
NORTH AYRSHIRE COUNCIL

12 September 2023

Audit and Scrutiny Committee

Title: Call In: B714 Upgrade

Purpose: To allow the Committee to consider a call-in request in respect of the decision taken by Cabinet at its meeting on 29 August 2023 to (a) agree to the submission of the updated Outline Business Case to the UK Government for approval, informed by feedback on the draft submission; and (b) approve the reallocation of Council funding, detailed at Appendix 1 to the report, to support the delivery of the project, subject to the approval of the Final Business Case.

Recommendation: That the Committee considers the terms of the call-in and agrees, or otherwise, to make a recommendation to the Cabinet.

1. Executive Summary

- 1.1 In terms of the Scheme of Administration (Section 5), the Audit and Scrutiny Committee has a remit to consider call-in request and invite at least one of the Members who has requested the reference to call-in to attend the Committee to explain the request.
- 1.2 This report sets out the background to the call-in request in respect of the decision taken by Cabinet at its meeting on 29 August 2023 in relation to the report on the B714 Upgrade which sought approval for the reallocation of funding to support project delivery.

2. Background

- 2.1 The Cabinet, at its meeting on 29 August 2023, considered a report on the B714 Upgrade.
- 2.2 A request was received in terms of the call-in procedure set out in the Council's Scheme of Administration and Standing Orders, that the Audit and Scrutiny Committee examine the decision taken by the Cabinet.
- 2.3 The call-in request, which was signed by Councillors McPhater, Kerr and McDonald is in the following terms:-

Reason for Call In

“Funding should not be cut from important investment in Community Wealth Building, town centre regeneration and economic development to deliver what is a reduced upgrade of the B714. Alternative funding sources should be identified.

Additionally, the B714 project is of major importance to North Ayrshire and our region’s future economic prospects. However, the Cabinet’s proposal removes the active travel elements from the initial project delivery, with no timeframe for future phases nor any guarantees that funding will be available for them. A Council that has declared a climate emergency, that has set an ambitious net zero target and has an administration that supposedly prioritises tackling climate change, shouldn’t be repeating the mistakes of the past and undertaking major road projects without investing in active travel infrastructure as part of that project.”

Desired Outcome

“The Council should utilise the money available from the PPP service concession as an alternative funding source.

A further report to be brought back to Cabinet outlining a concrete timetable and funding proposal for the delivery of the active travel elements in the project.”

- 2.4 A copy of the original report presented to Cabinet on 29 August 2023 is attached as Appendix 1 to the report. A briefing note has been provided by the Interim Head of Service (Economic Development and Regeneration) and is attached at Appendix 2.
- 2.5 The call-in request is valid for consideration by the Committee. The request was received within the appropriate timescale, it was signed by three Elected Members and details were provided on both the reason for the call-in and the desired outcome.
- 2.6 The Elected Members who have submitted the call-in will be invited to address the Committee to explain the call-in request. The appropriate Cabinet Member will then be invited to clarify the reasons for the decision. The relevant senior officer will also be present to provide information on the report presented to Cabinet and on issues raised by the call-ins received. The Committee will have an opportunity to ask questions of both parties and of those officers in attendance.
- 2.7 The Committee will then debate the call-in request and decide whether or not it agrees with the decision of the Cabinet.
- 2.8 The Audit and Scrutiny Committee therefore has to:-
 - i) decide if it agrees or not with the decision of the Cabinet; and
 - ii) consider what alternative action the Committee would recommend to the Cabinet if it does not agree with the decision.
- 2.9 When the matter is considered by the Cabinet, the Chairperson or another member of the Audit and Scrutiny Committee will have the right to attend the Cabinet and speak in support of any recommendation.

2.10 In the event the Cabinet declines to accept the recommendation from the Audit and Scrutiny Committee, the matter will be referred to Council for determination. The decision of the Council will be final.

3. Proposals

3.1 It is proposed that the Committee considers the call-in request.

4. Implications/Socio-economic Duty

Financial

4.1 The financial implications are outlined in the B714 Upgrade report attached at Appendix 1.

Human Resources

4.2 The human resource implications are outlined in the B714 Upgrade report attached at Appendix 1.

Legal

4.3 The legal implications are outlined in the B714 Upgrade report attached at Appendix 1.

Equality/Socio-economic

4.4 The equality/social-economic implications are outlined in the B714 Upgrade report attached at Appendix 1.

Climate Change and Carbon

4.5 The climate change and carbon implications are outlined in the B714 Upgrade report attached at Appendix 1.

Key Priorities

4.6 The key priorities are outlined in the B714 Upgrade report attached at Appendix 1.

Community Wealth Building

4.7 The community wealth building implications are outlined in the B714 Upgrade report attached at Appendix 1.

5. Consultation

5.1 No formal consultation has been undertaken at this stage.

Craig Hatton
Chief Executive

For further information please contact **Craig Stewart, Committee Services Officer**, on 01294 324130 or by email, craigstewart@north-ayrshire.gov.uk

Background Papers

N/A

NORTH AYRSHIRE COUNCIL

29 August 2023

Cabinet

Title: B714 Upgrade

Purpose: To update Cabinet on the progress of the B714 Upgrade and seek approval for the reallocation of funding to support project delivery.

Recommendation: That Cabinet:

- a) Notes the progress made to date on the project;
- b) Approves the reallocation of Council funding, detailed at Appendix One, to support the delivery of the project, subject to the approval of the Final Business Case; and
- c) Agrees to the submission of the updated Outline Business Case to the UK Government for approval, informed by feedback on the draft submission.

1. Executive Summary

- 1.1 The upgrade of the B714 is a strategic transport priority of the Council. It aims to increase the potential for economic development and tourism by significantly improving connectivity to Glasgow, the Central Belt and wider motorway network. Cabinet approved the submission of an application for the project to the first round of the UK Government's Levelling Up Fund in June 2021.
- 1.2 The outcome of the application was confirmed in October 2021, providing a £23.7m funding award. Cabinet approved the acceptance of the award and the delivery of the project, subject to securing the necessary consents and permission in January 2022. This report provides an update on the progress made to date on the project, seeks approval for the reallocation of funding to support its delivery and seeks agreement for the submission of the Outline Business Case to UK Government.

2. Background

- 2.1 The UK Government's £4.8 billion Levelling Up Fund (LUF) aims to invest at least £800 million in Scotland, Wales and Northern Ireland. North Ayrshire was identified as a 'priority one' category authority given our socio-economic and connectivity challenges. The Fund focusses investment on projects funding across three themes: town centre and high street regeneration; local transport; projects and maintaining or explaining cultural and heritage assets.

- 2.2 Cabinet approved the submission of the B714 Upgrade on 15 June 2021 to Round One of the Fund as a key transport project. The application was submitted to UK Government on 18 June 2021 and the outcome received on 27 October 2021. This confirmed an award of £23.7m which equated to approximately 90% of the projected costs at the time of submission. This was match funded by a £3m allocation from the Council's Investment Fund providing the 10% balance required by the Fund.
- 2.3 The upgrade of the B714 will significantly improve connectivity between North Ayrshire and Glasgow, the Central Belt and wider motorway network. This will substantially increase the potential for tourism and economic development and provide enhanced links to the Arran and Cumbrae Ferry services. It will contribute to the repopulation of our islands and rural areas by providing improved access between the ferry terminals, mainland settlements, Glasgow, the central belt and wider motorway network. This will ensure that those living in our rural, remote and island communities are well connected and have equitable access to services as those living in the rest of Scotland. It will also divert a significant volume of traffic accessing the A78 away from Kilwinning as traffic will connect directly to the A78 via the new upgraded B714.
- 2.4 The Levelling Up Fund requires that a Full Business Case (FBC) be prepared and approved before larger transport schemes can formally commence and the full funding package is confirmed. The Department for Transport (DfT) has indicated that there is a possibility that the funding could be cancelled if Government policy changes or if the necessary legal permissions or match funding cannot be secured. To date the DfT has supported the project through the provision of Development Funding to enable the preparation of the Outline Business Case and design.
- 2.5 The B714 Project Team was formed comprising of representatives from Economic Development and Regeneration and Neighbourhood Services alongside the economic and design consultants. The Project Team has progressed the preparation of the OBC and design for submission to the DfT. Regular liaison has also been maintained and progress reporting undertaken with DfT during this period to meet the funding requirements. This has been overseen by the B714 Upgrade Project Board comprised of cross Service representatives and the Place Project Board.
- 2.6 Extensive consultation has been undertaken with landowners and a broad range of stakeholders during this period. This included a public consultation and exhibition in November and December 2022 on the preferred option. Detailed ground investigations and surveys including environmental and ecological surveys have also been undertaken with the landowners' approval. The feedback and information obtained from this process has informed the Business Case and design development.
- 2.7 Construction costs have substantially increased since the submission of the LUF application due to the impact of the pandemic and economic climate. This has resulted in increases in the projected costs. The Project Team has investigated several design and value engineering opportunities to deliver the project within the available £26.7m funding envelope. This has included consideration of measures which would also reduce the benefits proposed via the initial LUF submission. Any significant benefits reduction could however put the LUF funding offer at risk.
- 2.8 This process has now been exhausted. It is proposed that:

- The project be delivered across two phases with Phase One commencing at Girthill to the Hillend Roundabout with on-line improvements between Meiklelaught and Muirlaught.
- A roundabout be constructed to connect the upgraded road to the Hillend Roundabout.
- Phase Two between the Sharphill Roundabout and Muirlaught be delivered at a later date, subject to funding.
- The electric vehicle charging facilities and elements of the environmental enhancements be delivered through alternative funding sources.
- Active travel infrastructure and associated earthworks along the route be removed and delivered through alternative sources at future date.
- Localised active travel improvements within Dalry and Saltcoats be delivered through funding secured from Strathclyde Partnership for Transport's Capital programme and other external funding sources.

2.9 This has resulted in a cost estimate for the project of £31.7m, inclusive of contingency and inflation allocations, to support the submission of the business case. This is without a significant reduction in benefits as it contributes to the Levelling Up objectives by:

- Improving the resilience of and enhancing the most direct link between Glasgow and the Three Towns;
- Improving safety and contributing to accident reduction on the B714 through increased width and improved road alignment over the most sub-standard sections from Girthill to Hillend Roundabout and Meiklaught to Muirlaught; and
- Contributing to alleviating congestion and air quality related issues in Kilwinning.

2.10 This equates to an estimated £5m deficit based on the available £26.7m budget. The project will be subject to a tender process should the OBC be approved. The FBC would then revisit the OBC and record the findings of the tender process. Advice from the Council's consultant engineers and economic consultancy, recommends against any further reductions to the standard or length of the upgrade. This is due to the: reduction in benefits which could be derived from the project; the potential impact on the likelihood of securing LUF funding; and the impact on the programme and deliverability of the project within the funders' timescales.

2.11 The funding package for the project requires to be confirmed to allow the progress of both the Business Case through the formal DfT process and the Compulsory Purchase Order Process (CPO). A parallel landowner negotiation and CPO process is proposed to progress the land requirements for the project. This is to ensure that the land acquisition can be achieved, and the project delivered within the funding timescales. The preference will however be to negotiate and reach agreement with the landowners on the purchase of the land. A land agent and dedicated Solicitor with Legal Services were appointed and have supported landowner engagement to date. A report will be submitted to Council seeking approval for the CPO process.

2.12 Engagement with UK Government has concluded that additional funding will not be available via LUF to address the deficit. Transport Scotland has also confirmed that funding will not be forthcoming for the project. The reallocation of the Council funding outlined at Appendix One is therefore proposed to meet the £5m deficit. This proposes reallocating funding from other Council projects and sources to support the delivery of the B714 Upgrade including allocations under the Investment Fund.

Mitigation measures are identified for these projects. Officers would also continue to investigate potential sources of funding for the B714 and affected projects with a view to offsetting the financial contributions from these sources where possible.

2.13 The draft Outline Business Case (OBC) has been issued to DfT for initial feedback to inform the development of the final version. The approval of this reallocation will allow the formal submission of the OBC to the UK Government for approval, informed by feedback on the draft currently being reviewed by DfT and progress on the CPO process. A formal decision on the OBC will be received within a maximum 12 week period of its formal submission. This will determine whether the project can proceed to Full Business Case and construction. Further clarity is being sought from UK Government and DfT on the timescales for the delivery of Round One projects.

3. Proposals

3.1 That Cabinet:

- (a) Notes the progress made to date on the project;
- (b) Approves the reallocation of funding to support the delivery of the project, outlined at Appendix One, subject to the approval of the Final Business Case; and
- (c) Approves the submission of the updated Outline Business Case to the UK Government for approval, informed by feedback on the draft submission.

4. Implications/Socio-economic Duty

Financial

4.1 The Department for Transport (DfT) has indicated that there is a possibility that the funding could be cancelled if Government policy changes or if the necessary legal permissions or match funding cannot be secured. The Council requires to provide 10% match funding for the initial £26.7m project. This will be met by the £3m Recovery and Renewal Fund capital allocation approved by Cabinet on 15 June 2021.

Discussions with UK Government and Scottish Government have concluded that additional funding will not be forthcoming for the project via the LUF or Transport Scotland budgets. It is proposed that the balance of the £5m deficit outlined at Section 2.10 be met by reallocating the funding outlined at Appendix One.

The DfT has provided 10% of the overall allocation as development funding from the to support the development of the project to Outline Business Case stage. This approach aims to provide 90% of the costs to this stage with the remaining 10% being met from the Council's capital allocation. This has assisted in managing the financial risk to the Council in developing the project.

Human Resources

4.2 The estimated cost of the staffing requirements for the project were included in the application and business case submitted. These have been refreshed in the updated estimates. This includes project management and legal staffing requirements to support the land acquisition process.

Legal

- 4.3 A parallel landowner negotiation and Compulsory Purchase Order (CPO) process is proposed to progress the land requirements for the B714 project. This is to ensure that the land acquisition can be achieved, and the project delivered within the funding timescales. This is proposed due to the length of the route, number of landowners and timescales for delivery. The preference will however be to negotiate and reach agreement with the landowners on the purchase of the land.

The estimated cost of the CPO process was included within the funding application and business case submitted. This has been refreshed in the updated estimates. Engagement with landowners is ongoing. Further engagement will be undertaken informed by the outcome of this report and the Business Case consideration by UK Government. A further report will be submitted to Council seeking approval for the CPO process.

Equality/Socio-economic

- 4.4 The project will assist in meeting our socio-economic duty as set out in the Fairer Scotland Duty. It seeks to reverse economic, social and physical decline and reduce socio-economic disadvantage. It aims to build community wealth and tackle local deprivation by improving connectivity to support economic development and the repopulation of our islands which will contribute to the regeneration of our communities.

Environmental and Sustainability

- 4.5 The project aligns with the Environmental Sustainability and Climate Change Strategy. The upgraded B714 project will also reduce the impact of transport on our communities, will see improved electric vehicle charging availability between the Three Towns and the Garnock Valley. In particular, it will reduce the volume of traffic travelling through Kilwinning past four schools, reducing pollution, congestion and the potential for accidents.

Key Priorities

- 4.6 The project will contribute to the four Council Plan priorities and key activities of: Ensuring our places and spaces where we live, work and visit are well maintained and accessible; Developing infrastructure to support business growth; Working with communities to adopt low carbon behaviour change; Transitioning to low and zero carbon travel; and Focusing our investment on priorities.

Community Wealth Building

- 4.7 The project will contribute to Community Wealth Building and will have a significant positive impact on the Council's ambitions under the following pillars.

Procurement: Local supply chain opportunities will be created through the project. For future procurement exercises related to the project, the EDR Business Development team will review opportunities for the North Ayrshire business base and provide supplier development support as required.

Fair Employment: The project will create employment opportunities particularly within the construction sector. Where North Ayrshire is the contractor for services, through our enhanced Community Benefits approach we will ensure the creation of local training and work experience opportunities. Furthermore, the upgrade of the B714 will provide enhanced connectivity to help those from rural areas access work.

Financial Power: The project will invest in localities and leverage external national investment into North Ayrshire.

5. Consultation

- 5.1 The project has been informed by the Regeneration Delivery Plan (RDP). The RDP sets out the Council's priorities for regeneration until 2026 and was the subject of extensive consultation including workshops with Council Officers; workshops with Elected Members; reports to and feedback from North Ayrshire Ventures Trust and the Community Wealth Building Expert Panel; and public engagement via Consul. It was also informed by the Locality Partnerships' priorities and previous public consultation exercises including Charettes.
- 5.2 The draft Outline Business Case and design has been informed by extensive consultation with Elected Members, landowners, communities, road users, transport providers, transport industry and community organisations. This included a public consultation and exhibition in November and December 2022. Further consultation and engagement will be undertaken to inform the development of the Final Business Case and detailed design.
- 5.3 Letters of support were received for the funding application from a range of sources including: the Rt Hon Patricia Gibson MP; Kenneth Gibson MSP; Jamie Greene MSP; and the Nuclear Decommissioning Authority.

RUSSELL McCUTCHEON
Executive Director (Place)

For further information please contact **Louise Kirk, Interim Head of Service – Economic Development and Regeneration**, on **01294 324766**.

Background Papers

Cabinet Report, Levelling Up Fund, 15 June 2021

Cabinet Report, Levelling Up Fund – Round 2, 2 November 2021


Cabinet Report, Levelling Up Fund B714 Upgrade, 25 January 2022

Appendix One: Funding Reallocation Proposals

The table below summarises proposals to reallocate capital allocations previously approved to support the delivery of economic development priorities to the B714 Upgrade project. This includes the reallocation of funds agreed under the Investment Fund and capital receipts projected from the sale of land and assets. The proposals have been developed through engagement with Finance.

Fund and background	Proposed approach and mitigation
Recovery and Renewal Fund	
Stimulating Start Up and Early Stage Business Growth (£1m). Agreed as part of the Renewal Investment allocations in June 2021 to stimulate start up and early stage business growth through the delivery of commercial space.	<ul style="list-style-type: none"> • Allocate £1m to the B714 Upgrade. • Investigate the potential to resource the delivery of the investment fund priorities through future years place based funding allocations and external funding applications.
Investment Fund	
Community Wealth Building – Communities and Town Centres (£1.2m allocation). Agreed as part of the original Investment Fund allocations in March 2020 to tackle vacant and derelict land and buildings in town centres through regeneration and economic development projects.	<ul style="list-style-type: none"> • Allocate the balance of £0.857m to the B714 Upgrade. • Investigate the potential to resource the delivery of the investment fund priorities through future years place based funding allocations and external funding applications.
Commercial Estate / Infrastructure / Town Centre Investment (£1.155m). Agreed as part of the original Investment Fund allocations by Council in March 2020 to invest in the commercial estate including improving the sustainability of assets.	<ul style="list-style-type: none"> • Allocate the balance of £0.988m to the B714 Upgrade. • Investigate the potential to resource the delivery of the investment fund priorities through future years place based funding allocations and external funding applications.
Existing Capital Resources	
Industrial Portfolio Council Commercial estate investment allocation (£1m). Balance of £0.430m currently remaining.	<ul style="list-style-type: none"> • Allocate the balance of £0.430m to the B714 Upgrade. • Investigate the potential to resource the delivery of the investment fund priorities through future years place based funding allocations and external funding applications.
Flexibility	<ul style="list-style-type: none"> • Allocate £0.377m to B714 Upgrade
Capital Receipts	
Uncommitted Capital Receipts: Anticipated capital receipts of £5.555m have been identified. Following the deduction of abnormal and other costs, a balance of £1.348m is now available for utilisation to support capital investment.	<ul style="list-style-type: none"> • Allocate £1.348m to B714 Upgrade.
Total reallocation	£5.0m

Appendix D

 <p>North Ayrshire Council Comhairle Siorrachd Àir a Tuath</p>	<p>Call In Request Form</p>
<p>We request in terms of paragraph 26.2 of the Standing Orders Relating to Meetings and Proceeding of the Council that the decision taken by the Cabinet be called in by the Audit and Scrutiny Committee.</p>	
<p>Names of Councillors Requesting Call In</p>	
<p>1. Louise McPhater</p>	
<p>2. Amanda Kerr</p>	
<p>3. Nairn McDonald</p>	
<p>Details of the Decision Taken By The Cabinet (Please specify the Minute reference)</p>	
<p>5. B714 Upgrade</p>	
<p>Reasons for Call In (Please specify your reasons for requesting that the Audit and Scrutiny Committee call in the decision)</p>	
<p>Funding should not be cut from important investment in Community Wealth Building, town centre regeneration and economic development to deliver what is a reduced upgrade of the B714. Alternative funding sources should be identified.</p> <p>General Comment: The upgrade of the B714 will contribute to Community Wealth Building, regeneration and economic development by:</p> <ul style="list-style-type: none"> • Increasing the potential for economic development and tourism through improved connectivity, increased resilience and enhancement of the most direct link to Glasgow and the Central Belt. • Enhancing links between the Garnock Valley and Three Towns settlements alongside improving road safety and contributing to accident reductions. • Alleviating congestion and air quality related issues in Kilwinning. • Improving connectivity to support individuals living in rural areas to access employment. • Improving access to the Arran and Cumbrae Ferry Services and contributing to tourism. • Creating local supply chain and employment opportunities through the construction phase. • Delivering community benefits through the construction phase including training and work experience opportunities. • Investing in localities and leveraging external national investment into North Ayrshire. <p>Potential external funding opportunities have been exhausted. Extensive engagement with UK Government has concluded that additional funding will not be available via the Levelling Up Fund (LUF) above the existing award. Transport Scotland has also</p>	

confirmed that funding will not be forthcoming for the project.

A funding application was submitted to Transport Scotland's competitive Active Travel Transformation Fund in January 2023. This requested £2.5M to support the LUF funds and cover the cost of the active travel route alongside the new B714 alignment. The application was however unsuccessful. Discussions were also held with Strathclyde Partnership for Transport (SPT) regarding the B714 Active Travel corridor. This resulted in a successful application being submitted to their Capital Programme for the connections to Dalry and Saltcoats from the B714. Designs were developed in 22/23 for both settlements and further design for Dalry links and construction of the Saltcoats links is planned for 23/24.

Due to the very limited capacity for the Council to borrow additional finance, an examination of existing Council resources was undertaken to identify areas of budget that could be redirected into this priority investment.

A range of mitigation measures were identified to reduce the impact of the reallocation of funding from these priorities. These included investigating the potential to resource the delivery priorities through future years place-based funding allocations and external funding applications. For example the Scottish Government has confirmed a further 2 years of the Place Based Investment Programme and further rounds of programmes such as the Regeneration Capital Grant Fund and Vacant and Derelict Land Investment Programme. The report also outlined that Officers would continue to investigate potential sources of funding for the B714 and affected projects with a view to offsetting the financial contributions from these sources where possible.

The estimated £5m deficit is a cost estimate for the project of £31.7m, inclusive of contingency and inflation allocations, to support the submission of the business case. The project will be subject to a tender process, should the Outline Business Case be approved.

Additionally, the B714 project is of major importance to North Ayrshire and our region's future economic prospects. However, the Cabinet's proposal removes the active travel elements from the initial project delivery, with no timeframe for future phases nor any guarantees that funding will be available for them. A Council that has declared a climate emergency, that has set an ambitious net zero target and has an administration that supposedly prioritises tackling climate change, shouldn't be repeating the mistakes of the past and undertaking major road projects without investing in active travel infrastructure as part of that project.

General Comment:

The report proposes that the active travel infrastructure be delivered using alternative resources at a future date. Funding applications were submitted to support its delivery in Phase One however these were unsuccessful. Officers will continue to investigate potential sources of funding however delivery would be subject to successful funding applications and securing the necessary permissions.

Whilst the active travel infrastructure adjacent to the upgraded B714 is proposed for delivery at a future date, enabling works to improve the connections within Dalry and Saltcoats are being progressed. Funding from SPT's Capital Programme is supporting the delivery of active travel connections in Dalry and Saltcoats. These will provide legible standalone routes and improve active travel within the towns, which will then connect to the active travel infrastructure adjacent to the B714 when constructed.

In Saltcoats this will create a link between the access to Sharphill Cottage and the Sharphill Roundabout, connecting to the existing path network. Construction is due to commence in late 2023. Amey, Transport Scotland's Trunk Road operating company has agreed to install a new toucan crossing at the Roundabout. This will provide an improved and more accessible crossing of the A78 to the B714 than the existing unsignalised arrangement. The timescale for the toucan's installation is currently being confirmed.

In Dalry this will link Lover's Walk to the new roundabout connection for the upgraded B714. Works are underway to upgrade Lover's Walk from Dalry Station to the River Garnock. Design work is ongoing for the remaining section alongside the Putyan Burn with a further application to be submitted to SPT's 24/25 Capital Programme for construction, subject to securing the necessary permissions.

Desired Outcome
(Please specify your desired outcome)

The Council should utilise the money available from the PPP service concession as an alternative funding source.

General Comment:

On the 15 February 2023 Council approved the use of Service Concession flexibility to help mitigate the significant cost pressures and resultant revenue budget gaps over the medium-term and to help address the impact of construction cost volatility as part of delivering the Council's ambitious Capital programme. This agreed that the use of this flexibility, including a retrospective sum of £21.546m, would be applied in a limited and controlled manner across several financial years and, critically, that this would run in parallel with more sustainable measures to reduce the cost base of the Council in line with available funding.

If funds are redirected from this area this will increase the level of financial risk to the Council in addressing the significant budget challenges over the medium term. To set this in context, when the 2023/24 budget was set back in March this indicated a projected budget gap of £16.773m for 2024/25. From which it was approved that £5m would be contributed from this reserve to help mitigate this position.

A further report to brought back to Cabinet outlining a concrete timetable and funding proposal for the delivery of the active travel elements in the project.

General Comment:

External and internal funding sources for the active travel elements adjacent to the upgraded B714 have been exhausted at this stage. Whilst these elements are proposed for a delivery at a future date, enabling works to improve the connections within Dalry and Saltcoats are being progressed utilising the available external funding. These will form beneficial connections within the settlements and will connect to the route adjacent to the B714 when delivered.

Funding opportunities continue to be investigated and pursued for the active travel elements adjacent to the B714. Annual allocations under the Scottish Government's Cycling Walking and Safer Routes programme are insufficient to fully meet the costs of the delivery but would offer a source of match funding for applications. Due to the substantial level of funding required it is noted that a multiple funder package is likely to be required.

Confirmation is awaited from Transport Scotland on the timescales for the next round of the Active Travel Transformation Fund and applications will be submitted to SPT's 2024/25 Capital Programme in October 2023. Opportunities through Sustrans Scotland's programmes are also being investigated. A report outlining a timetable and funding proposal would be subject to the above timescales and confirmation of funding awards.

This form must be received by the Chief Executive's Office not later than 12 noon on the fifth Clear Working Day following, and not counting, the day on which the Cabinet Minute was issued.

	Date	Time
Received by Chief Executive		
Received by Committee Services	04/09/23	10:54
Acknowledged	04/09/23	11:02