The Burial and Cremation (Scotland) Act 2016 replaces the Burial Grounds (Scotland) Act 1855 and the Cremation Act 1902 which will be repealed.
Equality:	The Bereavements Working Group is reviewing options in respect of affordable funeral packages which will help tackle funeral poverty issues.
Environmental & Sustainability:	The restoration of new lairs may help with capacity issues and increase the life span of individual cemeteries.
Key Priorities:	Commitments from the Bereavements Working Group will ensure improved service delivery for the residents of North Ayrshire by operating more efficiently and effectively.
Community Benefits:	None.

5.   Consultation

5.1   Consultation was undertaken with Registration Services, Elected Members, Funeral Directors and Clergy on the development of the North Ayrshire Bereavements Charter.

CRAIG HATTON
Executive Director (Place)

Reference : TR/RM/JA
For further information please contact Thomas Reaney, Senior Manager Streetscene on 01294 324890

Background Papers
None

NORTH AYRSHIRE COUNCIL

Agenda Item 13

26 September 2017

Cabinet

Title:	**Demolition of Shelter within Douglas Park, Largs.**
Purpose:	To seek approval for the demolition of the shelter and former public toilets within Douglas Park, Largs.
Recommendation:	That members agree (i) subject to the consideration of views arising from the community drop-in session on 22nd September the demolition of the Douglas Park shelter and former public toilets which is held within the Largs Common Good; and (ii) the Largs Common Good are liable for the demolition cost.

1. Executive Summary

1.1 Due to significant vandalism and anti-social behaviour issues, Property Management and Investment have developed proposals for the demolition of the shelter and former public toilets within Douglas Park, Largs.

1.2 The property falls within the Largs Common Good, therefore, Cabinet require to approve the demolition and funding of the works from the Common Good fund.

2. Background

2.1 The shelter and former public toilets located within Douglas Park, Largs, have become a target for vandalism and anti-social behaviour.

2.2 The building is also in a poor state of repair, with the condition rapidly deteriorating as the level of vandalism increases. This has included fire-razing. Further arson could present a serious risk to health and safety.

2.3 Following representation from local Elected Members and Police Scotland, Property Management and Investment (PMI) have inspected the property and recommended the only viable solution to the problem is to demolish the building.

2.4   Consultation with the Ward Members,   Police Scotland, the Community Council, Largs Organic Growers and the Fairlie Growers, who have a current Community Asset Transfer Application in process in relation to the park, have confirmed their agreement with this approach. Fairlie Growers, having considered the poor state of the building have confirmed that they are not interested in having the shelter transferred to them.

2.5   A further community drop-in event is planned for 22nd September at which future plans for the parks will be outlined including demolition of the shelter. A verbal update will be provided to Cabinet.

2.6   To minimise potential for any further anti-social behaviour and vandalism and to mitigate the risk to health and safety, proposals for the demolition have been progressed.

2.7   The shelter itself falls within the Largs Common Good and therefore is necessary to seek member approval for the demolition.

2.8   It is also necessary for cabinet to approve the costs of the works to be funded from the Common Good, the cost is estimated to be in the order of £11,000.

3.   Proposals

3.1   It is proposed that members agree (i) subject to the consideration of any views arising from the community consultation event on 22nd September the demolition of the Douglas Park shelter and former public toilets which is held within the Largs Common Good; and (ii) that the Largs Common Good are liable for the demolition cost.

4.   Implications

Financial:	The Largs Common Good fund will be liable for the cost of the demolition and making good of the site. This is estimated to be in the order of £11,000
Human Resources:	There are no Human Resource implications as a result of this report.
Legal:	Demolition of the shelter does not comprise a disposal of the common good asset, nor does the property fall into the category of 'inalienable' common good proprieties. The underlying use as a park will also remain the same accordingly no court or other consent is required to the disposal.
Equality:	There are no equality implications as a result of this report.
Environmental & Sustainability:	There are no Environmental and Sustainability implications as a result of this report.
Key Priorities:	Demolition of the property helps us to deliver our strategic priority of 'supporting all of our people to stay safe, healthy and active'.
Community Benefits:	There are no Community Benefit implications as a result of this report.

5.   Consultation

5.1   Consultation has taken place with local Elected Members, Largs Community Council, Police Scotland, Largs Organic Growers and Fairlie Growers.

CRAIG HATTON
Executive Director (Place)

Reference : CH/LC
For further information please contact Laurence Cree, Senior Manager
(Property Management & Investment) on 01294 324463

Background Papers
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NORTH AYRSHIRE COUNCIL

Agenda Item 14

26 September 2017

Cabinet

Title:	**Memorandum of Understanding with Scottish Water regarding responsibilities for the provision of surface water drainage from new housing developments.**
Purpose:	To seek Cabinet agreement to sign up to the Memorandum of Understanding regarding the provision of surface water drainage from new housing developments.
Recommendation:	That Cabinet agrees (a) to note the requirement for Local Authorities to enter into an agreement with Scottish Water under Section 7 of the Sewerage (Scotland) 1968, (b) agrees to the Council signing the agreement and (c) agrees to recover the additional maintenance burden imposed on the Council through the imposition of factoring arrangements on new developments through the Road Construction Consent process.

1. Executive Summary

1.1 The proposed Memorandum of Understanding regarding the provision of surface water drainage from new developments sets out the general terms of an agreement between the Council and Scottish Water for surface water drainage within new developments. A copy of the Memorandum of Understanding is attached as Appendix 1.

1.2 The connection of roads drainage to public sewers is discretionary and is subject to an agreement with Scottish Water under Section 7 of the Sewerage (Scotland) Act. Up until 1996 roads and sewerage authorities were the same bodies and as such section 7 agreements were not needed.

1.3   The introduction of Sustainable Urban Drainage (SUDs) systems has introduced the need for additional drainage features such as swales, detention basins and ponds, for both the treatment and attenuation of surface water. These additional features have introduced additional maintenance costs and the purpose of the Section 7 agreement is to ensure an environmentally-friendly surface water drainage system is provided for new developments which will be taken over by a public body with maintenance responsibilities shared between Scottish Water and Roads authorities.

1.4   The Roads Construction Consent (RCC) process which is in place to oversee the technical approval of the design, engineering and safety standards of proposed roads and which includes the road make up, street lighting, any structures and road drainage can be utilised to transfer the burden imposed on the Council Roads authority through the imposition of factoring arrangements on new developments.

2.   Background

2.1   The Sewerage (Scotland) Act 1968 as amended requires Scottish Water to effectively drain its area of domestic sewage, surface water runoff from roofs and paved areas within the curtilage of premises, and trade effluent. Scottish Water has no duty to drain roads, footpaths and footways out with the curtilage of premises or to drain groundwater or accept land drainage connections.

2.2   Where Scottish Water agrees to drain road water into their surface water system, the Road's authority should enter into an agreement under Section 7 of the Sewerage (Scotland) Act 1968. This agreement should specify the terms and conditions agreed between both parties for the provision, management and future maintenance of the system. Currently there is no formalised agreement in place. Each new development is currently considered on a case by case basis and involves discussion between Planning, Roads and Scottish Water to agree drainage arrangements and responsibilities. This has generally involved the resulting Roads authority burden responsibilities for any SUDs systems maintenance such as grass cutting and grounds maintenance being passed to Factor agents for each development. Scottish Water have now requested that a formalised Section 7 agreement be established and put in place to clearly define Scottish Water and Roads authority responsibilities.

2.3   A Section 7 agreement is intended to provide confidence to both parties that the activities carried out by one do not adversely affect the assets belonging to the other by including a requirement to provide the necessary treatment and attenuation for each of their respected drainage activities.

2.4   The agreement is also intended to establish who is responsible for maintaining the various elements of the drainage infrastructure built as part of SUDs. SUDs are mandatory through the planning process and are applied to all new development sites.

2.5   The main purpose of a Section 7 agreement is to avoid situations whereby there are separate drainage systems provided for road run-off and curtilage drainage of buildings (e.g. roofs and driveways).

2.6   If the Council were to choose not to enter into a Section 7 agreement then separate road and curtilage surface water systems would be required for future new development sites. This would result in additional construction costs for developers and the Council and Scottish Water incurring the maintenance costs associated with separate systems.

2.7   The Scottish Government require Scottish Water and Roads authorities to make the most cost effective arrangements for draining new development sites and in particular to avoid separate surface water systems for roads and curtilage drainage.

2.8   Representatives from Scottish Water and The Society of Chief Officers of Transportation in Scotland (SCOTS) supported by the Scottish Government, have worked in partnership to develop a framework that enables shared sustainable drainage systems to treat and convey road and curtilage surface water. The framework is in the form of a Memorandum of Understanding which outlines the principles of working together to minimise costs to roads authorities, Scottish Water and developers. Under these principles the surface water drained from roads will be accommodated within a shared system, with the maintenance responsibilities shared between the Scottish Water and the Road's authority.

2.9   A sub group was also set up to consider the maintenance costs and provide guidance on an equitable split of the maintenance responsibilities for the shared system. It was recommended that Sottish Water be responsible for maintaining the part of the shared drainage system that lies below ground and that roads authorities be responsible for the shared drainage system that lies above ground – including the SUDs. Scottish Water will also be responsible for the renewal of the shared system at the end of its life.

2.10 As an example of respective maintenance responsibilities, Scottish Water would be responsible for desilting, clearing of blockages and repairs to underground pipe work of the shared drainage system. Roads authorities would be responsible for the above ground day to day maintenance such as grass cutting, litter picking, vegetation management and fencing/signage if applicable. Each authority would retain responsibility for those parts of the drainage infrastructure lying out with the shared system. For example Roads authorities would retain responsibility for gullies and drains that exclusively drain the road.

2.11 A Whole Life Cost spreadsheet is attached at Appendix 2. This is an example scenario consisting of a swale, pond, and basin over a 25-year lifespan. In the example maintenance task costs have been extracted using Construction Industry Research and Information Association (CIRIA) standard rates and suggested maintenance frequencies. Roads authorities will incur higher frequency, smaller value costs over the life of the asset. Scottish Water will incur lower frequency higher cost activities including asset renewal. Scottish Water will also be responsible, as system owner, for any liabilities in relation to licensed activities under SEPA.

2.12 A shared surface water drainage system is the most cost effective solution for draining new developments. A separate road drainage system would be more expensive to Roads authorities over the whole life of the asset. In order to offset the additional day to day routine maintenance requirements associated with above ground shared drainage systems a condition imposing factoring arrangements could be imposed on developers as part of the Road Construction Consent Process (RCC).

2.13 Prior to the construction of a road within a new development the developer requires to obtain both planning permission and road construction consent. The RCC is a technical approval of the design, engineering and safety standards of the proposed road and this includes the road make up, street lighting, any structures and road drainage.

2.14 Planning have been consulted and advised that they would not condition a requirement on the developer to maintain SUDs through the planning process and that this would be a matter for the Roads authority through the RCC process. This has already been established on a case by case basis with Roads authority burden for responsibilities for SUDs maintenance being passed onto Factors for each development. Legal have been consulted and have advised that they consider it is reasonable to impose a condition on the developer to introduce factoring arrangements for the routine maintenance of SUDs through the RCC process as the maintenance requirement is a direct consequence of the development.

3. Proposals

3.1 It is proposed that Cabinet agrees (a) to note the requirement for Local Authorities to enter into an agreement with Scottish Water under Section 7 of the Sewerage (Scotland) 1968, (b) agrees to the Council signing the agreement and (c) agrees to recover the additional maintenance burden imposed on the Council through the imposition of factoring arrangements on new developments through the Road Construction Consent process.

4. Implications

Financial:	The maintenance of the above ground drainage features will impose an additional maintenance cost on the Council. The cost of this will vary for each new development and will depend on the scale of the above ground drainage features. The additional costs will be offset by the introduction of conditions through the RCC process requiring the Developer to arrange maintenance through a Factor.
Human Resources:	There are no human resource implications.
Legal:	It is a requirement of Section 7 of the Sewerage (Scotland) Act 1968 that Roads authorities enter an agreement with Scottish Water for the conveyance of road surface water in the surface water sewer.
Equality:	There are no equality implications.
Environmental & Sustainability:	Sustainable drainage enhances and protects the natural environment as road water is treated and attenuated before it enters either the sewage system or the watercourse.
Key Priorities:	Sustainable drainage systems protect and enhance our environment for future generations.
Community Benefits:	There are no Community Benefit implications.

5.   Consultation

5.1   Economy and Communities and Legal Services have been consulted regarding this proposal.

CRAIG HATTON
Executive Director (Place)

Reference : CD/HW
For further information please contact Campbell Dempster, Team Manager (Network Management) on 01294 324845

Background Papers
None.

Appendix 1

Memorandum of Understanding regarding the provision of surface water drainage from housing developments

1. When proposals are received from a developer of a new housing development to which the Security for Private Road Works (Scotland) Regulations 1985 apply to incorporate into the development as part of its overall drainage design a section which carries surface water from both the curtilage of houses and other buildings within the development and the roads serving the development (this section being the 'shared drainage system"), the authorities responsible for drainage (SW), roads (RA) and flood risk management (FRM) at the development will work together to agree the technical aspects of the shared drainage system to ensure it meets the requirements of each of the authorities involved, liaising with other authorities with statutory responsibility in relation to the development as required.

2. The approvals given to the developer to allow the developer to proceed will include conditions to ensure the shared drainage system (1) is constructed to the agreed technical standards, and (2) can vest in SW on its completion independently from the remainder of the drainage system of which it forms a part.

3. Subject to any change in law over the period in question, the technical standards will not be revised over the period of time given to the developer to complete the development. If the developer seeks an extension to the timescale for completion, RA will liaise with SW and FRM on the proposal, and the three authorities will agree any revised technical standards to be imposed.

4. Where the development comprises a phase of a larger development, the developer must include a stand-alone drainage system in the first phase to be completed, and either an individual stand-alone drainage system or integration by agreement into a completed drainage system for each subsequent phase.

5. RA will take a security to construct the road in accordance with the terms of the relevant construction consent. This will include an amount sufficient to construct the shared drainage system to the agreed standard.

6. The shared drainage system will vest in SW on completion in accordance with agreed standards.

7. In the event of RA being required to construct the road in accordance with the provisions of the 1985 regulations, SW will allow RA access onto land it has acquired to house the shared drainage system to allow RA to complete the infrastructure. As required by the 1985 regulations, RA will adopt the road on completion.

8. SW's vesting process will result in SW being legally responsible for maintaining the shared drainage system. Once vested, SW will maintain that shared drainage system. Where the road is not constructed by RA, RA will adopt the road as and when it is required to do so in accordance with the provisions of section 16(2) of the Roads (Scotland) Act 1984. When the road is adopted by RA, SW and RA will share the cost of maintenance of the shared drainage system on a basis to be agreed. The agreed sharing of costs will be set out in a maintenance agreement under section 7 of the Sewerage (Scotland) Act 1968. RA will become liable for its share of maintenance under the maintenance agreement relating to that road from the date of its adoption of the road.

9. The maintenance agreement will be specific to each development, and be based on a standard framework, as follows –

   9.1 SW will maintain the 'below ground' components of the shared drainage system,

   9.2 RA will maintain the 'above ground' components of the shared drainage system,

   9.3 the 'below ground' and 'above ground' components will be identified on the drawing forming part of the maintenance agreement, and

9.4 SW will meet the cost of renewing the shared drainage system or any part thereof at the end of its life.

10. If a developer proposes to add discharge to an existing shared drainage system, SW, RA and FRM will liaise over the proposal and agree a response.

11. Should damage or an incident be caused by a third party which affects any part of the shared drainage system, SW and RA will co-operate fully and openly in investigating the incident, together with, where necessary, any relevant regulator, and join in seeking to recover the costs of repair from that third party, if both consider that action is reasonable and proportionate.

12. Where a road is stopped up or de-listed, RA will no longer be responsible for its share of the maintenance of any shared drainage system serving that road. If all connections from the curtilage of houses and other buildings into a shared drainage system are removed, SW will no longer be responsible for its share of the maintenance of that shared drainage system.

13. In their dealings with each other and other stakeholders in relation to the application of these principles, SW, RA and FRM will endeavour always to act in a reasonable manner and a spirit of co-operation. In addition, SW and RA will keep under review the terms of any maintenance agreement they enter into, and will endeavour to ensure it always reflects a fair and equitable division of the overall maintenance costs.

14. If a difference of opinion on any issue covered by these principles or a maintenance agreement cannot be resolved through internal escalation procedures agreed between SW and RA, the matter will be referred to the Scottish Ministers for determination, and that determination is final.

15. It is acknowledged these principles will evolve over time to reflect changes in legislation and practice. SW, RA and FRM agree to review these principles from time to time at the instigation of any of the authorities.

November 2016

Appendix 2: Whole life Cost Spreadsheet based on CIRIA guidance.

Total 25 year maintenance profiles

Year	SW - (Backloaded)	RAS	Discount Rate
1	£ 2,241.55	£ 7,343.00	1.035
2	£ 2,165.74	£ 7,094.68	1.071225
3	£ 3,111.05	£ 6,622.96	1.147523001
4	£ 1,953.38	£ 6,399.00	1.187686306
5	£ 1,887.32	£ 6,182.60	1.229255326
6	£ 2,805.99	£ 5,973.53	1.272279263
7	£ 1,761.83	£ 5,771.53	1.316809037
8	£ 1,702.26	£ 5,576.36	1.362897353
9	£ 2,530.84	£ 5,387.78	1.410598761
10	£ 10,493.37	£ 5,205.59	1.459969717
11	£ 1,535.34	£ 5,029.55	1.511068657
12	£ 2,282.67	£ 4,859.47	1.56395606
13	£ 1,433.25	£ 4,695.14	1.618694522
14	£ 1,384.79	£ 4,536.37	1.675348831
15	£ 2,058.84	£ 4,382.96	1.73398604
16	£ 1,292.71	£ 4,234.75	1.794675551
17	£ 1,249.00	£ 4,091.54	1.857489196
18	£ 1,856.96	£ 3,953.18	1.922501317
19	£ 1,165.95	£ 3,819.50	1.989788863
20	£ 7,438.95	£ 3,690.34	2.059431474
21	£ 1,674.87	£ 3,565.54	2.131511575
22	£ 1,051.62	£ 3,444.97	2.20611448
23	£ 1,016.06	£ 3,328.47	2.283328487
24	£ 1,510.63	£ 3,215.92	2.363244984
25	£ 77,350.04	£ 3,107.17	2.445958559

	SW		Roads Authority
TOTALS	£ 134,955.01		£ 121,511.91
£ 256,466.92	53%		47%

Roads Authority Costs

		Freq.	Unit Cost	Annual Cost		Freq.	Unit Cost	Annual Cost
Ponds	Grass Cutting, Collection & Disposal	12	£ 150	£ 1,800	Inspect structures, rip rap, clear out/inlets	12	£ 95	£ 1,140
	Weed Management (general vegetation management)	3	£ 60	£ 180	Inlet Clear and desilt	0.3	£ 500	£ 150
	Litter Picking	52	£ 20	£ 1,040	Inspect Valves	2	£ 10	£ 20
	Aquatic plant management	1	£ 100	£ 100	Repair of inlet/outlet, forebay and berm and planting	0.1	£ 5,000	£ 500
Basins	Grass Cutting, Collection & Disposal	12	£ 150	£ 1,800	Inspect Structures, rip rap, clear out/inlets	12	£ 95	£ 1,140
	Weed Management (general vegetation management)	3	£ 60	£ 180	Inlet Clear and desilt	0.3	£ 500	£ 150
	Litter Picking	52	£ 20	£ 1,040	Inspect Valves	2	£ 10	£ 20
					Repair of inlet/outlet, forebay and berm, planting	0.1	£ 5,000	£ 500
Swales	Swale grass cutting	12	£ 25	£ 300	Silt removal	0.3	£ 250	£ 75
	Weed Management (Wetland ditch vegetation management)	3	£ 40	£ 120	Reinstatement of infiltration surfaces	0.1	£ 3,000	£ 300
	Litter Picking	52	£ 20	£ 1,040				

(Column heading for the right-hand set: **SW Costs**)

	Refurb Cost (50% +O/Head@15%)	Install Cost	Assumption
	CAPEX25	CAPEX1	
Swales	£ 57,500	£ 100,000	(£20m2 - 5000m2)
Pond	£ 71,875	£ 125,000	(£25m3 - 5000m3)
Basin	£ 57,500	£ 100,000	(£20m3 - 5000m3)

NORTH AYRSHIRE COUNCIL

Agenda Item 15

26 September 2017

Cabinet

Title:	**Revenue Budget 2017/18 : Financial Performance to 31 July 2017**
Purpose:	To advise Cabinet of the financial performance for the Council at 31 July 2017.
Recommendation:	That Cabinet agrees to (a) note the information and financial projections outlined in the report; (b) approve the earmarking of £2.608m identified at 2.4 (vi) to meet future year commitments, (c) note the current financial projection for the Health and Social Care Partnership, (d) approve the allocation of £1.4m from the Challenge Fund to mitigate an element of the projected overspend within the HSCP; and (e) approve the virements detailed in Appendix 10.

1. Executive Summary

1.1 The Council's General Fund and Housing Revenue budgets for 2017/18 were approved at a special meeting of the Council held on 1 March 2017.

1.2 As part of the monitoring procedures to keep the Cabinet informed of the financial performance of the Council, financial performance reports are presented on a regular basis. This is the first report for 2017/18 and covers the period to the end of July 2017 (Period 4). Projections of the year-end position have been made. As the year progresses these projections will become more robust.

1.3 At Period 4 the General Fund is forecasting a net in-year underspend of £0.792m (0.2%) after earmarking resources.

1.4 The Housing Revenue Account is forecasting an in-year underspend of £0.276m.

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1.5 The Health and Social Care Partnership is forecasting an overspend of £5.325m as at the end of July 2017. The Council services element of the projected overspend is £2.957m. At its meeting of 14th September the ILB approved its recovery plan for Council Commissioned Services, this included a request for the Council to allocate the final £1.4m of the Challenge Fund to offset current year pressures.

2. Background

General Fund

2.1 The Council has set a break-even budget for 2017/18. In addition to the budget approved on 1 March 2017 earmarked funds of £14.742m have been carried forward from 2016/17 for service expenditure in 2017/18 and are reflected in the figures within the 2017/18 financial performance reports as they are drawn down.

2.2 Current financial projections indicate that a net in-year underspend of £0.792m, net of transfers to reserves, is anticipated for the year to 31 March 2018. This represents 0.2% of the Council's total budget.

2.3 Details of the current financial projections are summarised in the following table:

	Appendix No	Annual Budget £000's	Projection to 31 March 2018 £000's	Projected Variance for year (Fav)/Adv £000's	Note
Service Expenditure					
Chief Executive and Democratic Services	1	3,731	3,721	(10)	
Finance & Corporate Support	2	14,413	14,092	(321)	(i)
Education and Youth Employment	3	111,483	111,181	(302)	(ii)
Place	4	56,638	56,483	(155)	(iii)
Economy and Communities	5	19,070	18,910	(160)	(iv)
Other Corporate Services	6	21,244	21,048	(196)	(v)
Sub Total		226,579	225,435	(1,144)	
Health and Social Care Partnership	7,8	86,839	86,839	-	2.5
Balance for Services		313,418	312,274	(1,144)	
Financing Charges	9	19,351	16,743	(2,608)	(vi)
Total Planned Expenditure		332,769	329,017	(3,752)	
Planned Income					
Aggregate External Finance	9	(271,045)	(271,045)	-	
Council Tax	9	(52,431)	(52,091)	340	(vii)
Use of Change Fund	9	(5)	(5)	-	
Use of Earmarked Funds	9	(9,288)	(9,276)	12	
Total Planned Income		(332,769)	(332,417)	352	
Net Expenditure/ (Income)		-	(3,400)	(3,400)	
Carried Forward Funds		-	2,608	2,608	
Revised Net Expenditure/(Income)		-	(792)	(792)	

2.4 **Commentary on Significant Movements from the Original Budget**

The Council's overall financial forecast against the original budget is a reduction of £0.792m. A brief explanation of the significant movements from the original budget is outlined below.

(i) **Finance and Corporate Support - underspend of £0.321m**
The underspend is primarily related to vacancy management across services.

(ii) **Education and Youth Employment - underspend of £0.302m**
Within Early Years an underspend of £0.290m is related to difficulties in recruiting teaching staff combined with lower than anticipated uptake of service resulting in reduced payments to partner providers. An underspend on HQ posts within Education Other of £0.100m is related to vacancy management and changes in work patterns.

(iii) **Place - underspend of £0.155m**
The underspend in Waste Services of £0.261m is primarily related to increased income due to an increase in the market value of recyclates, which has been partly offset by additional costs related to delays in the implementation of reduced hours at the recycling centres of £0.074m. The underspend within other Housing of £0.068m is primarily related to vacancy management. The underspends have been partly offset by an overspend of £0.165m within Property Costs related to the non achievement of approved savings arising from slippage in the property rationalisation programme.

(iv) **Economy and Communities - underspend of £0.160m**
Within Economic Development the underspend is primarily related to demand led Employer Recruitment Incentives, £0.108m. This is related to committed match funding for two ESF programmes.

(v) **Other Corporate Services - underspend of £0.196m**
The underspend relates to previously identified pressures, related to fuel, utility and pension costs, which are now not anticipated to be fully drawndown. This is partly offset by provision for the payment of the Living Wage from November 2017.

(vi) **Financing Charges - underspend of £2.608m**
Capital Financing charges are forecasting an underspend of £2.608m based on the latest cash flow and interest rate projections. Council on 17 February 2016 approved the establishment of a Loans Fund Reserve to support the capital investment programme. It was anticipated that an underspend of £2.100m would be transferred to the Loans Fund Reserve in line with the Council's Treasury Management and Investment Strategy. An additional £0.508m saving has been secured through a combination of a reduction in the borrowing requirement and the ability to manage this as temporary borrowing rather than permanent borrowing. It is proposed that this underspend is earmarked and transferred to the Loans Fund Reserve in line with the previously agreed policy to support delivery of the capital investment programme.

(vii) **Council Tax - under recovery of £0.340m**
Income from Council Tax is forecast to under recover by £0.340m during 2017/18 due to lower than anticipated Council Tax income for the current year, related to increased discounts and exemptions, combined with reduced recovery from prior years.

Health and Social Care Partnership

2.5 The Health and Social Care Partnership is forecasting an overspend of £5.325m as at the end of July 2017. The Council services element of the projected overspend is £2.957m. The main areas of overspend are:-

- **Community Care and Health - £0.948m overspent**
  The majority of this overspend is linked to increased demand for care home placements (£0.979m) in 2017/18. The 2017/18 budget was for 849 placements, however by May this service had placed 898, which is a combination of placements from 2016/17 and 2017/18. The recovery plan developed includes a managed reduction in the number of placements made available by the service to bring the budget on-line by the end of the year, which requires a waiting list to be operated. There are currently 101 people being waitlisted for services.

- **Children's Services and Criminal Justice - £1.075m overspent**

  Looked After and Accommodated Children continues to experience exceptional demand in 2017/18 which is a continuing trend from 2016/17. Residential Schools (£0.474m) are projecting an overspend relating to increased costs of existing placements due to discharges being later than planned and increased demand for new placements. Some of the projected discharge arrangements have not progressed as planned due to mitigating factors such as changes in family/child situation, complexities and risks as well as external decisions such as Children Hearing System. Fostering (£0.379m) is projecting an overspend based on forecasted placements of 141 compared to the budget of 122. The increased use of fostering reflects the best option for the child and is the most economic route for meeting the demand to accommodate children.

- **Mental Health Services - £0.905m overspent**
  Learning Disability is projecting to overspend by £0.660m which is mainly linked to the non delivery of savings (£0.300m) and increases in demand and complexity of packages (£0.330m) requiring to be supported this year. The 2017/18 budget included £0.311m of additional funding for demographic pressures but this has not been enough to meet the current demand within the current model of delivery. The interim service manager is currently reviewing current packages and scrutinising new packages and a care at home manager is now in post with the team to assess where benefits can be made through use of SMART technology.

  Community Mental Health are also projecting an overspend of £0.229m also linked to demand and complexity of packages requiring to be supported this year. The 2017/18 budget included £0.037m of additional funding for demographic pressures but this has not been enough to meet the current demand.

A summary of projections is included within Appendices 7 and 8 and members can be provided with copies of the full Integration Joint Board report if required. Application of the Integration Scheme to the projected £5.325m deficit would share the overspend as £2.957m for North Ayrshire Council and £2.368m for NHS Ayrshire & Arran. At its meeting of 14th September the ILB approved its recovery plan for Council Commissioned Services, this included a request for the Council to allocate the final £1.4m of the Challenge Fund to offset current year pressures.

Budget Transfers/Virements

2.6　Requests for budget transfers, or virements, have been identified since the start of the financial year. As per the Council's Codes of Financial Practice, where the amount transferred from a budget is over £100,000 (either as a single transfer or the sum of transfers within a financial year) or where the transfer of any amount would affect existing Council policy, the approval of the Cabinet is required. A schedule of the virements requested by Services above the £100,000 threshold is attached at Appendix 10 for Members' consideration and approval.

Housing Revenue Account

2.7　The Housing Revenue Account budgeted for a break-even position in 2017/18 with an underspend of £0.276m currently projected. This is summarised in the table below with further details provided in Appendix 11:

	Annual Budget £000's	Projection to 31 March 2018 £000's	Projected Variance for year (Fav)/Adv £000's	Note
Employee Costs	4,628	4,340	(288)	(i)
Property Costs	16,663	16,245	(418)	(ii)
Supplies and Services	233	243	10	
Transport and Plant Costs	38	36	(2)	
Administration Costs	1,595	1,583	(12)	
Other Agencies and Bodies	1,390	1,430	40	
Transfer Payments	121	121	-	
Other Expenditure	404	404	-	
Capital Financing	23,185	22,548	(637)	(iii)
Gross Expenditure	48,257	46,950	(1,307)	
Income	(48,257)	(47,226)	1,031	(iv)
Net Expenditure	-	(276)	(276)	

2.8　**Commentary on Significant Movements from the Original Budget**

A brief explanation of the significant movements from the original budget is outlined below.

(i)　**Employee Costs - underspend of £0.288m**
The underspend has resulted from effective vacancy management across the service.

(ii)　**Property Costs - underspend of £0.418m**
The underspend is related to a reduction in both the number and average value of void repairs.

(iii) **Capital Financing - underspend of £0.637m**

The underspend is related to the latest cash flow and interest rate projections and reflects the strategy of taking temporary borrowing rather than permanent borrowing to maximise the financial savings as a result of current market conditions and a reduction in the borrowing required for this year's capital programme.

(iv) **Income - under recovery of £1.031m**

The under recovery of Council House rent income of £0.788m is mainly due to a reduction in stock arising from increased council house sales. An under recovery of £0.113m in Other Rents is related to the revaluation of properties. In addition, an under recovery in Recharges of £0.115m reflects a shortfall in tenant charges.

3.   Proposals
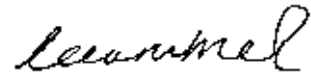
3.1   That Cabinet agrees to (a) note the information and financial projections outlined in the report; b) approve the earmarking of £2.608m identified at 2.4 (vi) to meet future year commitments, (c) note the current financial projection for the Health and Social Care Partnership, (d) approve the allocation of £1.4m from the Challenge Fund to mitigate an element of the projected overspend within the HSCP; and (e) approve the virements detailed in Appendix 10.

4. Implications

Financial:	**General Services** The net projection for the year as at 31 July 2017 is a surplus for the year of £0.792m. **Housing Revenue Account** The net projection for the year as at 31 July 2017 is a surplus for the year of £0.276m. The position for both the General Fund and Housing Revenue Account revenue budgets will continue to be monitored closely for the remainder of the financial year
Human Resources:	None
Legal:	None
Equality:	None
Environmental & Sustainability:	None
Key Priorities:	This budget monitoring report directly supports the Council Plan 2015 to 2020 by "making the best use of all resources" and ensuring a "sound financial position".
Community Benefits:	None

5. Consultation

5.1 Executive Directors have been consulted as part of the review of financial performance and have approved the projected variances contained in this report.

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LAURA FRIEL
Executive Director (Finance and Corporate Support)

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

Background Papers
General Services Revenue Estimates 2017/18 to 2019/20 and Capital Investment programme 2017/18 to 2025/26 - Council - 1 March 2017.
Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2017/18 - Council - 1 March 2017.

CHIEF EXECUTIVE SERVICE
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Legal	428	471	43	10%	1
Policy, Performance & Community Planning	958	988	30	3%	2
Communications	485	425	(60)	(12%)	3
Civil Contingencies	70	70	-	-	
Committee Services	698	675	(23)	(3%)	4
Members Services	1092	1092	-	-	
Totals	3,731	3,721	(10)	(0%)	

Subjective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	3,116	3,048	(68)	(2%)
Property Costs	6	6	-	-
Supplies and Services	127	177	50	39%
Transport and Plant Costs	14	14	-	-
Administration Costs	1,004	1,004	-	-
Other Agencies & Bodies	397	397	-	-
Transfer Payments	-	-	-	-
Other Expenditure	-	-	-	-
	-	-	-	-
Gross Expenditure	4,664	4,646	(18)	(0%)
Income	(933)	(925)	8	(1%)
Net Expenditure	3,731	3,721	(10)	(0%)

CHIEF EXECUTIVE SERVICE
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Budget £000	Outturn Variance £000	Variance as % of budget	Section
Note 1			**Legal**
			Movement - There is a projected variance of £0.043m from budget agreed for 2017/18
1,037	14	1%	Employee costs - There is a projected overspend of £0.014m due to turnover target not being achieved
41	21		Supplies and Services - There is a projected overspend of £0.021m for replacement of IT equipment
125	8	6%	Other minor variances
	43		
Note 2			**Policy, Performance & Community Planning**
			Movement - There is a projected variance of £0.030m from budget agreed for 2017/18
906	15	2%	Employee costs - There is a projected overspend of £0.015m due to turnover target not being achieved
20	15		Supplies and Services - There is a projected overspend of £0.015m for replacement of IT equipment
31	-	0%	Other minor variances
	30		
Note 3			**Communicatons**
			Movement - There is a projected variance of (£0.060m) from budget agreed for 2017/18
455	(76)	-17%	Employee costs - There is a projected underspend of (£0.076m) due to two vacant posts which will be partly used to meet the costs of replacing IT Equipment across Democratic Services
12	16		Supplies and Services - There is a projected overspend of £0.016m for replacement of IT equipment
18	-	0%	Other minor variances
	(60)		
Note 4			**Committee Services**
			Movement - There is a projected variance of (£0.023m) from budget agreed for 2017/18
587	(23)	-4%	Employee costs - There is a projected underspend of (£0.023m) due to a vacant post
111	-	0%	Other minor variances
	(23)		

FINANCE & CORPORATE SUPPORT
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Objective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Audit & Risk	410	435	25	6%	
Finance					
Financial Services	1,737	1,771	34	2%	
Corporate Procurement	672	680	8	1%	
People & Transformation					
Change Programme	321	299	(22)	(7%)	
Human Resources	1,859	1,865	6	0%	
Customer & Digital Services					
ICT	2,777	2,756	(21)	(1%)	
Customer Services & Registration	1,749	1,668	(81)	(5%)	1
Business Support	1,933	1,775	(158)	(8%)	2
Revenues & Benefits	2,955	2,843	(112)	(4%)	3
Totals	14,413	14,092	(321)	(2%)	

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	13,539	13,094	(445)	(3%)
Property Costs	1	3	3	388%
Supplies and Services	1,680	1,704	24	1%
Transport and Plant Costs	46	46	-	-
Administration Costs	1,252	1,252	-	-
Other Agencies & Bodies	1,588	1,686	98	6%
Transfer Payments	51,525	51,525	-	-
Other Expenditure	-	-	-	-
Gross Expenditure	69,631	69,310	(321)	(0%)
Income	(55,218)	(55,218)	-	-
Net Expenditure	14,413	14,092	(321)	(2%)

FINANCE & CORPORATE SUPPORT
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Budget £000	Projected Variance £000	Variance as % of budget	Section
	Note 1		**Customer Services**
			There is a movement of (£0.081) from approved budget at Period 3
1,585	(81)	-5%	Employee Costs - There is an underspend of £0.081m due to vacancy management.
-		-	Other Minor Movements
	(81)		
	Note 2		**Business Support**
			There is a movement of (0.158m) from approved budget at Period 3
1,963	(158)	-8%	Employee Costs - There is an underspend of £0.158m due to vacancy management.
-		-	Other Minor Movements
	(158)		
	Note 3		**Revenues & Benefits**
			There is a movement of (£0.112m) from approved budget at Period 3
2,036	(112)	-6%	Employee Costs - There is a underspend of £0.112m due to vacancy management.
-		-	Other Minor Movements
	(112)		

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EDUCATION AND YOUTH EMPLOYMENT
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Early Years Education	11,614	11,324	(290)	(2%)	1
Primary Education	37,784	37,834	50	0%	2
Secondary Education	49,759	49,759	-	-	
Additional Support Needs	7,693	7,731	38	0%	3
Education - Other	4,633	4,533	(100)	(2%)	4
Totals	111,483	111,181	(302)	(0%)	

Subjective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	85,767	85,507	(260)	(0%)
Property Costs	205	205	-	-
Supplies and Services	18,913	18,913	-	-
Transport and Plant Costs	179	179	-	-
Administration Costs	927	927	-	-
Other Agencies & Bodies	6,444	6,502	58	1%
Transfer Payments	580	580	-	-
Other Expenditure	-	-	-	-
Capital Financing	65	65	-	-
Gross Expenditure	113,080	112,878	(202)	(0%)
Income	(1,597)	(1,697)	(100)	6%
Net Expenditure	111,483	111,181	(302)	(0%)

EDUCATION AND YOUTH EMPLOYMENT
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Budget £000	Projected Variance £000	Variance as % of budget	Section
	Note 1		**Early Years Education**
			Movement - There is a projected variance of £0.390m from the approved budget.
1,363	(210)	-15%	Employee Costs - Underspends in Early Years Teachers of £0.170m. This is due to the difficulty in recruitment of teachers.
1,309	(50)	-4%	Payments made to Private Partner Providers currently projected to be underspent due to lower than anticipated uptake of services.
0	(30)		Income from Wraparound Care charges
			A virement of £0.100m has been proposed to cover essential work to relocate a specialist provision.
	(290)		
	Note 2		**Primary Education**
			Movement - There is a projected variance of £0.050m from the approved budget.
1,692	50	3%	Employee Costs - ASN response hours budget has been remodelled to bring expenditure in line with budget. However the new model has been put in place from August 17 and so an overspend has accrued for expenditure prior to this time. No ongoing overspend is anticipated for future years.
	50		
	Note 3		**ASN**
			Movement - There is a projected variance of £0.038m from the approved budget.
1,102	190	17%	Overspend on external specialist residential placements.
1,022	(82)	-8%	Underspend on external day placements
(264)	(70)	27%	Income - Projected over recovery of income due to increased number of pupils placed in North Ayrshire schools and units by other local authorities.
	38		
	Note 4		**Education Other**
			Movement - There is a projected variance of £0.100m from the approved budget.
629	(100)	-16%	Employee Costs - Underspend is due to Senior Managers vacancies and changes to work patterns.
	(100)		

PLACE
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Objective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Directorate and Support	(243)	(243)	-	-	
Physical Environment					
Building Services	(2,343)	(2,343)	-	-	1
Property Management & Investment	1,503	1,503	-	-	
Housing Assets & Investment	(690)	(690)	-	-	
Property Running Costs	4,836	5,001	165	3%	2
Energy and Sustainability	3,716	3,716	-	-	
Property Maintenance	3,882	3,882	-	-	
Facilities Management	11,264	11,264	-	-	
Other Housing	4,791	4,723	(68)	(1%)	3
Commercial Services					
Roads	6,773	6,773	-	-	
Streetscene	4,962	4,971	9	0%	
Internal Transport	9,913	9,913	-	-	
Waste Services	8,274	8,013	(261)	(3%)	4
Total	56,638	56,483	(155)	(0%)	

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	41,291	41,053	(238)	(1%)
Property Costs	16,279	16,440	161	1%
Supplies and Services	10,173	9,842	(331)	(3%)
Transport and Plant Costs	10,096	10,077	(19)	(0%)
Administration Costs	2,899	2,883	(16)	(1%)
Other Agencies & Bodies	14,023	14,080	57	0%
Transfer Payments	1,738	1,738	-	-
Other Expenditure	341	339	(2)	(1%)
Capital Financing	-	-		
Gross Expenditure	96,840	96,452	(388)	(0%)
Income	(40,202)	(39,969)	233	(1%)
Net Expenditure	56,638	56,483	(155)	(0%)

PLACE
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Budget £000	Projected Variance £000	Variance as % of budget	Section
	Note 1		**Building Services**
8,743	(241)	(3%)	Employee Costs - There is an underspend projected of £0.241m due to vacancy management in the light of reduced income
(17,729)	212	(1%)	Income - an under-recovery in income of £0.212m is projected This is due in part to the Void Costs budget being based on the 15/16 outturn which was a higher value and a reduction in the average Void repair cost by 13% in 17/18. There is also a reduction in the number of void properties for the year.
	29		Other minor movements
			A number of budget virements have been actioned to reflect the profile of work to be undertaken during 2017/18.
	0		
	Note 2		**Property Costs**
			Movement - There is a projected variance of £0.165m from the approved budget.
(223)	165	(74%)	Other Property Costs - approved savings for 2017/18 have not been achieved as a result of slippage in the property rationalisation programme.
	165		
	Note 3		**Other Housing**
			Movement - There is a projected variance of £0.068m from the approved budget.
2,995	(57)	(2%)	Employee Costs -There is an underspend of £0.057m relating to Vacancy Management
	(11)		Other Minor Movements
	(68)		
	Note 4		**Waste Services**
			Movement - There is a projected variance of £0.261m from the approved budget.
4,295	74	2%	Employee Costs - there is an overspend of £0.074m mainly due to a delay in the efficiency saving in respect of reducing hours at HWRCs. This will be implemented from October 2017.
1,056	(335)	(32%)	Payments to Contractors - there is an underspend on the Blue Bin contract of £0.275m as a result of an increase in the market values for recyclates. The market value of recyclates is subject to fluctuation.
	0		Other Minor Movements
	(261)		

ECONOMY AND COMMUNITIES
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Management	554	554	-	-	
Economic Growth					
Planning & Protective Services	1,750	1,733	(17)	(1%)	1
Economic Development	5,162	5,041	(121)	(2%)	2
Connected Communities	11,604	11,582	(22)	(0%)	3
	19,070	18,910	(160)	(1%)	

Subjective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	11,716	11,665	(51)	(0%)
Property Costs	309	310	1	0%
Supplies and Services	1,043	1,061	18	2%
Transport and Plant Costs	153	153	-	-
Administration Costs	300	302	2	1%
Other Agencies & Bodies	8,723	8,536	(187)	(2%)
Transfer Payments	-	-	-	-
Other Expenditure	-	-	-	-
Gross Expenditure	22,244	22,027	(217)	(1%)
Income	(3,174)	(3,117)	57	(2%)
Net Expenditure	19,070	18,910	(160)	(1%)

ECONOMY AND COMMUNITIES
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			**Planning & Protective Services**
			Movement - There is a projected variance of £0.017m from the approved budget.
1,639	(17)	-1%	Employee Costs - There is an underspend in Protective Services of £0.017m due to vacancies.
	0		Other minor variances
	(17)		
Note 2			**Economic Development**
			Movement - There is a projected variance of £0.121m from the approved budget.
1,631	(12)	-1%	Employee Costs - there is an underspend of £0.012m due to vacancies at the beginning of the year
2,111	(108)	-5%	Third party payments - There is an underspend of £0.108m expected in relation to Employer Recruitment Incentives but the demand led nature of this budget means this position can quickly change as the year progresses. This spend is related to 2 ESF programmes to which the Council have committed match funding which needs to be kept available to be compliant with programme rules.
	(1)		Other minor variances
	(121)		
Note 3			**Connected Communities**
			Movement - There is a projected variance of £0.022m from the approved budget.
6,049	(20)	0%	Employee Costs - there is an underspend of £0.020m due to vacancies mainly in Libraries.
	(2)		Other minor variances
	(22)		

OTHER CORPORATE ITEMS
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Objective Summary	Annual Budget	Final Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Strathclyde Passenger Transport	2,409	2,365	(44)	(2%)	1
SPT Concessionary Fares	283	277	(6)	(2%)	
Ayrshire Joint Valuation Board	780	760	(20)	(3%)	2
Other Corporate Costs					
Pension Costs	1,854	1,762	(92)	(5%)	3
Non-Distributed Costs	-	-	-	-	
Central Telephones	86	86	-	-	
Other Corporate Items (incl Additional Resources from Council decisions on 1 March 2017)	15,832	15,713	(119)	(1%)	4
Insurance Account	-	85	85	-	5
	21,244	21,048	(196)	(1%)	

OTHER CORPORATE ITEMS
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Budget £000	Outturn Variance £000	Variance as % of budget	Section
	Note 1		**Strathclyde Passenger Transport**
			Movement - There is a projected variance of (£0.044m) from budget agreed for 2017/18
2,409	(44)	-2%	The projected underspend of £0.044m is due to a reduction in the requisition charge
	(44)		
	Note 2		**Ayrshire Valuation Joint Board**
			Movement - There is a projected variance of (£0.020m) from budget agreed for 2017/18
780	(20)	-3%	The projected underspend of £0.020m is due to a reduction in the requisition charge
	(20)		
	Note 3		**Pension Costs**
			Movement - There is a projected variance of (£0.092m) from budget agreed for 2017/18
1,874	(92)	-5%	The projected underspend of £0.092m is due to reduced pension costs relating to the period before local government reorganisation
	(92)		
	Note 4		**Other Corporate Items**
			Movement - There is a projected variance of (£0.119m) from budget agreed for 2017/18
14,913	(112)	-1%	Centrally held funds in respect of previously identified pressures related to fuel, utility and pension costs are now not anticipated to be fully drawndown. Provision has been included for the payment of the national Living Wage from November 2017.
	(7)		Other minor movements
	(119)		
	Note 5		**Insurance Account**
	85		The increase in insurance costs has been greater than anticipated.
	85		

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2017/18 Budget Monitoring Report – Period 4 Objective Summary

Partnership Budget - Objective Summary	2017/18 Budget								
	Council			Health			TOTAL		
	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COMMUNITY CARE AND HEALTH	**53,057**	**54,005**	**948**	**10,524**	**10,852**	**328**	**63,581**	**64,857**	**1,276**
: Locality Services	24,953	25,932	979	3,441	3,516	75	28,394	29,448	1,054
: Community Care Service Delivery	25,571	25,551	(20)	0	0	0	25,571	25,551	(20)
: Rehabilitation and Reablement	744	777	33	1,837	2,088	251	2,581	2,865	284
: Long Term Conditions	1,342	1,338	(4)	2,962	2,957	(5)	4,304	4,295	(9)
: Integrated Island Services	447	407	(40)	2,284	2,291	7	2,731	2,698	(33)
MENTAL HEALTH SERVICES	**21,430**	**22,335**	**905**	**49,403**	**49,332**	**(72)**	**70,833**	**71,667**	**833**
: Learning Disabilities	16,775	17,435	660	467	434	(34)	17,242	17,869	626
: Commmunity Mental Health	3,821	4,050	229	1,844	1,769	(75)	5,665	5,819	154
: Addictions	834	850	16	1,171	1,092	(79)	2,005	1,942	(63)
: Lead Partnership Mental Health NHS Area Wide	0	0	0	45,921	46,037	116	45,921	46,037	116
CHIDREN'S SERVICES AND CRIMINAL JUSTICE	**29,957**	**31,032**	**1,075**	**4,455**	**4,449**	**(6)**	**34,412**	**35,481**	**1,069**
: Intervention Services	3,816	3,706	(110)	295	315	20	4,111	4,021	(90)
: Looked After & Accomodated Children	15,205	16,213	1,008	0	0	0	15,205	16,213	1,008
: Fieldwork	6,497	6,608	111	0	0	0	6,497	6,608	111
: CCSF	470	502	32	0	0	0	470	502	32
: Criminal Justice	2,902	2,902	0	0	0	0	2,902	2,902	0
: Early Years	265	304	39	1,738	1,751	13	2,003	2,055	52
: Policy & Practice	802	797	(5)	0	0	0	802	797	(5)
: Lead Partnership NHS Children's Services Area Wide	0	0	0	2,422	2,383	(39)	2,422	2,383	(39)
PRIMARY CARE	0	0	0	47,575	47,978	404	47,575	47,978	404
MANAGEMENT AND SUPPORT COSTS	4,604	4,683	79	(559)	1,191	1,750	4,045	5,874	1,829
CHANGE PROGRAMME		(50)	(50)	2,516	2,344	(172)	2,516	2,294	(222)
LEAD PARTNERSHIP AND SET ASIDE	0	0	0	0	136	136	0	136	136
TOTAL	**109,048**	**112,005**	**2,957**	**113,914**	**116,282**	**2,368**	**222,962**	**228,287**	**5,325**

2017/18 Budget Monitoring Report

Period 4 Subjective Summary

Partnership Budget Subjective Summary	2017/18 Budget								
	Council			Health			TOTAL		
	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee Costs	44,472	44,512	40	54,571	55,798	1,227	99,043	100,310	1,267
Property Costs	389	310	(79)	16	46	30	405	356	(49)
Supplies and Services	2,291	2,315	24	5,264	5,643	379	7,555	7,958	403
Prescribing Costs	0	0	0	30,129	30,518	389	30,129	30,518	389
Primary Medical Services	0	0	0	17,446	17,461	15	17,446	17,461	15
Transport and Plant	524	574	50	0	0	0	524	574	50
Admin Costs	648	665	17	1,882	1,804	(78)	2,530	2,469	(61)
Other Agencies & Bodies	82,179	85,217	3,038	6,172	6,339	167	88,351	91,556	3,205
Transfer Payments	2,618	2,517	(101)	0	0	0	2,618	2,517	(101)
Other Expenditure	0	0	0	0	0	0	0	0	0
Capital Expenditure	70	70	0	0	0	0	70	70	0
Income	(24,143)	(24,175)	(32)	(1,566)	(1,327)	239	(25,709)	(25,502)	207
TOTAL	**109,048**	**112,005**	**2,957**	**113,914**	**116,282**	**2,368**	**222,962**	**228,287**	**5,325**

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MISCELLANEOUS ITEMS
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Financing Charges	19,351	16,743	(2,608)	-13%	1
Aggregate External Finance	(271,045)	(271,045)	-		
Council Tax	(52,431)	(52,091)	340	-1%	2
Use of Change Fund	(5)	(5)	-		
Use of Earmarked Funds	(9,276)	(9,276)	-		
Totals	(313,406)	(315,674)	(2,268)	1%	
Less Carry Forward to Loans Fund Reserve		2,608	2,608		1
Net Total	(313,406)	(313,066)	340	(4%)	

Note 1 Financing Charges

Capital Financing charges are forecasting an underspend of £2.6m based on the latest cash flow and interest rate projections. Council on 17 February 2016 approved the establishment of a Loans Fund Reserve to support the capital investment programme. It was anticipated that an underspend of £2.100m would be transferred to the Loans Fund Reserve in line with the Council's Treasury Management and Investment Strategy. An additional £0.508m saving has been secured through a combination of a reduction in the borrowing requirement and the ability to manage this as temporary borrowing rather than permanent borrowing. It is requested that the additional £0.5m is also transferred to enable future costs linked to capital expenditure and borrowing to be managed through the reserve.

Note 2 Council Tax

Income from Council Tax is forecasting to under recover by £0.340m. This is mainly due to lower than anticipated Council Tax income for the current year, related to increased discounts and exemptions, combined with reduced recovery from prior years.

Budget Management - 31 July 2017

Virement/Budget Adjustment Requests

		2017/18	
	Perm (P) / Temp(T)	**Virement £m**	**Directorate Total £m**
1) Budget Virements			
Education & Youth Employment			
Scottish Government Grant in respect of Early Years services for work towards the expansion to 1140 hours.	T	-0.519	
Increased expenditure budgets in repect of retraining of staff in preparation towards the Early Years expansion to 1140 hours	T	0.519	
Scottish Government Grant in respect of the 2017/18 Attainment Challenge funding.	T	-5.245	
Increased expenditure budgets in relation to the total costs of running the Attainment Challenge in North Ayrshire	T	5.245	
Scottish Government Grant towards early years pilot for Early Years services.	T	-0.150	
Increased expenditure in relation to the costs incurred directly as a result of ruinning the Early Years pilot.	T	0.150	
Underspend in Early Years Teachers employee costs	T	-0.100	
Expenditure in relation to essential works to relocate a specialist provision.	T	0.100	
			0.000

HOUSING REVENUE ACCOUNT
FINANCIAL PERFORMANCE 2017/18

REPORT FOR THE YEAR TO 31 JULY 2017

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Employee Costs	4,628	4,340	(288)	(6%)	1
Property Costs					
Responsive Repairs	2,256	1,831	(425)	(19%)	2
Void Repairs	2,918	2,304	(614)	(21%)	
Planned & Cyclical maintenance	6,523	7,103	580	9%	
Estate Based Projects	210	210	-	-	
Roads & Lighting Maintenance	186	186	-	-	
Aids & adaptations	1,655	1,655	-	-	
Other property costs	2,915	2,956	41	1%	
Supplies and Services	233	242	9	4%	
Transport and Plant Costs	38	36	(2)	(5%)	
Administration Costs	1,595	1,583	(12)	(1%)	
Other Agencies & Bodies	1,390	1,430	40	3%	3
Transfer Payments	121	121	-	-	
Other Expenditure	404	404	-	-	
Capital Financing	23,185	22,548	(637)	(3%)	4
Gross Expenditure	48,257	46,949	(1,308)	(3%)	
Income					
Council House Rents	(47,185)	(46,396)	789	(2%)	5
Other Rents	(374)	(261)	113	(30%)	
Recharges	(595)	(479)	116	(19%)	
Other Income	(103)	(89)	14	(14%)	
Net Expenditure	-	(276)	(276)		

HOUSING REVENUE ACCOUNT
FINANCIAL PERFORMANCE 2016/17

REPORT FOR THE YEAR TO 31 MARCH 2017

Budget £000	Variance £000	Variance as % of budget	Section
	Note 1		Employee Costs
4,629	(288)	-6%	There is an underspend on employee costs of £0.288m due to effective vacancy management.
	(288)		
	Note 2		Property Costs
16,662	(418)	-3%	Property costs are projected to be £0.418m underspent. This is due in part to the Void costs budget being based on the 15/16 outturn which was a higher value and a reduction in the average Void repair cost by 13% in 17/18. There is also a reduction in the number of void properties for the year.
	(418)		
	Note 3		Other Agencies & Bodies
1,390	40	3%	Other NAC Departments - There is an overspend of £0.040m expected due to increased Tenancy Support costs following the expansion of the service.
	40		
	Note 4		Other Agencies & Bodies
23,185	(637)	-3%	Capital Financing charges are forecasting an underspend of £0.637m based on the latest cash flow and interest rate projections. This reflects the strategy of taking temporary borrowing rather than permanent borrowing to maximise the financial savings as a result of current market conditions and a reduction in the borrowing required for this year's capital programme.
	(637)		
	Note 5		Income
(48,257)	1,031	-2%	There is an under-recovery of Council house rent income of £0.788m mainly due to a reduction in stock related to increased council house sales. There was also slippage and amendments to new build properties available to rent and 23 protracted voids from sheltered housing decants. There is also a shortfall in tenant charges of £0.115m and other rents are projecting a shortfall of £0.113m due in part to the revaluation of Portland Place.
	1,031		

HRA reserves and balances	B/fwd from 2016/17	Period 4 Revenue	Use of Earmarked sums	Earmarking of in year surplus	Funding of Capital Projects	Balance at 31/03/17
	£m	£m	£m		£m	£m
Council House Building Fund	8.082	-	-		-	8.082
Welfare Reform	3.000	-	-		-	3.000
Contingency Balance	1.000	-	-		-	1.000
Sheltered Housing Unit Works	0.156	-	-		-	0.156
Infrastructure Improvements	0.613	-	-		-	0.613
Major Refurbishment Works	0.762	-	-		-	0.762
Tarryholme	1.091	-	-		-	1.091
Uncommitted Balance	-	0.276	-		-	0.276
	14.704	**0.276**	**-**	**-**	**-**	**14.980**

NORTH AYRSHIRE COUNCIL

Agenda Item 16

26 September 2017

Cabinet

Title:	**Capital Programme Performance to 31 July 2017**
Purpose:	To advise Cabinet of progress in delivering the Capital Investment Programme as at 31 July 2017.
Recommendation:	Agree to (a) approve the revisions to budgets outlined in the report; and (b) note (i) the General Services and HRA expenditure and revised budgets to 31 July 2017; and (ii) the forecast of expenditure to 31 March 2018.

1. Executive Summary

1.1 The General Services and Housing Revenue Account (HRA) capital budgets were approved at a special meeting of the Council on 1 March 2017. The General Services capital programme approval covered a revised capital investment programme to 2025/26. The HRA approved capital budget for 2017/18 sits within the 30 years Housing Business Plan.

1.2 This report identifies the current programme for 2017/18, taking account of adjustments made to the initial budgets. The report advises of actual expenditure to 31 July 2017 and forecast expenditure to 31 March 2017.

1.4 At Period 4 the General Fund is forecasting a projected outturn of £43.702m against a budget of £45.349m. HRA is forecasting a projected outturn of £30.011m against a budget of £51.124m. The movements relate to the latest programme information from services and are reflected in proposed revisions to the budgets for increased carry forwards.

2. Background

General Services

2.1 The table below outlines the movements in the 2017/18 General Services budget :-

	2017/18 £m
Budget approved as at 1 March 2017	38.451
Projects carried forward from 2016/17	6.133
a) Additional Funding	1.354
Revised Programme Budget	45.938
b) Alterations to phasing of projects:-	
2017/18 to 2018/19	(1.263)
c) Revisions to the Programme	0.674
Budget as at 31 July 2017	45.349

2.2 (a) **Additional Funding**

The capital programme has been updated to reflect a number of awards of external / additional funding, including SPT funding for Irvine High Street £0.490m and Additional Scottish Government funding for Early Learning & Childcare £0.741m. Additional funding of £1.800m from NAVT in relation to Irvine High Street has also been included and has been profiled across future years in line with the current project plan.

(b) **Alterations to the Phasing of Projects**

A number of projects have been reprofiled into future years to reflect current programme plans, including Dykesmain PS Nursery Adaptations (£0.774m) and Moorpark PS Extension (£0.504m).

(c) **Revisions to the Programme**

The programme has been updated to include the purchase of the Mackintosh Place depot as agreed by Cabinet on 23 May 2017.

2.3   The graph below illustrates the movement in each programme on a service basis compared to the revised programme approved.

	Economy and Communities	Education and Youth Employment	Finance and Corporate Support	Place	Health and Social Care Partnership	Other including Flexibility
Original Programme - £38.451m	12.732	10.291	1.220	12.398	1.810	
Revised Programme - £45.938m	15.776	11.269	1.469	15.025	1.716	0.683
Programme @ Period 4 - £47.149m	17.589	10.792	1.658	14.675	1.752	0.683
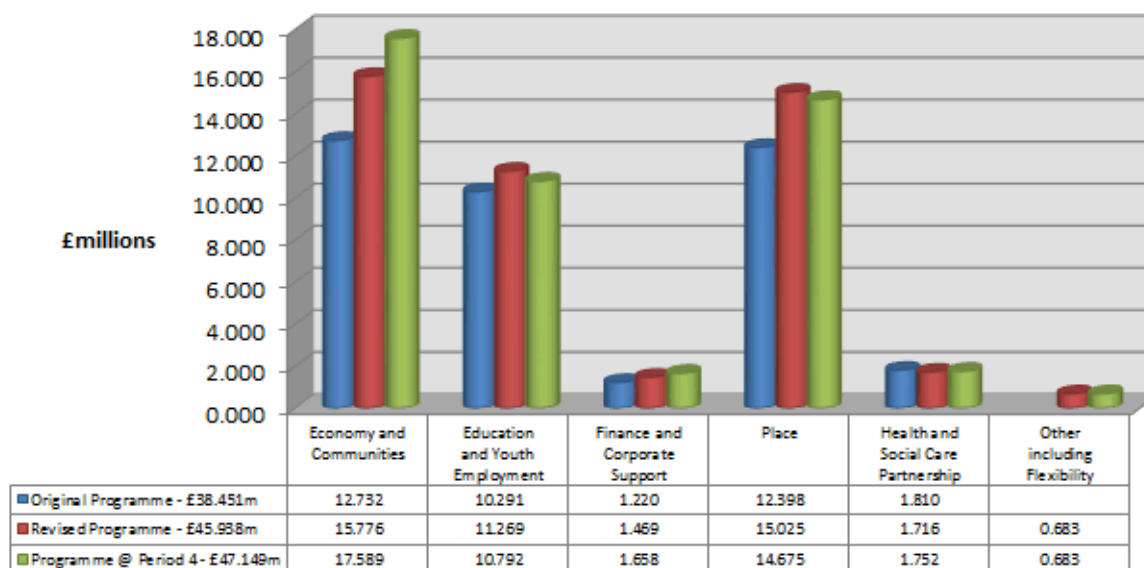
2.4   <u>Capital Expenditure to 31 July 2017</u>

Actual expenditure to 31 July 2017 amounted to £7.300m or 16.1% (compared to anticipated expenditure of £6.997m or 15.4%) of the revised annual budget for 2017/18 of £45.349m. Details of projected expenditure by project against the revised budget for 2017/18 can be found in Appendix 1.

The projections are summarised by service in the table below:

	Revised Budget 2017/18	Projected Expenditure / Income to 31 March 2018	Projected Variance Over / (Under)	True Over / (Under) Spend	Net Carry Forward to 2018/19
Service	£000's	£000's	£000's	£000's	£000's
Expenditure					
Economy and Communities	15,789	15,659	(130)	-	(130)
Education and Youth Employment	10,792	10,792	-	-	-
Finance and Corporate Support	1,658	1,658	-	-	-
Place	14,675	14,652	(23)	(35)	12
Health and Social Care Partnership	1,752	488	(1,264)	-	(1,264)
Other including Flexibility	683	453	(230)	(230)	-
Total Expenditure	45,349	43,702	(1,647)	(265)	(1,382)
Income					
General Capital Grant	(31,189)	(31,189)	-	-	-
Specific Capital Grant	(2,927)	(2,927)	-	-	-
Use of Reserve Funds	(2,466)	(2,466)	-	-	-
Capital Funded from Current Revenue	(738)	(738)	-	-	-
Capital Receipts	(1,883)	(2,392)	(509)	-	(509)
Other Grants & Contributions	(3,391)	(3,419)	(28)	-	(28)
Prudential Borrowing	(2,755)	(571)	2,184	265	1,919
Total Income	(45,349)	(43,702)	1,647	265	1,382

2.5 An underspend of £1.647m is projected within the programme of which £1.382m is required to be carried forward to 2017/18 and the approved budget will be updated to reflect these changes. The underspend within Economy and Communities is related to Irvine High Street, (£0.130m), reflecting the revised programme plan. Within the Health and Social Care Partnership, the underspend is related to Tarryholme, (£1.264m) where work is due to commence in early 2018. This reflects the latest programme information from services. A true underspend of £0.265m is currently forecast within the programme. These movements result in a revised capital programme at 31 July 2017 of £43.967m for 2017/18.

2.6 Information on the progress of all projects and explanations for the carry forwards can be found in Appendix 1.

2.7 The current projections on funding, elements of which are related to the profile of expenditure reported above, is summarised below;

- Additional Capital Receipts from the disposal of land and buildings, £0.509m; and
- £1.919m of prudential borrowing being deferred to future years.

Housing Revenue Account

2.8 The table below outlines the movements in the 2017/18 HRA Capital budget:

	2017/18 £m
Budget approved as at 1 March 2017	46.466
Projects carried forward from 2016/17	4.258
Additional Funding	0.400
Budget as at 31 July 2017	51.124

2.9 The budget has been adjusted to reflect additional House Building Grant from the Scottish Government, £0.400m.

Capital Expenditure

2.10 Actual expenditure to 31 July 2017 (Period 4) amounted to £5.282m or 10.3% (compared to anticipated expenditure of £12.440m or 24.3%) of the revised annual budget of £51.124m. Current projections are forecasting a reduction to expenditure of £21.113m at 31 March 2018 of which £21.033m is required to be carried forward to 2018/19. This is primarily related to slippage in relation to the General House Building programme, (£6.483m), the Sheltered Housing Unit programme, (£11.393m), and the Refurbishment Schemes, (£3.158m). A true underspend of £0.080m is currently forecast within the programme and is related to an underspend on the new builds at Fencedyke. This underspend is available to support other projects within the HRA Capital Investment Programme. These movements result in a revised capital programme at 31 July 2017 of £30.091m for 2017/18.

		Projected Expenditure / Income to 31 March 2018	Projected Variance Over / (Under)	True Over / (Under) Spend	Net Carry Forward to 2018/19
	Revised Budget 2017/18				
Service	£000's	£000's	£000's	£000's	£000's
Expenditure					
Housing Revenue Account	51,124	30,011	(21,113)	(80)	(21,033)
Total Expenditure	51,124	30,011	(21,113)	(80)	(21,033)
Income					
Sale of Council Houses	-	(854)	(854)	(854)	-
Sale of Assets	-	-	-	-	-
CFCR	(15,558)	(15,558)	-	-	-
Capital Grants	(10,830)	(4,150)	6,680	-	6,680
Contribution from House Build Fund	-	(494)	(494)	(494)	-
Other Capital Income - House Building	-	(212)	(212)	(212)	-
Affordable Housing Contribution	(838)	(838)	-	-	-
Prudential Borrowing	(23,898)	(7,905)	15,993	1,640	14,353
Total Income	(51,124)	(30,011)	21,113	80	21,033

2.11 The current projections on funding, elements of which are related to the profile of expenditure reported above, is summarised below;

- Additional Capital Receipts from the sale of Council Houses, £0.854m;
- Reprofiling of grants in relation to house building, (£6.680m);
- Additional contributions from the Infrastructure Improvement Reserve, £0.212m, and the House Build Fund, £0.494m; and
- Reduced prudential borrowing of (£15.993m) with (£14.353m) being deferred to future years .

3. Proposals

3.1 It is proposed that:-

In General Services -

The Cabinet is invited to (a) approve the further revisions to budgets outlined at Section 2.1, 2.2 and 2.5 and Appendix 1; and (b) note (i) the actual expenditure and revised budget to 31 July 2017 and (ii) the forecast of expenditure to 31 March 2018.

In the H.R.A. -
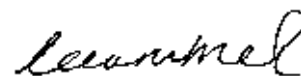
The Cabinet is invited to (a) approve the further revisions to the budget outlined at Section 2.8, 2.9 and 2.10 and Appendix 2; and (b) note the actual expenditure and revised budget to 31 July 2017 and (ii) the forecast of expenditure to 31 March 2018.

4.   Implications

Financial:	The financial implications are as outlined in the report. Expenditure will continue to be closely monitored to ensure early action is taken regarding any projected underspends or overspends
Human Resources:	None
Legal:	None
Equality:	None
Environmental & Sustainability:	None
Key Priorities:	A delay in completion of projects could affect the delivery of services and have implications for revenue budgets and service planning.
Community Benefits:	None

5.   Consultation

5.1   Progress as outlined in this report has been approved by Executive Directors.

leanmel

LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference :
For further information please contact David Forbes, Senior Manager (Strategic Business Partner) on 01294 324451

Background Papers
General Services Revenue Estimates 2017/18 to 2019/20 and Capital Investment programme 2017/18 to 2025/26 - Council - 1 March 2017.
Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2017/18 - Council - 1 March 2017.

North Ayrshire Council
Capital Statement 2017/18
Year Ended 31st March 2018

Period 4

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18						
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Year to Date Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31st March 2018	Actual Over/ (Under) Spend for 2017/18	True Over/ (Under) Spend	Carry Forward to 2018/19
	£	£	£	£	£	£	£	£	£	£	£
EXPENDITURE											
Economy & Communities											
Regeneration	37,245,753	7,722,821	37,245,753	0	12,508,470	3,575,964	3,631,614	12,378,470	(130,000)	0	(130,000)
Strategic Planning & Infrastructure	8,506,834	4,848,993	8,506,834	0	2,532,687	0	102,846	2,532,687	0	0	0
Sport & Activity	22,070,483	21,217,968	22,070,483	0	228,336	(585,251)	(624,180)	228,336	0	0	0
Information & Culture	1,076,364	178,693	1,076,364	0	519,635	92,369	96,964	519,635	0	0	0
SUB TOTAL	**68,899,434**	**33,968,475**	**68,899,434**	**0**	**15,789,128**	**3,083,082**	**3,207,244**	**15,659,128**	**(130,000)**	**0**	**(130,000)**
Education & Youth Employment											
Nursery Education	6,715,317	1,108,985	6,715,317	0	1,209,536	247,447	249,922	1,209,536	0	0	0
Primary Schools	14,296,433	11,168,346	14,296,433	0	152,401	(7,856)	(2,066)	152,401	0	0	0
Secondary Schools	88,472,616	42,492,443	88,472,616	0	9,197,426	115,688	165,576	9,197,426	0	0	0
Special Education	25,056,000	48,944	25,056,000	0	233,125	0	2,069	233,125	0	0	0
SUB TOTAL	**134,540,366**	**54,818,719**	**134,540,366**	**0**	**10,792,488**	**355,279**	**415,501**	**10,792,488**	**0**	**0**	**0**
Finance & Corporate Support											
Financial Services	647,599	503,119	647,599	0	280,039	134,000	135,560	280,039	0	0	0
Information Technology	2,393,899	2,129,548	2,393,899	0	582,966	70,061	21,703	582,966	0	0	0
Council IT Strategy	3,219,970	1,427,237	3,219,970	0	830,723	272,257	262,990	830,723	0	0	0
SUB TOTAL	**6,261,468**	**4,059,904**	**6,261,468**	**0**	**1,693,728**	**476,318**	**420,253**	**1,693,728**	**0**	**0**	**0**
Health & Social Care											
Management & Support	433,918	331,598	433,918	0	102,320	0	0	102,320	0	0	0
Older People	3,356,000	68,005	3,356,000	0	1,613,200	0	3,205	350,000	(1,263,200)	0	(1,263,200)
SUB TOTAL	**3,789,918**	**399,604**	**3,789,918**	**0**	**1,715,520**	**0**	**3,205**	**452,320**	**(1,263,200)**	**0**	**(1,263,200)**
Place											
Roads	35,290,822	6,290,887	35,290,822	0	6,451,670	1,203,332	1,171,446	6,451,670	0	0	0
Office Accommodation	15,466,288	14,548,281	15,466,288	0	1,695,042	741,233	777,035	1,695,042	0	0	0
Other Property	5,518,622	4,477,932	5,518,622	0	1,493,606	409,964	452,917	1,493,606	0	0	0
Housing Non HRA	982,846	183,165	982,846	0	969,046	183,600	169,365	969,046	0	0	0
Streetscene	1,535,624	532,808	1,529,245	(6,379)	1,155,537	47,356	152,721	1,161,124	5,587	(6,379)	11,966
Transport	2,067,045	555,487	2,067,045	0	2,067,045	526,000	555,487	2,067,045	0	0	0
Waste Services	14,597,485	13,460,671	14,597,485	0	628,489	3,645	3,675	628,489	0	0	0
Renewable Energy	5,676,303	5,432,137	5,647,418	(28,885)	214,879	(33,113)	(29,288)	185,994	(28,885)	(28,885)	0
SUB TOTAL	**81,135,035**	**45,481,367**	**81,099,771**	**(35,264)**	**14,675,314**	**3,082,017**	**3,253,358**	**14,652,016**	**(23,298)**	**(35,264)**	**11,966**
Other											
Other	682,687	0	0	(682,687)	682,687	0	0	452,601	(230,086)	(230,086)	
SUB TOTAL	**682,687**	**0**	**0**	**(682,687)**	**682,687**	**0**	**0**	**452,601**	**(230,086)**	**(230,086)**	**0**
Total Project Expenditure	**295,308,908**	**138,728,069**	**294,590,957**	**(717,951)**	**45,348,865**	**6,996,696**	**7,299,561**	**43,702,281**	**(1,646,584)**	**(265,350)**	**(1,381,234)**
Total Project Income					**(45,348,865)**	**(12,278,865)**	**(12,278,865)**	**(43,702,281)**	**1,646,584**	**265,350**	**1,381,234**
Total Net Expenditure					**0**	**(5,282,169)**	**(4,979,304)**	**0**	**0**	**0**	**0**

The following classifications have been used to highlight financial performance against budget

🟢 On Target (+0.5% of budget)

🟡 Sligthly off target (+ 0.5% to 2% of budget, or £0.125m, whichever is less)

🔴 Significantly off target (+2% or more of budget, or £0.500m, whichever is less)

The following classifications have been used to highlight delivery performance against original timescales set

🟢 On Target (up to 5% delay of original timescales)

🟡 Slightly off target (+ 5% to 10% of original timescales)

🔴 Significantly off target (+10% or more of original timescales)

Capital Programme Funding 2017/18

Funding Description	Approved Budget £	Carry Forward from 2016/17 £	Additional Funds Awarded 2017-18	Approved Revisions to Programme £	Total Revised Budget 2017/18 £	Actual Income to 31 July 2017 £	Projected Income to 31st March 2018 £
CAPITAL BORROWING							
Prudential Borrowing	2,889,745	729,586	0	(864,264)	2,755,067	0	570,622
SUB TOTAL	**2,889,745**	**729,586**	**0**	**(864,264)**	**2,755,067**	**0**	**570,622**
SCOTTISH GOVERNMENT FUNDING							
Specific Capital Grants							
Chargeplace Scotland Network			0		0	(15,520)	0
Cycling / Walking /Safer Streets	188,000	150,000		0	338,000	0	338,000
Vacant & Derelict Land Funding	1,750,000	839,065	0		2,589,065	839,065	2,589,065
Capital Grants						0	
General Capital Grant	30,448,000	0	741,000	0	31,189,000	10,891,000	31,189,000
SUB TOTAL	**32,386,000**	**989,065**	**741,000**	**0**	**34,116,065**	**11,714,545**	**34,116,065**
OTHER INCOME TO PROGRAMME							
Use of Funds :-							
Capital Fund	**450,000**	**1,617,309**	**0**	**0**	**2,067,309**	**0**	**2,067,309**
Change & Service Redesign Fund	**142,320**	**31,904**	**224,490**	**0**	**398,714**	**0**	**398,714**
CFCR	**453,058**	**94,123**	**191,000**	**0**	**738,181**		**738,181**
Grants & Contributions	**1,290,000**	**1,642,793**	**2,257,659**	**-1,800,000**	**3,390,452**	**(32,883)**	**3,419,456**
Capital Receipts	**840,000**	**1,043,077**	**0**	**0**	**1,883,077**	**597,203**	**2,391,934**
Sale of Land and Buildings	800,000	1,043,077			1,843,077	536,170	2,330,900
Sale of Vehicles	40,000				40,000	52,034	52,034
Insurance Recoveries (Vehicles)				0	0	9,000	9,000
SUB TOTAL	**3,175,378**	**4,429,206**	**2,673,149**	**-1,800,000**	**8,477,733**	**564,320**	**9,015,594**
TOTAL CAPITAL PROGRAMME FUNDING	**38,451,123**	**6,147,857**	**3,414,149**	**(2,664,264)**	**45,348,865**	**12,278,865**	**43,702,281**

ECONOMY & COMMUNITIES

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18					DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Projected Expenditure to 31 March 2018	Actual Over/ (Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
	18,415	£	£	£	£	£	£	£	£			
ECONOMIC GROWTH												
Regeneration												
IRVINE ENTERPRISE AREA	7,999,032	2,821,922	7,999,032	0	3,807,593	3,807,593	0		0	✅	✅	
TOWN CENTRE REGENERATION	3,457,643	695,215	3,457,643	0	0	0	0	0	0	✅	✅	
IRVINE HIGH STREET	2,920,000	7,662	2,920,000	0	620,000	490,000	(130,000)		(130,000)	✅	✅	Projected majority of spend will be in 18-19 - requested to carry budget forward
LARGS MASTERPLAN	566,000	26,729	566,000	0	559,374	559,374	0		0	✅	✅	
KILBIRNIE CARS (KNOX INST)	240,000	0	240,000	0	240,000	240,000	0	0	0	✅	✅	
MILLPORT CARS	400,000	0	400,000	0	50,000	50,000	0		0	✅	✅	
MONTGOMERIE PARK MASTERPLAN	1,645,680	1,505,517	1,645,680	0	144,153	144,153	0		0	✅	🔴	Infrastructure works still to be done in 17-18 once contract is complete
PENNYBURN ROUNDABOUT	2,000,000	0	2,000,000	0	0	0	0		0	✅	✅	
PURCHASE OF STRATEGIC ASSETS	1,113,417	1,071,207	1,113,417	0	1,280	1,280	0		0	✅	✅	
Ayrshire Growth Deal	9,000,000	0	9,000,000	0	0	0	0		0	✅	✅	
Quarry Road	2,977,098	1,174,312	2,977,098	0	2,334,626	2,334,626	0	0	0	✅	✅	
Biomass Supply Chain	28,000	21,888	28,000	0	27,960	27,960	0	0	0	✅	🔴	VDLF Funding - SG confirmed carry forward of funds to 17-18
Lochshore, Kilbirnie	33,000	12,500	33,000	0	28,000	28,000	0	0	0	✅	🔴	VDLF Funding - SG confirmed carry forward of funds to 17-18
Ardeer, Stevenston Masterplan	5,000	5,000	5,000	0	0	0	0	0	0	✅	✅	
Ardrossan North Shore	4,000	4,000	4,000	0	0	0	0	0	0	✅	✅	
Irvine Kyle Road Site Prep	374,642	84,734	374,642	0	326,203	326,203	0	0	0	✅	🔴	VDLF Funding - SG confirmed carry forward of funds to 17-18
Greenwood Interchange	139,295	19,915	139,295	0	119,380	119,380	0	0	0	✅	🔴	VDLF Funding - SG confirmed carry forward of funds to 17-18
Moorpark Road West	430,946	272,220	430,946	0	337,901	337,901	0	0	0	✅	🔴	VDLF Funding - SG confirmed carry forward of funds to 17-18
VACANT & DERELICT LAND FUNDING 2017-18	1,750,000	0	1,750,000	0	1,750,000	1,750,000	0		0	✅	✅	Cabinet approved - awaiting SG approval
COMMUNITY INVESTMENT FUNDS	2,162,000	0	2,162,000	0	2,162,000	2,162,000	0		0	✅	✅	
Total Regeneration	**37,245,753**	**7,722,821**	**37,245,753**	**0**	**12,508,470**	**12,378,470**	**(130,000)**	**0**	**(130,000)**			

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ECONOMY & COMMUNITIES

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18					DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Projected Expenditure to 31 March 2018	Actual Over/ (Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
Strategic Planning & Infrastructure												
CYCLING/WALKING/SAFER STREETS	1,399,796	83,796	1,399,796	0	338,000	338,000	0	0	0	✅	✅	
ACCESS PATH NETWORK PROGRAMME	6,779,785	4,663,242	6,779,785	0	1,965,308	1,965,308	0	0	0	✅	✅	
CAR PARK STRATEGY	327,253	103,142	327,253	0	229,379	229,379	0		0	✅	✅	
HAWKHILL ROUNDABOUT *	0	(1,187)	0	0	0	0	0	0	0	Complete	Complete	
Total Strategic Planning & Infrasturture	**8,506,834**	**4,848,993**	**8,506,834**	**0**	**2,532,687**	**2,532,687**	**0**	**0**	**0**	✅	✅	
CONNECTED COMMUNITIES												
Sports & Activity												
LARGS SPORTS DEVELOPMENT	299,276	299,276	299,276	0	2,941	2,941	0	0	0	✅	✅	
IRVINE LEISURE CENTRE	21,771,207	20,918,692	21,771,207	0	225,395	225,395	0	0	0	✅	⚠️	Final account still to be agreed.
Total Sports & Activity	**22,070,483**	**21,217,968**	**22,070,483**	**0**	**228,336**	**228,336**	**0**	**0**	**0**			
Information & Culture												
COMMUNITY DEVELOPMENT FUND	251,223	0	251,223	0	251,223	251,223	0		0	Holding Code	Holding Code	
CASTLES & HISTORIC MONUMENTS	563,132	0	563,132	0	88,132	88,132	0		0	Holding Code	Holding Code	To be reviewed as part of capital refresh September 2017
ABBEY TOWER	85,000	4,399	85,000	0	84,712	84,712	0		0	✅	✅	
ST BRIDE'S CHAPEL, ARRAN	177,009	174,293	177,009	0	95,568	95,568	0		0	✅	✅	
Total Information & Cultural	**1,076,364**	**178,693**	**1,076,364**	**0**	**519,635**	**519,635**	**0**	**0**	**0**			
Total Economy & Communities	**68,899,434**	**33,968,475**	**68,899,434**	**0**	**15,789,128**	**15,659,128**	**(130,000)**	**0**	**(130,000)**			

* These projects are rolling programmes. Total budget only reflects current programmes

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EDUCATION & YOUTH EMPLOYMENT

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18						DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31 March 2018	Actual Over/ (Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
	£	£	£	£	£	£	£	£	£	£			
Nursery Education													
HAYOCKS PRIMARY SCHOOL NURSERY ADAPTS	208,862	206,800	208,862	0	2,062	0	2,062	0	0	0	Complete	Complete	
GLENCAIRN PRIMARY SCHOOL NURSERY ADAPTS	101,273	100,573	101,273	0	700	0	700	0	0	0	Complete	Complete	
LOUDON MONT PRIMARY SCHOOL NURSERY ADAPTS	734,330	533,721	734,330	0	449,416	248,807	449,416	0		0	Complete	Complete	
EARLY LEARNING & CHILDCARE	2,250,314	0	2,250,314	0	751,443	0	751,443	0		0	Holding Code	Holding Code	
DYKESMAINS PRIMARY SCHOOL NURSERY ADAPTS	1,239,707	90,855	1,239,707	0	0	0	0	0		0	✓	On hold	Project on hold at present - part of Capital Plan Refresh
WEST KILBRIDE PRIMARY SCHOOL NURSERY ADAPTS	29,011	28,295	29,011	0	716	0	716	0		0	Complete	Complete	
WHITLEES COMM CTR NURSERY ADAPTS	151,820	147,736	151,820	0	4,194	110	4,194	0	0	0	Complete	Complete	
ANNICK PRIMARY EXT - EARLY YRS PROVISION	2,000,000	1,005	2,000,000	0	1,005	1,005	1,005	0		0	✓	✓	
Total Nursery Education	**6,715,317**	**1,108,985**	**6,715,317**	**0**	**1,209,536**	**249,922**	**1,209,536**	**0**	**0**	**0**			
Primary Schools													
ELDERBANK PS	11,174,100	11,037,305	11,174,100	0	126,795	(10,000)	126,795	0	0	0	✓	✓	
Castlepark primary - remodelling	122,334	104,661	122,334	0	23,462	5,790	23,462	0	0	0	✓	✓	
MOORPARK PRIMARY EXTENSION	3,000,000	26,380	3,000,000	0	2,144	2,144	2,144	0		0	✓	On Hold	Project on hold at present - part of Capital Plan Refresh
Total Primary Education	**14,296,433**	**11,168,346**	**14,296,433**	**0**	**152,401**	**(2,066)**	**152,401**	**0**	**0**	**0**			

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EDUCATION & YOUTH EMPLOYMENT

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18						DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/(Under) Spend	Total Revised Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31 March 2018	Actual Over/(Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
Secondary Schools													
KILWINNING SECONDARY ESTATE LEARNING ENVT	3,362,625	60,346	3,362,625	0	660,372	15,593	660,372	0		0	✅	✅	
AUCHENHARVIE SECONDARY ESTATE LEARNING ENVT	4,297,197	60,855	4,297,197	0	1,550,000	14,480	1,550,000	0	0	0	✅	✅	£800,000 transferred from Property Lifecycle Investment budget within Place for works carried out under the main contract at Auchenharvie
GARNOCK CAMPUS	41,835,067	38,931,259	41,835,067	0	2,872,496	(31,311)	2,872,496	0		0	✅	✅	
IRVINE ROYAL/COLLEGE ADAPTS	2,269,412	1,349,581	2,269,412	0	948,869	29,038	948,869	0		0	✅	✅	
LARGS ACADEMY	4,712,270	1,690,238	4,712,270	0	3,165,689	143,657	3,165,689	0		0	✅	✅	
LEARNING ACADEMY AUCHENHARVIE	406,045	400,164	406,045	0	0	(5,881)	0	0		0	Complete	Complete	
ARDROSSAN NEW BUILD	31,590,000	0	31,590,000	0	0	0	0	0			✅	✅	
Total Secondary Education	**88,472,616**	**42,492,443**	**88,472,616**	**0**	**9,197,426**	**165,576**	**9,197,426**	**0**	**0**	**0**			
Special Education													
NEW BUILD ASN SCHOOL	25,056,000	48,944	25,056,000	0	233,125	2,069	233,125	0		0	✅	✅	
Total Special Education	**25,056,000**	**48,944**	**25,056,000**	**0**	**233,125**	**2,069**	**233,125**	**0**	**0**	**0**			
Total Education & Skills	**134,540,366**	**54,818,719**	**134,540,366**	**0**	**10,792,488**	**415,501**	**10,792,488**	**0**	**0**	**0**			

* These projects are rolling programmes. Total budget only reflects current programmes

FINANCE & CORPORATE SUPPORT

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18						DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/(Under) Spend	Total Revised Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31 March 2018	Actual Over/(Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
	£	£	£	£	£	£	£	£	£	£			
Financial Services													
DEFIBRILLATORS	157,231	143,329	157,231	0	19,491	5,590	19,491	0		0	🟢	🔴	Original project complete. Additional new streams now coming online
FMS SYSTEM	369,690	275,170	369,690	0	224,490	129,970	224,490	0		0	Complete	Complete	
CAREFIRST IT SYSTEM	120,678	84,620	120,678	0	36,058	0	36,058	0		0	🟢	🔴	Budget carried forward to 17-18 for work on integration with new FMS System
Total Financial Services	**647,599**	**503,119**	**647,599**	**0**	**280,039**	**135,560**	**280,039**	**0**	**0**	**0**			
Information Technology													
PC REPLACEMENT/VIRTUAL DESKTOP *	182,235	1,314	182,235	0	182,235	1,314	182,235	0		0	🟢	🟢	
MICROSOFT OFFICE UPGRADE *	70,000	796,912	70,000	0	70,000	0	70,000	0		0	🟢	🟢	
WINDOWS SERVER MIGRATION	840,059	811,708	840,059	0	39,246	10,895	39,246	0		0	🟢	🟡	Budget carried forward from 16/17. Delay due to PSN work
DATA RATIONALISATION & STORAGE	809,617	161,712	809,617	0	147,905	0	147,905	0		0	🟢	🟢	
PSN COMPLIANCE	384,000	352,234	384,000	0	35,591	3,825	35,591	0		0	🟢	🔴	Compliance audit to be completed shortly which will determine spend
AGILE WORKING *	107,989	5,670	107,989	0	107,989	5,670	107,989	0		0	🟢	🟢	
Total Information Technology	**2,393,899**	**2,129,548**	**2,393,899**	**0**	**582,966**	**21,703**	**582,966**	**0**	**0**	**0**			
Council IT Strategy													
WIRELESS ACCESS IN SCHOOLS	480,984	469,178	480,984	0	15,849	4,043	15,849	0		0	🟢	🔴	Work In Arran now progressing
MANAGED WAN SERVICES	773,583	638,662	773,583	0	135,846	925	135,846	0		0	🟢	🔴	Budget carried forward from 16-17 due to availability of infrastructure on Arran
SCHOOLS ICT INVESTMENT *	405,970	242,217	405,970	0	405,970	242,217	405,970	0		0	🟢	🟢	
BUSINESS CONTINUITY	400,000	0	400,000	0	0	0	0	0		0	🟢	🟢	
INFRASTRUCTURE ENHANCEMENTS *	84,433	2,241	84,433	0	84,433	2,241	84,433	0		0	🟢	🟢	
Microsoft Enterprise Agreement	825,000	0	825,000	0	0	0	0	0		0	🟢	🟢	
HSCP ICT Investment to Support Integration	250,000	74,939	250,000	0	188,625	13,563	188,625	0		0	🟢	🔴	Discussions in place regarding spend commitments
Total IT Strategy	**3,219,970**	**1,427,237**	**3,219,970**	**0**	**830,723**	**262,990**	**830,723**	**0**	**0**	**0**			
Total Finance & Corporate Support	**6,261,468**	**4,059,904**	**6,261,468**	**0**	**1,693,728**	**420,253**	**1,693,728**	**0**	**0**	**0**			

* These projects are rolling programmes. Total budget only reflects current programmes

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CAPITAL MONITORING 2017/18

HEALTH & SOCIAL CARE

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18						DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31 March 2018	Actual Over/ (Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
	£	£	£	£	£	£	£	£	£	£			
Management & Support													
HOME CARE SYSTEM	433,918	331,598	433,918	0	102,320	0	102,320	0		0	✅	🔴	Linked to ensuring that that the HSCP only pays for services delivered across all commissioned services
Total Management & Support	**433,918**	**331,598**	**433,918**	**0**	**102,320**	**0**	**102,320**	**0**	**0**	**0**			
Older People													
TARRYHOLME	3,356,000	68,005	3,356,000	0	1,613,200	3,205	350,000	(1,263,200)		(1,263,200)	✅	✅	Budget requested to be carried forward to 18/19 as works not due to commence on site till early 2018.
Total Older People	**3,356,000**	**68,005**	**3,356,000**	**0**	**1,613,200**	**3,205**	**350,000**	**(1,263,200)**	**0**	**(1,263,200)**			
							.						
Total Health & Social Care	**3,789,918**	**399,604**	**3,789,918**	**0**	**1,715,520**	**3,205**	**452,320**	**(1,263,200)**	**0**	**(1,263,200)**			

* These projects are rolling programmes. Total budget only reflects current programmes

PLACE

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18						DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31 March 2018	Actual Over/ (Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
	£	£	£	£	£	£	£	£	£	£			
PHYSICAL ENVIRONMENT													
Roads													
ROADS IMPROVE/RECONSTRUCTION *	2,999,843	526,818	2,999,843	0	2,999,843	526,818	2,999,843	0		0	✅	✅	
B714 UPGRADE	2,065,092	444,789	2,065,092	0	353,803	17,129	353,803	0		0	✅	🔴	Scheme delayed
LIGHTING *	958,160	492,924	958,160	0	958,160	492,924	958,160	0		0	✅	✅	
STREET LIGHTING MAINLAND	3,727,999	3,179,319	3,727,999	0	559,210	10,530	559,210	0		0	✅	🔺	Last few packages carried over from 16/17.
UPPER GARNOCK FPS	17,400,001	1,119,463	17,400,001	0	368,177	33,721	368,177	0		0	✅	✅	
BANNOCH BURN KILW'G FLOOD WORK	225,000	145,510	225,000	0	88,369	8,879	88,369	0		0	✅	🔴	Property flood protection work carried over from 16/17
MILLPORT COASTAL FPS	6,970,000	315,952	6,970,000	0	179,453	15,404	179,453	0		0	✅	✅	
LAMLASH GREEN COASTAL PROTECTION	95,000	4,283	95,000	0	94,929	4,212	94,929	0		0	✅	🔴	Delays in transferring ownership of Green to NAC has delayed work being done until 17/18
GARDEN WEIR FISH PATH	35,583	17,331	35,583		35,583	17,331	35,583	0		0	✅	✅	
BRIDGES INFRASTRUCTURE PROG *	814,143	44,497	814,143	0	814,143	44,497	814,143	0		0	✅	✅	
Total Roads	**35,290,822**	**6,290,887**	**35,290,822**	**0**	**6,451,670**	**1,171,446**	**6,451,670**	**0**	**0**	0			
										0			
Office Accommodation													
BRIDGEGATE HOUSE REFURB	9,614,276	9,605,972	9,614,276	0	10,627	2,322	10,627	0		0	Complete	Complete	Remedial work to lighting in some areas required following investigation
CUNNINGHAME HOUSE PHASE 2	1,177,471	1,176,278	1,177,471	0	1,193	0	1,193	0	0	0	Complete	Complete	
CUNNINGHAME HOUSE PHASE 3-4	2,138,040	2,059,635	2,138,040	0	54,045	(24,360)	54,045	0	0	0	Complete	Complete	
PROPERTY LIFECYCLE INVESTMENT *	1,620,163	799,006	1,620,163	0	1,620,163	799,006	1,620,163	0	0	0	✅	✅	£0.800m transferred to Auchenharvie Secondary Estate Learning Environment in 17-18 for works carried out under the main contract at Auchenharvie. £0.215m requested to be moved in 18-19
RECORDS UNIT REPLACEMENT	250,808	248,861	250,808	0	1,947	0	1,947	0	0	0	Complete	Complete	
Cunninghame Hse Phase 5	665,530	658,530	665,530	0	7,067	67	7,067	0	0	0	Complete	Complete	
Total Office Accommodation	**15,466,288**	**14,548,281**	**15,466,288**	**0**	**1,695,042**	**777,035**	**1,695,042**	**0**	**0**	**0**			

PLACE

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18						DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31 March 2018	Actual Over/ (Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
Other Property													
CORP ASSET MANAGEMENT SYSTEM	86,392	78,260	86,392	0	10,257	2,125	10,257	0		0	✅	🔴	Work now to complete in 17/18
SALTCOATS TOWN HALL	3,770,148	3,406,411	3,770,148	0	178,475	(185,263)	178,475	0		0	Complete	Complete	Additional stonework & consultancy fees required in 17-18 to satisfy grant funding terms & conditions
INDUSTRIAL PORTFOLIO *	212,081	30,125	212,081	0	212,081	30,125	212,081	0		0	✅	✅	Some work delayed due to weather conditions
SALTCOATS PUBLIC REALM	1,000,000	513,136	1,000,000	0	642,793	155,929	642,793	0	0	0	✅	🔴	Initial contractor went into liquidation, hence the delay
Mackintosh Place	450,000	450,000	450,000	0	450,000	450,000	450,000	0	0	0	✅	✅	
Total Property	**5,518,622**	**4,477,932**	**5,518,622**	**0**	**1,493,606**	**452,917**	**1,493,606**	**0**	**0**	**0**			
Housing Non HRA													
IMPROVEMENT GRANTS *	934,046	106,831	934,046	0	934,046	106,831	934,046	0		0	✅	✅	
CARE & REPAIR	15,000	62,534	15,000	0	15,000	62,534	15,000	0		0	✅	✅	
CCTV GENERAL	33,800	13,800	33,800	0	20,000	0	20,000	0		0	✅	✅	
Total Housing Non HRA	**982,846**	**183,165**	**982,846**	**0**	**969,046**	**169,365**	**969,046**	**0**	**0**	**0**			
Streetscene													
SKELMORLIE CEMETERY WALL	132,648	131,940	132,648	0	3,158	2,449	3,158	0		0	Complete	Complete	
CEMETERY EXTNS, WALLS & INFRA *	719,143	96,511	719,143	0	719,143	96,511	719,143	0		0	Holding Code	Holding Code	
LAMLASH CEMETERY EXTENSION	15,831	19,908	19,908	4,077	0	4,077	4,077	4,077	4,077	0	Complete	Complete	
KILWINNING CEMETERY	60,000	47,385	50,169	(9,831)	56,150	43,535	46,319	-9,831	-9,831	0	Complete	Complete	
ARDROSSAN CEMETERY WORKS	146,461	145,466	146,461	0	995	0	995	0	0	0	Complete	Complete	
DREGHORN CEMETERY	0	2,145	2,145	2,145	0	2,145	2,145	2,145	2,145	0	Complete	Complete	
OLD BARONY CEMETERY WORKS	66,541	60,836	66,541	0	5,705	0	5,705	0		0	Complete	Complete	
LYCH GATE, LOCHRANZA, ARRAN	35,000	27,100	32,230	(2,770)	10,386	2,486	7,616	-2,770	-2,770	0	✅	✅	
KNADGERHILL CEMETERY	120,000	1,518	120,000	0	120,000	1,518	117,658	-2,342	0	-2,342	✅	✅	Balance required in 18-19 to cover consultants costs
BEITH AULD KIRK	240,000	0	240,000	0	240,000	0	254,308	14,308		14,308	✅	✅	
Total Streetscene	**1,535,624**	**532,808**	**1,529,245**	**(6,379)**	**1,155,537**	**152,721**	**1,161,124**	**5,587**	**(6,379)**	**11,966**			
Transport													
VEHICLES *	2,067,045	555,487	2,067,045	0	2,067,045	555,487	2,067,045	0		0	✅	✅	
Total Transport	**2,067,045**	**555,487**	**2,067,045**	**0**	**2,067,045**	**555,487**	**2,067,045**	**0**	**0**	**0**			

PLACE

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18						DELIVERY STATUS		Comments
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31 March 2018	Actual Over/ (Under) Spend for 17/18	True Over/(Under) Spend	Carry Forward to 2018/19	Delivery Status Financial	Delivery Status Physical	
Waste Services													
SHEWALTON LANDFILL	14,402,485	13,276,216	14,402,485	0	617,943	3,675	617,943	0		0	✅	✅	
ICT WASTE MANAGEMENT SYS	195,000	184,454	195,000	0	10,546	0	10,546	0		0	Complete	Complete	
Total Waste Services	**14,597,485**	**13,460,671**	**14,597,485**	**0**	**628,489**	**3,675**	**628,489**	**0**	**0**	**0**			
Renewable Energy													
RENEWABLE ENERGY PROGRAMME	81,737	51,018	81,737	0	30,719	0	30,719	0		0	Holding code	Holding code	
BIOMASS RETROFIT PROGRAMME	3,400,362	3,339,840	3,382,917	(17,445)	30,800	(29,723)	13,355	(17,445)	-17,445	0	✅	🔴	Original programme extended to 17-18. Underspend to be transferred to holding code
SOLAR PV RETROFIT PROGRAMME	1,874,203	1,853,575	1,862,763	(11,440)	21,063	435	9,623	(11,440)	-11,440	0	✅	✅	Underspend to be transferred to holding code
SOLAR ARRAYS	200,001	187,704	200,001	0	12,297	0	12,297	0		0	✅	🔴	Delays due to reroofing works
SOLAR PV RETROFIT EXTENSION	120,000	0	120,000	0	120,000	0	120,000	0		0	✅	✅	
Total Renewable Energy	**5,676,303**	**5,432,137**	**5,647,418**	**(28,885)**	**214,879**	**-29,288**	**185,994**	**-28,885**	**-28,885**	**0**			
Total Place	**81,135,034.54**	**45,481,367.39**	**81,099,770.54**	**-35,264.00**	**14,675,314**	**3,253,358**	**14,652,016**	**-23,298**	**-35,264**	**11,966**			

* These projects are rolling programmes. Total budget only reflects current programmes

Other Budgets

Project Description	TOTAL PROJECT				CURRENT YEAR 2017/18			
	Total Project Budget	Cumulative Expenditure to date	Total Project Forecast	Projected Over/ (Under) Spend	Total Revised Budget 2017/18	Actual Expenditure to 31 July 2017	Projected Expenditure to 31 March 2018	Over/ (Under) Spend for 17/18
	£	£	£	£	£	£	£	£
FLEXIBILITY	682,687	0	0	(682,687)	682,687	0	452,601	(230,086)
Total Other Budgets	**682,687**	**0**	**0**	**(682,687)**	**682,687**	**0**	**452,601**	**(230,086)**

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North Ayrshire Council
HRA Capital Statement
For Year Ended 31 March 2018

Description	Budget Approved 01 March 2017	Budget B/Fwd/ (C/Fwd)	Approved Revisions to programme	Revised budget 2017/18	Year to Date Budget	Actual expenditure to 31st July 2017	Year to Date Variance	Projected Spend to 31/03/2018	Year end Variance	Carry forward to 18/19	True underspend	Comments
COUNCIL HOUSE BUILD PROGRAMME												
COUNCIL HOUSE BUILDING GENERAL	8,832,000	(1,447,506)	-	7,384,494	1,846,124	3,231	(1,842,892)	901,494	(6,483,000)	(6,483,000)	-	Will be used to align budgets in revised SHIP once approved. Included budget provision for Corsehillhead (not progressing), 2 sustainable homes (delayed and proposal to move to Dickson Drive project. Dickson Drive project completion date has slipped from March 2018 to March 2019. Slippage in Tarryholme Drive from 2017/18 to 2018/19)
ACQUISITION OF HOUSES ON OPEN MARKET	400,000	483,446	-	883,446	220,862	236,350	15,489	883,446	-	-	-	
NEW BUILD FENCEDYKE	-	1,378,211	-	1,378,211	344,553	1,197,813	853,261	1,298,211	(80,000)	-	(80,000)	Project will complete 17/18
NEW BUILD STEVENSTON INST	-	-	-	-	-	(1,939)	(1,939)	-	-	-	-	16/17 Accrual
NEW BUILD DICKSON DRIVE PHASE 1	-	-	-	-	-	(198,867)	(198,867)	-	-	-	-	16/17 Accrual
NEW BUILD MONTGOMERY COURT	-	-	-	-	-	(30,955)	(30,955)	-	-	-	-	16/17 Accrual
NEW BUILD GLENCAIRN HOUSE SHU	3,540,000	848,920	-	4,388,920	1,097,230	941,343	(155,887)	4,388,920	-	-	-	
NEW BUILD CANAL COURT SHU	6,300,000	(165,705)	-	6,134,295	1,533,574	79,233	(1,454,341)	4,320,000	(1,814,295)	(1,814,295)	-	Project was due to start in April 17 and complete March 18, slipped to start date of Aug 17 and completion Oct 18
NEW BUILD DICKSON DRIVE PHASE 2	-	501,300	-	501,300	125,325	-	(125,325)	501,300	-	-	-	
NEW BUILD WATT COURT	4,908,724	(1,640)	-	4,907,084	1,226,771	5,040	(1,221,731)	350,000	(4,557,084)	(4,557,084)	-	Slipped from 2017/18 completion to March 2019 due to change in development plan.
NEW BUILD SHELTERED HOUSING	5,021,276	-	-	5,021,276	1,255,319	-	(1,255,319)	-	(5,021,276)	(5,021,276)	-	Additional Budget not required in 17/18. Will be reprofiled to later years when revised SHIP approved. Only Watt Court currently approved.
CORSEHILLHEAD KILWINNING	-	-	-	-	-	460	460	-	-	-	-	No longer going ahead
IMPROVEMENT TO EXISTING HOMES - BUILDING SERVICES												
WINDOW REPLACEMENT	158,895	363,844	-	522,739	130,685	-	(130,685)	522,739	-	-	-	
BATHROOM PROGRAMME	1,944,259	-	-	1,944,259	486,065	99,391	(386,673)	3,369,720	1,425,461	-	1,425,461	virement required to re-align Kitchen and Bathroom Budget according to expected viable adresses in 17/18
KITCHEN PROGRAMME	2,199,502	-	-	2,199,502	549,876	236,158	(313,718)	774,041	(1,425,461)	-	(1,425,461)	virement required to re-align Kitchen and Bathroom Budget according to expected viable adresses in 17/18
IMPROVEMENT TO EXISTING HOMES - EXTERNAL CONTRACTORS												
CENTRAL HEATING	1,080,840	407,468	-	1,488,308	372,077	146,432	(225,645)	1,488,308	-	-	-	
INSULATED RE-RENDERING	1,063,861	(40,476)	-	1,023,385	255,846	187,996	(67,850)	1,023,385	-	-	-	
ELECTRICAL REWIRING	518,924	66,669	-	585,593	146,398	169,828	23,429	585,593	-	-	-	
REFURBISHMENT SCHEMES												
REFURBISHMENT SCHEMES	3,526,000	(2,673,040)	-	852,960	213,240	-	(213,240)	-	(852,960)	(852,960)	-	Budget not required in 17/18
REFURB MONTGOMERY COURT	-	-	-	-	-	(32,997)	(32,997)	-	-	-	-	16/17 Accrual
ROOFING & RENDERING	3,681,331	(2,502)	-	3,678,829	919,707	1,223,902	304,195	3,678,829	-	-	-	
INFRASTRUCTURE IMPROVEMENTS	265,302	-	-	265,302	66,326	-	(66,326)	265,302	-	-	-	
REFURB - ROBERT W SERVICE CT SH	-	1,643,385	-	1,643,385	410,846	887,586	476,740	1,643,385	-	-	-	This will complete September 2017
REFURB - DICKSON COURT	340,000	1,395,173	-	1,735,173	433,793	675	(433,118)	696,560	(1,038,613)	(1,038,613)	-	Initial start date of March 2017 slipped to October 2017. Completion slippage from January 2018 to October 2018
KILWINNING HOUSING OFFICE	212,000	-	-	212,000	53,000	-	(53,000)	212,000	-	-	-	
CONNELL COURT	-	1,366,120	-	1,366,120	-	-	-	100,000	(1,266,120)	(1,266,120)	-	Only initial Fees anticipated in 17/18. Slippage on start date from March 2018 to June 2018.
OTHER CAPITAL WORKS												
ENERGY EFFICIENCY STANDARD	1,061,208	-	-	1,061,208	265,302	41,626	(223,676)	1,061,208	-	-	-	
OTHER CAPITAL WORKS	273,182	534,375	-	807,557	201,889	88,923	(112,966)	807,557	-	-	-	
CAP EXP BOURTREEHILL CAR PARKING PILOT	-	-	-	-	-	800	800	-	-	-	-	Will drawdown from reserves to match spend
PROFESSIONAL MANAGEMENT CHARGES	1,138,942	-	-	1,138,942	284,736	-	(284,736)	1,138,942	-	-	-	
TOTAL EXPENDITURE	**46,466,246**	**4,658,042**	**-**	**51,124,288**	**12,439,542**	**5,282,030**	**(7,157,512)**	**30,010,940**	**(21,113,348)**	**(21,033,348)**	**(80,000)**	
SALE OF COUNCIL HOUSES	-	-	-	-	-	(853,979)	(853,979)	(853,979)	(853,979)	-	(853,979)	Capital receipts are still being received from the final council house sales in 16/17. This will reduce required borrowing in 17/18
CFCR	(15,557,556)	-	-	(15,557,556)	(2,592,926)	-	2,592,926	(15,557,556)	-	-	-	
OTHER INCOME - HOUSE BUILDING	-	-	-	-	-	11,079	11,079	-	-	-	-	Accrued Income for John Galt site Scottish Water 15/16
CAPITAL GRANTS - HOUSE BUILDING	(10,146,000)	(683,932)	-	(10,829,932)	(1,804,989)	(859,744)	945,244	(4,150,000)	6,679,932	6,679,932	-	RWS CT £189k Glencairn £670k
CAPITAL GRANTS - ENERGY FUNDING	-	-	-	-	-	(65,073)	(65,073)	-	-	-	-	
AFFORDABLE HOUSING CONTRIBUTION	(838,202)	-	-	(838,202)	(139,700)	-	139,700	(838,202)	-	-	-	Owner Contribution to Rerendering
INFRASTRUCTIURE IMPROVEMENT RESERVE	-	-	-	-	-	-	-	(212,000)	(212,000)	-	(212,000)	
COUNCIL HOUSE BUILD FUND	-	-	-	-	-	-	-	(494,000)	(494,000)	-	(494,000)	
PRUDENTIAL BORROWING	(19,924,488)	(3,974,110)	-	(23,898,598)	(3,983,100)	-	3,983,100	(7,905,203)	15,993,395	14,353,416	1,639,979	
TOTAL INCOME	**(46,466,246)**	**(4,658,042)**	**-**	**(51,124,288)**	**(8,520,715)**	**(1,767,716)**	**6,752,998**	**(30,010,940)**	**21,113,348**	**21,033,348**	**80,000**	

NORTH AYRSHIRE COUNCIL

Agenda Item 17

26 September 2017

Cabinet

Title:	**Long Term Financial Outlook 2018/19 to 2027/28**
Purpose:	To update the Cabinet on the significant financial challenge that the Council faces over the next 10 years and the approach to respond to this.
Recommendation:	That Cabinet considers the Long Term Financial Outlook 2018/19 to 2027/28, noting the scale of the financial challenge which the Council faces over the next 10 years and the approach to respond to this.

1. Executive Summary

1.1 Councils are operating in an increasingly challenging environment with public sector funding continuing to reduce against a backdrop of increasing costs, demand for services and public expectations. In this climate it is essential that Councils consider the long term financial outlook, an essential component of the overall financial framework, that sets the context for annual and medium term financial planning and ensures resources are targeted to key priorities. This outlook report relates to the Council's General Fund. The Housing Revenue Account has its own 30 year business plan.

1.2 Councils operate in a complex environment and are impacted by local, national and global factors. The long term financial outlook assesses the impact of these on North Ayrshire concluding that these will increase demand for services at a faster rate than available financial resources.

1.3 The long term financial outlook will enable the Council to plan its response to these challenges and support future decision making. The outlook report identifies an estimated funding shortfall of £156m over the next ten years which the Council requires to address. £70m of this gap occurs over the next three years. This is based on best estimates with sensitivity analysis highlighting the implications of changes to the underlying assumptions.

1.4   The Financial Outlook also considers the assets that support service delivery and the longer term liabilities which the Council may be required to meet. The outlook report shows that the Council is well placed to meet its liabilities with the cost of financing debt reducing over the ten year period and pension contributions being made at the levels recommended by the Pension Fund.

1.5   A clear strategy is required to ensure the Council remains financially sustainable over the longer term. This will require the Council to fundamentally review the services which will be delivered, how they will be delivered and who will deliver them. This will be developed more fully as part of the Council Plan refresh.

2.   **Background**

Introduction

2.1   The Council's previous financial strategy covering the period 2013-23, was approved by Council on 8 May 2013, this established a sound basis for the development of the medium term financial plans of the Council.

2.2   The current financial outlook has been developed to steer the Council through the challenging economic climate and continuing reduction to resources. The primary objective of the financial outlook report is to ensure longer term financial sustainability that provides for appropriate investment in priority services.

2.3   The significant risks that the Council faces have been identified in the Council's Strategic Risk Register. These are:

● the financial environment;
● inequalities, including poverty, poor health and the impact of ongoing welfare reforms; and
● the financial sustainability of the Health and Social care Partnership.

Financial Outlook

2.4   The Financial Outlook, appended to this report, outlines:

● the strategic financial framework;
● global and national economic performance;
● factors affecting Scottish Government funding and funding for Local Government;
● local and national issues for North Ayrshire including our current and anticipated demographic profile, employment and levels of deprivation and the impact these will have on the Council's income and cost base;

- the financial outlook for North Ayrshire including funding anticipated from Government Grant and Council Tax;
- a review of the Council's balance sheet including assets, debt, future liabilities and reserves;
- the strategic response required by the Council to ensure future financial sustainability.

2.5   The main components of the Financial Outlook are summarised below.

Economic Outlook

2.6   In reviewing the Council's long term financial position it is essential to consider the economic outlook and what this might mean for public sector and local government funding.

2.7   The world economy, key to UK and Scottish trade, is picking up with the International Monetary Fund (IMF) forecasting global growth moving towards long term average rates. Key risks to the global economy include policy uncertainty, potential US trade protection, Brexit and vulnerabilities in other markets including China.

2.8   Since 2014 the UK economy has been one of the strongest performing of the G7 economies. This has been driven by rising household consumption funded through increased borrowing and reduced savings, the sustainability of which is questionable. Levels of uncertainty are unprecedented and the current low growth cycle is expected to continue with considerable downside risk, with growth projections for the UK continuing to be revised downwards.

2.9   Although the global outlook should have a positive impact on the Scottish economy, this has yet to be evidenced through increased exports. This is likely to impact on the availability of resources to deliver public services.

2.10   The General Election in June 2017 has added to the uncertainty with lack of clarity on long term policy objectives with an expectation that balancing of the budget will take place over a longer time period, possibly into the mid 2020s. The Chancellor has signalled an easing of austerity, the detail of which will become clear in the Autumn Budget.

2.11   The Scottish Government is operating in an increasingly complex fiscal environment. The new Fiscal Framework is such that the performance of the Scottish economy relative to the rest of the UK (rUK) is the determinant of whether the Scottish Budget is better or worse off under the new arrangements.

The Scottish Landscape

2.12 Outwith the economic challenge significant changes are taking places across the public sector landscape. The most significant issues, including the Programme for Government, published in September 2017, which may impact on the Council and its communities are noted below. The Scottish Budget later this year should provide clarity on funding of policy choices and the extent to which they impact on resources for local government.

Programme for Government

Elements of the Programme for Government which may impact on local government include;

- Climate Change Bill;
- Warm Homes Bill to tackle fuel poverty;
- Increase in modern apprenticeships;
- Proposals to reduce inequalities including; citizen basic income, eradication homeless ness;
- Lifting the 1% public sector pay cap;
- Planned introduction of free personal care for under 65s;
- Education Governance Review;
- Expansion of Early Learning and Child Care;
- Barclay Review of Non Domestic Rates;
- Protection of Health (above inflation) and Police (in line with inflation).

Settlement Conditions

Current Settlement Conditions include; protection of teacher / pupil ratios, cap on council tax increases and partial ring fencing of the health and social care budget. Elements of this create a "gearing" effect on savings delivery impacting more severely on unprotected service areas.

Health and Social Care Partnership

There are a number of significant issues to consider relating to health and social care including; financial sustainability of the current models and range of services and the extent of and resources available to shift the provision of healthcare from acute to primary and community based services.

2.13 It is anticipated that the Scottish Draft Budget and Financial Settlement will be published after the UK Autumn Budget in mid December with the Budget Bill being passed towards the end of February.

Financial Outlook for North Ayrshire

2.14 In developing the longer term financial outlook an assessment of the significant pressures and income levels anticipated over the next 10 years has been undertaken based on the best available information. The underlying assumptions will be kept under review to ensure the Council continues to plan on a sound and current basis. The model recognises the following significant pressures with an anticipated cost of £135m over the next 10 years:

- Workforce costs including future pay settlements, living wage and workforce resizing;
- Inflationary uplift for major commodities, contractual commitments and legislative changes only, with no provision for general inflation;
- Significant socio economic and demographic pressures including:
  o a growing older population;
  o increased demand for support for adults;
  o increased demand for support for vulnerable children and young people;
  o reducing number of children and young people;
- full roll out of universal credit;
- support for the capital investment programme.

2.15 Given the trend for single year settlements there is a high level of uncertainty about future levels of grant funding. The anticipated 3.5% reduction in the first 2 years of the plan is in line with best information. Reductions in later years of the plan align with the anticipated changes in our demographics. It is anticipated that this will result in a reduction of funding of £36m over the next 10 years.

2.16 The model assumes a 3% annual increase to Council Tax generating £18m over the next 10 years.

2.17 Sensitivity analysis within the plan outlines a range of scenarios - a 1% change to Government Grant funding equates to about £2.7m and a 1% change to council tax income equates to about £0.520m.

2.18 The Council used almost £9m of reserves when it set its budget in 2017/18, more than £3m of which funded recurring expenditure contributing to the funding gap in 2018/19.

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

2.20 The financial gap for the period 2018/19 to 2020/21 is estimated at £70m, profiled as follows; 2018/19 £31m, 2019/20 £24m, 2020/21 £15m.

Reserves Strategy

2.21 The Council's reserves are classified as either earmarked or unearmarked. The Council's unearmarked reserves, i.e. those set aside to allow the Council to manage any unanticipated events, are in line with current policy of a minimum of 2% as set by Council on 1 March 2017. Earmarked reserves have been established to meet a range of known commitments, it is anticipated that these will reduce significantly over the next few years.

2.22 The level of Council reserves requires to be maintained at the right level to ensure the Council's future financial stability. These will be kept under review and considered annually on the closure of the Council's Account.

2.23 To support the next phase of transformation and ensure that resources are targeted to key priorities the level of resources available in the Service Redesign Fund will require to be considered as the Council sets its budget.

Taking a Longer Term View

2.24 The reduction in resources noted above is happening at the same time as significant demographic pressures. The scale of the financial challenge together with the change and savings which have been delivered already, £80m between 2010/11 and 2017/18, creates a greater future challenge.

2.25 At its meeting on 1 March 2017 the Council set a balanced budget for 2017/18 using almost £9m of reserves. 2017/18 was the third single year Settlement with a further single year Settlement anticipated for 2018/19. This approach makes medium and longer term financial planning more difficult.

2.26 The anticipation of continued austerity and longer lead in times to deliver the significant change and transformation require the Council to take a longer term approach to financial planning. The requirement for such an approach is recognised by a number of bodies including CIPFA and Audit Scotland.

The Council's Approach

2.27 The Long Term Financial Outlook outlines an approach which can be considered alongside the refresh of the Council Plan and in Partnership with our communities. It recognises the need to redefine;

- What we do;
- How we do it; and
- Who does it.

2.28   Given the scale of the challenge a robust corporate workforce plan is required to support the scale of change and transformation.

Next Steps

2.29   Services have submitted their initial budget submissions covering 2018/19 to 2020/21, these are being scrutinised currently as part of the officer peer review process.

2.30   Discussions require to take place with the Health Board and the Integrated Joint Board to ensure a collaborative approach is taken to develop the budget for the Health and Social Care Partnership.

2.31   Based on current plans community engagement and Members briefings will take place over autumn with Budget Day taking place in February 2018.

3.   Proposals

3.1   That Cabinet considers the Financial Outlook 2018/19 to 2027/28, noting the scale of the financial challenge which the Council faces over the next 10 years and the approach to respond to this.

4.   Implications
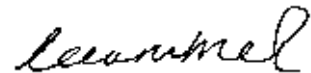
Financial:	The anticipated funding gap over the period 2018/19 to 2027/28 is £156m, £135m from cost pressures, £36m as a result of anticipated grant reduction, an additional £18m from council tax and the need to find a recurring solution to the use of £3m reserves in 2017/18. The medium term gap is £70m, this will be considered as the Council sets its budget for 2018/19 and the subsequent two financial years. Work is in progress to refine the assumptions. Council will require to set a balanced budget for 2018/19 and future years.
Human Resources:	It is anticipated that delivery of savings will impact on the Council's future workforce. The Council will continue to actively manage the size of its permanent work force, vacancies, and temporary contracts together with selective use of voluntary severance and early retirement. Communication and regular consultation will continue to take place with the work force and Trade Unions.
Legal:	The Council requires to set a balanced budget each financial year.
Equality:	An equality impact assessment will be carried out for all options that will assist the Council to make decisions to bridge its funding gap.
Environmental & Sustainability:	No direct consequences.
Key Priorities:	In addressing the financial challenge which the Council faces it will seek to minimise the impact this has on meeting its key priorities.
Community Benefits:	No direct consequences.

5.   Consultation

5.1   Development of the Council's financial outlook is carried out collaboratively across the Executive Leadership Team.

6.   Conclusion

6.1   The Council is starting from a strong position in terms of financial planning with a clear understanding of its key strategic risks. Longer term financial planning is critical to ensure sustainability of key Council priorities over the longer term. The Financial Outlook outlines the anticipated funding gap of £156m over the period 2018/19 to 2027/28, with £70m of this occurring over the three years commencing 2018/19. The report outlines the approach required to address the longer term financial challenge. A longer term approach gives sufficient lead in to deliver the change and transformation to bridge the funding gap.

Laura Friel

LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference :
For further information please contact Laura Friel (Executive Director(Finance and Corporate Support) on 01294 324554

Background Papers
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NORTH AYRSHIRE COUNCIL

LONG TERM FINANCIAL OUTLOOK

2018-19 TO 2027-28

TABLE OF CONTENTS

THE FINANCIAL OUTLOOK

Executive Summary

Councils are operating in an increasingly challenging environment with public sector funding continuing to reduce against a backdrop of increasing costs, demand for services and public expectations. In this climate it is essential that Councils consider the long term financial outlook, an essential component of the overall financial framework, that sets the context for annual and medium term financial planning and ensures resources are targeted to key priorities. This outlook report relates to the Council's General Fund. The Housing Revenue Account has its own 30 year business plan.

Councils operate in a complex environment and are impacted by local, national and global factors. The long term financial outlook assesses the impact of these on North Ayrshire concluding that these will increase demand for services at a faster rate than available financial resources.

The long term financial outlook will enable the Council to plan its response to these challenges and support future decision making. The outlook report identifies an estimated funding shortfall of £156m over the next ten years which the Council requires to address. £70m of this gap occurs over the next three years. This is based on best estimates with sensitivity analysis highlighting the implications of changes to the underlying assumptions.

The Financial Outlook also considers the assets that support service delivery and the longer term liabilities which the Council may be required to meet. The outlook report shows that the Council is well placed to meet its liabilities with the cost of financing debt reducing over the ten year period and pension contributions being made at the levels recommended by the Pension Fund.

A clear strategy is required to ensure the Council remains financially sustainable over the longer term. This will require the Council to fundamentally review the services which will be delivered, how they will be delivered and who will deliver them. This will be developed more fully as part of the Council Plan refresh.

PURPOSE

North Ayrshire Council is hugely ambitious for North Ayrshire and its residents and is committed to making sure the area reaches its full potential. We have well established plans for the future, with a Council Plan which outlines our priorities and ambitions and what we want to achieve by 2020.

The Council Plan is supported by Directorate Plans and a variety of service strategies, investment and management plans which underpin day to day service delivery. These plans and strategies set out what the Council wants to achieve, how it will deliver this and the resources required to secure the desired outcome.

Councils are operating in an increasingly challenging environment with public sector funding continuing to reduce against a backdrop of increasing costs, demand for services and public expectations. In this climate it is essential that Councils assess the long term financial outlook to ensure resources are targeted to key priorities and set the context for medium term and annual financial planning.

Strategic Financial Framework

North Ayrshire has a track record of sound financial planning and management. The key components of the framework, supported by regular financial reporting are illustrated overleaf.

Our Priorities

Growing our economy, increasing employment and regenerating towns

Working together to develop stronger communities

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

Supporting all of our people to stay safe, healthy and active

Protecting and enhancing the environment for future generations

Council Plan → Long Term Financial Outlook (10 years) → Medium Term Financial Strategy (3 years) → Annual Budgets (1 year)
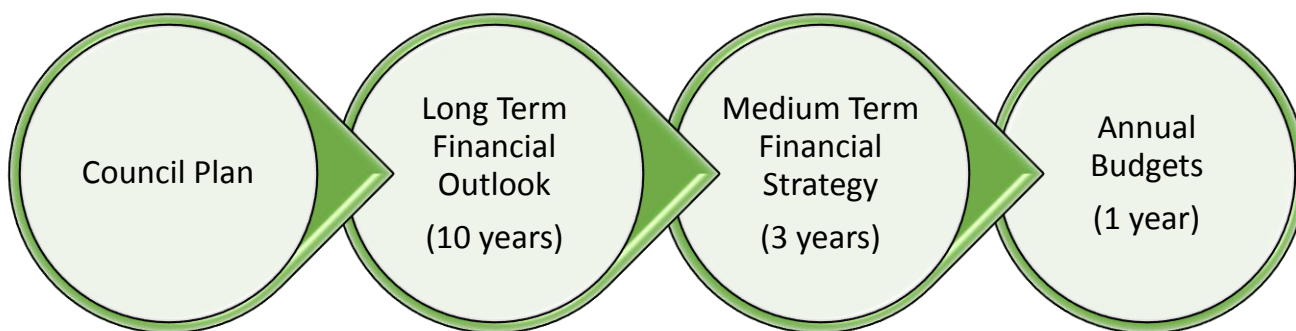
Despite the unprecedented levels of uncertainty this tiered approach is essential; it aligns with the expectations of Audit Scotland; underpins the wider strategic plans of the Council; ensures the Council has a robust financial framework in place and is best placed to manage the financial challenges that it faces supporting financial sustainability.

The Long Term Financial Outlook is an important part of the Council's strategic planning process and is integral to the delivery of our ambitions.

This framework, allied to a proactive approach to transformation, continuous improvement and efficiency, has contributed to delivery of almost £73m of savings since 2010/11. Delivery of this historic level of savings in itself results in significantly greater future financial challenge. The Council's previous long term financial strategy covered 2013-2023. This report covers the period 2018-2028.

This report outlines the forecast financial position of the Council over the next 10 years and considers whether spending is sustainable over this period of time. Crucially it identifies the financial challenges which the Council will face and the approach which will be required to deliver financial sustainability over the longer term.

In preparing the report a wide range of factors have been taken into account to ensure a robust financial position is established for the Council. Some of these are shown below and will be explored further.

Income Forecasting

Cost Pressures

Assets, Liabilities and Reserves

Demand for Services

Opportunities for Savings

Risks

LOCAL CONTEXT

WHAT ARE THE LOCAL ISSUES?

North Ayrshire is located on the west coast of Scotland and shares borders with Inverclyde, Renfrewshire, East and South Ayrshire. The area covers 342 square miles and is home to 136,000 people, or 62,800 households. North Ayrshire is a diverse part of Scotland, with island, coastal, rural, and urban towns, villages, and settlements.

Whilst the area has many positive aspects, such as good transport links, affordable housing, parks and outdoor leisure space, development potential and a distinctive cultural heritage, many residents face disadvantage, with high levels of deprivation, unemployment, and ill health.

Our Budget

North Ayrshire Council delivers a range of services to its residents and in 2017-18 will spend £331m on services.

Education & Youth Employment 34%

Health & Social Care Partnership 28%

Democratic and Administration Services 1%

Financing Charges 6%

Other Expenditure 1%

Finance & Corporate Support 6%

Economy & Communities 7%

Place 17%
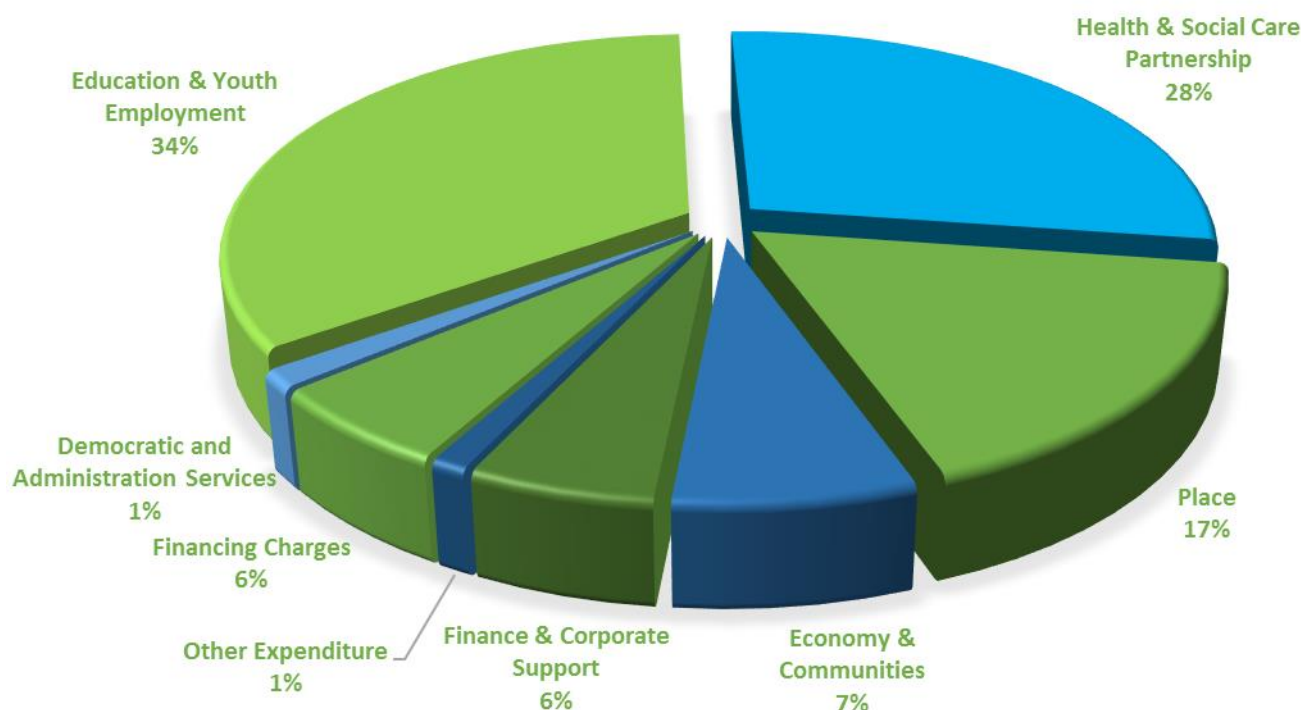
This expenditure is funded mainly from government grant which has been reduced by 9.2% in real terms across Scotland since 2010/11[1]. The balance of funding comes from Council Tax, Non Domestic Rates and use of our reserve balances. In recent years the proportion of budgets spent on Council services has also been changing. As funding is reduced, and Education and Health are prioritised both locally and nationally, budgets in other service areas are reducing at a greater pace.

HOW EXPENDITURE IS FUNDED IN 2017/18

Non Domestic Rates 12%
Reserves 3%
Council Tax 16%
Government Grant 69%

BUDGETED EXPENDITURE %

Education   Social Care   Other Services
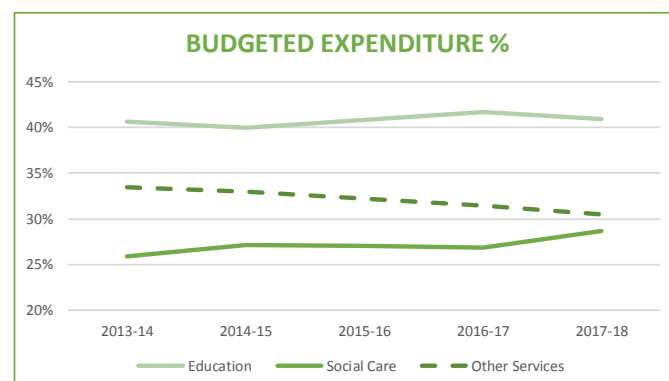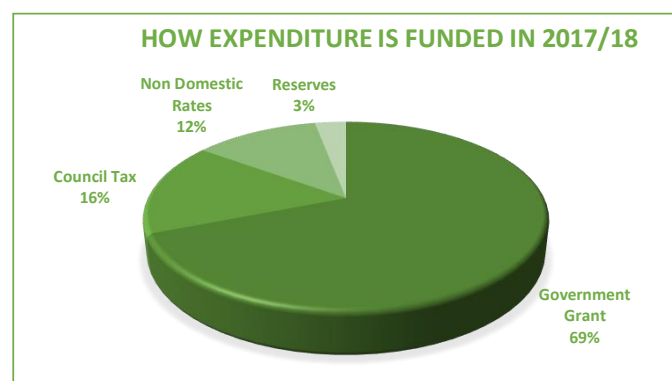
Demography

North Ayrshire is expected to experience a significant change in its demographic profile over the next 25 years. Changes in demographic profile impacts directly on demands for our services and our funding.

North Ayrshire's population is projected to decrease by 7.5%[2] by 2039, of which a decrease of 2.8% is forecast during the life of this plan.

Population Forecasts

0-16   17-64   65+
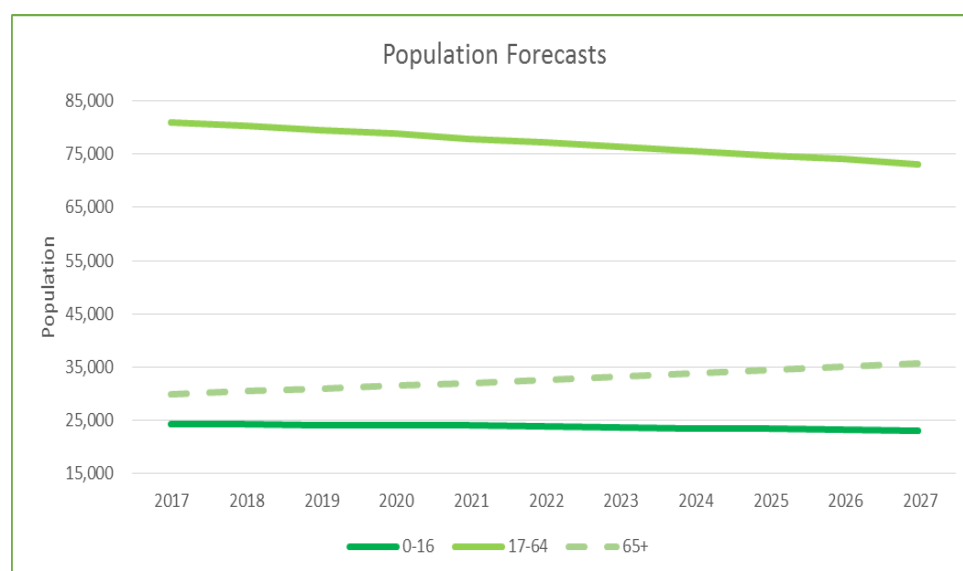
The change in demography is likely to see an increase in demand for services for older people, with a modest decrease in demand for services to younger people. The decrease in the working population will have wider economic implications for North Ayrshire including a reduction in the population

Key Stats

Increase of 21.8% in population aged 65+ by 2028
(24.9% in Scotland)

Decrease of 10.8% in working age population
(2.5% in Scotland)

Decrease of 6.4% in the population of children
(increase 1.8% in Scotland)

10% increase in single adult households
(14% in Scotland)

16% reduction in 2 adults and children households
(6% in Scotland)

[1] Local government in Scotland, Performance and challenges 2017 – Accounts Commission, March 2017
[2] National Records for Scotland, Population Projections 2014

available to work within the area, impacting on local employers. This is likely to increase the requirement for employers to look beyond North Ayrshire for future staffing needs and will result in income generated from wages not being spent in our local economy. The Council will continue to work to encourage growth in the population through its wider regeneration and investment programmes.

The number of households in North Ayrshire is not projected to change in total terms during the plan, despite an increase of 10%[3] being projected across Scotland. Although the projection is static the profile of households will change with an increase in single occupant households and a reduction in multi occupant households. This reduction in family support structures could have an impact on the need for additional support services from Education and the Health and Social Care Partnership.

Household Projections: Household Type
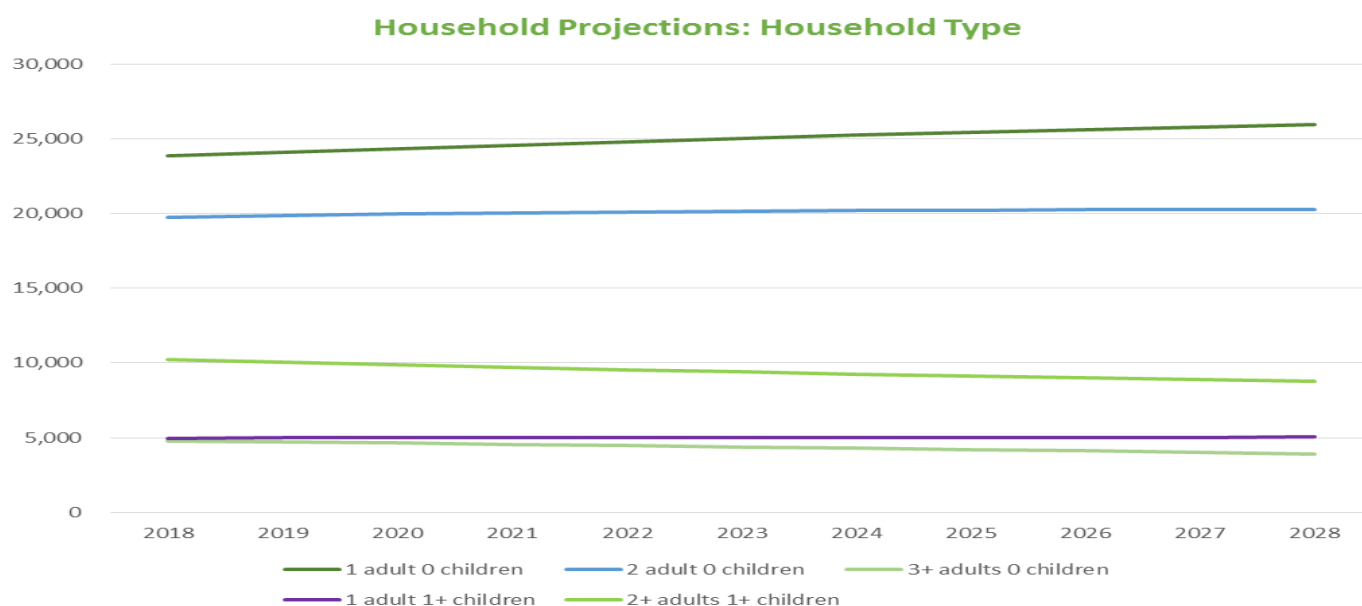
Health

Life expectancy[4] in North Ayrshire is lower than Scotland as a whole and residents of North Ayrshire will become unhealthy at a younger age, and live longer with health issues, than the Scottish average. The earlier people become unhealthy, the sooner they are likely to access services from the Council to support them to remain within their own homes and local communities.

[3] National Records for Scotland, Household Projections 2014
[4] Scottish Public Health Observatory

Healthy Life Expectancy — Unhealthy Life Expectancy

FEMALE: NORTH AYRSHIRE 63.6 / 17, SCOTLAND 65.3 / 15.6
MALE: NORTH AYRSHIRE 61.2 / 14.6, SCOTLAND 63.1 / 13.5

CONDITIONS EXPERIENCED IN NORTH AYRSHIRE

- Other condition, 21%
- Deafness or partial hearing loss, 7%
- Blindness or partial sight loss, 3%
- Learning disability, 1%
- Learning difficulty, 2%
- Physical disability, 8%
- Mental health condition, 5%

33%[5] of North Ayrshire's residents are living with one or more long term health condition, which is higher than the Scottish average of 30%. North Ayrshire also shows higher number of residents with learning disabilities, physical disabilities and mental health conditions when compared with the Scottish average. All other categories are broadly in line with the rest of Scotland. This impacts on demand for services mainly from Education and the Health and Social Care Partnership, and can often result in higher support levels than experienced in other parts of Scotland.

Employment and Deprivation

Employment opportunities within North Ayrshire are lower when compared to other areas within Scotland, resulting in approximately 15% of the residents of North Ayrshire commuting to work in other areas. Job density measures the number of jobs available per head of population aged 16-64. Within North Ayrshire there is only one job for every two residents aged 16-64. The proportion of the population who are out of work and claiming benefits is also high compared to the national average.

JOB DENSITY (2015)

- NORTH AYRSHIRE 0.54
- EAST AYRSHIRE 0.58
- INVERCLYDE 0.65
- SOUTH AYRSHIRE 0.66
- SCOTLAND 0.79
- WEST DUNBARTONSHIRE 0.79
- DUNDEE CITY 0.81
- GLASGOW CITY 1.04

PROPORTION OF THOSE CLAIMING OUT-OF-WORKS BENEFITS

- Scotland 10.50
- South Ayrshire 11.10
- North Lanarkshire 12.90
- East Ayrshire 13.00
- Dundee City 14.00
- North Ayrshire 14.40
- West Dunbartonshire 14.90
- Inverclyde 15.20
- Glasgow 15.50

[5] Scotland Census 2011 – People with Long Term Conditions

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The Scottish Government publishes the Scottish Index of Multiple Deprivation (SIMD) which uses a range of socio-economic data to calculate relative deprivation across small geographical areas with populations between 500 and 2,000 people. Within North Ayrshire there are 186 areas (datazones) which have been assessed through the SIMD[6], a large number of which are in the most deprived areas in Scotland.

186 datazones → 51 datazones in 15% most deprived datazones in Scotland → 27.4% of North Ayrshire (in terms of area) is in 15% most deprived datazones in Scotland

Impact on the Long Term Financial Outlook

All of these factors impact on levels of demand and mix of services required to meet the needs of local communities. The financial impacts of these factors are considered later in this plan.

[6] SIMD2016

NATIONAL CONTEXT

WHAT ARE THE NATIONAL INFLUENCES?

An understanding of the national context and how this impacts on local finances is essential when developing the long term financial outlook for the Council.

The Global Economy

The world economy, key to UK and Scottish trade, is picking up with the International Monetary Fund (IMF) forecasting global growth moving towards long term average rates. Faster growth in the US is anticipated next year, with recovery in Europe continuing to build. Key risks to the global economy include policy uncertainty, including the Trump Administration and potential US trade protection, Brexit and vulnerabilities in other markets including China.

Although the global outlook should have a positive impact on the Scottish economy, this has yet to be evidenced through increased exports.

The UK Economic Outlook

Since 2014 the UK economy has been one of the strongest performing of the G7 economies. This has been driven by rising household consumption funded through increased borrowing and reduced savings, the sustainability of this is questionable.

Levels of uncertainty are unprecedented and the current low growth cycle is expected to continue with considerable downside risk including domestic political uncertainty.

The table below highlights Office of Budget Responsibility (OBR) / Fraser of Allander Institute (FAI) projections [7] for a number of economic indicators and highlights the downward revision to UK GDP(Gross Domestic Product), which measures economic growth, between November 2016 and March 2017;

Factors Affecting Scottish Economy

- Brexit
- Government Policy Choices
- Rising Inflation
- Level of Domestic Demand
- UK Economy

[7] Fraser of Allander Institute, March and June 2017, OBR Economic and Fiscal Outlook March 2017

Table 1

	2015	2016	2017	2018	2019	2020	2021
UK GDP (March 2017) *	2.2	1.8	2	1.6	1.7	1.9	2
UK GDP (change since Nov 16) *	0	-0.2	0.6	-0.2	-0.4	-0.2	0
Scottish GDP **		0.4	1.2	1.4	1.6		
CPI *	1	0.7	2.4	2.3	2	2	2

Sources; * OBR March 2017 ** Fraser of Allander Institute March / June 2017

The economy ended 2016 with greater momentum than expected in November with an assumption this will carry forward into early 2017 before slowing as inflation squeezes income and consumer spending.

The General Election in June 2017 has added to the uncertainty with lack of clarity on long term policy objectives, including the structural deficit and public sector net borrowing, with an expectation that balancing of the budget will take place over a longer time period, possibly into the mid 2020s. The Chancellor has signalled an easing of austerity and support for the economy, the detail of which will become clear in the Autumn budget.

Brexit

The general view of Brexit is one of a long term negative impact on the economy due to reduced trade. The immediate impact on UK GDP has been less than many expected. However devaluation of the pound is making imports more expensive, fuelling growing inflation, as noted in Table 1, and potentially flowing through to future wage costs. July inflation is sitting at 2.6%, above the Bank of England target of 2%, with increasing debate at the Monetary Policy Committee on the timing of an increase in interest rates to dampen inflationary pressures, the first increase since the financial crisis. The anticipated growth in exports as a result of the more competitive pound has not yet materialised.

Future changes to migration may impact on key areas, e.g. NHS and care workers, and may be very localised. We will require to consider this as we develop our work force plans.

The other main area of uncertainty relates to EU funding and UK contributions which will end on exit, the net impact of this alongside any "final bill" remain unclear.

The Scottish Economic Outlook

The Scottish Government is operating in an increasingly complex fiscal environment which by 2019/20 will see approximately 50% of devolved expenditure being funded by revenues raised in Scotland, with the balance met from Block Grant from Westminster.

Devolution has established the new Fiscal Framework where the performance of the Scottish economy relative to that of the UK will be the determinant of whether the Scottish budget is better or worse off under the new arrangements.

Unemployment is at a record low and employment is growing, however Scottish unemployment (economically active people who are unemployed) is forecast to rise from 4.7% at present to 5.0% in 2017, 5.3% in 2018 and 6.1% in 2019.

The other major factor affecting future growth and the Scottish economy is the potential for a second independence referendum.

Scottish Government Funding Economic Factors

Scottish economic growth lower than rest of UK

Economy grown on average 0.7% per annum - less than 1/3 of long term trend

2017 1.2% growth estimated in Scotland - UK estimate 2%

The Programme for Government (published September 2017) and the Budget later this year should provide clarity on policy choices and funding.

Scottish Government Funding

A summary of the Fraser of Allander (FAI) (February 2017) assessment of the Scottish Government's spending commitments over the course of the current Parliament and their potential impact on unprotected portfolios, including local government, are provided below;

- Resources Departmental Expenditure Limit (RDEL), the budget which funds local government expenditure, cut by 1.9% and 1.4% in 18-19 and 19-20
- NHS resource budget to increase by £500 million more than inflation (at a time of rising inflation)
- Police resource budget protected in real terms (at a time of rising inflation)
- Double the number of hours of free early years education and childcare by 2021 – £500 million per year
- As spending on these three areas accounts for over half SG resource budget this implies real term (after adjusting for inflation) cuts of 5% and 4% for unprotected portfolios in 2018-19 and 2019-20
- More favourable outlook for capital spending.

2017-18 was the third year of a single year financial settlement by the Scottish Government. Short term financial settlements impact on the ability of the Council to plan from both a service delivery and financial perspective. Other factors / policy issues impacting on Scottish and Local Government funding and service delivery include;

Other Factors

Protection of teacher numbers

Potential delegation of resources directly to schools

Cap on Council Tax increases

Cap on levels of budget reductions to Health and Social Care Services

- The Barclay Review of Non Domestic Rates (published August 2017);
- Devolution of welfare powers and the establishment of the Social Security Agency which may impact on the demand for local government services and the delivery of services including employability and advice;
- Education Governance Review;
- Public Sector Reform.

Table 2 below summarises key estimates (cash) of the total Scottish Government budget[8];

Table 2

	2016/17	2017/18	2018/19	2019/20
Total DEL	28,979	29,955	29,965	30,248
Capital DEL	2,891	3,185	3,325	3,537
Resource DEL Total	26,088	26,770	26,640	26,711
Resource DEL Protected	10,156	10,427	10,636	10,848
Resource DEL Unprotected	15,932	16,343	16,004	15,863
% Movement in Cash Figures		2.58%	-2.07%	-0.88%

*Scottish Draft Budget 2017/18 SPICe report

The North Ayrshire Economy

The North Ayrshire economy has taken significantly longer to recover from the 2008 financial crash than other areas in Scotland and the economy has still not returned to pre-2008 levels. Given this, we can anticipate that any future downturn would be felt more severely in an already fragile North Ayrshire economy. It is too early to know the local impact of the decision to leave the EU for trade, investment, migration and access to European Structural Funds (ERDF and ESF).

[8] Scottish Government Draft Budget 2017/18 SPICe Report December 2016

FINANCIAL ANALYSIS

THE IMPACT ON OUR FINANCES

North Ayrshire Council is operating in an increasingly challenging environment and the local and national context outlined in this report highlight the main areas which will impact on our long term finances. This analysis informs the long term outlook and enables plans to be developed which will ensure resources are targeted to support the delivery of Council priorities.

Impact on Funding

The Council has three main funding sources of recurring funding; Government Grant, Non Domestic Rates and Council Tax. Government Grant and Non Domestic Rate (NDR) income are paid to the Council through the Aggregate External Finance (AEF) which in simple terms is the funding paid from the Scottish Government on an annual basis. For the purposes of this plan this has been assessed jointly.

A range of factors impact on the funding which the Council can anticipate from these funding sources.

AEF is influenced by the level of Scottish Government funding allocated to Local Government each year. Individual Council allocations are also influenced by a national assessment of need relative to other Councils and includes demographic, social and economic factors. This results in a complex mix of factors which influence funding levels.

Key Assumptions

- 3.5% reduction in AEF 2018-19 & 2019-20
- Impact of demographic changes to AEF
- 96.5% collection rate for Council Tax
- No increase to the Council Tax or NDR Base

Demography is the largest influencing factor and the changes forecast by the National Records for Scotland have been used to quantify the potential movement in AEF for North Ayrshire over the next 10 years. In 2020-21 and 2021-22 historic grant to support financing costs will also be removed from North Ayrshire and redistributed across Scotland, resulting in a net reduction of £2m and £3m in each of the respective years. Beyond 2020-21 the plan assumes that AEF will be fixed, with no increase or reduction assumed. This is the only assumption which can be made at this stage due to the lack of any other data to support an alternative position.

Council Tax is a tax which is set locally by the Council. In Scotland Council Tax had been frozen. In 2017-18 a number of Councils applied an increase of 3% for the first time since 2008-09. This plan assumes that Council Tax will be increased by 3% in each year of the plan.

Applying the assumptions outlined in this section of the plan results in an estimated reduction in AEF of £30m between 2018-19 and 2021-22, with an average reduction of £1m thereafter based on the assessed need of North Ayrshire in comparison to the rest of Scotland. This latter reduction is influenced significantly by demographic data and especially North Ayrshire's projected decline in the population of children. Council Tax income will increase by an average of £2m per annum.
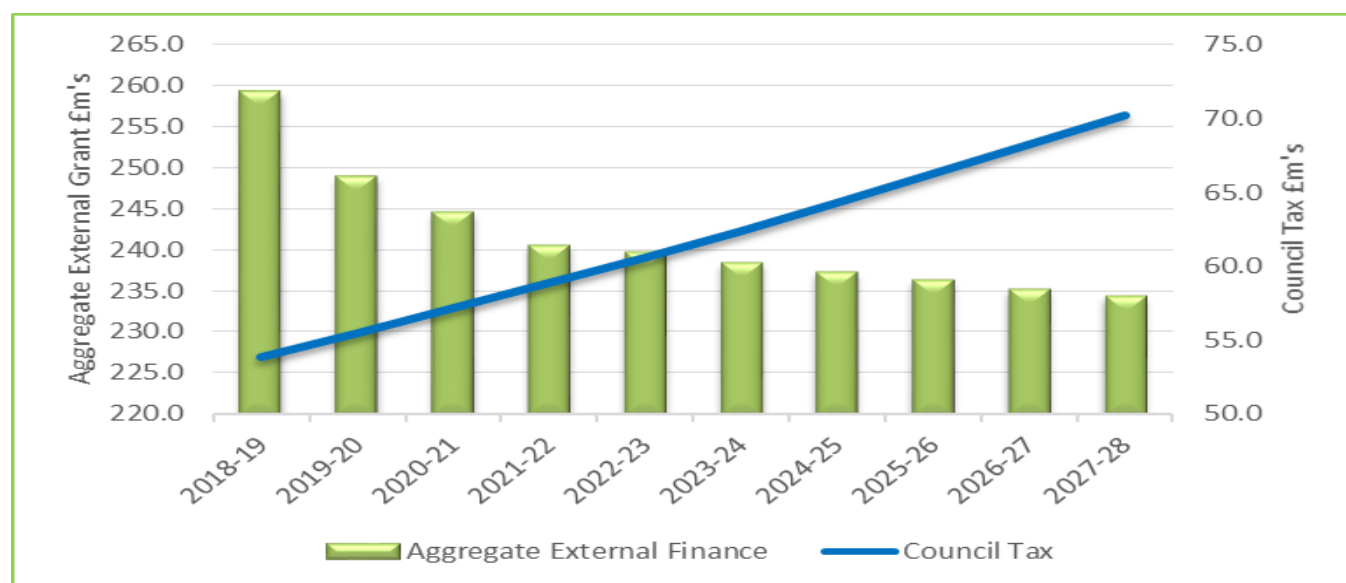
Expenditure Requirements

Financial planning requires a number of assumptions to be made about the demand and cost pressures which could be faced by the Council over the longer term. These have been informed by the local and national context within which the Council operates.

This assessment estimates that the Council will face cost pressures and demands of £135m over the next ten years. This can be analysed across 6 main areas:-

(i)   Inflation : Pay
(ii)   Inflation and Contractual Commitments: Non Pay
(iii)   Demographic
(iv)   Revenue Budget Implications of Capital Projects
(v)   Legislation/Regulatory
(vi)   Financing Costs

Key Assumptions

- Payroll inflation @ CPI
- Living wage of £9.56 by 2020 then annual increases based on CPI to 2027/28
- Estimated contractual increases for PPP and IT
- Reduction in financing cost budgets to reflect reduction in AEF
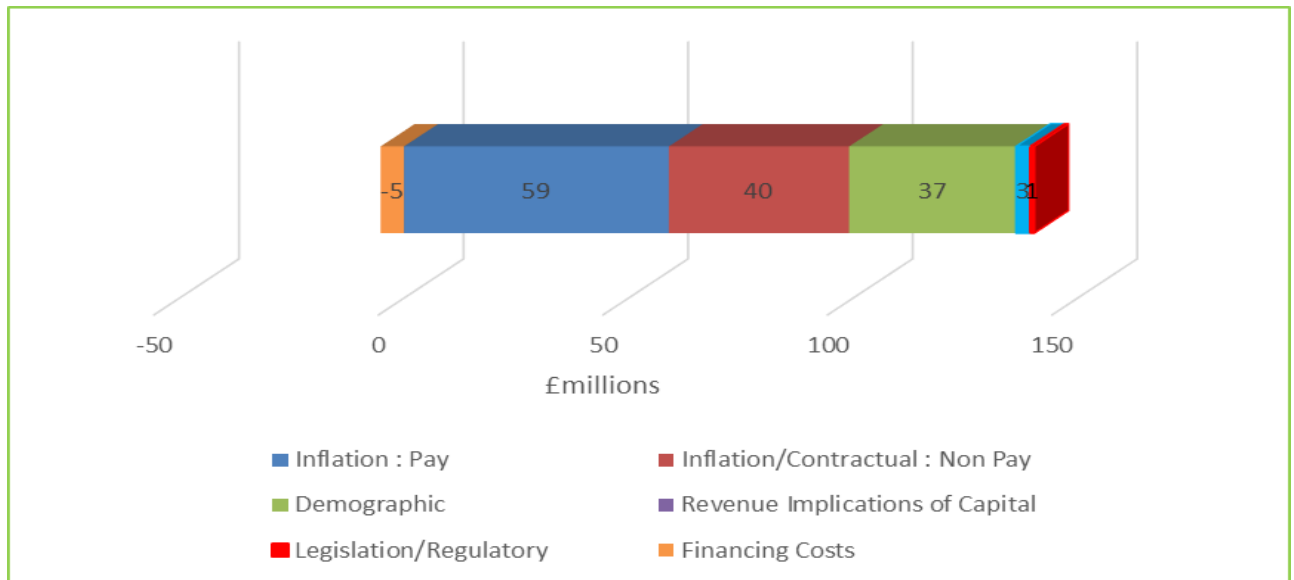
(i)   Inflation : Pay

Employee costs represent 71% of the Council's net budget excluding benefit payments. Inflationary pressure in this area represents the most significant pressure which will be faced by the Council over the next 10 years. Pay increases for employees are negotiated at a national level. This plan includes assumptions in relation to pay awards and the national commitment to living wage.

Employees of North Ayrshire Council are members of the Strathclyde Pension Fund or the Scottish Public Pension Agency. Both pension schemes routinely review employer pension contributions. There are no planned changes to contribution rates and the assumption is that this will be maintained during the lifetime of the plan.

(ii)   Inflation and Contractual Commitments : Non Pay

Like many other organisations, North Ayrshire Council is subject to inflationary pressures. Despite this budgets are not routinely inflated and every effort is made to contain non pay inflation pressures within existing budgets. The financial model recognises that for some key areas maintaining spend within budgets over the longer term is not sustainable unless additional provision is made. The key areas where specific provisions are made include:-

- Energy
- Fuel
- Non domestic rates
- Contracts with specific annual increases linked to inflation such as the National Care Home Contract and PPP contract
- Contracts linked to IT where delivery models are expected to move to revenue

Non pay inflation and contractual commitments equates to an average £4m per annum over the life of the plan.

(iii) Demographic and Health

There are two main demographic issues which have the biggest impact on the financial plan; increase of 21.8% in the 65+ population and a decrease of 6.4% in the population of children. The health of North Ayrshire's population also impacts on demand for services and both have been factored into the plan.

This results in increased demand in older people and children services in the early years of the plan, however the shift in demographics results in less demand in children services in the later years of the plan.
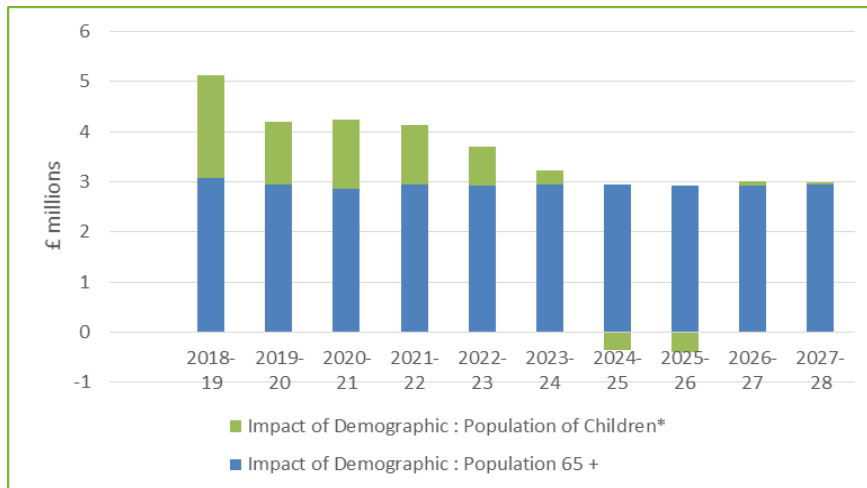
Legend:
- Impact of Demographic : Population of Children*
- Impact of Demographic : Population 65 +

(iv) Revenue Budget Implications of Capital Projects

When the Council approves its Capital Investment Plan, the revenue implications of any investment is known and needs to be reflected in our longer term financial plans. These relate to additional operating costs and staffing costs linked to services being delivered from new or refurbished buildings. This primarily relates to investment which has been undertaken in our Education establishments including the new Garnock and Largs Campuses.

(v) Legislation/Regulatory

The Council is subject to legislation and regulatory changes which can have cost implications to implement. The plan recognises two areas of change which have known financial consequences:-

- the implementation of universal credit and the potential impact on our homeless service
- the costs associated with fulfilling our obligations to meet delivery of Zero Waste by 2020

It is assumed that any other new statutory burdens during this plan will be fully funded by the Scottish Government through the AEF, although this is not guaranteed.

(vi)   Financing Costs

Part of the Councils AEF includes government grant support for financing costs linked to borrowing taken prior to the introduction of the Prudential Code in 2004. The government grant support for this borrowing is being removed over time as debt matures. This plan assumes the reduction in government grant and similarly reduces the budget available for financing costs moving forward.

It is important not only to understand the totality of the pressures, but also when they will happen. The graph below shows that the highest pressures will be experienced in 2018-19 and 2019-20 before settling to a more stable level moving forward.
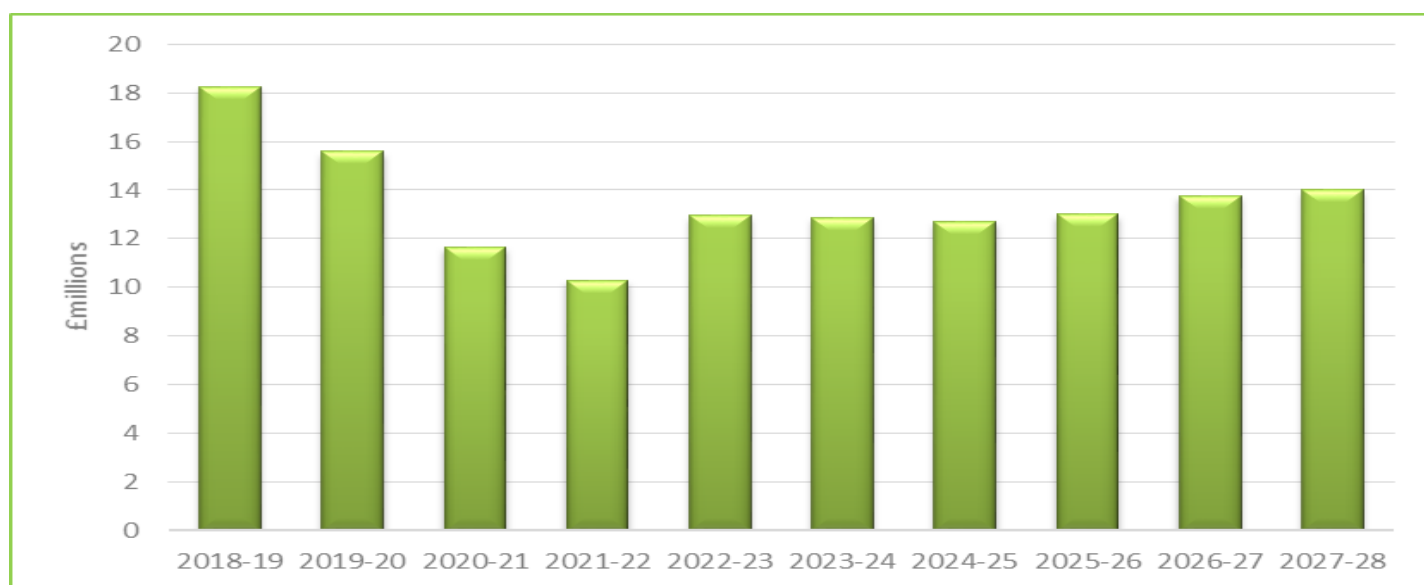
Impact on Our Financial Position

The financial plan has identified a trend of reducing income from AEF and increasing demand and cost pressures across a wide range of areas. Although assumptions have been made about increases in Council Tax, this will be insufficient to cover the financial gap.
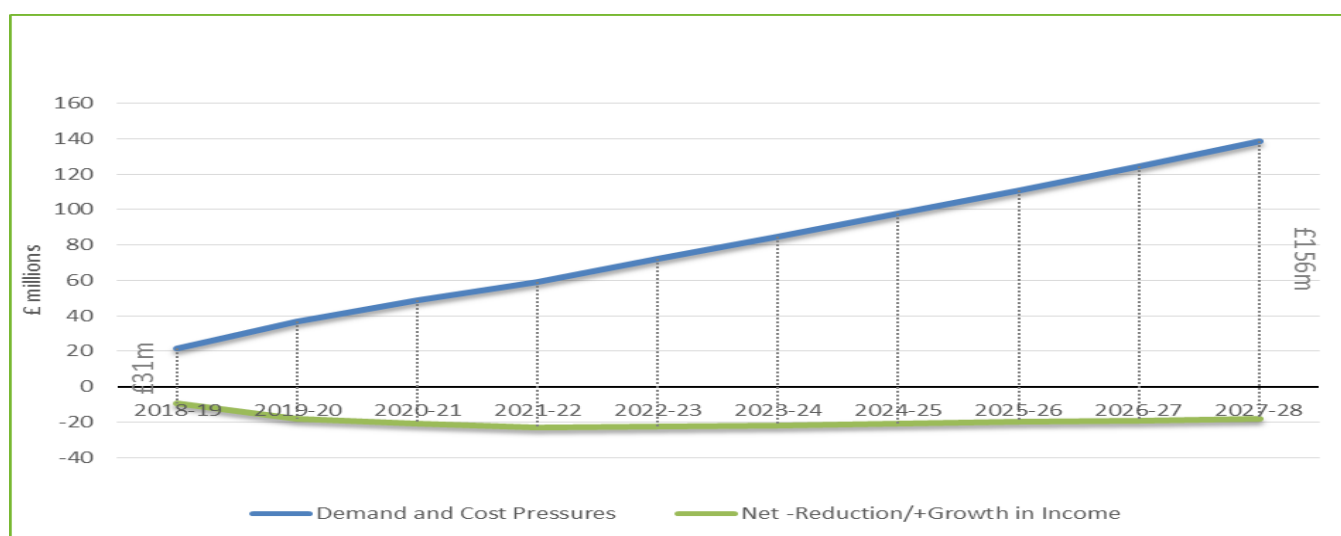
The long term financial outlook provides long term forecasting of the potential scale of the financial challenge, which enables the Council to plan for the future and deliver services within the resource which are available. A summary of the cumulative financial position is outlined below with more detail available in Appendix 1.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	£millions	£millions	£millions	£millions	£millions	£millions	£millions	£millions	£millions	£millions
Estimated Expenditure	344	359	371	381	394	407	420	433	447	461
Estimated Income	-313	-304	-301	-299	-300	-301	-301	-302	-303	-304
Funding Gap	31	55	70	82	94	107	119	131	144	156

FINANCIAL OUTLOOK

THE IMPACT ON OUR BALANCE SHEET

It is important that as well as understanding the financial implications of delivering day to day services to our local communities, that the Council understands the implications that the financial position will have on the assets that support service delivery and the longer term liabilities which the Council may be required to meet.

The Council's balance sheet provides a snapshot at the 31 March 2017 of the Council's financial position and is a useful tool in assessing the financial strength of the Council and its ability to remain sustainable.

What We Own

Property, Plant and Equipment £1,000m	Debtors £45m	Inventories, Investment and Cash £10m

What We Owe

Debt including PPP/PFI £327m	Pension Scheme Liability £248m	Creditors and Provisions £58m

Net Assets - £422m Funded By

Usable Reserves £57m	Unusable Reserves £365m

What Does Our Balance Sheet Tell Us?

Financial Ratios can be used to determine the relative financial health of an organisation.

The Council's ratios reflect the effective treasury management policy in place to minimise the level of cash and investments which the Council holds in this period of low returns for investments. This results in low levels of **working capital** (access to cash) being held to meet short term debt. The Council has facilities to access further funds when this is required to meet short term debt as it becomes due.

It also demonstrates our policy to hold a mix of **short** (34% of total debt) and **long term debt** (66% of total debt) again to benefit from the low interest rates which are available in the current market.

Financial Ratios

Working Capital Cash balances to meet 1/3rd of short term debt

Long Term Debt 66% of Total Debt

Short Term Debt 34% of Total Debt
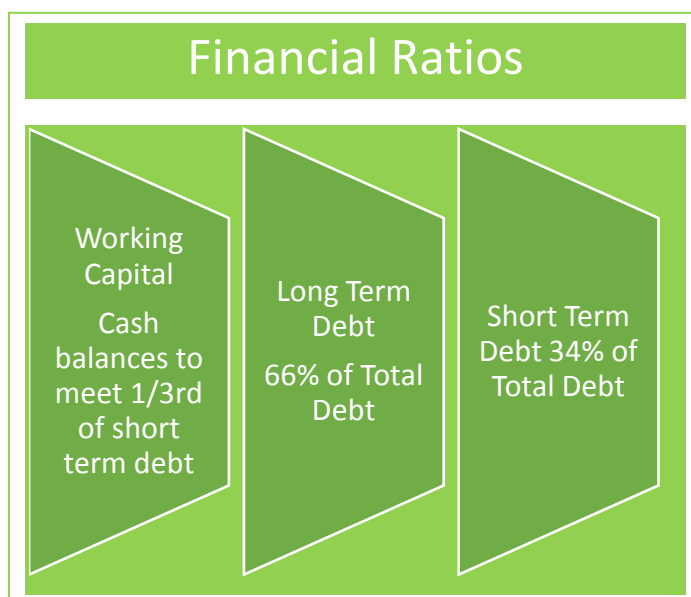
What Should We Focus On?

There are four main items that dominate the Council's balance sheet and require to be considered as part of the long term financial health of the Council.

(i)   Property, Plant and Equipment
(ii)   Debt including PPP/PFI
(iii)   Pension Scheme Liability
(iv)   Reserves

Surplus Assets 1%
Assets Under Construction 5%
Infrastructure Assets…
Vehicles, Plant, Equipment 1%
Council Dwellings 43%
Other Land and Buildings 43%
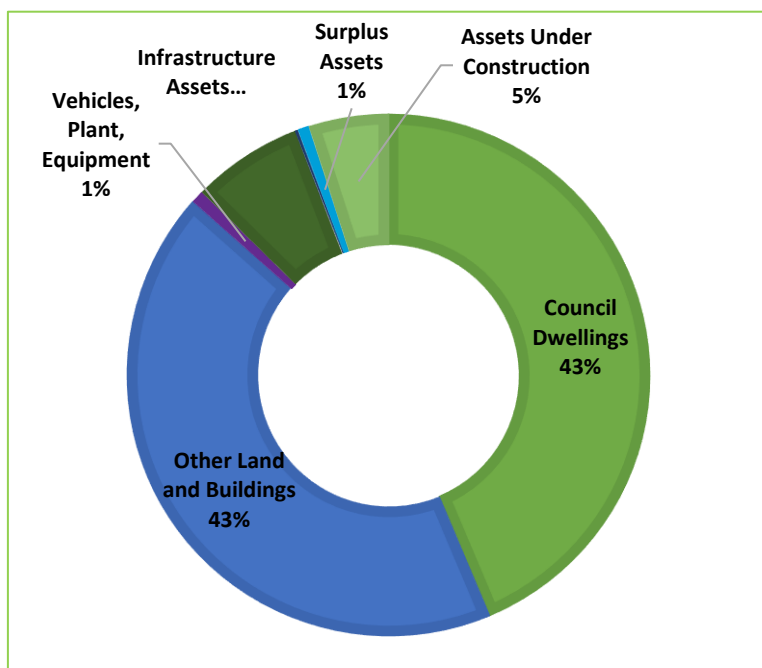
(i)   Property, Plant and Equipment

The Council has Property, Plant and Equipment of £1,000m on its balance sheet at 31 March 2017. At present the Council is not required by regulation to disclose the value of its road network on its balance sheet, but this will be changing in the near future. At present the Council's road carriageway network is valued at £1,233m. This represents a total asset base of £1,798m excluding council dwellings (£0.435m).

This asset base will be required to be invested in to ensure it is sustained in the future.

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An essential part of this is the need for lifecycle investment for existing assets and an assessment of the need for new investment to support the delivery of key priorities. In support of this, the Council has a long term capital investment strategy which will result in £177m invested over the next eight years in our assets, excluding council dwellings. The Council does not have the funds to meet fully investment requirements and prioritises investment based on service demand needs and the condition of assets based on asset condition surveys.

(ii)   **Debt including PPP/PFI**

The Council's Capital Investment Programme is funded through a number of income sources, one of which is borrowing. Councils are permitted to borrow to fund capital expenditure as long as they can demonstrate that this is prudent and affordable over the longer term. At 31 March 2017 the Council had outstanding debt of £327m. This represents 18% of the value of assets the Council holds and could be considered to be our mortgage on these assets. The graph below profiles the Council's projected outstanding debt across the life of the plan, and shows an increase of £65m.

Not all of this borrowing is linked to our future investment plans, some of this is linked to projects already delivered. The Council will only borrow when it needs to and delays borrowing wherever possible to reduce the cost of financing to the Council. At 31st March 2017 the Council was under borrowed by £43m linked to the effective management of our treasury position. This borrowing will be taken over the life of the plan and forms part of the £65m noted above. The Council will also actively repay debt over this period.

It is essential that the costs linked to this borrowing such as principal repayments and interest are affordable over the longer term, and this graph shows that this cost is falling over the period of plan from 5% of our revenue budget in 2016-17 to 4% by 2027-28 and therefore is not placing an additional burden on the Council's existing financial position.
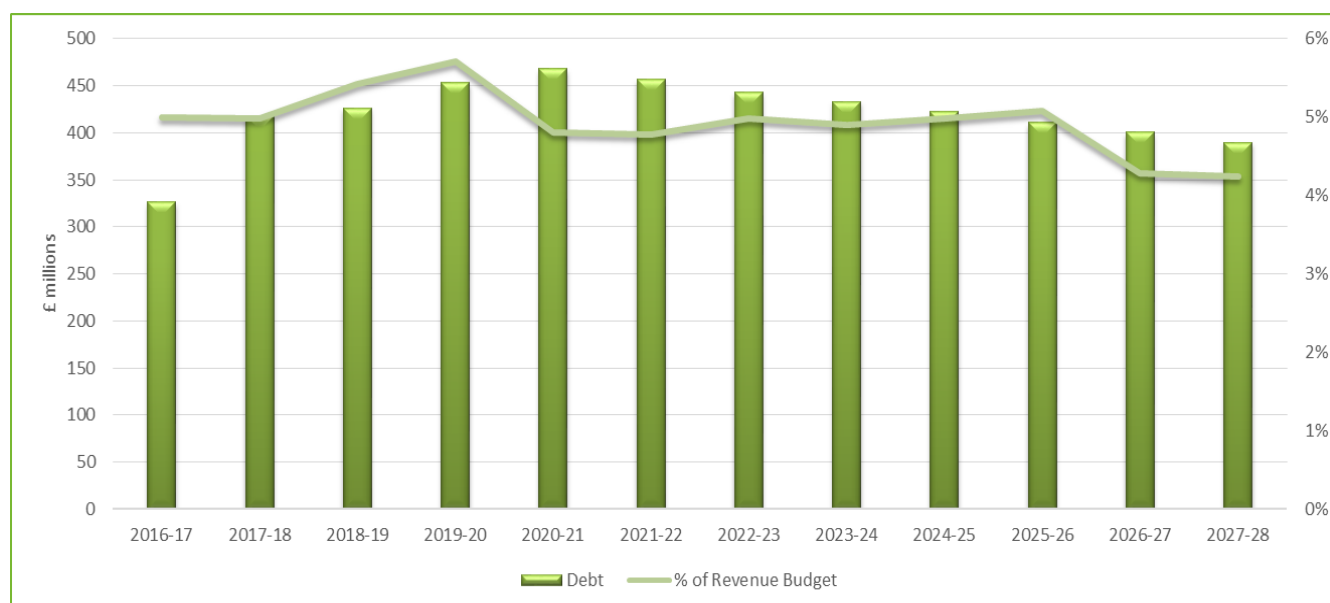
(iii)   Pension Scheme Liability

At 31 March 2017 the Council has a net pension liability of £248m which reflects the current and future liabilities linked to the pension scheme for all employees with the exception of teachers. The Council's teaching staff are members of a national teacher pension scheme administered by the Scottish Government which the Council contributes to. There is no requirement for the Council to reflect any assets or liabilities for this scheme due to the nature of the scheme and this is excluded from the balance sheet.

Pension Scheme Liability

Pension Assets
£871m

Pension Liabilities
£1,119m

Net Liability £248m
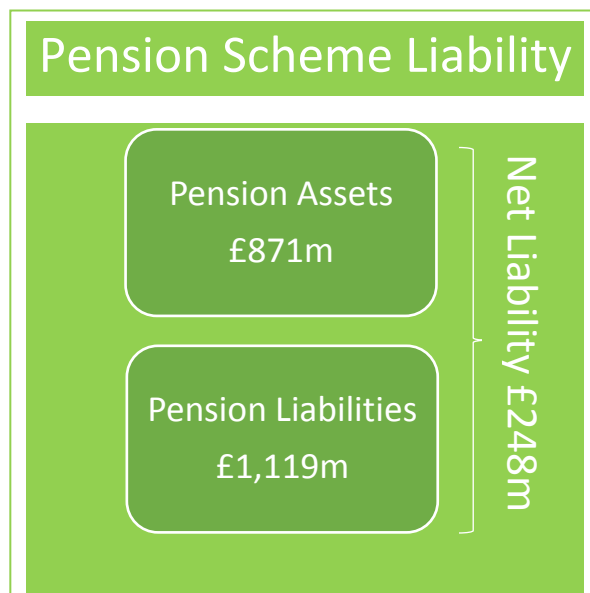
This liability is a snapshot valuation by the Pension Fund actuaries at 31 March 2017 and reflects prevailing market conditions at that date.

The ongoing risk to the Council is that if pension assets do not grow fast enough to cover pension liabilities, there will be pressure to increase employer pension contribution rates in order to meet the shortfall. The pension fund actuaries remain of the view that the asset holdings of the Strathclyde Pension Fund and the contributions from employees and local government employers provide sufficient security and income to meet future pension liabilities and that the scheme is adequately funded.

The long term financial plan assumes no increases to pension fund contributions. An increase of 1% would result in a further cost pressure of £2m per annum.

(iv)   Reserves

The Council holds two main categories of reserves:-
(i)   Usable Reserves
(ii)   Unusable Reserves

(i)   **Usable Reserves**

Reserves are a key component of the Council's funding strategy. At 31 March 2017 the Council had £57m of usable reserves, of which £47m is earmarked to support the delivery of capital investment, projects which span financial years and change programmes and £5m is earmarked to support aspects of the Council's medium and long term financial plans including future insurance liabilities and the smoothing of expenditure linked to treasury activities.

The Council's Reserve Policy is that unearmarked reserves are held at a minimum of 2%. These reserves are not held to meet any specific liability, and offer the Council some flexibility to deal with unforeseen events or emergencies. The Council currently holds unearmaked reserves of £6m, which represents 2% of current net general fund expenditure.   Best practice recommends unearmarked reserves of between 2% and 4%.

The graph below indicates how each of our reserves are planned to be used over the life of this plan. This plan confirms the use of reserves quickly at the start of the plan, reducing to a core level of £25m, with £17m each year earmarked and £6m as unearmarked over the remaining life of the plan. The unearmarked reserve still represents 2% by the end of the plan which is the minimum level set out in the Council's Reserve Policy.

Why Have Reserves?

> To maintain financial stability for the Council

> To manage cash flows and avoid unnecessary temporary borrowing

> As a contingency to mitigate against the impact of unexpected events or emergencies

> To meet known or anticipated future commitments

> To facilitate change across the Council

USABLE RESERVES

Legend:
- Unearmarked - General Fund
- Earmarked - Afforable Housing
- Earmarked - Project Specific
- Earmarked - Change and Service Redesign Fund
- Earmarked - Insurance Fund
- Earmarked - Education DMR in Schools
- Earmarked - Loans Fund Reserve
- Earmarked - Equal Pay
- Earmarked - Housing Revenue Account
- Earmarked - Capital Fund
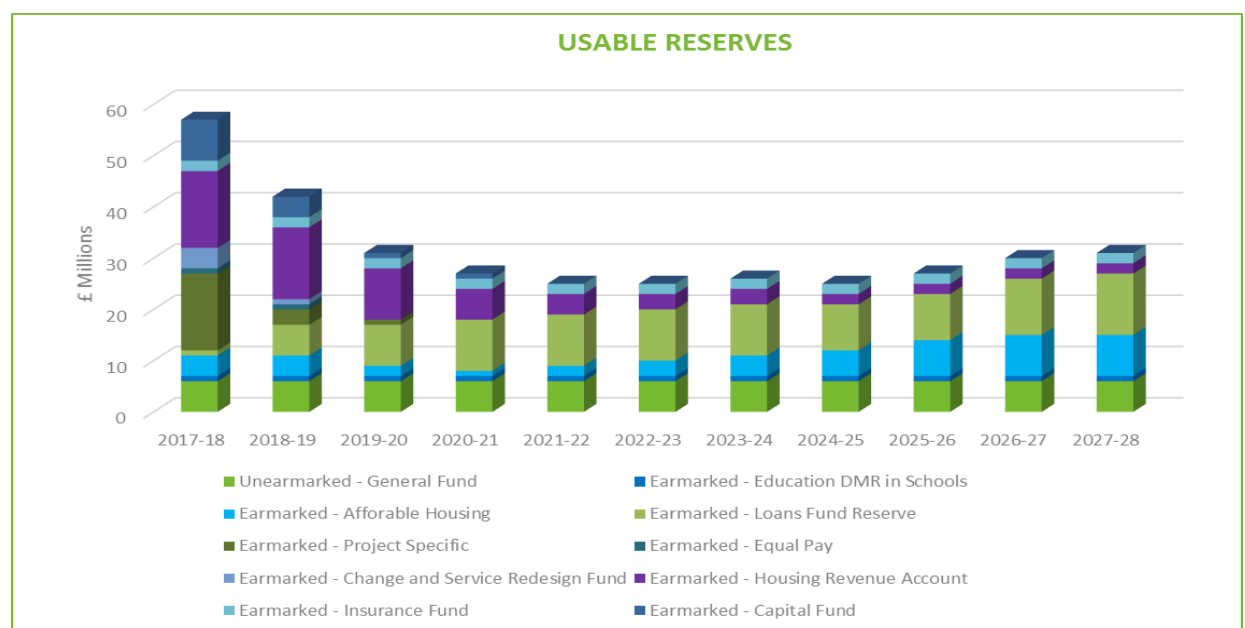
(ii)   Unusable Reserves

Unusable reserves are not able to be utilised to provide services and are created to comply with accounting regulations and statute.

A good example of this is the Pension Reserve. Accounting regulations require the Council to recognise the costs of future liability now, however statute only requires us to account for the cost incurred directly in that year. This reserve represents the difference between these two positions over time.

THE APPROACH

WHAT IS OUR APPROACH?

Our Approach

The scale of the financial challenge facing Councils is unprecedented and follows a period where funding has already been reducing. The Council has responded well to the challenge to date, delivering £73m in savings between 2010/11 and 2016/17. However given the magnitude of the challenge and the forecast impact of this on the next two years alone, the Council will require to carefully prioritise which services will be delivered and consider how these are delivered.

The key elements of the Council's Approach are outlined below and will result in a fundamental review of the Council and the services which can be delivered within the funding which we expect to be available.

What We Do?	How We Do It?	Who Does It?

Our Approach – What We Do?

The Council remains committed to making North Ayrshire the best place to work, live and grow up in Scotland. Although the scale of the financial challenge is significant it increases the focus on what it is that the Council has set out to achieve. The Council will require to harness the resources at its disposal and work with partners and communities to deliver on the key priorities for North Ayrshire.

What We Do?

In 2018 the Council will develop a new Council Plan which will identify the key priorities for the Council. This Plan will reshape Council services to ensure resources are focused on the areas which will deliver priorities for local communities. This will require difficult decisions to ensure the Council operates within the funding which is available.

Our Approach – How We Do It?

How We Do It?

The Council has successfully transformed how we deliver services over a number of years and this has been a major factor in securing £73m of savings since 2010-11. The Council is committed to this journey and will continue to change through Transformation 2, the Council's strategic transformation programme. However the scale and pace of this transformation needs to increase if the Council is to respond effectively to the challenges it faces. Transformation alone will not offer the full solution to the financial gap which has been identified within this plan.

Three key themes have been identified to respond to the challenges outlined in this strategy:-

(i) Better Ways of Working

The Council's Transformation 2 programme seeks to find better ways of working and deliver savings to reduce the longer term financial challenge which the Council faces. A range of solutions will be considered to identify more efficient ways of working.

This will include redesigning and transforming our services to better meet the needs of the community whilst also making them more cost effective. The Council will also consider working with other local authorities, partner bodies and the third and independent sector to share services or operate in a wider geographic area such as regions to secure efficiencies from working on a larger scale.

The Council will use its assets to secure efficiency in service delivery. The world that we live in is changing rapidly and it is important that we are agile enough to be able to change services and harness the use of technology. The Council will maximise digital technology to enable agile working, automation of processes and use of smarter technology to deliver services and improve how customers access services. The Council will also consider the use of its wider asset base including buildings and vehicles in support of service delivery to rationalise the assets held, bringing services together to support local communities whilst reducing the costs associated with its asset base.

Municipal entrepreneurship is the public sector response to taking a

more business-like approach to service delivery which can support the delivery of high quality public services and can include a wide variety of solutions including increasing commercial viability of services, working with partners to deliver services in unique ways and securing additional income through innovative solutions.
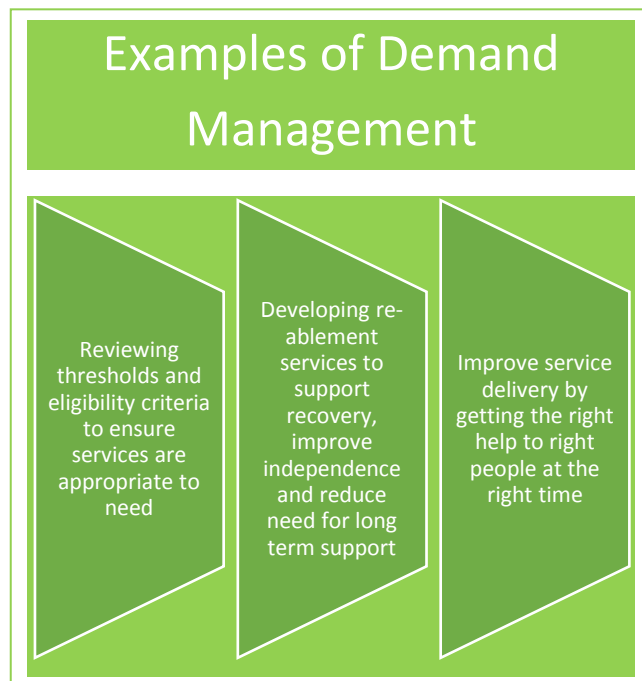
(ii) Demand Management

Effective demand management including early intervention and prevention, can be used to transform local services and deliver better outcomes.

This requires the Council to understand customer and system behaviour and how this impacts on demand to establish if there are opportunities to deliver services in a different way or offer alternative options to meet demand. This will enable limited resources to be targeted to those who have the greatest need for services from the Council.

(iii) Review of Costs and Income

The Council will continue to review the cost of service delivery and the sources of income which is available to it. This is a fundamental part of our statutory duty to deliver Best Value.

Examples of Demand Management

Reviewing thresholds and eligibility criteria to ensure services are appropriate to need

Developing re-ablement services to support recovery, improve independence and reduce need for long term support

Improve service delivery by getting the right help to right people at the right time

Examples of Cost and Income Management

Maximising procurement opportunities

Maximising income opportunities

Effective management of our debt

Spend to save opportunities

Our Approach – Who Does It?

North Ayrshire Council delivers a wide range of services to a wide range of customers using a wide variety of service models which include our own workforce, the use of external providers including those from the independent and third sector, working with our many partners and through local communities who have been empowered to deliver services in their own localities.

Who Does It?

There needs to be an increased focus on this as the Council moves forward and a different conversation with communities as the Council builds a new relationship where local communities become an active participant in the process which seeks answers to fundamental questions:-

What can you do for your community? → **What can we deliver together?** → **What can we do for you?**

This is at the heart of our responsibilities in terms of Community Empowerment and will be the focus of reshaping the relationship between the Council, its partners and the community.

Our Strategy – Impact on Our Workforce

Our people are integral to our success and have been key to the success of our transformational journey.

This successful period of organisational transformation has been achieved with a reducing workforce: since 2008, the workforce has reduced from 6,171 to 5,710.

In the long term like many public bodies in Scotland, an ageing workforce is a significant issue which we will consider as part of our wider workforce planning. As at 2017, 41% of our workforce is over 50 years of age (23% is over 55). With changes to pensions it is predicted that individuals will continue to work longer.

Workforce Demographics
(as at 31 March 2017)

Gender
74% Female
26% Male

Average Length of Service
11.8 Years
Average Age 45

Head Count
Part Time 2,694
Full Time 4,096

Head Count Temp
999
Full Time
5,791
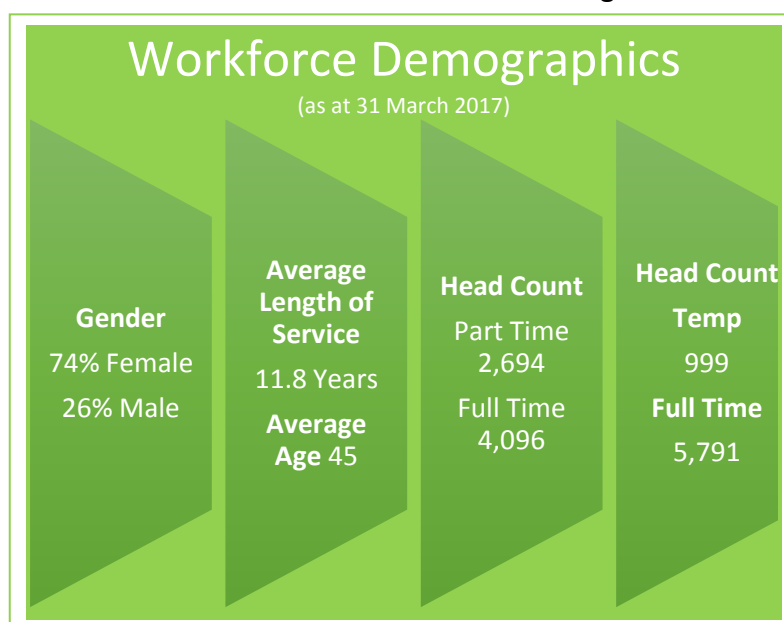
Workforce Planning

The funding gap estimated for the next three financial years is £70m. To date a large number of savings have been taken from non-employee budgets. This is unsustainable and may mean that the impact on staffing levels will be higher than in previous years.   Employee costs represent 71% of the Council's budget. If future saving proposals impact on staff proportionately to their share of the budget, a gross reduction of 2,000 FTE is forecast. This will be partially offset by reinvestment associated with services pressures creating an estimated 400 WTE and the expansion of Early Learning and Childcare where more than170 WTE additional posts are anticipated.

The Council has changed the way it works and how it delivers services by reducing costs, re-organising services and revising service delivery methods. This approach will continue, however a more integrated, strategic approach to workforce planning is required.

Workforce Challenges

External Factors	Internal Factors	Specific Supply Issues
Pay awards	Skill demand including digital skills	Social workers
Living Wage	Attraction & retention	Care at Home
National Agenda	Staff Turnover	Teachers
Regionalisation	Cultural change	Early Learning and Child Care
Community priorites		Specialists e.g. Procurement etc
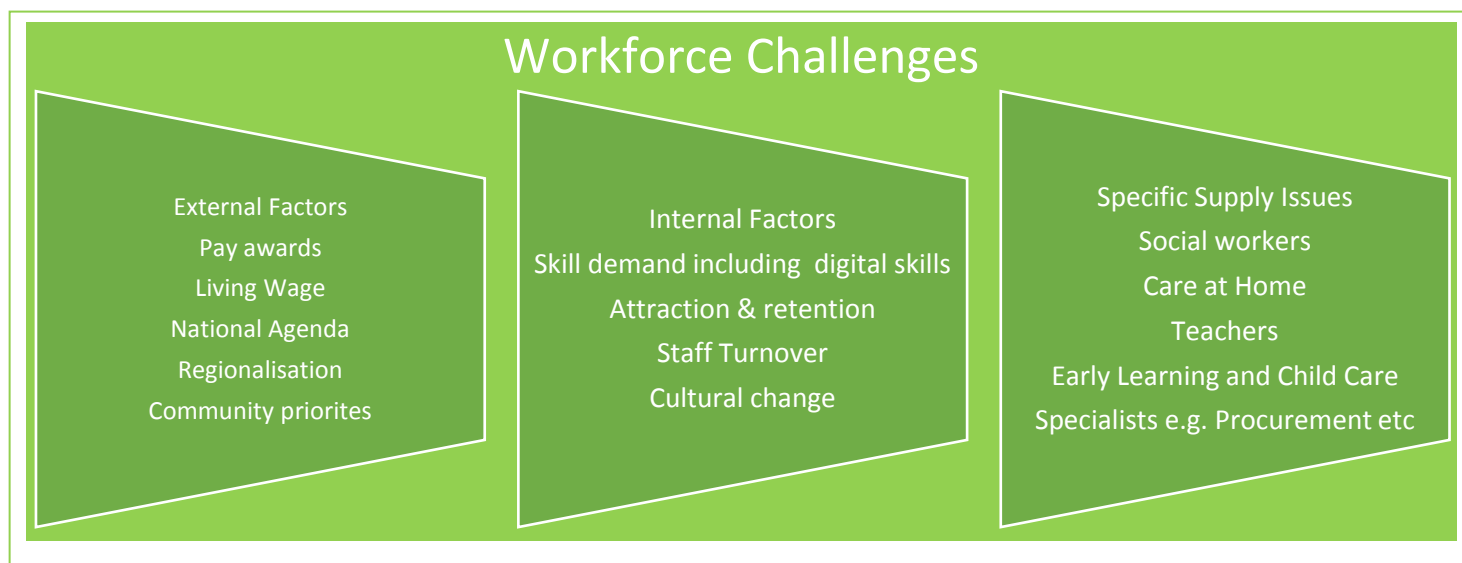
Six Step Methodology

Our six step methodology provides a systematic practical approach to integrated workforce planning. Adopting this approach ensures that each team, Service or Directorate anticipates:

- The current and future demand for services
- The local demographic situation
- The impact on other Services.

It also ensures a corporate approach to workforce planning.
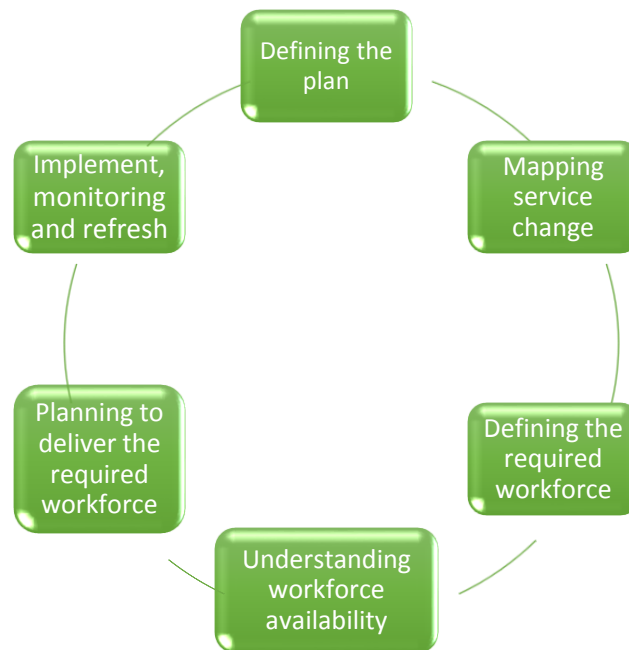
To meet future demand, managers will require to keep pace with a rapidly changing landscape of business transformation and associated skills. This will shape our future workforce.

A key element of workforce planning is identifying gaps in workforce knowledge or skills and taking steps to address these. As 77% of our workforce live in North Ayrshire, any redesign of services could impact on our local community. Our approach includes vacancy management, redeployment and harnessing in-house talent to reduce the impact on our current workforce. We will also continue to 'grow our own talent' with Apprentice and Graduate programmes which will enhance and support the creation of our future workforce.

RISK

WHAT CAN IMPACT ON THE PLAN?

Risk

The long term financial plan is a financial model and as such has risks associated with it. It is essential that the Council understands these risks so that they can be quantified and where possible managed to minimise the likelihood of them having a significant impact on the service delivery of the organisation.

As an organisation the Council needs to be aware of these risks but should not become risk adverse when developing its future plans.

The Council recognises strategic risks through the Council Risk Register. This is used to ensure significant risk is identified and effective actions implemented that reduce these risks to acceptable levels whilst securing service delivery within available resources.

Risks

Impact of local and national factors over/under estimated

Over/under estimated cost and demand pressures

Failure to accurately forecast income sources

Failure to identify a future pressure such as change to a national policy

Impact of strategy on Partner Bodies and impact of their strategies on us

Public expectation about service delivery

Sensitivity Analysis

Sensitivity analysis is used to test the major assumptions made by the model and understand what the implications are if assumptions change. This effectively tests 'what if' scenarios and enables the Council to determine the potential fluctuation which could exist within the modelling, this will assist planning. The table below shows what would happen if our main assumptions increase by 1%. For example the income we could get from a 1% increase in AEF would be £2.685m in 2018-19 and an increase of 1% in general inflation would increases costs by £1.738m.

Sensitivity Analysis	Change in Assumption	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
AEF	Increase of 1%	-2,685	-2,578	-2,443	-2,404	-2,395	-2,382	-2,371	-2,361	-2,350	-2,342
Council Tax	Increase of 1%	-523	-538	-555	-571	-588	-606	-624	-643	-662	-682
Council Tax Collection Rate	Increase of 1%	-558	-575	-592	-610	-628	-647	-666	-686	-707	-728
Employee Costs - Pay Award	Increase of 1%	2,121	2,192	2,285	2,371	2,451	2,533	2,613	2,696	2,785	2,875
Employer Pension Contribution Rates	Increase of 1%	1,445	1,489	1,529	1,566	1,601	1,633	1,662	1,692	1,726	1,761
General Non-Pay Inflation	Increase of 1%	1,738	1,763	1,823	1,869	1,914	1,958	2,004	2,050	2,078	2,126
Demographic	Increase of 1%	857	881	914	949	985	1024	1064	1105	1147	1190

To understand the implication of changes in assumptions a number of scenarios have been undertaken which includes a combination of different changes in our main assumptions. The scenarios which have been considered for planning purposes are :-

Scenario 1

1% increase in AEF, Council Tax and Council Tax Collection

1% reduction in pay award, employer pension contributions, non pay inflation and demographics

Scenario 2

1% decrease in AEF, Council Tax and Council Tax Collection

1% increase in pay award, employer pension contributions, non pay inflation and demographics

Scenario 3

1% decrease in AEF; Council Tax, Council Tax Collection remains the same

1% increase in employer pension contributions; Pay award, non pay inflation and demographics remains the same

Scenario 4

1% decrease in AEF; Council Tax and Council Tax Collection remains the same

1% reduction in employer pension contributions, demographics and non payroll inflation; Pay award remains the same

The impact of each of these scenarios is shown in the graph opposite. Scenario one forecasts based on all major assumptions improving with the Council receiving more income and cost increases reducing from the core assumptions. The impact of this would be to significantly reduce the funding gap from £156m over 10 years to £49m. The probability of this occurring is low.

Scenario two forecasts based on all major assumptions declining with the Council receiving less income than assumed within the core assumptions and cost increases are higher than the assumptions made by the plan. This would see the funding gap increase to £264m from £156m over 10 years. This scenario is used to consider the impact if all core assumptions are worse than originally estimated.
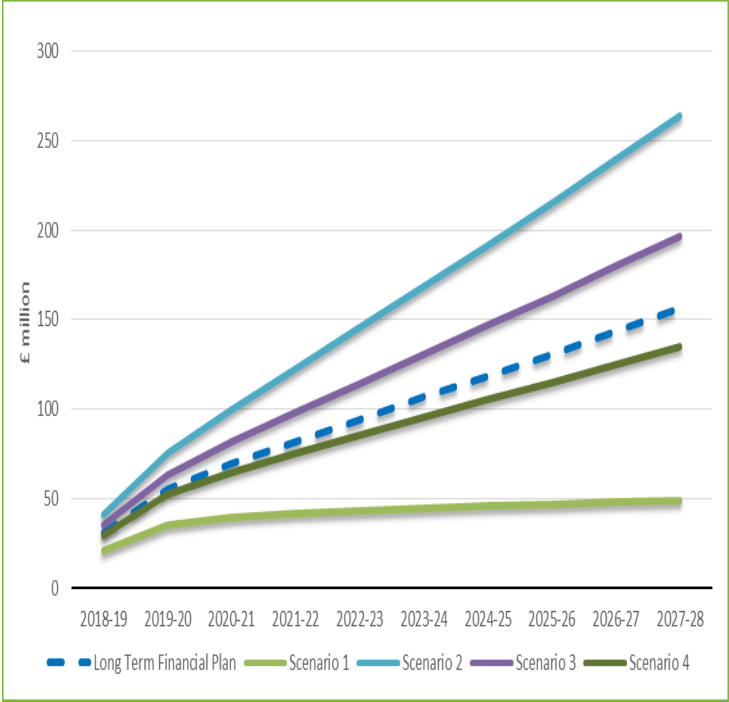
Scenario Three and Four has been used to demonstrate the impact of a mix of outcomes and shows under scenario three that the funding gap would increase to £197m and under scenario four reduce to £135m.

The scenarios demonstrate the degree of variation which can occur within the plan. The plan is based on the best assumptions available at this time. However it is important that this is kept under review as part of the Council's short and medium term financial planning and updated to reflect the latest information to refine the plan annually.

Earlier this plan identified the impact that local and national prioritisation of Education and Social Care had on other Council Services. This has resulted in a budget for these services of £101m. The same level of prioritisation cannot be sustained moving forward without the removal of all of these services. This will need to be borne in mind when the Council determines which services will be prioritised in the future.
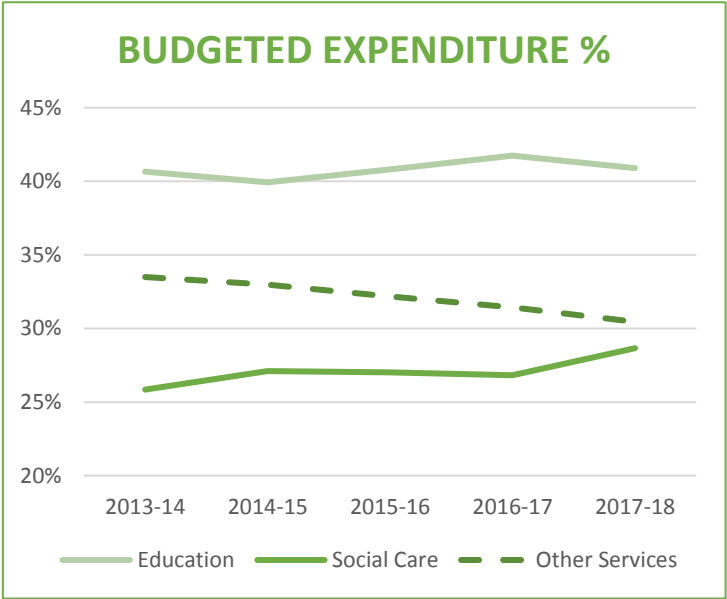
WHAT DOES THE PLAN TELL US?

Conclusion

The next ten years represent one of the most challenging financial climates for local councils. This will require the Council to fundamentally review the services which will be delivered, how they will be delivered and who will deliver them.

The long term financial outlook has been developed to enable the Council to start to plan to respond to these challenges and support future decision making. The plan identifies a number of local and national factors which will impact on the Council and the demand for services and reaffirms the complex environment that the Council operates in and the many factors which impact on its services.

There is an estimated funding shortfall of £156m over the next ten years which requires to be addressed by the Council. This is based on the best assumptions available and sensitivity analysis has been used to show the implications if core assumptions change.

A clear strategy is required to support the Council in continuing to remain financially sustainable over the longer term and this will be built on as we refresh the Council Plan in 2018.

What We Do?

Council Plan Refresh
- Identify Priorities
- Reshape services to deliver priorities within financial envelope

How We Do It?

Better Ways of Working

Managing Demand

Review of Costs and Income

Who Does It?

Range of Service Delivery Models

Appendix One

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Income	£millions	£millions	£millions	£millions	£millions	£millions	£millions	£millions	£millions	£millions
Aggregate External Finance	-259	-249	-244	-240	-240	-238	-237	-236	-235	-234
Council Tax	-54	-55	-57	-59	-61	-62	-64	-66	-68	-70
Total Income	-313	-304	-301	-299	-300	-301	-301	-302	-303	-304
Expenditure										
Chief Executive	4	4	4	4	4	4	5	5	5	5
Economy and Communities	19	20	20	20	20	21	21	21	22	22
Education and Youth Employment	117	120	123	125	127	129	130	131	133	135
Finance and Corporate Support	18	21	23	25	28	30	32	35	37	39
Health and Social Care Partnership	93	98	104	110	116	123	136	136	143	150
Place	60	63	66	67	69	71	73	76	78	80
Financing Charges	19	19	17	14	15	15	15	15	15	15
Other Expenditure	14	14	14	14	14	14	15	15	15	15
Total Expenditure	344	359	371	381	394	407	427	433	447	461
Funding Gap	31	55	70	82	94	107	125	131	144	156

NORTH AYRSHIRE COUNCIL

Agenda Item 18

26 September 2017

Cabinet

Title:	**Universal Credit Full Service**
Purpose:	To update members on the roll out of Universal Credit Full Service and seek support for the Council and its partners efforts to prepare residents.
Recommendation:	It is recommended that members - (a) Note the roll out of Universal Credit Full Service in North Ayrshire (b) Approve the approach being taken to prepare support services and residents

1. Executive Summary

1.1 The report updates members on the introduction of Universal Credit Full Service in North Ayrshire and preparations being made to best prepare support services and residents for the changes it brings. The report highlights some of the potential challenges of Universal Credit, the work of the Welfare Reform Working group to prepare for these challenges and some of the more specific challenges to be addressed by council services.

2. Background

2.1 Universal Credit is a social security benefit introduced in the United Kingdom in 2013 to replace six means-tested benefits and tax credits: income based Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, income based Employment and Support Allowance and Income Support. Since its introduction the roll-out has faced delays.

2.2 However the Universal Credit Full Service is now due to be rolled out in North Ayrshire and it is vital that North Ayrshire Council and its partners work productively to prepare residents for the change and support them in the most effective fashion. Such effective partnership working has happened during previous phases of roll - out.

2.3 Universal Credit was first introduced in North Ayrshire in March 2015. However, since then; only single claimants meeting certain criteria have claimed the benefit, limiting its uptake to a few thousand people over that time. The UK Government have always intended this number to grow, with more and more groups of new claimants accessing Universal Credit rather than legacy benefits.

2.4 Risks identified by Local Authorities around Universal Credit are -

- Monthly payments - puts additional stress on claimants ability to manage their money effectively
- Payments to landlords are not automatic - therefore risk of debt arrears likely to be higher
- Digital first - claiming and maintaining claims online will be challenging for those without access to I.T facilities or without the skills required.

2.5 It should be noted that Scotland now has devolved powers to change the frequency of payments and more easily arrange direct payment to landlords. Customers in North Ayrshire should be able to make use of this additional flexibility from October onwards but this is an "opt-in" system so we don't believe will allay all the concerns about debt and rent arrears.

Preparations for full service

2.6 The Welfare Reform Working Group consists of Council officers from Economy and Communities, Place, Finance and Corporate Support and Health and Social Care' along with Community Planning partners - Department for Work and Pensions (DWP), 3rd Sector representation, Ayrshire College and the NHS. The group works to co-ordinate service responses to welfare reform and plan effectively. The group report bi-annually to the Community Planning Partnership Board and recently received approval of the groups annual action plan. Since early 2017, the group has been discussing Universal Credit full service, with discussions moving to concrete planning when the implementation date become clear over the summer.

2.7 The Welfare Reform Group has focused on 2 key areas in responding to Universal Credit full Service. Communications and provision of services to support residents adapt to the changes. A communications plan has been developed by the Welfare Reform Group assisted by corporate communications. The plan has two distinct phases. Phase 1 started early September and has focused on general awareness raising of a key message "benefits are changing". Phase 2 will start during October and will deal more specifically with Universal Credit full service and directing people to the support available.

2.8 A key part of the communications plan is the development and delivery of awareness raising sessions designed for frontline workers in the area. Some frontline workers require to have a detailed understanding of how Universal Credit full service operates, while some workers only need to know the basics and where to signpost residents. DWP have developed materials for these sessions and will deliver them. North Ayrshire Council have organised and provided venues for the sessions. Details about how to book places on the sessions have been circulated across council departments and community planning partners. A specific session for elected members to attend is planned with date and venue to be confirmed.

2.9 The other key element of preparing is making sure that residents can access the support required. We know that I.T facilities and support are likely to be under increased demand. Therefore we have reviewed our leaflet detailing all the venues where such support is available and we will make this widely available. In general terms, residents will be supported in the following way -

- All North Ayrshire Council tenants will be directed to the Council's Welfare Reform support team in the first instance
- Local Registered Social Landlords will provide a similar service for their own tenants
- The remaining target groups are in private rented accommodation and therefore harder to engage. This group will be offered support by a network of local 3rd sector providers.

Service Specific concerns and responses

2.9.1 The introduction of Universal Credit full service constitutes a fundamental change to the way Council rents are collected. Housing Services received c.£25 million in rental income from housing benefit during 2016/17. Of those tenants claiming housing benefit, 60.79% are of working age, and therefore eligible for Universal Credit. This represents a significant increase in the value of rental income requiring to be actively collected, rather than paid directly to the Council via housing benefit.

2.9.2 Information from other housing providers operating in Universal Credit full service areas indicate an increase in the value of current tenant rent arrears, on average, by approximately 25% in a relatively short period of time. This level of impact on the Housing Revenue Account (HRA) could have implications for future revenue expenditure and investment. At present, £3m has been held in HRA reserves to mitigate the impact of welfare reform.

2.9.3 Staff time in dealing with Universal Credit arrears is another concern; evidence gathered indicates a 100% increase in the amount of time required to deal with a Universal Credit arrears case in comparison to a regular case.

2.9.4 Evidence from other housing providers also demonstrates an increase in the number of tenants terminating tenancies as a direct result of financial issues relating to UC. This could, in turn, impact on levels of homelessness.

2.9.5 In view of the anticipated effects of Universal Credit full service roll out, Housing Services, through the Rent Arrears Working Group and the Welfare Reform Advice Team, has been planning and implementing actions to mitigate the impacts of welfare reforms on both tenants and the Housing Revenue Account. These actions include:

- delivery of specialised training for staff
- improving communications with tenants in arrears through text messaging
- re-branding and updating rent arrears procedures and letters
- improving mobile working technology
- developing and implementing a pre-tenancy service
- profiling tenants to ensure services are directed to those most vulnerable
- promoting in-house support services, and
- developing a service specific communication plan to dovetail with the corporate plan.

2.9.6 A performance management framework is in place to monitor the impacts of UC closely, and ensure a quick response to any issues identified. Housing Services continue to monitor other housing providers operating in full service areas, to ensure they remain up to date on emerging issues and lessons learned, and can adopt any examples of good practice quickly.

3. Proposals

3.1 It is proposed that Cabinet -

- Note the roll out of Universal Credit Full Service in North Ayrshire.
- Approve the approach being taken to prepare for the changes, which includes a communications plan to raise awareness and service specific measures to prepare support services.

4. Implications

Financial:	As highlighted above, Universal Credit presents challenges in terms of rent collection in particular. Efforts to prepare residents are being coordinated by Welfare Reform Group through existing service budgets.
Human Resources:	None
Legal:	None
Equality:	Efforts to prepare for UC Full Service are designed to ensure that levels of inequality is not worsened by this welfare reform.
Environmental & Sustainability:	None
Key Priorities:	Responses to Universal Credit Full Service address the following council priorities - - Growing our economy, increasing employment and regenerating our towns - Working together to develop stronger communities - Ensuring people have the right skills for learning, life and work
Community Benefits:	None

5. Consultation

5.1 The preparations for Universal Credit full service have been coordinated by the Welfare Reform group which contains representatives from Economy and Communities, Place, Finance and Customer Services; along with Community Planning Partners. The Welfare Reform group reports to the Community Planning Board bi-annually.

KAREN YEOMANS
Executive Director (Economy and Communities)

Reference :
For further information please contact on

Background Papers

NORTH AYRSHIRE COUNCIL

Agenda Item 19

26 September 2017

Cabinet

Title:	**Proposed Arms' Length Organisation for Connected Communities Services: Options Appraisal**
Purpose:	To seek Cabinet approval for the conclusions of the Options Appraisal for a proposed Arms' Length Organisation for Connected Communities services.
Recommendation:	That Cabinet: a) Approves the conclusions reached within the Options Appraisal report attached at Appendix 1; b) Agrees not to set up an arms' length organisation for the Connected Communities Services in scope; and c) Remits officers to identify alternative savings to replace those which were anticipated to have been delivered by transferring services to an arms' length organisation.

1.   Executive Summary

1.1   At its budget of 17th February 2016, North Ayrshire Council agreed to explore a proposal to make efficiencies of c. £450,000 by transferring the delivery of a range of services and leasing properties to an arms-length external organisation (ALEO), thus saving in non-domestic rates (NDR) and reducing the impact of required efficiencies on Connected Communities services.

1.2   The critical objectives of the Council within the project were to retain influence over the strategic direction of any new entity, while at the same time delivering the required financial advantages required of creating such an organisation.

1.3   The options appraisal (using the Audit Scotland options appraisal methodology) considers a range of scenarios associated with transferring services to an arms-length external organisation.

1.4 The process was broken down into two stages:

1.4.1 Stage 1 considered the type of ALEO which could be formed.

1.4.2 Stage 2 considered the options for ALEO membership and the most appropriate and financially advantageous legal structure.

1.5 At Stage 1, the option with the highest score (Option 2: The transfer of services in scope to North Ayrshire Leisure Limited with NALL or similar continuing as the charitable trading company) was taken forward to Stage 2 of the appraisal.

1.6 The findings of Stage 2 of the options appraisal indicated that advice as to the most advantageous membership structure of a new entity for the Council is inconclusive and conflicting. There is no option which successfully delivers on the outcomes set out for the proposal; and all include elements of risk which have been highlighted by our advisers.

1.7 The options appraisal therefore concluded that there is no value in further exploring arms' length options for the services in scope due to failure to identify a suitable model which delivers the aspirations of North Ayrshire Council.

2.   Background

2.1 Councils are increasingly using ALEOs as an alternative way of delivering services at a time of significant budget reductions. Where appropriate, ALEOs can offer potential for reduced costs, new sources of income and greater flexibility. However there may also be increased risks and far-reaching consequences for staff, service delivery and alignment with Council priorities.

2.2 The projected potential saving for the services in scope is c. £450,000, the majority of which was identified to be secured from savings within NDR, deliverable under the current rates system. It was, however, recognised that there would be ongoing revenue costs associated with VAT and the transfer of services which will reduce the final total efficiencies which can be delivered within this scenario.

2.3 The options appraisal considers a range of scenarios associated with transferring services to an arms-length external organisation. However, it was recognised from the outset that none of these scenarios may fulfil the requirements of excellent service delivery and/or provide the required savings and that none of the options may be pursued.

2.4 Initial stages of the options appraisal process identified the following services currently delivered by the Council and in scope for transfer to an arms-length organisation:

- Libraries;
- Heritage Services;
- Arts Services;
- Eglinton Park and Ranger Services;
- Community Facilities; and
- Active Schools.

2.5 In progressing the appraisal concept, benefits of expanding the services in scope became apparent. Transferring a critical mass of services, it was argued, would maintain coherence of delivery, improve economies of scale and allow services to continue to work in an integrated way. The additional services identified were:

- Community Learning and Development;
- Arran Outdoor Education Centre; and
- Greenwood Conference Centre.

2.6 The options for future delivery of the extended services in scope were reviewed in relation to the following criteria:

- The ability to deliver a significant level of savings;
- To minimise impact on, or improve, services;
- The capacity to continue to support the Council and communities to realise their potential.

2.7 Consultation with a range of external specialists facilitated the progression of options, and allowed exploration of potential alternative options.

2.8 Stage 1 of the appraisal considered the format of the ALEO. Three options were assessed against their ability to deliver upon the criteria:

Option 1: The creation of a new cultural ALEO to sit alongside North Ayrshire Leisure Limited (with NALL continuing as the charitable trading company);

Option 2: The transfer of services in scope to North Ayrshire Leisure Limited (with NALL or similar continuing as the charitable trading company); and

Option 3: The creation of a new ALEO to encompass services already delivered by North Ayrshire Leisure Limited (and NALL as the charitable trading company) and the proposed new services to be transferred.

2.9 The option with the highest score (Option 2: The transfer of services in scope to North Ayrshire Leisure Limited (with NALL or similar continuing as the charitable trading company)) was then taken forward to Stage 2 of the appraisal which considered the recommended ALEO membership and legal structure.

2.10 At Stage 2, two options were considered for ALEO Membership: single membership and multi-membership. Single membership refers to the ALEO as a subsidiary organisation wholly-owned by the Council. Within this arrangement, all members of the board of trustees are appointed by the Council, albeit the majority are likely to be independent. Multi-membership means ownership is held between North Ayrshire Council and one or multiple other external organisations.

2.11 There were also two options to consider for the ALEO Legal Structure and trading arm. The two most appropriate vehicles are Charity Limited by Guarantee and Community Interest Company.

2.12 The options identified at 2.9 were assessed by external experts as per the Audit Scotland methodology on their ability to satisfy five key considerations: Procurement; Legal; VAT; NDR; and External Funding, based on the ability of a new organisation to maintain close relationships with the Council and on the financial advantages.

2.13 Consultation with a range of specialists and a robust Stage 2 options appraisal has resulted in no clear recommendation emerging in relation to membership which allows the Council to retain influence over the strategic direction of the new entity, while at the same time delivering the required financial advantages required of such a reorganisation.

2.14 Financial projections indicate that the savings to the Council fall significantly short of those required, and there is a risk of loss of control by the Council of the services in scope; and although savings are being generated in the round, all benefits are less than had originally been envisaged by the project.

3. Proposals

3.1 It is proposed that the conclusions of the options appraisal (enclosed at Appendix 1) are accepted by Cabinet.

3.2 It is proposed that Cabinet agrees not to set up an arms' length organisation for the Connected Communities Services in scope.

3.3 It is proposed that Cabinet remits officers to identify alternative savings to replace those which were anticipated to have been delivered by transferring services to an arms' length organisation and to bring a further report to Cabinet in relation to this.

4. Implications

Financial:	A decision not to set up an arms' length organisation for the Connected Communities in scope will result in a requirement to deliver £450,000 of savings from other sources.
Human Resources:	There are no HR implications arising from this report.
Legal:	There are no legal implications arising from this report.
Equality:	There are no equality implications arising from this report.
Environmental & Sustainability:	There are no environmental and sustainability implications arising from this report.
Key Priorities:	The proposals contained within this report relate to a number of the Council's key priorities, notably: Working together to develop stronger communities
Community Benefits:	N/A

5. Consultation

5.1 Consultations have been undertaken with a number of external and internal partners, stakeholders and expert advisors in the preparation of this report and of the options appraisal.

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Executive Director (Economy and Communities)

Reference :
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Background Papers
Appendix 1: Connected Communities Options Appraisal

Options Appraisal

Proposed Connected Communities ALEO [DRAFT]

6th July 2017

Contents

1 Executive Summary

1.1 At its budget of 17th February 2016, North Ayrshire Council agreed to explore a proposal to make efficiencies of c. £450,000 by transferring the delivery of a range of services and leasing properties to an arms-length external organisation (ALEO), thus saving in non-domestic rates (NDR) and reducing the impact of required efficiencies on Connected Communities services.

1.2 The critical objectives of the Council within the project are to retain influence over the strategic direction of the new entity, while at the same time delivering the required financial advantages required of such a reorganisation.

1.3 The options appraisal (using the Audit Scotland options appraisal methodology) considers a range of scenarios associated with transferring services to an arms-length external organisation.

1.4 Initial stages of the options appraisal process identified the following services currently delivered by the Council within Connected Communities as in scope for transfer to an arms-length organisation:

- Libraries;
- Heritage Services;
- Arts Services;
- Eglinton Park and ranger services;
- Community Facilities; and
- Active Schools.

1.5 In progressing the appraisal concept, benefits of expanding the services in scope became apparent. Transferring a critical mass of services, it is argued, would maintain coherence of delivery, improve economies of scale and allow services to continue to work in an integrated way.

1.6 The additional services identified at 1.4 include:

- Community Learning and Development;
- Arran Outdoor Centre; and
- Greenwood Conference Centre.

1.7 The current Options Appraisal methodology was broken down into two stages:

1.7.1 Stage 1 considered the type of ALEO to be formed. Three options were assessed:

- Option 1: To create a separate cultural ALEO to sit alongside the existing NALL leisure ALEO.
- Option 2: To expand the existing leisure ALEO (NALL) to include Connected Communities services and create a multi-service ALEO
- Option 3: To dissolve the current leisure ALEO (NALL) and design a completely new multi-service ALEO incorporating leisure and cultural services.

1.7.2 Stage 2 considered the options for ALEO membership and the most appropriate and financially advantageous legal structure.

1.7.3 The conclusion reviews the outcomes of the options appraisal and makes recommendations based on the outcomes.

1.8 Stage 1 is summarised in the table below:

Criteria	Stage 1 Options		
	Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO (NALL plus additional services)	Option 3: Design completely new multi-service ALEO
Financial Total	9	14	12
Service Delivery Total	2	4	4
Implementation	9	11	8

Total			
Overall Total (from a possible 50)	20	29	24

1.9 Stage 1 of the Options Appraisal recommended that, based on the ability to meet the required criteria, the following option should be progressed to Stage 2:

- Formation of a multi-service ALEO by commissioning the delivery and management of services from and lease of relevant properties to North Ayrshire Leisure Limited.

1.10 Based on a further examination of the above option, recommendations from Stage 2 of the Options Appraisal process are summarised in the table below:

Considerations	Multi-Service ALEO: Stage 2 Options	
	Single Membership Organisation	Multi Membership Organisation
Procurement	x	
Legal	x	
VAT	x	x
NDR	x	x
External Funding	x	x

1.11 Stage 2 of the Options Appraisal concluded that advice as to the most advantageous membership structure of a new entity for the Council is inconclusive and conflicting and no clear recommendation emerged which allows the Council to meet both of its critical objectives: to retain influence over the strategic direction of the new entity, while at the same time delivering the required financial advantages required of such a reorganisation.

1.12 The options appraisal therefore concludes that there is no value in further exploring arms' length options for the services in scope due to failure to identify a suitable model which delivers the aspirations of North Ayrshire Council.

2 Background

2.1 At its budget of 17th February 2016, North Ayrshire Council agreed to explore a proposal to make efficiencies of c. £450,000 by transferring the delivery of a range of services and leasing properties to an arms-length external organisation, thus exploring opportunities for alternative models of service delivery, saving in non-domestic rates and minimising the impact of required efficiencies on Connected Communities services. Councils are increasingly using ALEOs as an alternative way of delivering services at a time of significant budget reductions. Where appropriate, ALEOs can offer potential for reduced costs, new sources of income and greater flexibility. However there may also be increased risks.

2.2 Local authority provision of culture and leisure is partly defined by statute and partly by the agreed strategic priorities set by individual Councils. These strategic priorities contribute in turn to wider Corporate and Community Planning outcomes, including health improvement, employability, and strong local communities.

2.3 The projected potential saving from NDR for the services in scope is c. £450,000. It is, however, recognised that there would be ongoing revenue costs associated with the transfer of services which will reduce the final total efficiencies which can be delivered within this scenario.

2.4 The options appraisal considers a range of scenarios associated with transferring services to an arms-length external organisation. However, it was recognised from the outset that none of these scenarios may fulfil the requirements of excellent service delivery and/or provide the required savings and that none of the options may be pursued.

2.5 Initial stages of the options appraisal process identified the following services currently delivered by the Council and in scope for transfer to an arms-length organisation:

- Libraries;
- Heritage Services;
- Arts Services;
- Eglinton Park and ranger services;
- Community Facilities; and
- Active Schools.

2.6 In progressing the appraisal concept, benefits of expanding the services in scope became apparent. Transferring a critical mass of services, it is argued, would maintain coherence of delivery, improve economies of scale and allow services to continue to work in an integrated way. The additional services identified are:

- Community Learning and Development;
- Arran Outdoor Education Centre; and
- Greenwood Conference Centre.

2.7 The options for future delivery of the extended services in scope have been reviewed in relation to the following criteria:

- The ability to deliver a significant level of savings;
- To minimise impact on, or improve, services; and
- The capacity to continue to support communities to realise their potential.

2.8 Additional criteria reflected Audit Scotland guidance in relation to five key considerations: Procurement; Legal; VAT; NDR; and External Funding, based on the ability of a new organisation to maintain close relationships with the Council and on the financial advantages.

2.9 Consultation with a range of external specialists has facilitated the progression of options, and allowed exploration of potential alternative options. Consultations were sought with the following specialists:

- Engagement with other ALEOs – Glasgow Life; Culture Perth and Kinross
- Burness Paull LLP – Procurement Law; Legal Advice for ALEO Structure
- PricewaterhouseCoopers (PwC) – Specialist VAT Advice (NAC)
- Campbell Dallas Chartered Accountants – Specialist VAT Advice (NALL)
- Clyde and Co – Employment Law Issues
- Specialist Funding Advice

3   Methodology

3.1 A two stage high level options appraisal has been carried out based on requirements to meet the following criteria:

- The ability to deliver a significant level of savings;
- The ability to minimise impact on, or improve, services;
- The capacity to continue to support communities to realise their potential.

3.2 Consultation was sought with a range of external specialists to facilitate progression of options.

3.3 Stage 1 of the appraisal considered the format of the ALEO. Three options were assessed against their ability to deliver upon three criteria. Each assessment was given a score between 1 and 5 (with 5 demonstrating a high potential for delivery). The option with the highest score was then taken forward to Stage 2 of the appraisal.

3.4 Stage 2 considers the recommended ALEO Membership and Legal Structure.

3.5 There are two options considered for ALEO Membership: Single Membership and Multi-Membership. Single membership refers to the ALEO as a subsidiary organisation wholly-owned by the Council. Within this arrangement, all members of the board of trustees are appointed by the Council, albeit the majority are likely to be independent. Multi-Membership means ownership is held between North Ayrshire Council and one or multiple other external organisations.

3.6 The options identified at 3.5 are assessed, as per the Audit Scotland methodology, on their ability to satisfy five key considerations: Procurement; Legal; VAT; NDR; and External Funding.

3.7 There are also two options to consider for the ALEO legal structure and trading arm. The two most appropriate vehicles are Charity Limited by Guarantee and Community Interest Company. A tabular comparative analysis considers the benefits and drawbacks of both options.

4   Stage 1 Options Appraisal: Options for ALEO Organisation

4.1 Three criteria were developed against which to initially assess options for further commissioning of services. An appraisal framework has been developed around the following criteria:

- **Financial**: Potential to achieve financial efficiencies and savings;
- **Service Delivery**: Opportunities to improve services and deliver outcomes which contribute to the wider strategic objectives of the Council (Council Plan and the Local Outcomes Improvement Plan);
- **Implementation**: Ease and practicality of implementing any new commissioning arrangements, including acceptability considerations.

4.2 Three options are available for the services in scope. These options are as follows:

- **Option 1**: The creation of a new cultural ALEO to sit alongside North Ayrshire Leisure Limited (with NALL continuing as the charitable trading company);
- **Option 2**: The transfer of services in scope to North Ayrshire Leisure Limited (with NALL or similar continuing as the charitable trading company); and
- **Option 3**: The creation of a new ALEO to encompass services already delivered by North Ayrshire Leisure Limited (and NALL as the charitable trading company) and the proposed new services to be transferred.

4.3 The Appraisal Methodology examines and scores each option against a set of sub-criteria and provides a commentary to describe the supporting risks and issues. Each criteria is assessed in turn with a complete table of scores provided at the end.

4.4 The possible scores against each element are:

1 = Low value/acceptability
5 = High value/acceptability

Minimum Score = 10
Maximum Score = 50

4.5 Criteria 1: Financial

Sub-criteria:

- NDR savings
- Set-up and VAT costs
- Income generation
- Ongoing cost efficiencies
- Property costs: Repairs, maintenance and capital investment

4.5.1 NDR savings

Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
Can deliver £450,000. There is a risk of changes to NDR and business rates legislation by Scottish Government.	Can deliver £450,000 There is a risk of changes to NDR and business rates legislation by Scottish Government.	Can deliver £450,000 There is a risk of changes to NDR and business rates legislation by Scottish Government.
Score: 4	Score: 4	Score: 4

4.5.2 Set up and VAT costs

Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
• A separate ALEO will require a separate management structure and would result in duplication of back office services and systems such as HR, IT, payroll etc. This will result in additional costs, assessed at £451,000 p.a. • This will need a robust support services budget that covers HR, financial, ICT and property management, cleaning, grounds maintenance and refuse collection. • Pension implications for new employees would have to be considered. It would be necessary to set up a new admitted body pension arrangement with Strathclyde Pension Scheme. • Initial Set-up costs which covers all one-off type of expenditure such as VAT Advice, new equipment, new logo etc. is expected to be in the region of £146,000	• NALL is a suitable vehicle for transferring cultural services from the Council. Minimal investment would be required to ensure the articles are legally compliant for the potential new purposes of NALL/KA Leisure. • Existing objects within NALL would cover services to be provided at facilities such as libraries, museums and community centres. It is unlikely that any changes to the objects would be required which would remove the need for OSCR consent. • NALL have systems for IT and payroll which is likely to allow for a smoother transition. However some set up costs may be incurred as systems, both technical and other, are integrated. • Employees will be able to join the Strathclyde Pension Scheme already in place for NALL employees. • NALL have a functioning board experienced in managing the delivery	• A new charity/company limited by guarantee would take time and investment to set up. • There would be a requirement to establish new contractual arrangements for all services in scope. • Existing leisure ALEO would have to be dissolved. • This option would need a robust support services budget that covers HR, financial, ICT and property management, cleaning, grounds maintenance and refuse collection. • Pension implications for new employees would have to be considered. It would be necessary to set up a new admitted body pension arrangement with Strathclyde Pension Scheme. • Initial Set-up costs which covers all one-off type of expenditure such as VAT Advice, new equipment, new

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		logo etc. is expected to be in the region of £146,000.
VAT costs if Leisure, Cultural & Education exemptions are applied are expected to be in the region of £69,377.	of sports and leisure services. They are experienced in working with NAC. • Initial Set-up costs which covers all one-off type of expenditure such as VAT Advice, new equipment, new logo etc is expected to be in the region of £146,000. • VAT costs if Leisure, Cultural & Education exemptions are applied is expected to be in the region of £134,151.	• VAT costs if Leisure, Cultural & Education exemptions are applied is expected to be in the region of £134,151.
Score: 1	**Score: 3**	**Score: 1**

4.5.3 Income generation

Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
• A new vehicle will have the ability to access a range of external funding opportunities but the success of this approach would require to be proven by a new organisation. • External funding organisations are currently reviewing their approach to funding local authority arms' length organisations.	• NALL has a proven track record in accessing a range of external funding opportunities. • NALL/KAL operational income increased by 8% and funding contribution from NAC has decreased by 18%. Reasons for these results include improved customer and partnership	• New vehicle will have the ability to access a range of external funding opportunities but the success of this approach would require to be proven by a new organisation. • Considerable ability to cross-subsidise and thus maintain services that traditionally find income generation difficult to achieve.

	engagement, competitive pricing and an extension to the portfolio of facilities and venues where leisure provision is provided. • Considerable ability to cross-subsidise and thus maintain services that traditionally find income generation difficult to achieve. • External funding organisations are currently reviewing their approach to funding local authority arms' length organisations.	• External funding organisations are currently reviewing their approach to funding local authority arms' length organisations.
Score: 2	**Score: 3**	**Score: 3**

4.5.4 Ongoing Costs/Efficiencies

Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
• Estimated costs of administration and management of a new vehicle would be at least £451,000.	• NALL has a management and business unit which could undertake these tasks for an enlarged ALEO. • A single vehicle potentially represents the best scenario for achieving long term economies of scale. Combining existing back office functions, marketing/new	• A single vehicle potentially represents the best scenario for achieving long term economies of scale. Combining existing back office functions, marketing/new business development would provide a strong central resource of specialist expertise which is not cost

	business development would provide a strong central resource of specialist expertise which is not cost effective for 2 or 3 separate smaller vehicles. Additional resource would be required for the business support function and this would come from NDR savings. • Arts, cultural and library services traditionally struggle to generate sufficient income and are currently subsidised by other budgets. However, sport and leisure have a good track record in generating an operating surplus. By bringing these services together there would be an opportunity for the cultural and sport services to operate within budget, allowing for surplus to be reallocated across the ALEO to support the key strategic priorities of the Council, including activities which do not generate significant income but do deliver wider socio-economic benefits. • Ongoing costs are anticipated to be in the region of £36,000. This includes business support costs of	effective for 2 or 3 separate smaller vehicles. Additional resource would be required for the business support function and this would come from NDR savings. • Arts, cultural and library services traditionally struggle to generate sufficient income and are currently subsidised by other budgets. However, sport and leisure have a good track record in generating an operating surplus. By bringing these services together there would be an opportunity for the cultural and sport services to operate within budget, allowing for surplus to be reallocated across the ALEO to support the key strategic priorities of the Council, including activities which do not generate significant income but do deliver wider socio-economic benefits. • This option would involve initial set up and possible recruitment costs for a new entity. • Ongoing costs are anticipated to be in the region of £36,000. This includes business support costs of

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	£25,000 and £11,000 for recurring new costs such as bank charges and licences.	£25,000 and £11,000 for recurring new costs such as bank charges and licences.
Score: 1	**Score: 3**	**Score: 3**

4.5.5 Property: Repairs, maintenance and capital investment

Option 1: Create separate Cultural ALEO to sit alongside NALL	**Option 2: Multi-service ALEO**	**Option 3: Design completely new multi-service ALEO**
• There is a possibility that the new vehicle will not have the capital resources to meet future investment needs. This risk has been mitigated by consulting with other Cultural Services ALEOs in Scotland and learning how they have overcome such challenges; for example, through lease agreements which recognise the underlying repairs and maintenance issues and continuing access to the Council's capital planning process.	• There is a possibility that the ALEO will not have the capital resources to meet future investment needs. This risk has been mitigated by consulting with other ALEOs in Scotland and learning how they have overcome such challenges; for example, through lease agreements which recognise the underlying repairs and maintenance issues and continuing access to the Council's capital planning process.	• Possibility that the new ALEO will not have the capital resources to meet future investment needs. This risk has been mitigated by consulting with other ALEOs in Scotland and learning how they have overcome such challenges; for example, through lease agreements which recognise the underlying issues and continuing access to the Council's capital planning process.
Score: 1	**Score: 1**	**Score: 1**

4.5.6 Financial Criteria Score Total

Financial Criteria		Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
	NDR Savings	4	4	4
	Set-up (inc VAT) costs	1	3	1
	Income generation	2	3	3
	Ongoing costs	1	3	3
	Property: Repair, maintenance & capital investment	1	1	1
FINANCIAL CRITERIA TOTAL		9	14	12

4.6 Criteria 2: Service Delivery

The criterion in this section is:

- Increased use of service and improved service delivery

4.6.1 Increased use of service and improved service delivery

Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
- By setting up a new vehicle, NAC can create a bespoke entity exclusively dedicated to carrying out	- The services which will be delivered by NALL will lend themselves to integration and enhanced potential for creative and improved delivery of	- The services which will be delivered by the new entity will lend themselves to integration and enhanced potential for creative and

the transferring services. This would focus on the services to be transferred. • The new vehicle would need a complex plan to improve uptake across three organisations - new ALEO, NALL and NAC. • NAC can appoint new board members who have the vision and skills required to successfully deliver the services in scope. • A separate cultural vehicle provides an opportunity for museums, galleries and libraries to remain together offering a complementary group of services in a single brand that is recognised and understood by the public and could establish a platform to raise funds for visual arts and cultural projects. • Opportunity to develop stronger community links in schools is missed by not combining Active Schools (currently NAC) and Sports Development (currently KA Leisure). • Failure to integrate a wide range of services may undermine current levels and quality of service.	opportunities in the local area, through co-location of relevant services and referrals and pathways and sharing customer information and interests. • Considerable growth opportunities would be available through enhanced commercial activities and cross-selling to different customer groupings. • Opportunity to develop stronger community links in schools is provided by combining Active Schools and Sports Development. • NALL has grown and developed since its inception, particularly in the last 5 years. Since 2011 there have been several notable successes; customer activity has risen by 51%, customer subscriptions have increased by 402%, physical activity participation has increased by 35% and the exercise on referral programme has increased attendances by 21%. NALL's track record in increasing participation leads its benchmarking partners in other local authorities and provides	improved delivery of opportunities in the local area, through co-location of relevant services and referrals and pathways and sharing customer information and interests. • Considerable growth opportunities available through enhanced commercial activities and cross-selling to different customer groupings. • Opportunity to develop stronger community links in schools is provided by combining Active Schools and Sports Development.

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	a firm basis for extending this ambition.	
Score: 2	**Score: 4**	**Score: 4**

4.7 Criteria 3: Implementation

Sub-criteria:

- Complexity and sensitivity
- Impact on staff/partners/users
- Strategic corporate coherence
- Council engagement and linkages

4.7.1 Complexity and sensitivity

Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
• If the new vehicle is to be a charity, an application would have to be submitted to OSCR for approval of charitable status. • NAC would need to approve the transfer of the services to new vehicle. A scheme of administration and delegation would be produced for the ALEO. NAC's scheme of	• A review would have to be undertaken in relation to the structure of NALL to identify any necessary change to the objects and articles. If changes to the objects are required, OSCR approval would be necessary. • NAC would need to approve the transfer of services to NALL. A	• This is a more disruptive solution which involves dissolution of an existing ALEO and establishing a new entity. • Benefits to customers and business continuity may be adversely affected by the scale of change required in a tight timescale.

administration and delegation would require amendment when the ALEO is operational.
• The transfer process would require NAC to identify the scope of service that is to be provided and a service specification developed to reflect that.
• The following would be required:
  - Transfer Agreement to transfer the staff, property rights, contracts and other assets required to deliver the new services;
  - Long term service agreement to deliver the new services;
  - Collections agreement to manage any cultural assets that will be in the ownership of NAC but require to be exhibited by the new vehicle;
  - Service agreement from NAC in respect of any services to be provided to NAC; and
  - Property management agreement to deal with the need to jointly manage property maintenance and repairs.
• Lease or licence arrangements will be required to manage the transfer
	scheme of administration and delegation will be produced for the ALEO. The scheme may require amendment when the ALEO is operational.
	• The transfer process would require NAC to identify the scope of service that is to be provided and a service specification to reflect that.
	• The following would be required:
	  - Transfer Agreement to transfer the staff, property rights, contracts and other assets required to deliver the new services;
	  - Long term service agreement with NALL to deliver the new services;
	  - Collections agreement to manage any cultural assets that will be in the ownership of NAC but require to be exhibited by NALL;
	  - Service agreement from NAC in respect of any services to be provided to NAC; and
	  - Property management agreement to deal with the need to jointly manage property maintenance and repairs.
		• Very challenging to achieve in the timescale due to scale of change complexities of existing contractual arrangements.
		• If the new vehicle is to be a charity, an application would have to be submitted to OSCR for approval of charitable status.
		• NAC would need to approve the transfer of all NALL and NAC services to new vehicle.
		• A scheme of administration and delegation will be produced for the new entity. The scheme may require amendment when the ALEO is operational.
		• The transfer process would require NAC to identify the scope of service that is to be provided and a service specification developed to reflect that.
		• The following would be required:
		  - Transfer Agreement to transfer the staff, property rights, contracts and other assets required to deliver the new services;
		  - Long term service agreement to deliver the new services;

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of all relevant NALL and NAC properties to a new entity. • Staff transfers to the new vehicle would have to be managed. • Procurement issues in relation to both options would have to be considered to ensure that NAC benefits from the appropriate treatment. • There would be a one off cost of c. £146k to set up a new vehicle.	• Lease or licence arrangements will be required to manage the transfer of the new properties to either NALL or a new entity. • Staff transfers to either NALL or to the new vehicle would have to be managed. • Procurement issues in relation to both options would have to be considered to ensure that NAC benefits from the appropriate treatment.	- Collections agreement to manage any cultural assets that will be in the ownership of NAC but require to be exhibited by the new vehicle; - Service agreement from NAC in respect of any services to be provided to NAC and a property management agreement to deal with the need to jointly manage property maintenance and repairs. • Lease or licence arrangements will be required to manage the transfer of all relevant NALL and NAC properties to a new entity. • The staff transfers to the new vehicle would have to be managed. • The procurement issues in relation to both options would have to be considered to ensure that NAC benefits from the appropriate treatment. • There would be a one off cost of c. £146k to set up a new vehicle. • The procurement issues in relation to both options would have to be considered to ensure that NAC benefits from the appropriate treatment.

| Score: 2 | Score: 3 | Score: 1 |

4.7.2 Impact on staff/partners/users

Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
• Where a new entity is created there may well be a complex tripartite relationship required where cooperation is required between NAC, NALL and any new entity. • Maintaining high quality business as usual services during the transition period will be a significant challenge. • The buy in of staff to the new vehicle, and its aims and objectives, is crucial and would need to be given due care and respect. • Relationships with partners will need to be restated and established within the new vehicle.	• NAC will need to manage the relationship between themselves and NALL as its partner. • Maintaining high quality business as usual services during the transition period will be a significant challenge. • The buy in of staff to the new vehicle, and its aims and objectives, is crucial and would need to be given due care and respect. • The buy in of staff to the new vehicle, and its aims and objectives, is crucial and would need to be given due care and respect. • Relationships with partners will need to be restated and established within the new vehicle.	• NAC will need to manage the relationship between themselves and the new entity as its partner. This would be based on the agreements outlined above. • The dissolution of the existing ALEO will be disruptive and controversial. • Maintaining high quality business as usual services during the transition period will be a significant challenge. • The buy in of staff to the new vehicle, and its aims and objectives, is crucial and would need to be given due care and respect. • Relationships with partners will need to be restated and established within the new vehicle.

Score: 2	**Score: 3**	**Score: 1**

4.7.3 Strategic corporate coherence

Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
• In setting up a new vehicle, consideration would have to be given to: - Corporate structure; - Objects; - Securing charitable status; and - Treatment of NAC assets, staff, contracts and cash. • Alignment with the Council's and CPP's strategic objectives would need to underpin the development of a new ALEO.	• NALL's articles state that they can appoint up to 9 directors (4 by NAC, 4 by NALL and 1 by employees of NALL). Currently, NALL has 8 directors. NAC would have to consider whether the current 4 directors appointed to NALL have the necessary skills and expertise to deliver the additional services or alternatively, they would have to replace these existing directors. Change may be necessary to ensure the correct skills mix is available on the board. • Consideration will be required of the terms of the existing NALL property holdings and whether revisiting is necessary to have a standard approach to property holdings.	• By opting to set up a new vehicle, NAC can set up a bespoke entity exclusively dedicated to carrying out the transferring services. This would focus on the services to be transferred. • NAC can appoint new board members who have the skills required to deliver the culture/library business share their vision and goals. • In setting up a new vehicle, consideration would have to be given to: - Corporate structure; - Objects; - Securing charitable status; and

		- Treatment of NAC assets, staff, contracts and cash.
	• In expanding the role of NALL consideration would have to be given to:	• There is a risk of losing experienced and influential key board members of NALL.
	- NALL's ability to deliver the additional services; and	
	- treatment of NAC assets, staff, contracts and cash.	
Score: 3	**Score: 3**	**Score: 3**

4.7.4 Council engagement and linkages

Option 1: Create separate Cultural ALEO to sit alongside NALL	**Option 2: Multi-service ALEO**	**Option 3: Design completely new multi-service ALEO**
• A service agreement for the services to be delivered by the new entity will be required. • Consideration will be needed to address any interface with the NALL role and service delivery. • The relationship between the priorities of the Council and the CPP will require to be explicitly designed into the new vehicle, with outputs and outcomes agreed, including any role in supporting engagement and consultation and capacity building	• The principal function of NALL/KA Leisure is to provide a quality leisure service that meets the needs of the communities of North Ayrshire thus enabling the shared community partner Single Outcome Agreement objective of making people to be more active more often to be realised. • NALL is a CPP partner. The enlarged ALEO would act as a key partner to provide engagement and	• A service agreement for the services to be delivered by the new entity will be required. • The new ALEO would be designed to act as a key partner to provide engagement and consultation support to CPP partners. • Working in partnership with the Third Sector Interface (TSI), the new ALEO would provide links to key community partners and the wider Third and Voluntary Sector.

		consultation support to CPP partners.	• The relationship between the priorities of the Council and the CPP will require to be explicitly designed into the new vehicle, with outputs and outcomes agreed, including any role in supporting engagement and consultation and capacity building requirements of Council departments and CPP partners.
requirements of Council departments and CPP partners.		• Working in partnership with the Third Sector Interface (TSI), the enlarged ALEO would provide links to key community partners and the wider Third and Voluntary Sector. • An expanded service agreement for all of the services to be delivered by NALL will be required.	
Score: 2		**Score: 4**	**Score: 3**

4.7.5 Implementation Criteria Score Total

		Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
Implementation Criteria	Complexity & sensitivity	2	3	1
	Impact on staff/partners/users	2	3	1
	Strategic coherence	3	3	3
	Council engagement & linkages	2	4	3
IMPLEMENTATION CRITERIA TOTAL		9	11	8

4.8 Stage 1 Overall Criteria Ranking for ALEO Organisational Options

4.8.1 The following table brings together all three criteria for each of the options and provides overall scores:

Criteria	Stage 1 Options		
	Option 1: Create separate Cultural ALEO to sit alongside NALL	Option 2: Multi-service ALEO	Option 3: Design completely new multi-service ALEO
Financial Total	9	14	12
Service Delivery Total	2	4	4
Implementation Total	9	11	8
Overall Total (from a possible 50)	**20**	**29**	**24**

4.9 Stage 1 Options Appraisal Conclusions

4.9.1 Stage 1 of the options appraisal therefore recommends that, based on the ability to meet the required criteria, the following option is most deserving of being progressed to Stage 2 of the Options Appraisal:

✓ Formation of a multi-service ALEO by commissioning the delivery and management of services from and lease relevant properties to North Ayrshire Leisure Limited.

4.9.2 The main potential benefits identified from this scenario are:

- The increased capacity of a well-designed organisation to continue to deliver excellent and integrated services across a broad range of strategic outcomes;
- Transfer of a critical mass of services to maintain coherence of delivery, improve economies of scale and allow services to work better together; and
- The potential to safeguard frontline services by securing sufficient required savings from non-domestic rates.

4.9.3 The main potential risk is the VAT position of a new entity, which would be determined by the membership and legal structure of the organisation.

4.9.4 Stage 2 of the Options Appraisal now proceeds to consider the most appropriate membership and legal structure of an enlarged ALEO as described above at 4.7.1.

5 Stage 2 Options Appraisal: ALEO Membership and Legal Structure

5.1 For clarity, Stage 2 is broken down into two sub-stages.

5.2 Stage 2(a) looks at the membership arrangements for the ALEO. Stage 2(b) considers the most appropriate legal structure for the ALEO. The two main current options for an ALEO are Charities/Companies Limited by Guarantee and Community Interest Companies.

5.3 Stage 2(a): ALEO Membership

5.3.1 The options are as follows:

1. North Ayrshire Council to be the single member of the ALEO.
2. Membership to be held between North Ayrshire Council and one or multiple other external organisations.

5.3.2   These options are considered in relation to five key considerations:

- Procurement Implications
- Legal Implications
- VAT Implications
- Ability to Deliver Non-Domestic Rate (NDR) Savings
- Ability to access external funding

5.3.3   Further commentary on this process is provided below.

5.3.4   Procurement Implications:

5.3.4.1   To avoid procurement challenges, Regulation 13 of the Public Contracts (Scotland) Regulations 2015 (otherwise known as "*Teckal*-compliance"), allows a contracting authority to enter into arrangements for the supply of services by a body controlled by that authority, provided certain requirements are met. One of those requirements is that the local authority is the sole member of the ALEO with all board members appointed by the Council. Procurement advisors confirm this arrangement.

5.3.4.2   Legal advisors advise if the ALEO is not structured to be *Teckal*-compliant, the Council could be open to a procurement challenge by a competing provider of leisure services. If the challenge were successful, the court could award damages in favour of the challenger and could seek to have the contract between the Council and ALEO brought to an early end.

5.3.4.3   The Office of the Scottish Charity Regulator (OSCR) recognises that procurement implications have influenced the formation of several sole member ALEOs. OSCR notes there may be benefits to local authorities and ALEOs in avoiding competitive tendering exercises. For ALEOs, benefits include more stable contracts, ensuring a continuity of service to their beneficiaries.

5.3.5 Legal Implications:

5.3.5.1   Single membership refers to the ALEO as a subsidiary organisation wholly-owned by the Council. Within this arrangement, all members of the board of trustees are appointed by the Council, albeit the majority are likely to be independent. It is suggested a Nominations Committee is formed to extend the board membership and skills.

5.3.5.2   Single membership allows the Council to exercise a decisive influence over the strategic objectives and significant decisions of the ALEO.

5.3.5.3   This decisive control might be seen as running counter to the requirements associated with charitable status. Scottish charities legislation imposes a duty on charity trustees to exercise independent judgement, and in a manner which gives priority to the interests of the charity as compared with the interests of the body (in this case, the Council) which appointed them to the board (or approved their appointment).

5.3.5.4   However taking a charity law perspective, legal advisors advise that OSCR is concerned with the concept of "control" at board level, rather than the "corporate control" where a local authority is the sole member of a charity. Legal advisors note that to date, OSCR has been satisfied that the board of a charitable ALEO is capable of exercising independent decision-making where the majority of board members are independent of the Council (albeit having been appointed by the Council) or, in situations where the board is evenly balanced (as between Councillors and independents), the Chairperson is independent of the Council.

5.3.5.5   OSCR acknowledges single membership by local authority is common, although local authorities rarely use the powers given by this status. OSCR recommends that the organisation and the Local Authority enter into a Memorandum of Understanding (MOU) which would highlight that the Local Authority will where possible consult with the ALEO before exercising its powers of control.

5.3.6 VAT Implications:

5.3.6.1 Specialist VAT advice was procured by North Ayrshire Council. The recommended option from Stage 1 (formation of a multi-service ALEO by commissioning the delivery and management of services from and lease relevant properties to North Ayrshire Leisure Limited) was presented to PWC to determine the most VAT efficient model.

5.3.6.2 VAT advisors engaged by North Ayrshire Council recommend a multi-member organisation as the most VAT efficient model. Single membership is considered high risk from a VAT perspective although it has been recognised that mitigations may be possible to reduce this. risk. Single membership therefore comes with more risk but both represent an additional cost.

5.3.6.3 VAT advisors advised that if Leisure Exemption, Cultural Exemption and Educational Exemptions are applied, the VAT cost to the enlarged ALEO, even as a multi-member organisation, is expected to be in the region of £134,151.

5.3.6.4 VAT advisers note that the cost is due to some income which is currently received by NAC which would subsequently become liable to VAT when undertaken by an entity which is not a local authority. It is also noted further costs would arise if NALL is unable to apply all aforementioned exemptions.

5.3.6.5 In order to test the financial assumptions outlined above i.e. that a multi-member organisation would be the best option for North Ayrshire Council from a financial perspective (leaving aside the issue of control of the organisation), the Council's VAT advisers provided the following financial projections to identify the potential financial benefits or costs when a range of financial factors are examined together:

Summary of Financial Info for Trust Options Paper

	Option 1 Create Separate Culture ALEO to sit alongside NALL £'000	Option 2 Enlarged Multi-service ALEO £'000	Option 3 Design Completely New Multi Service ALEO £'000
Recurring Costs			
1. NDR Savings	-450	-450	-450
2. VAT	69	134	134
Income generation	Not quantifiable at this stage for all options		
3.Ongoing organisational costs	451	36	36
Property Repairs, maintenance and capital investment	Not quantifiable at this stage for all options		
Recurring Totals: (Costs) and -Savings	**(70)**	**-280**	**-280**
Non Recurring Costs			
4.Initial Set-up Costs	146	146	146
Non Recurring Totals	**146**	**146**	**146**
Overall Totals (Costs) and -Savings	**(216)**	**-134**	**-134**

Notes

1. Savings from the NDR not being payable due to charitable status.

2. VAT info taken from PWC report. It is based on the new Trust gaining all VAT exemptions available. A new single member structure (as recommended by legal advisors), is not a financial advisor recommended course of action from a VAT perspective.

3. Option 1 covers the management costs (£450K) of running a new separate ALEO. Option 2 and 3 the costs are covered by existing NALL services.
4. Option 2 and 3 covers the ongoing business support costs of £25K and £11K for recurring new costs such as bank charge and licences.
5. This covers all the one off type expenditure such as VAT advice, new equipment, new branding.

All costs are annual costs. It is likely that in year 1 there will be part year costs which will not be as high as the figures shown above.

5.3.7 Ability to Deliver Non-Domestic Rates (NDR) Savings:

5.3.7.1 Non-domestic rates savings would currently be achievable through both single-member and multi-member structures.

5.3.8 External Funding

5.3.8.1 External funding will be subject to ongoing review throughout the lifetime of the ALEO. However, external funding organisations are currently reviewing their approach to funding local authority ALEOS.

5.4 Membership Analysis: Conclusions

5.4.1 The table below presents the conclusions from the examination of the above considerations by expert advisors to the Council and presents preferred membership options from each perspective:

Considerations	ALEO: Stage 2 Options	
	Single Membership Organisation	Multi Membership Organisation

Procurement	x	
Legal	x	
VAT	x	x
NDR	x	x
External Funding	x	x

5.5 Stage 2 (a) Conclusion:

5.5.1 A Single Membership organisation is favoured by Procurement and Legal considerations.

5.5.2 Net savings can be delivered through either a Single or Multi-Membership Organisation.

5.5.3 VAT will be impacted negatively by Single Membership and favours Multi-Membership.

5.5.4 External funding is neutral and can be appropriately organised according to the structure which provides most satisfaction for other key factors.

5.5.5 Advice as to the most advantageous membership structure of a new entity for the Council is therefore inconclusive and conflicting.

5.5.6 No clear recommendation has emerged which allows the Council to retain influence over the strategic direction of the new entity, while at the same time delivering the required financial advantages required of such a reorganisation. Financial advice indicates that even in a multi-membership arrangement, which is not recommended by legal and procurement advisors due to potential loss of control over the services delivered, the financial benefits are reduced to £134,000 in the first year of operation (due to set up costs) and £280,000 in subsequent years. This is £170,000 short of the savings required in the current process; and risks loss of control by the Council of a range of services which are enablers to current and future service delivery.

5.6 Stage 2(b): ALEO Legal Structure

5.6.1 In considering options for the appropriate structure of ALEOs, the Government's guidance has been consulted. The two most appropriate vehicles for an ALEO are Charities/Companies Limited by Guarantee and Community Interest Companies (CIC). The following tables provide a comparative analysis of Charities/Companies Limited by Guarantee and Community Interest Companies (CIC).

5.6.2 Comparative Analysis of Charities/Company Limited by Guarantee and CICs

Type and why	Advantages	Disadvantages
Charity and Company Limited by Guarantee		
Choose if it: • employs or expects to employ staff • owns or expects to own land, building, investments or other substantial assets • is or expects to be involved in assets, leases or contracts where there is financial risk • is finding it difficult to recruit governing body members because they want the protection from personal liability that incorporation brings	✓ Legal personality (separate to the governing body) – can take on contracts, take legal action and hold property in own name ✓ Limited liability – to members of the organisation and governing body ✓ Permanent succession – no need to transfer legal agreements as in organisation name ✓ Permanent – exists until it is closed ✓ Charity status – can be a charity ✓ Has access to almost all public funding and grants ✓ Eligible for tax relief ✓ Eligible for mandatory rates relief	✗ Cost – registration fee, set up costs (depending upon who does the set up work), annual filing fee ✗ External accountability – on the register of companies held by Companies House ✗ Paperwork – keep registers, annual returns to Companies House, informing Companies House of changes ✗ Public access to records – information about directors publicly available via the register of companies, registers open for inspection at registered office ✗ Limitations on limited liability (for governing body members) – remain personally liable for fines, acting outside powers, allowing company to continue when insolvent

		✖ Permanent endowment – not protected if liquidating assets because of insolvency ✖ Winding up – formal process

Type and why	Advantages	Disadvantages
Community Interest Company (CIC)		
Choose if it: • wants to be clear it is not for profit and working for the community (usually call itself a social enterprise) • employs or expects to employ staff • owns or expects to own land, building, investments or other substantial assets • is or expects to be involved in assets, leases or contracts where there is financial risk • wants to preserve its assets for the community benefit • wants to pay or be able to pay the governing body members • is finding it difficult to recruit governing body members because they want the protection from	✓ Legal personality (separate to the governing body) – can take on contracts, take legal action and hold property in own name ✓ Limited liability – to members of the organisation and governing body ✓ Permanent succession – no need to transfer legal agreements as in organisation name ✓ Permanent – exists until it is closed ✓ Governing body members may be paid (payments must be reasonable) ✓ Asset lock so assets are protected for the community ✓ Reputation – additional regulation from the CIC Regulator and provides a brand as a social enterprise ✓ A way of leading by example, the CIC fits in with NAC's new social enterprise strategy	✖ Cost – registration fee, set up costs (depending upon who does the set up work), annual filing fee ✖ External accountability – on the register of CICs held by CIC Regulator at Companies House ✖ Paperwork – keep registers, annual returns to Companies House, informing Companies House of changes ✖ Public access to records – information about directors publicly available via the register of companies, registers open for inspection at registered office ✖ Limitations on limited liability (for governing body members) – remain personally liable for fines, acting outside powers, allowing company to continue when insolvent

personal liability that incorporation brings		✘ Permanent endowment – not protected if liquidating assets because of insolvency ✘ Winding up – formal process ✘ Tax – must pay taxes on profits, must pay stamp duty, no gift aid, no mandatory rates relief ✘ Funding – funders may not want to fund CICs ✘ Charity status – can't be a charity

5.7 Stage 2 (b) Conclusion:

5.7.1 In terms of legal structure, the options appraisal concludes that any new organisation would best exist as a charitable organisation with a Community Interest Company (CIC) as trading arm. The benefits of a CIC include:

- Greater flexibility than a charitable trading company.
- CIC must demonstrate benefit to a community.
- The CIC's assets are protected in the hope this will re-assure its founders and potential funders or supporters.
- A CIC is a not-for-profit organisation and can make unrestricted payments to charities.

5.8 Stage 2 Options Appraisal Conclusions (Membership and Legal Structure)

5.8.1 Single Membership is favoured by Procurement and Legal considerations.

5.8.2 VAT will be impacted negatively by Single Membership and favours Multi-Membership, although mitigation of risk is possible.

5.8.3 NDR savings can currently be delivered through either a Single or Multi-Membership Organisation.

5.8.4 External Funding is neutral and can be appropriately organised according to the structure which provides most satisfaction for other key factors.

5.9 No clear recommendation has emerged in relation to membership which allows the Council to retain influence over the strategic direction of the new entity, while at the same time delivering the required financial advantages required of such a reorganisation.

5.10 Financial projections indicate that even in a multi-member organisation the savings to the Council fall significantly short of those required, and risk loss of control by the Council of the services in scope.

5.11 In relation to legal structures, the options appraisal concludes that any new organisation would exist as a charitable organisation with a Community Interest Company (CIC) as trading arm.

6 Summary of Conclusions

6.1 Stage 1 of the Options Appraisal examined financial, service delivery and implementation considerations resulted in the following scores:

- Option 1: Create separate Cultural ALEO to sit alongside NALL: 20/50

- Option 2: Enlarged ALEO: 29/50

- Option 3: Design completely new multi-service ALEO: 24/50

6.2 Stage 1 of the options appraisal therefore recommended that, based on the ability to meet the required criteria, the following option had most potential to deliver the Council's objectives and was progressed to Stage 2 of the Options Appraisal:

✓ Formation of a multi-service ALEO by commissioning the delivery and management of services from and lease relevant properties to North Ayrshire Leisure Limited.

6.3 Stage 2 of the Options Appraisal examined potential membership options and legal structures of the new organisation based on ability to maintain close relationships with the Council and on their financial advantages.

6.4 Consultation with a range of specialists and a robust Stage 2 Options Appraisal has resulted in no clear recommendation emerging in relation to membership which allows the Council to retain influence over the strategic direction of the new entity, while at the same time delivering the required financial advantages required of such a reorganisation.

6.5 Financial projections indicate that savings to the Council fall significantly short of those required, and there is a risk of loss of control by the Council of the services in scope. Although savings are being generated in the round, all benefits are less than had originally been envisaged by the project.

6.6 The options appraisal therefore concludes that there is no value in further exploring arms' length options for the services in scope due to failure to identify a suitable model which delivers the aspirations of North Ayrshire Council.

NORTH AYRSHIRE COUNCIL

Agenda Item 20

26 September 2017

Cabinet

Title:	**Exploration of a Regional Partnership for Economic Development Services**
Purpose:	To seek Cabinet approval to further explore options in relation to a Regional Partnership for Economic Development Services.
Recommendation:	That Cabinet:

a. Approves that Option 4 is further developed for detailed consideration;

b. Agrees that proposals be brought forward to a future meeting regarding the potential benefits, efficiencies and risks of joining up some or all of the services listed in section 5 into a single Ayrshire team;

c. Approves that further engagement is undertaken with key stakeholders and businesses to identify and develop the specific asks of the Scottish Government and its national agencies;

d. Agrees that proposals be brought forward to a future meeting to establish an interim Ayrshire Development Board as per section 7. This would comprise elected members in the first instance who would in turn consider proposals to widen the participation of other stakeholders; and

e. Agrees that work in a to d above is being carried out by the team currently established to drive the Ayrshire Growth Deal over the next three months with a detailed proposal to the three authorities in early 2018;

1. Executive Summary

1.1 A number of factors have prompted a review of how economic development is undertaken across Ayrshire. The cabinet paper of 28th February 2017 endorsed the participation of officers to explore the options of a Regional Partnership.

1.2 This paper updates Members on the progress of options to explore a Regional Partnership and provides recommended next steps.

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2. Background

2.1 The Cabinet of the 28th of February endorsed the participation of officers to work with partner organisations with a view to developing a pathfinder initiative with the Scottish Government to explore how regional partnerships could stimulate the local economy. A number of wider considerations emerged.

2.2 Ayrshire Growth Deal

In September 2016, the three Ayrshire Authorities agreed to the submission of the Ayrshire Growth Deal (AGD) strategic Business Case to the Scottish and UK Governments. An AGD would provide the Ayrshire authorities and partners with the opportunity to focus on the major interventions which would grow the economy and create employment within the region. Negotiations have commenced with the Scottish and UK Government and all parties are working towards an Ayrshire Growth Deal. As part of this, there is a requirement by both Governments, if a deal is secured, for a national and regional governance structure which is remitted to oversee the delivery of the AGD. This should include the participation of the private sector, third sector, national and regional agencies, education providers and other key stakeholders.

2.3 Scottish Government Enterprise and Skills Review

The First Minister announced on 25 May 2016 that the Government would carry out an end to-end review of the roles, responsibilities and relationships of the enterprise and skills agencies, covering the full functions of Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE), Skills Development Scotland (SDS) and the Scottish Funding Council (SFC). The purpose of the review was to ensure that these public agencies are designed to better align a combined resource to deliver improved inclusive economic outcomes across regional economies.

Following a meeting with the Cabinet Secretary for the Economy, Jobs and Fair Work in December 2016, the three Ayrshire local authorities were invited by the Scottish Government to act as a 'Pathfinder' region. This work has explored how regional partnerships can stimulate local economies and build inclusive growth while fostering improved innovation, internationalisation and investment across a region to maximise the collective impact on boosting competitiveness and tackling inequality at local, regional and national levels.

The phase 2 report of the Enterprise and Skills Review published in June 2017 confirmed that the vision is to have Scotland covered by regional partnerships that stimulate local economies and build inclusive growth. The report also recognised the need for strengthened national agencies and private sector engagement and that increasing inclusive growth should be at the heart of the partnerships. There must be a Regional Partnership in place in order to secure investment.

2.4   It should also be recognised that the landscape for the delivery of economic development is evolving in Scotland. Growth deals and the Enterprise and Skills Review are resulting in a more regional approach with regional partnerships emerging across Scotland. For example a formal agency in the south of Scotland is to be established to meet the enterprise and skills needs of the region. Moreover it is envisaged that this new agency would need innovative thinking about financing, a drive to ensure current resources are aligned to maximise benefit and additional resources to broaden business support, deliver community growth, strengthen the areas infrastructure and have an increased on the ground presence in the area. Regional Partnerships are actively in discussion as part of the Tay Cities Deal. Regional Governance supporting deals have been announced in Edinburgh, Glasgow and Aberdeen.

2.5   **Ayrshire Regional Pathfinder**

An Ayrshire-wide Steering Group has been formed to guide the Pathfinder process, comprising Executive Director for Economy and Communities – North Ayrshire Council, Executive Director, Economy, Neighbourhood and Environment – South Ayrshire Council, Depute Chief Executive and Chief Financial Officer – East Ayrshire Council, and Directors from Scottish Enterprise, Skills Development Scotland and Scottish Government.

Regardless of the external influences, it is clear that for Ayrshire to compete at a Scottish, UK and global level there needs to be a radical and fundamental shift in how we support local inclusive growth and inward investment.

2.6   **The objectives that have been set for the pathfinder are:**

●   To achieve a 'step change' in the performance of the Ayrshire economy and its contribution to the national economy.
●   To ensure that economic growth benefits all people and communities in Ayrshire and, particularly, that effective support is provided to people and communities whose current economic access and opportunities are limited.

- To develop a consistent and effective Ayrshire offer to inward investors, indigenous businesses, individuals and local communities, which is high quality in nature and responsive to changing circumstances.

- To enhance inclusive growth in Ayrshire by making best possible use of all national and local expertise, capacity, assets and resources. This is also intended to help improve resilience and sustainability, in the

- face of budget pressures faced by all partners.

- To provide an effective mechanism for delivering the ambitions of the Ayrshire Growth Deal and the broader economic and related outcomes desired by the partners.

2.7 The need for a different approach

2.7.1 Ayrshire's Economic Performance

The Ayrshire economy has been underperforming for a number of years:

- The Ayrshire population has declined 2% since 1981 and is forecast to reduce by 4 percentage points by 2036, against a national level increase of 8 points, underlining the demographic challenge facing the region.

- Ayrshire has more people living in areas of deprivation than the national average.

- There is a productivity gap in Ayrshire: Gross Value Added (GVA) in Ayrshire has increased at a rate lower than the Scottish average.

- Investment in innovation (a factor known to contribute to higher productivity) is lower than the Scottish average: the region lags far behind the national average in terms of Business Expenditure on Research and Development (£32 Ayrshire spend per head v £162 Scottish spend per head) and the gap is widening.

- Ayrshire's job density is below the Scottish average. Ayrshire as a whole has 0.63 jobs per working age resident against 0.79 for Scotland; a difference of 20%.

- Ayrshire's employment rate is 4% lower than the national level whilst the number of workless households is above the national average.

- There are relatively few large businesses in Ayrshire and an employment structure that relies on the public sector.

2.7.2 Fiscal challenges

The Fraser of Allander Institute predicts a total reduction of £1billion to local government revenue funding between 2016/17 and 2020/21. As a result, unprotected services, such as economic development and related services, could face significant budgetary pressures in the forthcoming years.

2.7.3 The UK's decision to leave the EU

It is too early to know the implications of the decision to leave the EU for trade and investment, and any implications will be dependent on the terms negotiated. However, there are fears over rising material costs for business, skills shortages and delay in inward investment decisions. The removal of access to European Structural Funds (ERDF and ESF) could leave a policy and funding vacuum. Focus will be required to ensure the Ayrshire economy is 'Brexit-ready' for any impact, including but not limited to: public finances, loss of structural funds, supporting businesses to export, encouraging inward investment, and skills supply. Brexit may also present opportunities for Ayrshire businesses and these will need to be explored further.

2.7.4 A cluttered landscape

As part of the Ayrshire Growth Deal Innovation and Internationalisation Framework, Ekosgen were commissioned to produce a report and recommendations on current business support provision across Ayrshire. Key findings highlighted that whilst there is a degree of similarity in offer and delivery approaches across the three Councils, there is however, little uniformity between the three. Moreover, Ayrshire can be considered as one labour market where businesses will source suppliers and employ staff without any consideration to local authority boundaries. Thus business support for companies of all sizes and at varying stages of the growth cycle is not being organised in the best manner across the region. There is a shared benefit therefore in ensuring that all businesses in Ayrshire are appropriately supported by the various agencies.

2.8 The factors above led to consideration of a number of options regarding the best way to deliver economic development related services in the future.

A high-level overview of the options for a regional pathfinder are illustrated below:

Option 1	Option 2	Option 3	Option 4
Status Quo	**Regional Governance**	**Regional Governance and collaboration of Local Authorities**	**Ayrshire Economic Vehicle**
Existing arrangements between the 3 Councils & national agencies are maintained.	Minimum needed to secure AGD funding Strong Ayrshire governance structure including public, private, and third sectors	Regional governance as per option 2 Collaboration by services to deliver a consistent product	Regional governance as per option 2 Services supporting Economic development are combined into a single body working alongside national agency staff in a new approach to economic development.

2.8.1 The Ayrshire Growth Steering Group (AGSG) have considered the options and concluded the following high level assessment.

Option 1	Option 2	Option 3	Option 4
Status Quo	**Regional Governance**	**Regional Governance and collaboration of Local Authorities**	**Ayrshire Economic Vehicle**
Pros ● No change required	**Pros** ● Quick to establish ● Satisfies a condition of securing Growth deal funding	**Pros** ● Quick to establish ● Allows increased consistency of economic development support to businesses, people and communities	**Pros** ● Achieves maximum impact ● Improves the quality of provisions and consistency for business support and inward investment and potentially other services ● Improves resilience ● Creates the possibility of enhanced expertise and specialisms ● Creates a single powerful voice for Ayrshire ● Improves strategic capability and relationship with key stakeholders
Cons ● Would not satisfy the governments minimum requirements to secure AGD funding and regional partnership	**Cons** ● Less likely to achieve step change in economy ● Does not achieve increased service resilience and reduced capability ● Loss of Specialisms likely	**Cons** ● Less likely to achieve step change in economy ● Does not achieve increased service resilience and reduced capability ● Loss of specialisms likely	**Cons** ● Significant upheaval ● Consequential structure changes for Local Authorities

The conclusion of the Ayrshire Growth Steering Group (AGSG) was that not only had option 4 the most possibility of securing the required impact coupled with ensuring more resilient services in the context of significant financial pressures, but also,that the potential barriers were firmly within the capacity of the public sector to collectively resolve.

A regional vehicle could allow strategic alignment and enhanced sectoral focus, and a 'one Ayrshire' approach through combining local, national and regional resource, to achieve real inclusive growth in Ayrshire and enhance our contribution to the Scottish and UK economies.

2.9 The following have been established as high level benefits that an Ayrshire regional vehicle could produce.

- Improving outcomes for individuals, communities and businesses

- Resilience and reduced cost

- Catalyst for Ayrshire Growth Deal agreement and delivery

- Pooled expertise

- Specialist support

- Streamlined services with clearer, consistent offers

- A new approach to inclusive growth

- Enhanced influence (in a country of city regions)

- Greater intelligence

- A clearer role for the private sector

2.10 Local Authority Services

2.10.1 Local authorities would play a major part in a new regional partnership with critical roles in governance, provision of financial and staffing resources to provide a substantial joined up capability. The potential scope for services to be included in such a vehicle is wide ranging and a range of services has been included in the preliminary analysis as indicated in the table below.

Core Services	Possible Additional Services
● Delivery of services to business including business start-up, business growth, support for innovation and internationalisation ● Attraction of investment to Ayrshire ● Development of business sectors including tourism, engineering, food & drink, energy ● Economic intelligence and policy ● Delivery of the Ayrshire Growth Deal ● Business incubator space ● Skills services to businesses	● Regeneration of Town Centres ● Community based regeneration initiatives ● Planning ● Transport & Roads ● Building Standards ● Environmental Health ● Trading Standards ● Elements of services currently provided by Scottish Enterprise ● Elements of services currently provided by Skills Development Scotland ● Employability services for individuals

2.11 Other Stakeholders

2.11.1 The opportunity for a regional partnership is to develop a new approach to drive and deliver inclusive economic growth in Ayrshire. As has been stated a major change would be via the three local authorities contributing budget and staff capability which if integrated into single teams within an overall single vehicle would create a significant capacity of scale and expertise to help deliver the step change that is required to transform the Ayrshire economy. Another critical component is to reset the relationship with national agencies and to bring other key stakeholders into the partnership in a fresh and innovative relationship. The key organisations are as follows:

- Ayrshire Chamber of Commerce
- Ayrshire College
- Ayrshire Community Trust
- CVO East Ayrshire
- DWP
- Federation of Small businesses
- Highland & Island Enterprise
- SCDI
- Scottish Funding Council
- Scottish Enterprise
- Skills Development Scotland

- Strathclyde Passenger Transport
- Transport Scotland
- University of Strathclyde
- University of the West of Scotland
- VisitScotland
- Voluntary Action South Ayrshire

Preliminary discussions with stakeholders and Ayrshires key businesses suggest that there is an appetite to explore how they might support a fresh approach.

Emerging thinking is that:

Wider strategic influence working across national and local partners would lead to:

- A different approach to Economic Development would result in a more powerful voice at both a national and regional level and a strengthened service delivery capability.
- Greater commitment to key priorities and better alignment with national resources
- Increased visibility of all activities with an ability to influence priorities.
- Ability to assume responsibility from Community Planning Partners for economic development.

Improved operational delivery with:
- Truly integrated local delivery teams with streamlined contractual arrangements.
- Ability to develop sector specific skills (e.g. for Aerospace development at Prestwick).

Greater ability to identify and obtain sources of funding with:

- New programme of activities and increased flexibility of national initiatives.
- Increased access to resources from national bodies.
- Flexible budgets and programmes to focus on regional and local priorities.

2.12 Governance

2.12.1 As part of the requirement to secure the Ayrshire Growth Deal there will be a requirement to establish robust regional governance arrangements. In order to satisfy the requirements of an AGD, in the first instance, it would be proposed that an interim board be established comprising elected members who will oversee proposals to widen the participation by other stakeholders. As work progresses, proposals to broaden the scope of responsibilities including potential regional delivery could then be brought forward.

2.12.2 The potential governance options for the legal entity required for an Ayrshire Growth Deal will be determined by the functions that will be included within a regional vehicle. A list of possible governance options for a vehicle are noted below. This list is not exclusive and further work is required to appraise which option would be most effective once the purpose and structure of a potential regional delivery vehicle is clearer:-

- Joint Committee
- Agency
- Special Purpose Vehicle
- Partnership Agreement
- Joint Board

As a minimum a joint committee will be required but another option may be more appropriate once further work is undertaken.

2.13   Next steps/ Financial Implications

2.13.1 Whilst it will be essential that employees in all three Councils and partner agencies are actively involved in developing and assessing proposals, there is merit in creating a small project team as part of the Ayrshire Growth Deal programme office recognising the close links between the two.

3.   Proposals

3.1   Recommendations
It is recommended that Cabinet;

- Approves that option 4 be developed further for detailed consideration.
- Agrees that proposals be brought forward to a future meeting regarding the potential benefits, efficiencies and risks of joining up some or all of the services listed in section 5 into a single Ayrshire team.
- Approves that further engagement is undertaken with key stakeholders and businesses to identify and develop new ways of working. This will develop the specific asks of Scottish Government and its national agencies.
- Agrees that proposals be brought forward to a future meeting to establish an interim Ayrshire Development Board as per section 7. This would comprise elected members in the first instance who would in turn consider proposals to widen the participation of other stakeholders.
- Agrees that the work in 1 to 4 above is carried out by the team currently established to drive the Ayrshire Growth Deal over the next three months with a detailed proposal to the three authorities in early 2018.

4. Implications

Financial:	To be determined at the next stage of work.
Human Resources:	Depending on the option chosen and the governance structure, there may be human resources and TUPE implications. These will be investigated as part of the next stage.
Legal:	A number of significant Legal and Governance issues will need to be fully addressed at the next stage, including the governance structure, the most appropriate delivery vehicle, the statutory responsibility for regulatory functions etc. the proposed interim Ayrshire Development Board would in governance terms function as a working group without any delegated powers. Any recommendations would still require to be approved by Cabinet or council as appropriate.
Equality:	To be determined at the next stage of work.
Environmental & Sustainability:	To be determined at the next stage of work.
Key Priorities:	- Growing our economy, increasing employment and regenerating our towns; - Working together to develop stronger communities - Ensuring people have the right skills for learning, life and work.
Community Benefits:	To be determined at the next stage.

5. Consultation

5.1 Consultation has taken place with the Chief Executive, Scottish Government, East Ayrshire Council, South Ayrshire Council, Scottish Enterprise, Skills Development Scotland, Highlands and Islands Enterprise and a number of internal partners and stakeholders in the preparation of this report and of the scoping document.

KAREN YEOMANS
Executive Director (Economy and Communities)

Reference:
For further information please contact Karen Yeomans, Executive Director (Economy and Communities) on (01294) 324030.

KAREN YEOMANS
Executive Director (Economy and Communities)

Reference : Karen Yeomans
For further information please contact on

Background Papers
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NORTH AYRSHIRE COUNCIL

Agenda Item 21

26 September 2017

Cabinet

Title:	**Islands (Scotland) Bill: Response to Scottish Parliament (Stage 1)**
Purpose:	To ask Cabinet to note North Ayrshire Council's response to the Scottish Government's request for evidence at Stage 1 of the Bill.
Recommendation:	That Cabinet: a) Notes the response to the Scottish Parliament from North Ayrshire Council (Appendix 1), submitted by the consultation closing date of 25th September 2017; and b) Agrees that North Ayrshire Council continues to contribute to the further development of proposals within the Bill.

1. Executive Summary

1.1 A Bill has been introduced for an Act of the Scottish Parliament to make provision for a national islands plan; to impose duties in relation to island communities on certain public authorities; to make provision about the electoral representation of island communities; and to establish a licensing scheme in respect of marine development adjacent to islands. North Ayrshire Council has engaged with its island communities to create a response to the Bill, from its inception in the Future Islands Bill in 2015, and is broadly supportive of the proposals contained within it. Appendix 1 contains North Ayrshire Council's response to the request from the Scottish Parliament for written evidence at Stage 1 of the Bill. Officers have also provided oral evidence to the Rural Economy and Connectivity Committee.

2. Background

2.1 In 2013, following the announcement that there would be a Scottish Independence Referendum, Scotland's three island authorities - Orkney, Shetland and Comhairle nan Eilean Siar - formed a joint constitutional working group. This culminated in the launch of the "Our Islands Our Future" campaign in June 2013, and subsequent commitments from both the Scottish and UK Governments to better support and empower Scotland's island communities.

2.2　After consultation on the contents of a bill (Our Future Islands consultation), the Islands (Scotland) Bill was introduced to the Scottish Parliament on 9 June 2017. The Rural Economy and Connectivity Committee has been assigned as the lead committee in scrutiny of the Bill.

2.3　According to the Scottish Government, the Bill introduces a number of measures to underpin the Government's objective of ensuring that there is a sustained focus across Government and the public sector to meet the needs of island communities both now and in the future.

2.4　The Bill focuses on provisions designed to strengthen and protect Scotland's island communities. The full response, informed by very helpful engagement with colleagues in Arran and Cumbrae, is attached as Appendix 1. The key provisions and North Ayrshire Council's responses (in summary) are as follows:

2.4.1　**Proposal:** The development of a National Islands Plan, which would set out the main objectives and strategy of the Scottish Government in relation to improving outcomes for island communities. The Bill provides that, following further consultation, the first National Island Plan would be laid before the Scottish Parliament within 12 months from the date on which the Act comes into force.

Response: North Ayrshire Council welcomes the proposal to develop legislation through an Islands Bill, with the proviso that the local authority and island communities are involved in the development of the legislation. North Ayrshire believes it is important to ensure that the Islands Bill is taken forward in the context of (a) Locality Planning as recently provided for in the Community Empowerment (Scotland) Act 2015, and (b) subsidiarity, that power should be delegated as close as possible to people.

2.4.2　**Proposal:** The introduction of duties, placed upon Scottish Ministers and other relevant public bodies, to have regard to island communities in exercising their functions. Under the Bill public authorities, when introducing a new or revised policy, strategy or service, would have to prepare an island communities impact assessment when the impact on island communities is likely to be different from the effect on other communities.

Response: North Ayrshire's opinion, and that of our island communities, is that in order to ensure proper consideration of the potential impact on island residents of the adoption of policy changes, there should be a statutory requirement to prepare island impact assessments to take cognisance of the potential impacts on island communities. This should be confirmed as a requirement to have "due regard" rather than "regard" as proposed currently, in order to strengthen the requirement on the public authorities listed in the proposals. We note that this aligns with the Community Empowerment (Scotland) Act 2015 which imposes a duty to act with a view to reducing inequalities and socio-economic disadvantage.

2.4.3 **Proposal:** The protection of the Scottish parliamentary constituency boundary of Na h-Eileanan an Iar from variation.
Response: The principle of supporting our island colleagues is important and the views of Na h-Eileanan an Iar are respected in this context.

2.4.4 **Proposal:** The allowance of exceptions, for inhabited islands, to the standard three or four member ward rule for local government electoral wards.

Response: North Ayrshire Council's position is that the provisions of sections 14 and 15 fail to fully address the position of islands within an authority which has a mixture of islands and mainland areas. This is because they do not amend schedule 6 of the Local Government (Scotland) Act 1973 which requires there to be the same number of voters per councillor across an individual local authority area. Within North Ayrshire the result will be that with a single quota of 3000 electorate to each Councillor, Arran will have the number of resident members reduced from two to one, while the Cumbraes will continue to have no representation. North Ayrshire Council has highlighted this in its response and requested that this is reviewed and that an improved position is sought.

2.4.5 **Proposal:** The introduction of a regulation-making power for the Scottish Government to create a licensing scheme, following a request from a local authority, in relation to works in or under the sea in the coastal waters surrounding islands for up to 12 nautical miles.

Response: This approach is consistent with the empowerment of communities and work to further devolve powers from the Crown Estate, Scotland. Currently, statutory regional marine planning for the Clyde Estuary has been devolved to the Clyde Marine Planning Partnership (CMPP), in which public authorities, including North Ayrshire Council plays a role. The CMPP provides an opportunity for island communities to promote sustainable development of their own waters, which best reflect the commercial, recreational and conservation interests of the islands. This acknowledges that one size does not fit all in relation to island communities. The opportunity to exercise development control over territorial sea around the coast lines and the granting of certain financial powers to borrow, invest and participate in business would be relevant to all Councils with island responsibilities. However, consultation with island communities is again critical in these responsibilities.

2.5   Whilst this Bill does not reflect any constitutional change for the islands, it does reflect some of the aspirations and themes present in the "Our Islands Our Future campaign" and the subsequent Scottish Government commitment to the islands. For this reason, it is anticipated that the Bill denotes the start of a process which will develop in line with the aspiration of island communities.

2.6   North Ayrshire Council has requested to be involved in the continuing process of developing relevant aspects of the Bill.

3.   Proposals

3.1   North Ayrshire's response to the Stage 1 Islands Bill proposals has been developed in partnership with its island communities. It is proposed that Cabinet:

3.1.1 Notes and supports the Council's response; and

3.1.2 Approves the continuing involvement of the Council and its island communities in the development of the Bill.

4.   Implications

Financial:	None
Human Resources:	None
Legal:	No immediate legal implications but North Ayrshire Council has requested further clarification of, and involvement in, the development of a range of proposals where there will be legal implications and responsibilities.
Equality:	The proposals in the draft Bill explicitly express the intention of creating more equality for island communities.
Environmental & Sustainability:	None
Key Priorities:	The draft Bill addresses a range of key priorities, especially through the wide ranging nature of the National Islands Plan, the exact detail of which has still to be agreed.
Community Benefits:	N/A

5.   Consultation

5.1   Consultations have been undertaken with a number of external and internal partners and stakeholders and the contribution of our island communities in the preparation of this report has been especially valuable.

KAREN YEOMANS
Executive Director (Economy and Communities)

Reference :
For further information please contact Audrey Sutton, Head of Service (Connected Communities) on 01294 324414.

Background Papers
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APPENDIX 1

Islands Bill

North Ayrshire Council Submission to the Scottish Parliament at Stage 1 (by 25th September 2017)

1. *The Bill creates a duty to publish a national islands plan and lay it before the Scottish Parliament. What are your views on this provision?*

North Ayrshire Council welcomes the proposal to develop legislation through an Islands Bill. We recognise the exigencies of island life and their communities and we also value and recognise the increasing aspirations of our island communities. Our islands have a unique culture and this is central to our spectacular tourism product in North Ayrshire. We wish to support and promote the priorities of our islands communities to create a sustainable and secure future for and with them.

In our response to the current proposals, we have consulted widely with representatives of our island communities in order to accurately reflect their views.

In relation to representing the view sof our island communities, and with more detail provided within Section 4 below, North Ayrshire Council suggests that the provisions of sections 14 and 15 fail to fully address the position of islands within an authority which has a mixture of islands and mainland areas. This is because they do not amend schedule 6 of the Local Government (Scotland) Act 1973 which requires there to be the same number of voters per councillor across an individual local authority area. We have highlighted this in Section 4 and request that this is reviewed and that an improved position is sought in order to strengthen the potential of a National Islands Plan.

North Ayrshire believes it is important to ensure that the Islands Bill is taken forward in the context of (a) Locality Planning as recently provided for in the Community Empowerment (Scotland) Act 2015, and (b) subsidiarity, that power should be delegated as close as possible to people.

North Ayrshire Council is already recognising the special role of our islands and is addressing the concept of island specific plans through our Locality Planning arrangements and the Arran and Cumbrae Economic Plans. The process of producing these plans has required significant engagement and consultation with island stakeholders and local business communities and this has ensured that we have the support and buy-in of local island people.

The development of a National Islands Plan would provide a consistent and transparent means of planning for and reporting on a range of commitments across all policy areas and would ensure that the empowerment and equality of island communities would be kept on the national local agenda. North Ayrshire Council believes that this approach would fit well with our developing Locality Approach and that the priorities and equality issues which currently emerge from our island specific work will have the opportunity to be reflected through a National Islands Plan. It makes sense to ensure that any new planning and reporting requirements and mechanisms fit with the existing landscape, to ensure coherence and relevance to local needs.

It is important that island proofing supports Locality Planning and subsidiarity rather than being taken forward in isolation. A one size fits all should be avoided and the increasing

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acknowledgement of asymmetry is very welcome. Legislation and guidance needs to allow scope to tailor outcomes towards the needs of the specific island but additional layers of planning should be avoided where possible.

It is also important to recognise the difference between Island Authorities and Local Authorities with islands, ensuring that decision making and resultant impact takes this into account.

The principle of consulting and negotiating specifically with islanders on the impact of policies that affect them is generally welcome. A key theme which emerged in our engagement was the importance of the islands, and local authorities with islands, having a formal voice in the process of developing a national plan, and how local views and particularities could be reflected in a national plan as well as in local islands plans. It will therefore be important to consider how the relationship between the plan and the local policies will develop, and how the process of engagement and consultation will be carried out, including recognising a range of local organisations in this process.

It is also important that the effect of the Bill is to empower island communities. In line with the Community Empowerment Act's recommendations, the Plan should focus on inclusive economic growth, reducing inequalities and capacity building in island communities to strengthen communities in fragile areas

North Ayrshire Council also proposes that all relevant local authorities and community planning partners should be statutory consultees in the process of drafting the national islands plan, to ensure that all aspects of issues affecting island communities are included and considered and to ensure a focus on improving outcomes for island communities.

North Ayrshire Council would be willing to assist in the development of this process.

Three/five year cycles would fit with Community Planning cycles and would ensure that the focus is kept on island issues.

In discussion with our island communities, the following themes emerged in relation to the development of island characteristics:

- Economic growth
- Education and skills
- Retention of young people
- Population
- Housing
- Transport, including concessionary transport
- Energy
- Connectivity/digital
- "Island premium" costs
- Health and social care
- Older people
- Community capacity
- Resilience
- Planning policy.

It is acknowledged that this list is not exhaustive and North Ayrshire Council recommends that the characteristics included within the plan should not be restricted due to the uniqueness of individual island communities across Scotland.

2. *The Bill will require Scottish Ministers and certain Scottish public authorities, to prepare island impact assessments. Do you agree with this provision? How do you think it should work in practice?*

North Ayrshire's opinion, and that of our island communities, is that in order to ensure proper consideration of the potential impact on island residents of the adoption of policy changes, there should be a statutory requirement to prepare island impact assessments to take cognisance of the potential impacts on island communities. This should be confirmed as a requirement to have "due regard" rather than "regard" as proposed currently, in order to strengthen the requirement on the public authorities listed in the proposals. We note that this aligns with the Community Empowerment (Scotland) Act 2015 which imposes a duty to act with a view to reducing inequalities and socio-economic disadvantage.

It is not clear from the proposals whether these processes would be statutory and this requires further discussion.

That said, we also believe that proportionality is important, and propose that the approach which is developed should reflect current local authority equality impact assessments, which are based on screening processes which then inform full impact assessments where it is identified that there is a requirement.

Our view is that it is important for relevant local authorities to be statutory partners in the consultation in relation to impact assessments and North Ayrshire would be willing to be involved in the development of this process.

In terms of section 12: "Preparation of island communities impact assessment by Ministers," North Ayrshire Council agrees that this should apply to proposed legislation which is both primary and secondary in nature which it is anticipated will have a significantly different effect on an island community from its effect on other communities in Scotland.

North Ayrshire Council also proposes that the new Social Security Agency and Skills Development Scotland should be included as relevant authorities. Consideration of the role of Lottery funded agencies may be worthwhile.

Finally, it would be useful to consider any enforcement mechanism. Is this to be left to the courts or Ombudsman, and will subsequent guidance address this?

3. *The Bill proposes to protect the Scottish Parliamentary constituency boundary of* Na h-Eileanan an Iar *(the Western Isles) from change. Do you agree with this?*

North Ayrshire position: If the parliamentary constituency of Orkney and Shetland has statutory protection, it would seem logical that the same should apply for *Na h-Eileanan an Iar.*

The principle of supporting our island colleagues is important and the views of Na h-Eileanan an Iar are respected in this context.

4. *The Bill proposes to make an exception to the rules for local government electoral wards to allow areas with inhabited islands to return 1 or 2 members (instead of the usual 3 or 4). What are your views on this proposal?*

The majority opinion in Arran is that this is a proposal that should be supported. Some reservations have been expressed across our island communities that, regardless of this change, the input of a couple of island voices would not provide sufficient influence if the island representatives were not part of the same political party as the incumbent Local Authority administration.

Cumbrae representatives can see the benefit of a single point of contact and a unified perspective but can also see the benefit of a spread of representation across a number of political parties and particularly within the administration.

North Ayrshire Council's position is that the provisions of sections 14 and 15 fail to fully address the position of islands within an authority which has a mixture of islands and mainland areas. This is because they do not amend schedule 6 of the Local Government (Scotland) Act 1973 which requires there to be the same number of voters per councillor across an individual local authority area. Within North Ayrshire the result will be that with a single quota of 3000 electorate to each Councillor, Arran will have the number of resident members reduced from two to one, while the Cumbraes will continue to have no representation.

It is relevant to recall how this provision came to be included in the Bill and the consultation paper which proceeded it. The issue was of islands being too small to enable them to form their own ward of 3-4 Members, thus giving rise to the potential that no member would live on the island. The issue was first raised by Arran community bodies at a meeting with Derek Mackay, then Minister for Local Government. As a direct result of these representations, there was a Ministerial commitment to include this in the Consultation paper.

The current position is that Arran, which has a 2017 electoral role of 3878, forms part of the 3 member Ardrossan and Arran Ward, which is a combination of mainland North Ayrshire and Arran.

Likewise, the Cumbraes, with an electorate of 1112, form part of the 4 member North Coast and Cumbraes Ward. Two members living in Arran were elected at the 2017 elections to serve in the Ardrossan and Arran Ward but no members from the North Coast and Cumbraes ward live on the Cumbraes.

During the consultation on the proposed Bill, both North Ayrshire Council and the Local Government Boundary Commission drew attention to the fact that there were two separate pieces of legislation which required change. Unfortunately the current Bill only amends the provision in the 2004 Act which states that wards shall comprise 3 or 4 Members. It does not amend the provision in the 1973 Act which provides that there shall be the same number of electors per Councillor in each local authority area.

The effect of Schedule 6 is that there is a ratio set for each local authority. For the island Councils such as Shetland, Western Isles and Orkney this is 800 voters per Member. For North Ayrshire it is 3000 voters per Member. If the Bill remains unchanged the effect would be that the North Ayrshire ratio would remain at 3000 (to ensure the same number of electors per Councillor across the local authority area). As Arran has 3878 voters, it would form a single member ward, resulting in the island having one fewer resident member than currently. The Cumbraes, with 1112 voters, would have no Members. By way of comparison, had the Cumbraes been located in any one of the island Councils as they have a ratio of 800, they would have formed their own single member ward.

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Schedule 6 subsection 2 allows Ministers or the Commission to depart from this ratio "in any area where special geographical considerations appear to render a departure desirable." However case law makes it clear that the ratio has primacy. Indeed, in their response to the original Islands Bill consultation, the Boundary Commission state that unless schedule 6 was amended "Parity would still remain paramount." Accordingly, the geographical considerations provision is only used to ensure an acceptable % variation from the quota, usually 10%. It has never been used to justify one part of a local authority area having a different quota from another (e.g. North Ayrshire mainland with 3000 electors per councillor, Arran with 1700 per Councillor and Cumbraes with 1000 per councillor). Nor is this legally competent. In these circumstances, at any subsequent Boundary Review North Ayrshire would still end up with a quota of 3000 electors per Councillor across the whole of North Ayrshire, giving one Member on Arran, and none on the Cumbraes. Obviously this is a worse position for Arran than at present,

The expectation was that the Bill would provide islands with the ability to have councillors who live on the islands. In North Ayrshire the effect of this provision of the Bill will be the opposite, and make island representation worse than at present. It will reduce the number of ward councillors currently resident in Arran and give none to the Cumbraes, In circumstances where the amendments arose out of commitments made in good faith by the then Minister, it is unfortunate that the drafting of the Bill achieves the opposite result of that intended.

It is important that a way is found to resolve this during the Bill process. The obvious way to do so would be to amend Schedule 6 to allow the Boundary Commission to set different ratios for individual islands or groups of islands which differ from mainland areas of the same Council or for different islands. The Boundary Commission could apply their existing criteria of rurality and deprivation, and have regard to the need to ensure that, as far as possible, inhabited islands can comprise their own ward. It may be that a minimum ratio needs to specified, say 700 voters per constituent. For example, within a North Ayrshire context the perfect solution would be a mainland ratio of 3000, an Arran ratio of 2000, and a Cumbraes ratio of 1000, giving 32 Mainland Members, 2 Arran Members and 1 Cumbraes Member.

5. *The Bill will provide a regulation-making power for the Scottish Ministers to create a marine licensing scheme for coastal waters. Do you agree with this power? Do you have any comments on how it should be used?*

This approach is consistent with the empowerment of communities and work to further devolve powers from the Crown Estate, Scotland. Currently, statutory regional marine planning for the Clyde Estuary has been devolved to the Clyde Marine Planning Partnership (CMPP), in which public authorities, including North Ayrshire Council plays a role. The CMPP provides an opportunity for island communities to promote sustainable development of their own waters, which best reflect the commercial, recreational and conservation interests of the islands. This acknowledges that one size does not fit all in relation to island communities.

The opportunity to exercise development control over territorial sea around the coast lines and the granting of certain financial powers to borrow, invest and participate in business would be relevant to all Councils with island responsibilities. However, consultation with island communities is again critical in these responsibilities.

Duties of conservancy are also particularly apposite in relation to Arran and the importance of the marine conservation status developed in the Firth of Clyde.

New powers will be important in relation to:

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- Water borne and marine tourism;
- Moorings;
- Fishing and marine conservation;
- Piers, slips and harbours, some of which may represent an opportunity for communities;
- Offshore renewable energy and access to community benefits from them;
- Education; and
- Sport, outdoor learning and activity.

While broadly supportive of the aspiration of this aspect of the Bill, North Ayrshire Council and representatives from its island communities believe that there is insufficient detail available as to how this will work and how overlap with other regimes will be avoided. This would require further clarification on a range of questions, including:

- The future role of Marine Scotland;
- The relationship between Marine Scotland and local authorities in decision making and consultation;
- The range of professional skills, marine regulatory resources and expertise required to undertake this role within a local authority context;
- The cost of the proposed changes and the proportionate nature of setting up marine licensing agencies in each Local Authority;
- The proposal in relation to a 12 mile zone as it affects Cumbrae and Arran (this needs to be clear and could perhaps use some similar rules to the UN Convention on the Law of the Sea to define boundaries between overlapping areas); and
- Changing the territorial limits of local authorities which, with limited exceptions, currently stop at low water.

Any devolution of decision making to local communities will still need to adhere to national policies on environmental management e.g. Environmental Impact Assessments and Habitat Regulations Assessments. Local decision making will still need to fit under the umbrella of national frameworks like the National Marine Plan and the EU environmental regulations and directives which Ministers have stated that Scotland will continue to abide by.

Section 16(1)(b) Dredging Our island communities have expressed the view that scallop dredging and demersal trawling could be included under this section of the bill as these are currently the most common and widespread activities, which damage the physical quality of our island seabed habitats as well as damaging their biodiversity and abundance.

Section 16(2)(d) Development Activity The exclusion of fish farming has been the subject of discussion with our island communities and should be the subject of further discussion.

Section 19: Exception from requirement for licence. It would be useful here to consider a clause that states that a development activity is exempt only if there is no application to expand the development activity with regard to geographic area and/or volume of production, or if the local community have scientific evidence that the activity has become harmful to them and the environment.

To assist local communities to manage cumulative environmental impacts together with adjacent communities the National Marine Plan may be the best vehicle for this. An overarching plan will avoid local decisions being taken in isolation without regard for their cumulative effect upon the environment. Any cumulative environmental effect from development decisions can be included in the next refresh of the National Marine Plan and must be included in the Clyde Marine Plan when it comes to fruition via the Clyde Marine

Planning Partnership (the commitment to consult on the refresh of the National Marine Plan is contained here: A Nation With Ambition: The Government's Programme for Scotland 2017-18; http://www.gov.scot/Publications/2017/09/8468/8)

North Ayrshire Council would be happy to assist in further consultation.

In relation to Crown Estate functions it should be borne in mind that in islands such as Arran much of the foreshore is not owned by the Crown but is in private hands, potentially limiting the extent to which some communities might use it.

The introduction of a power of general competence for local authorities, extending over the seas adjacent to its coast would be an important means of removing barriers to community empowerment, allowing local authorities to support their communities in new and innovative ways.

6. *Does the Bill achieve its aims and are you in favour overall? Is there anything else that you feel should be included or excluded from the Bill?*

North Ayrshire Council and its island communities is generally in favour of the scope of the Bill and its aspirations and would be happy to assist in the further development of any of the constituent proposals.

However, it may be that the financial memorandum does not necessarily adequately reflect the amount and type of resources required to implement the various aspects of the Bill, especially since the basis for the proposals is an island authority, where it may be expected that existing resources may be better and more proportionately geared towards "islands" issues.

North Ayrshire Council believes that further exploration is required in relation to the differences between the 6 local authorities covered by the draft Bill.

In discussions with islands representatives in North Ayrshire it is also a very strongly view any future Islands Plan should properly reflect the position of islands that lie within mixed mainland/island local authorities. At present it may be that elements of the Bill (e.g. the financial memorandum, do not adequately reflect this).

Moreover, in some aspects of the proposed Bill there is not currently enough information available to provide a definitive opinions, and future engagement on these components would be welcome.

7. *Do you have any comments on the bill in relation to human rights or equalities?*

North Ayrshire Council's position, especially in relation to our Fair for All Inequalities Strategy, is that it is essential that living in an island location should not be an unnecessary barrier for anyone with protected characteristics from accessing required services.

NORTH AYRSHIRE COUNCIL

Agenda Item 22

26 September 2017

Cabinet

Title:	**Award of Contract - Heating, Ventilation and Air Conditioning: Responsive Repairs and Planned Maintenance**
Purpose:	To advise Cabinet of the result of the tender exercise for the Measured Term Contract 2017 / 2020 Heating, Ventilation and Air Conditioning: Responsive Repairs and Planned Maintenance.
Recommendation:	Agree to approve the award of contract to Servest Arthur McKay Ltd.

1. Executive Summary

1.1 North Ayrshire Council requires to establish a replacement contract for Measured Term Contract 2017 / 2020 Heating, Ventilation and Air Conditioning: Responsive Repairs and Planned Maintenance.

1.2 In order to comply with the Council's Standing Orders Relating to Contracts and Contract Procedure Rules, EU Procurement Directives and Public Contracts (Scotland) Regulations 2015 a formal tender exercise was advertised via the Public Contracts Scotland advertising portal.

1.3 The contract term is initially for 3 years with the option to extend annually for a further 2 years with the proposed award to Servest Arthur McKay Ltd.

2. Background

2.1 A formal notice was advertised on 16th June 2017 under the Open procedure in the Official Journal of the European Union and Public Contracts Scotland Procurement Portal with the procurement exercise carried out via the PCS-Tender E-Tendering System. The return date was 12 noon on 17th July 2017.

2.2　The contract notice attracted 29 expressions of interest from a range of potential suppliers of which 6 submitted a response to the Invitation to Tender: Servest Arthur McKay Ltd, Richard Irvin & Sons Limited, trading as Richard Irvin Energy Solutions, FES FM Ltd, BAM FM Ltd, Mitie Technical Facilities Management Ltd and Saker Controls Ltd.

2.3　The 6 tenders received were evaluated against the stated evaluation criteria of 40% Quality and 60% Price.
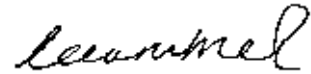
3.　Proposals

3.1　It is proposed that the contract is awarded to Servest Arthur McKay Ltd.

4. Implications

Financial:	The total indicative value of the contract is £1,400,000. A total budget of £1,750,000 is available for this contract.
Human Resources:	None
Legal:	In order to comply with the Council's Standing Orders Relating to Contracts and Contract Procedure Rules, EU Procurement Directives and Public Contracts (Scotland) Regulations 2015 a formal tender exercise was advertised via the Public Contracts Scotland advertising portal.
Equality:	None
Environmental & Sustainability:	The works shall be carried out in accordance with and shall comply to the CIBSE Guides A, B & C, 2001 Energy Efficiency in Buildings Guide and all related Commissioning Codes.
Key Priorities:	This contributes to the Council Plan Priority 1: Growing our economy, increasing employment and regenerating towns and Priority 4: Supporting all of our people to stay safe, healthy and active.
Community Benefits:	The successful tenderer will deliver a range of Community Benefits during the contract period including: 1x New entrant mechanical apprentice for 73 weeks employment, 1x SME & TSO workshop to provide business, management and/or tendering development support,1x Carry out a workshop in a community group or youth group in North Ayrshire with a view to introducing/developing employability skills, 3x Extended work placement for a total period of 15 days for a school pupil from a North Ayrshire School, 1x Provide one-to-one mentoring to a young person from North Ayrshire – one hour per month for 12 months, 1x Support a programme of mock interviews for pupils.

5.   Consultation

5.1   There was consultation with Property Management and Investment throughout the tender process.

[signature]

LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference : NAC/2100
For further information please contact Sharon Wallace (Category Manager) on 01294 324024

Background Papers
Tender Outcome Report

NORTH AYRSHIRE COUNCIL

Agenda Item 23

26 September 2017

Cabinet

Title:	**Award of Contract - Supply of a Managed Fleet Stores Service**
Purpose:	To advise Cabinet of the result of the tender exercise for the Supply of a Managed Fleet Stores Service Contract.
Recommendation:	Agree to approve the award of contract to Flying Penguin Enterprises Ltd.

1. Executive Summary

1.1   North Ayrshire Council requires to establish a replacement contract for the Supply of a Managed Fleet Stores Service at the Transport Hub, West Byrehill Industrial Estate, Kilwinning.

1.2   In order to comply with the Council's Standing Orders Relating to Contracts and Contract Procedure Rules, EU Procurement Directives and Public Contracts (Scotland) Regulations 2015 a formal tender exercise was advertised via the Public Contracts Scotland advertising portal.

1.3   The contract term is initially for 3 years with the option to extend annually for a further 2 years with the proposed award to Flying Penguin Enterprises Ltd.

2. Background

2.1   A formal notice was advertised on 13th July 2017 under the Open procedure in the Official Journal of the European Union and Public Contracts Scotland Procurement Portal with the procurement exercise carried out via the PCS-Tender E-Tendering System. The return date was 14th August 2017.

2.2   The contract notice attracted 4 expressions of interest from a range of potential suppliers of which 2 submitted a response to the Invitation to Tender: Fleet Factors Ltd and Flying Penguin Enterprises Ltd.

2.3   The 2 tenders received were evaluated against the stated evaluation criteria of 60% Quality and 40% Price.
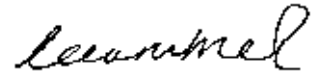
3.   Proposals

3.1   It is proposed that the contract is awarded to Flying Penguin Enterprises Ltd.

4.   Implications

Financial:	The total indicative value of the contract is £2,843,012.45. A total budget of £3,363,000 is available for this contract.
Human Resources:	None
Legal:	In order to comply with the Council's Standing Orders Relating to Contracts and Contract Procedure Rules, EU Procurement Directives and Public Contracts (Scotland) Regulations 2015 a formal tender exercise was advertised via the Public Contracts Scotland advertising portal.
Equality:	None
Environmental & Sustainability:	During the life of the contract, the Supplier is required to identify opportunities for delivering service improvements through introduction of new and sustainable products. The parts supplied are to be of a high quality of manufacture, design and ability that will enable the number of parts to be reduced through the extension of the life of the parts before replacement.
Key Priorities:	This contributes to the Council Plan Priority 1: Growing our economy, increasing employment and regenerating towns.
Community Benefits:	The successful tenderer will deliver a range of Community Benefits during the contract period including: 2x New entrant apprentice Partsman for 52 weeks employment, 1x SME & TSO workshop to provide business, management and/or tendering development support, 5x Extended work placement for a total period of 15 days for a school pupil from a North Ayrshire School, 5x One-to-one mentor to a young person from North Ayrshire and 5x Supporting a programme of mock interviews for pupils.

5.   Consultation

5.1   There was consultation with the Transport Hub throughout the tender process.

LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference : NAC/2087
For further information please contact Sharon Wallace (Category Manager) on 01294 324024

Background Papers
Tender Outcome Report