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# NORTH AYRSHIRE COUNCIL

28 February 2024

## North Ayrshire Council

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<b>Title:</b>	<b>Capital Investment Programme 2024/25 to 2033/34</b>
<b>Purpose:</b>	To advise Council on the draft Capital Investment Programme to 2033/34
<b>Recommendation:</b>	That Council :  (a) approves the revised Capital Investment Programme to 2033/34 included in appendix 3; (b) notes that the programme will be reviewed on an on-going basis with the next major review in 2026/27; and (c) approves the refreshed Capital Investment Strategy included in appendix 4.

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## 1. Executive Summary

- 1.1 This report outlines the recommendations of the full review of the capital investment programme which was undertaken during 2023/24.
- 1.2 The review considered the current Capital Investment Programme and takes cognisance of subsequent changes, including:
- The ongoing impact of construction industry inflation, cost volatility and supply chain issues across the overall Capital Investment Programme;
  - Reductions in Scottish Government capital grants as detailed in the Local Government Finance Settlement 2024/25;
  - A review of spending profiles across key capital projects to support the Council's priorities; and
  - Revised levels of investment across projects, taking cognisance of Council priorities, external funding sources and investing in core assets through asset management plans.
- 1.3 The review included an assessment of all funding sources over the 10 years of the plan, including assumed levels of general capital grant, specific grants and a prudent assessment of the level of capital receipts over the period. Total available funding has been projected at £189.987m. The balance of funding required to deliver the capital programme will be met through prudential borrowing and this is anticipated at £216.472m.
- 1.4 The proposed Capital Investment Programme, aligned to the Council Plan priorities, is attached in Appendix 3 and will deliver a total programme of £406.459m to 2033/34.

- 1.5 Compliance with Regulations and the Prudential Code requires assurance to be provided on affordability and sustainability of the Capital Investment programme, this is provided in the Treasury Management and Investment Strategy (TMIS) which follows this report on the Council agenda. The TMIS recognises that this will require to be kept under review to ensure the underlying assumptions continue to apply.
- 1.6 The longer-term affordability of the current and future Capital Investment Programmes requires incremental increases the current General Fund financing budgets. A review of available General Fund financing budgets has been undertaken, with significant increases in revenue support recommended, as part of the General Services Revenue Estimates 2024/25 to 2026/27, to support the delivery of the draft Capital Investment Programme.
- 1.7 In addition to the TMIS, there is a requirement for the Council to publish a Capital Investment Strategy (CIS). As part of the review of the Capital Investment Programme, a review of the previous CIS has also been undertaken and a draft revised CIS is attached at Appendix 4.
- 1.8 The capital programme will continue to be reviewed on an on-going basis by Cabinet with any additional funding brought forward for approval as appropriate. Major reviews will be undertaken on a 3-year basis, with the next due to be completed during 2026/27.

## **2. Background**

### **Capital Investment Programme 2024/25 to 2033/34**

- 2.1 North Ayrshire Council approved the current Capital Investment Programme for the period 2023/24 to 2030/31 on 1 March 2023. A comprehensive review of the Programme was undertaken during 2023/24. This report contains the outcome of that review.

### **Review of Capital Funding**

#### Scottish Government General Capital Grant

- 2.2 Local Government Finance Circular 8/2023 confirmed the level of General Capital Grant as £8.628m for 2024/25. This comprises a core General Capital element of £9.068m, which is a reduction of (£0.939m) from that previously anticipated, less a (£0.440m) reduction linked to the re-phasing of the Flooding Projects. In addition, the Scottish Government has indicated that North Ayrshire will receive an allocation of £0.100m during 2024/25 to support Coastal Change Adaptation. Projected at the core level of £9.068m to 2033/34, the total General Capital Grant for the period is forecast as £90.780m.

### Scottish Government Specific Capital Grants

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

- £0.963m to tackle Vacant and Derelict Land with projects requiring Scottish Government approval; and
- £0.587m, to fund Cycling, Walking and Safer Streets (CWSS).

The Vacant and Derelict Land funding is a reduction of (£0.543m) from that received during 2023/24 and has only been confirmed for 2024/25. However, the CWSS funding has been projected at current levels to 2033/34.

2.4 A further Specific Grant allocation of £0.925m to support the Renewal of Play Parks programme has been confirmed outwith the Local Government Finance Settlement for the period 2024/25 to 2025/26.

2.5 In addition, the programme includes previous Specific Grant allocations in relation to a number of programmes which have been carried over into 2024/25 in line with revised project plans, including:

- £1.414m from the 2023/24 Vacant and Derelict Land allocation;
- £0.500m from the 2023/24 Islands Pit Stops; and
- £0.505m from the 2023/24 Place Based Investment Programme.

2.6 As a result, the total forecast Specific Grant income to 2033/34 is £9.214m.

### Other Government Funding

2.7 The programme includes funding from the Scottish and UK Governments to support the Ayrshire Growth Deal. The total anticipated funding over the period is £57.265m. This has been aligned to the latest programme planning information.

2.8 The UK Government previously confirmed that North Ayrshire Council has been awarded £23.693m from the Levelling Up Fund to support the upgrading of the B714 to improve connectivity between North Ayrshire and the wider motorway network. £21.553m of this award is anticipated for receipt during financial years 2024/25 to 2025/26.

2.9 During 2024-25 the UK Government confirmed total funding of £0.253m to support the Digital SIP Great Harbour project. £0.128m of this is anticipated during 2024/25.

### Other Internal Funds

2.10 The programme includes previously approved contributions from earmarked funds of £3.299m to support the Solar PV project and £5.595m to support the B714 Upgrade. However, these have been reduced by £4.000m to facilitate the transfer of the General Capital Grant support for the 2023/24 pay settlement to Revenue.

### Capital Receipts

- 2.11 A review of projected income from capital receipts has been undertaken during 2023/24. This is forecast to realise income of £4.143m over the period of the programme in relation to the sale of other Council owned assets.

### Other External Funding

- 2.12 In relation to additional grant funding from other external bodies, given the level of uncertainty around securing these funds, only those funds which have been confirmed, but not yet drawn down, have been included at this time. These include:

<b>Funding Source</b>	<b>£m</b>	<b>Project</b>
NAVT	0.800	Marine Tourism
NAVT	0.110	Repurposing Property Grant Fund
NAVT	0.101	Irvine Enterprise Area
Sustrans	0.036	AGD Great Harbour
	<b>£1.047m</b>	

### Prudential Borrowing

- 2.13 The difference between the Council's Capital Investment Programme and funding from the above sources is met through prudential borrowing of £216.472m. The Capital Investment Programme will be delivered within the approved loan charges revenue budget, utilising the balances held in the Prudential Investment Fund and Capital Fund to smooth the revenue implications of the borrowing costs associated with the revised programme.

### **Development of the Capital Investment Programme to 2033/34**

- 2.14 The approach to developing the draft Capital Investment Programme to 2033/34 included:

- A full review of the current programme to 2030/31;
- Identification of opportunities to reprioritise uncommitted projects;
- Review of the phasing of projects from a delivery and affordability perspective;
- Options appraisal of new requirements within the context of Council priorities;
- Consideration of lifecycle investment to protect core assets.

- 2.15 The current capital investment programme to 2030/31, as approved by Council on 1 March 2023, has been updated to reflect the changes to the Programme approved by Cabinet during 2023/24, including any re-phasing of programmes to reflect updated project plans.

### Re-Profiling

- 2.16 A total of £33.336m of planned expenditure has been re-profiled from 2023/24 into 2024/25 to 2033/34 in line with updated project delivery timelines. Full details of individual projects re-phased from 2023/24 have been reported to Cabinet throughout the year.

2.17 In order to address the recommendations made within the Audit Scotland report on the audit of the 2022/23 annual accounts, the phasing of expenditure within the draft Capital Investment Programme has been reviewed to reflect historic expenditure patterns and organisational capacity. This has resulted in the rephasing of approximately 19% of the planned expenditure in both 2024/25 and 2025/26 for delivery in later years, without impacting on the overall value of investment within the programme. The actual levels of expenditure will be continually monitored and reported to Cabinet throughout the life of the programme.

#### Lifecycle Investment

2.18 Informed by the asset management plans, an additional £31.542m has been included in the Capital Investment Programme to ensure the Council continues to invest in its core assets and infrastructure. Many of these programmes include recurring annual investment which has been extended to include the period between the end of the current Capital Programme and 2033/34. These include:

- £11.400m for Roads investment to maintain a steady state road condition over the next ten years;
- £6.000m for the Vehicle Renewal programme;
- £4.200m for Property Lifecycle Investment to enable high priority cyclical and statutory investment to extend the life of the Council's core assets, ensuring that they remain fit for purpose and supporting delivery of core front line services;
- £3.612m for Schools ICT investment;
- £3.000m for Street Lighting replacement reflecting the age and condition of the lighting network;
- £1.680m for the Bridges infrastructure programme;
- £1.500m to support the Improvement Grants programme; and
- £0.150m for the Access Paths Network programme.

#### Additional Investments linked to Revised Funding

2.19 On 23 January 2024 Cabinet noted the provisional award of £37.4m for the Levelling up for Ayrshire – Commercial and Low Carbon Infrastructure project under round 3 of the UK Government's Levelling Up Fund (LUF). The bid centred around commercial estate development and associated low carbon infrastructure in Irvine and around Prestwick airport. However, all funding is currently provisional pending completion of the current validation and onboarding process. The Council requires to provide a minimum of 10% match funding to support all LUF bids and a provision for £2.000m of match funding has been included within the Capital Investment Programme.

2.20 Local Government Finance Circular 8/2023 confirmed the level of Cycling, Walking and Safer Streets specific grant for 2024/25 at £0.587m. Expenditure has been projected at this level for the full period of the Capital Investment Programme, resulting in additional investment of £1.768m to 2033/34. In addition, Vacant and Derelict Land specific grant for 2024/25 has been confirmed at £0.963m and has been reflected in additional investment at this level.

## Additional / Revised Investments

- 2.21 In support of the Council's Sustainable North Ayrshire Strategy 2024-27, an additional investment of £5.430m in the decarbonisation of the Council's fleet is included. This investment will support the Council's Fleet Decarbonisation Route Map through the replacement of fossil fuelled vehicles with electric vehicles and more environmentally sustainable fleet solutions.
- 2.22 On 29 August 2023 Cabinet approved an additional investment of £5.000m to support the B714 Upgrade project. As previously noted, the UK Government confirmed an award of £23.693m from the Levelling Up Fund to support the upgrading of the B714 to improve connectivity between North Ayrshire and the wider motorway network. Following a review of the costs involved in the delivery of the project, together with appropriate value engineering, it was determined that an additional investment of £5.000m was required. The UK Government confirmed that no additional funding was being made available to support this project and Cabinet approved the additional investment, supported by funding from the Investment and Recovery & Renewal Funds, additional allocations from anticipated capital receipts not currently committed and the proposed utilisation of existing resources from within the existing programme.
- 2.23 Following completion of the initial tender process for Ardrossan North Shore, an additional investment of £3.914m is included to reflect the additional tender costs through inflationary related cost volatility and the requirement to maintain an appropriate level of contingency funding within the project.
- 2.24 An additional investment of £2.500m has been included to support the anticipated outcomes of the ongoing locality-based property review. This review is developing options around how the Council best utilises its property assets within a Best Value context, taking account of the needs of our communities, staff workstyles and climate impact. This investment provision will remain under review as the programme of work develops through 2024/25.
- 2.25 On 7 November 2023 Cabinet approved changes to the Home Ownership Made Easy (HOME) project with the site being transferred to the HRA for the provision of social housing. This has resulted in the withdrawal of investment from the current General Services Capital Investment Programme, including a (£1.033m) reduction in planned expenditure for 2024/25.
- 2.26 Recent years have witnessed periods of significant volatility across the construction industry linked to the ongoing legacy impacts of the Covid-19 pandemic, the influence of national economic developments and international externalities arising from global conflicts and their impacts on costs and supply chains. These volatilities have manifested locally through increased borrowing costs, inflationary pressures, limited availability of contractors, supply chain issues and material shortages which are impacting on tender returns and the cost of materials. Where the resultant cost pressures have been quantified, additional expenditure requirements have been identified in relation to specific projects. However, unquantified risks have also been identified, or are anticipated, across a number of other projects, including the Upper Garnock Flood Protection Scheme, Moorpark Primary School and Ardrossan Harbour Landside works. In order to support the management of these and other emerging risks, it is proposed that the £10.000m investment within the Flexibility budget over the next five years is maintained.

2.27 The current approved Capital Investment Programme to 2030/31 is attached at appendix 1. Full details of the proposed changes to the programme following the review, as outlined above, are included in appendix 2. The revised Capital Investment Programme covering the period from 2024/25 to 2033/34 is included in appendix 3. This will deliver a total programme of investment of £406.459m.

### **Future Affordability**

2.28 The Prudential Investment Fund was created as part of the 2015/16 budget strategy to utilise short term underspends on General Fund financing budgets to offset longer term pressures to support Prudential Borrowing arising from the Capital Investment Programme.

2.29 Due to the significant investment planned by North Ayrshire Council over the period to 2033/34, set within the context of government grant forecasts and combined with the additional cost pressures identified across a number of projects, it is projected that these funds will be exhausted before the end of the current 10 year Capital Investment Programme. In order to ensure the affordability of current and future capital investments beyond this, it will be necessary to incrementally increase the current General Fund financing budgets over the period of the programme. Additional funding support to mitigate the significant cost increases and the increased cost of borrowing includes the use of the recurring element of the Service Concession flexibility, approved at Council on 15 February 2023, which resulted in an average contribution of £3.437m from 2022/23 and the utilisation of the balance of savings from the temporary reduction in the employers' superannuation contributions during 2024/25 and 2025/26.

2.30 In addition to the application of these non-recurring funds, it is necessary to include an indicative recurring pressure within the General Services Revenue Estimates 2024/25 to 2026/27. This includes an incremental contribution of £0.250m per annum from 2024/25, increasing to £0.450m from 2025/26 and £0.500m per annum from 2026/27. The impacts of inflationary pressures and interest rate fluctuations will continue to be monitored on an ongoing basis and the resultant increases in revenue contributions will be reviewed as part of the next major review of the capital programme, due to be undertaken during 2026/27.

### **Treasury Management and Investment Strategy (TMIS)**

2.31 Compliance with Regulation and the Prudential Code requires assurance to be provided on affordability and sustainability of the Capital Investment Programme. This is provided in the Treasury Management and Investment Strategy (TMIS) which follows this report on the Council agenda. The TMIS recognises that this will require to be kept under review to ensure the underlying assumptions continue to apply.

### **Capital Investment Strategy**

2.32 In addition to the TMIS there is also a requirement for the Council to publish a Capital Investment Strategy (CIS) which provides the overarching framework under which the draft Capital Investment Programme has been developed. The current CIS was approved by Council on 1 March 2023. During 2023/24 this has been refreshed with the revised CIS included at Appendix 4.

## **Conclusion**

- 2.32 The draft Capital Investment Programme 2024/25 to 2033/34, including proposed funding, is attached at Appendix 3. This confirms total investment of £406.459m over the period. The proposed investment aligns with the Council's key priorities, as set out in the Council Plan 2023-2028, core asset management plans and the refreshed Capital Investment Strategy, included at Appendix 4.
- 2.33 The programme is affordable based on the estimated funding streams set out in the 2024/25 to 2026/27 Medium Term Financial Plan and from the mitigating actions noted earlier in this report to supplement the Loans Fund. These proposals have been developed within a very challenging financial landscape impacted by a combination of significant cost volatility across the Programme and an increased cost of borrowing. The affordability of the Programme is also highlighted within the Treasury Management and Investment Strategy, reported elsewhere on the agenda, and this will be monitored on an ongoing basis. A further, full assessment of the Programme's affordability will be undertaken as part of the next major review of the capital programme due for completion during 2026/27.

## **3. Proposals**

- 3.1 It is proposed that Council :
- (a) approves the draft Capital Investment Programme 2024/25 to 2033/34 included in appendix 3;
  - (b) notes that the programme will be reviewed on an on-going basis with the next major review in 2026/27; and
  - (c) approves the refreshed Capital Investment Strategy included in appendix 4.

## **4. Implications/Socio-economic Duty**

### **Financial**

- 4.1 The revised capital programme is based on a number of assumptions around the availability of finance including capital grant and capital receipts. Given the forward projection for 10 years, it is essential that these and the cost of projects are kept under review.

There are a number of assumptions underpinning the current revenue projection including; the level of loans fund support, the level of future interest rates, delivery of the programme within the timelines outlined in the programme and application of the Capital Fund and the Prudential Investment Fund to smooth the revenue implications across the life of the plan.

Due to the long-term nature of the borrowing required to support this programme, a review of available financing budgets has been undertaken with a view to increasing the available funding and maintaining the future affordability of the Programme.



## **Human Resources**

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

## **Legal**

4.3 None.

## **Equality/Socio-economic**

4.4 Where the Council is making decisions in relation to its spending priorities, it is obliged to comply with the public sector equality duty set out in the Equalities Act 2010. To meet this requirement, the Council assesses the impact of applying a decision against key groups to ensure that certain groups are not disadvantaged by those decisions. A number of the projects within the revised capital programme, will make a positive contribution to the Council's commitment to equalities.

## **Environmental and Sustainability**

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

## **Key Priorities**

4.6 The refreshed Capital Investment Programme 2024/25 to 2033/34 supports the delivery of the outcomes as outlined in the Council Plan 2023-2028 by focusing our investment on priorities, managing risk and supporting the delivery of key priorities.

## **Community Wealth Building**

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

## **5. Consultation**

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

**Mark Boyd**  
**Head of Service (Finance)**

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

## **Background Papers**

Capital Investment Programme 2023/24 to 2030/31 – North Ayrshire Council 1 March 2023

North Ayrshire Council Approved Capital Programme 2024/25 - 2030/31 (Base)								
Project Description	Revised 24/25 £	Revised 25/26 £	Revised 26/27 £	Revised 27/28 £	Revised 28/29 £	Revised 29/30 £	Revised 30/31 £	Total £
<b>EXPENDITURE</b>								
<b>Place</b>								
Roads Improvement / Reconstruction	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	26,600,000
Lighting	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,000,000
Millport Coastal FPS	20,035,000							20,035,000
Millport Pier	349,920							349,920
Millburn FPS	1,109,982							1,109,982
Bridges infrastructure programme	954,564	560,000	560,000	560,000	560,000	560,000	460,000	4,214,564
B714 Improvements	8,000,000	16,351,443						24,351,443
Property lifecycle investment	1,000,000	1,000,000	1,000,000	1,100,000	1,000,000	1,000,000	1,000,000	7,100,000
HOME	1,033,021							1,033,021
Cemetery extns, walls & infra	300,000	268,162	23,042					591,204
Cmty, Kilbirnie - Works	200,000							200,000
Cmty, Ardrossan - Extension	300,000							300,000
Renewal of Play Parks	347,000	578,000						925,000
Vehicles	1,022,023	2,000,000	2,977,977	2,000,000	2,000,000	2,000,000	2,000,000	14,000,000
Montgomerie Park Masterplan		50,000	100,000	600,000	350,000	490,000	500,000	2,090,000
Cycling / Walker / Safer Streets	586,000	586,000	586,000	586,000	586,000	586,000	586,000	4,102,000
Access Paths Network Programme	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
<b>Growth &amp; Investment</b>								
<b>Ayrshire Growth Deal:</b>								
AGD - i3 DPMC Phase 1	394,551							394,551
AGD - i3 DPMC Phase 2	400,000	2,000,000	2,150,030					4,550,030
AGD - i3 Flexible Business Space Phase 1	978,000	2,419,000	7,591,500	411,818				11,400,318
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	335,000	335,000	4,196,000	4,196,000	4,196,000	4,195,881		17,453,881
AGD - Great Harbour	4,025,000	4,188,000	2,335,000	2,221,000	86,000	88,474		12,943,474
AGD - IMSE		250,000	273,740	3,200,000	3,250,000	3,250,000		10,223,740
AGD Marine Tourism - Ardrossan	512,000	4,500,000	1,689,621					6,701,621
AGD Marine Tourism - Arran	30,000	40,000	150,000	1,600,000	104,611			1,924,611
AGD Marine Tourism - Cumbræ	50,000	150,000	1,600,000	96,750				1,896,750
Ardrossan Harbour & Landside	1,793,701	1,793,702						3,587,403
Irvine Enterprise Area	103,079							103,079
Ardrossan North Shore	10,912,238	1,694,804						12,607,042
<b>Sub Total</b>	<b>59,621,079</b>	<b>43,614,111</b>	<b>30,082,910</b>	<b>21,421,568</b>	<b>16,982,611</b>	<b>17,020,355</b>	<b>9,396,000</b>	<b>198,138,634</b>
<b>Communities</b>								
Montgomerie Park School	15,413,953							15,413,953
Universal Free School Meals Expansion	122,420	1,538,830	2,090,270	1,944,294	333,087	3,067,241		9,096,142
Schools ICT Investment	752,000	752,000	752,000	752,000	752,000	752,000	752,000	5,264,000
Ardrossan New Build	15,183,238	19,000,185	35,238,359	4,600,000				74,021,782
<b>Sub Total</b>	<b>31,471,611</b>	<b>21,291,015</b>	<b>38,080,629</b>	<b>7,296,294</b>	<b>1,085,087</b>	<b>3,819,241</b>	<b>752,000</b>	<b>103,795,877</b>

North Ayrshire Council Approved Capital Programme 2024/25 - 2030/31 (Base)								
Project Description	Revised 24/25 £	Revised 25/26 £	Revised 26/27 £	Revised 27/28 £	Revised 28/29 £	Revised 29/30 £	Revised 30/31 £	Total £
<b>Chief Executive</b>								
ICT Investment Fund	382,400	376,600	702,600	297,600	282,600	282,600	297,600	2,622,000
WAN				500,000				500,000
LAN/WiFi				1,500,000				1,500,000
Telephony				650,000				650,000
<b>Sub Total</b>	<b>382,400</b>	<b>376,600</b>	<b>702,600</b>	<b>2,947,600</b>	<b>282,600</b>	<b>282,600</b>	<b>297,600</b>	<b>5,272,000</b>
<b>Health &amp; Social Care Partnership</b>								
Community Alarms - Analogue to Digital	333,000							333,000
Improvement grants	500,000	500,000	500,000	500,000	500,000	500,000	500,000	3,500,000
<b>Sub Total</b>	<b>833,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>3,833,000</b>
<b>Other</b>								
Flexibility / Infrastructure Fund		7,000,000	100,000					7,100,000
<b>Sub Total</b>		<b>7,000,000</b>	<b>100,000</b>					<b>7,100,000</b>
<b>TOTAL EXPENDITURE</b>	<b>92,308,090</b>	<b>72,781,726</b>	<b>69,466,139</b>	<b>32,165,462</b>	<b>18,850,298</b>	<b>21,622,196</b>	<b>10,945,600</b>	<b>318,139,511</b>
<b>INCOME</b>								
Prudential Borrowing	68,762,811	33,183,283	50,474,139	13,173,462	1,218,552	(7,035,058)	352,600	160,129,789
Specific Grants - AGD	4,839,000	8,399,000	8,399,000	8,399,000	7,038,746	18,064,254		55,139,000
Specific Grants - Cycling, Walking & Safer Streets	586,000	586,000	586,000	586,000	586,000	586,000	586,000	4,102,000
Specific Grants - B714 Improvements	5,630,000	16,351,443						21,981,443
Specific Grants - Renewal of Play Parks	347,000	578,000						925,000
General Capital Grant	10,007,000	10,007,000	10,007,000	10,007,000	10,007,000	10,007,000	10,007,000	70,049,000
Recovery & Renewal	1,235,180							1,235,180
Grants & Contributions	901,099							901,099
Sale of land & buildings		3,677,000						3,677,000
<b>TOTAL INCOME</b>	<b>92,308,090</b>	<b>72,781,726</b>	<b>69,466,139</b>	<b>32,165,462</b>	<b>18,850,298</b>	<b>21,622,196</b>	<b>10,945,600</b>	<b>318,139,511</b>

North Ayrshire Council Capital Programme 2024/25 - 2033/34 - Revisions											
Project Description	Changes 24/25 £	Changes 25/26 £	Changes 26/27 £	Changes 27/28 £	Changes 28/29 £	Changes 29/30 £	Changes 30/31 £	Changes 31/32 £	Changes 32/33 £	Changes 33/34 £	Total £
<b>EXPENDITURE</b>											
<b>Place</b>											
Roads Improvement / Reconstruction								3,800,000	3,800,000	3,800,000	11,400,000
Traffic Calming	82,953										82,953
Lighting								1,000,000	1,000,000	1,000,000	3,000,000
Upper Garnock FPS	467,828										467,828
Millport Pier	(329,920)	154,960	134,960								(40,000)
Millburn FPS	343,547										343,547
Coastal Adaptations	99,727										99,727
Bridges infrastructure programme	(100,000)						100,000	560,000	560,000	560,000	1,680,000
Largs Promenade Seawall	50,000	50,000									100,000
B714 Improvements	(5,435,000)	(1,574,749)	12,211,695								5,201,946
Property lifecycle investment	51,160	400,000	600,000					1,000,000	1,000,000	1,000,000	4,051,160
Locality Based Property Review		1,000,000	1,500,000								2,500,000
HOME	(1,033,021)										(1,033,021)
Cemetery extns, walls & infra	(229,285)	(63,365)	122,560	11,521							(158,569)
Cmty, Kilbirnie - Works	(200,000)										(200,000)
Cmty, Ardrossan - Extension		450,000									600,000
Cmty, Kilbirnie - Walls	36,071	36,072									72,143
Cmty, Beith - Walls	51,416	51,417									102,833
Cmty, Abbey Tower - Walls	44,469	44,469									88,938
Cmty, Stev Hawkhill - Walls	51,196	51,196									102,392
Cmty, West Kilbride - Walls	47,282	47,282									94,564
Cmty, Kilbirnie - New	288,916	288,917									577,833
Goldcraigs Refurbishment	608,438	132,562									741,000
Vehicles	(2,023)		2,023						2,000,000	2,000,000	6,000,000
Fleet Decarbonisation	2,320,000	1,660,000	1,950,000								5,930,000
Shewalton landfill				48,949							48,949
Solar PV Investment - Nethermains	260,720	260,721									521,441
Solar PV Investment - Shewalton	1,825,377	1,825,377									3,650,754
Repurposing Property Grant Fund	250,000										250,000
Islands Pit Stops	500,000										500,000
Place Based Investment Programme	350,000										350,000
Digital - SIPP Great Harbour	127,882										127,882
PBIP 36 Bank Street	50,000										50,000
PBIP Galt House	25,000										25,000
Montgomerie Park Masterplan	137,500	112,500	(25,000)	50,000							275,000
VDLF - 2024/25 allocation	963,000										963,000
VDLF - Irvine Kyle Road Phase 2	1,087,018										1,087,018
VDLF - Development Work	119,012										119,012
VDLF - Tree Planting	47,600										47,600
VDLF Stalled Spaces Fund	100,000										100,000
Cycling / Walker / Safer Streets	1,000	1,000	1,000	1,000	1,000	1,000	1,000	587,000	587,000	587,000	1,768,000
Access Paths Network Programme	445,000							50,000	50,000	50,000	595,000

North Ayrshire Council											
Capital Programme 2024/25 - 2033/34 - Revisions											
Project Description	Changes 24/25 £	Changes 25/26 £	Changes 26/27 £	Changes 27/28 £	Changes 28/29 £	Changes 29/30 £	Changes 30/31 £	Changes 31/32 £	Changes 32/33 £	Changes 33/34 £	Total £
<b>Growth &amp; Investment</b>											
<b>Ayrshire Growth Deal:</b>											
AGD - i3 DPMC Phase 1	5,898	300,000									305,898
AGD - i3 DPMC Phase 2	(300,449)	(1,750,000)	(693,169)	2,908,275							164,657
AGD - i3 Flexible Business Space Phase 1	1,047,920	(2,419,000)	(7,591,500)	(411,818)							(9,374,398)
AGD - i3 Flexible Business Space Phase 2	600,000	4,900,000	4,900,000	148,000	352,000						10,900,000
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	333,892										333,891
AGD - Great Harbour	(2,737,647)	(1,881,436)	516,490	2,552,566	1,804,928	(1)	(31,909)				222,992
AGD - IMSE	445,000					(352,253)					92,747
AGD Marine Tourism - Ardrossan	(512,000)	(4,500,000)	(1,689,621)	2,000,000	2,500,000	224,285					(1,977,336)
AGD Marine Tourism - Arran	10,482				(37,837)						(27,355)
AGD Marine Tourism - Cumbræ	175,000	775,000	600,000	899,504							2,449,504
Ardrossan Harbour & Landside	(914,222)	(17,372)	896,851								(34,743)
Irvine Enterprise Area	(51,540)	51,540									
Ardrossan North Shore	18,500,543	35,500									18,536,043
<b>Sub Total</b>	<b>20,255,740</b>	<b>422,591</b>	<b>13,436,289</b>	<b>8,207,997</b>	<b>4,620,091</b>	<b>(158,878)</b>	<b>101,000</b>	<b>8,997,000</b>	<b>8,997,000</b>	<b>8,997,000</b>	<b>73,875,830</b>
<b>Communities</b>											
Montgomerie Park School	(2,364,552)										(2,364,552)
Universal Free School Meals Expansion	392,425	(327,021)	(544,010)	1,136,848	(913)	(137,500)					519,829
Schools ICT Investment	451,908	451,908	451,908					752,000	752,000	752,000	3,611,724
Ardrossan New Build	(8,080,621)	1,371,270	(4,559,147)	17,410,374							6,141,876
<b>Sub Total</b>	<b>(9,600,840)</b>	<b>1,496,157</b>	<b>(4,651,249)</b>	<b>18,547,222</b>	<b>(913)</b>	<b>(137,500)</b>		<b>752,000</b>	<b>752,000</b>	<b>752,000</b>	<b>7,908,877</b>
<b>Chief Executive</b>											
ICT Investment Fund	(158,700)	52,900	(145,500)	351,300							100,000
Telephony	115,000	115,000									230,000
<b>Sub Total</b>	<b>(43,700)</b>	<b>167,900</b>	<b>(145,500)</b>	<b>351,300</b>							<b>330,000</b>
<b>Health &amp; Social Care Partnership</b>											
Community Alarms - Analogue to Digital	(264,024)	68,977									(195,047)
Improvement grants								500,000	500,000	500,000	1,500,000
<b>Sub Total</b>	<b>(264,024)</b>	<b>68,977</b>						<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>1,304,953</b>
<b>Other</b>											
Flexibility / Infrastructure Fund		(7,000,000)	3,223,000	3,521,036	3,155,964						2,900,000
Core Infrastructure, property and Vehicles Renewal Investment	2,000,000										2,000,000
<b>Sub Total</b>	<b>2,000,000</b>	<b>(7,000,000)</b>	<b>3,223,000</b>	<b>3,521,036</b>	<b>3,155,964</b>						<b>4,900,000</b>
<b>TOTAL EXPENDITURE</b>	<b>12,347,176</b>	<b>(4,844,375)</b>	<b>11,862,540</b>	<b>30,627,555</b>	<b>7,775,142</b>	<b>(296,378)</b>	<b>101,000</b>	<b>10,249,000</b>	<b>10,249,000</b>	<b>10,249,000</b>	<b>88,319,660</b>

North Ayrshire Council Capital Programme 2024/25 - 2033/34 - Revisions											
Project Description	Changes 24/25 £	Changes 25/26 £	Changes 26/27 £	Changes 27/28 £	Changes 28/29 £	Changes 29/30 £	Changes 30/31 £	Changes 31/32 £	Changes 32/33 £	Changes 33/34 £	Total £
	Changes 24/25 £	Changes 25/26 £	Changes 26/27 £	Changes 27/28 £	Changes 28/29 £	Changes 29/30 £	Changes 30/31 £	Changes 31/32 £	Changes 32/33 £	Changes 33/34 £	Total £
<b>INCOME</b>											
Prudential Borrowing	9,537,439	(3,597,408)	5,359,081	22,110,062	7,534,232	12,703,178	914,000	594,000	594,000	594,000	56,342,584
Specific Grants - AGD	(1,435,109)	(1,743,415)	6,731,279	9,455,493	1,178,910	(12,061,556)					2,125,602
Specific Grants - Cycling, Walking & Safer Streets	1,000	1,000	1,000	1,000	1,000	1,000	1,000	587,000	587,000	587,000	1,768,000
Specific Grants - Vacant & Derelict Funding	2,376,630										2,376,630
Specific Grants - Islands Pit Stop	500,000										500,000
Specific Grants - Place Based Investment Programme	505,000										505,000
Specific Grants - B714 Improvements	(428,054)										(428,054)
Specific Grants - Digital - SIPP Great Harbour	127,882										127,882
General Capital Grant - Flooding	(440,000)	440,000									
General Capital Grant	(839,273)	(939,000)	(939,000)	(939,000)	(939,000)	(939,000)	(939,000)	9,068,000	9,068,000	9,068,000	20,730,727
Capital Fund	885,000										885,000
Recovery & Renewal	1,359,673	703,707	710,180								2,773,560
Grants & Contributions	96,988	49,560									146,548
Sale of land & buildings	100,000	241,181					125,000				466,181
<b>TOTAL INCOME</b>	<b>12,347,176</b>	<b>(4,844,375)</b>	<b>11,862,540</b>	<b>30,627,555</b>	<b>7,775,142</b>	<b>(296,378)</b>	<b>101,000</b>	<b>10,249,000</b>	<b>10,249,000</b>	<b>10,249,000</b>	<b>88,319,660</b>



North Ayrshire Council											
Revised Capital Programme 2024/25 - 2033/34											
Project Description	Revised 24/25 £	Revised 25/26 £	Revised 26/27 £	Revised 27/28 £	Revised 28/29 £	Revised 29/30 £	Revised 30/31 £	Revised 31/32 £	Revised 32/33 £	Revised 33/34 £	Total £
<b>Growth &amp; Investment</b>											
<b>Ayrshire Growth Deal:</b>											
AGD - i3 DPMC Phase 1	400,449	300,000									700,449
AGD - i3 DPMC Phase 2	99,551	250,000	1,456,861	2,908,275							4,714,687
AGD - i3 Flexible Business Space Phase 1	2,025,920										2,025,920
AGD - i3 Flexible Business Space Phase 2	600,000	4,900,000	4,900,000	148,000	352,000						10,900,000
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	668,892	335,000	4,196,000	4,196,000	4,196,000	4,195,880					17,787,772
AGD - Great Harbour	1,287,353	2,306,564	2,851,490	4,773,566	1,890,928	56,565					13,166,466
AGD - IMSE	445,000	250,000	273,740	3,200,000	3,250,000	2,897,747					10,316,487
AGD Marine Tourism - Ardrossan				2,000,000	2,500,000	224,285					4,724,285
AGD Marine Tourism - Arran	40,482	40,000	150,000	1,600,000	66,774						1,897,256
AGD Marine Tourism - Cumbrae	225,000	925,000	2,200,000	996,254							4,346,254
Ardrossan Harbour & Landside	879,479	1,776,330	896,851								3,552,660
Irvine Enterprise Area	51,539	51,540									103,079
Ardrossan North Shore	29,412,781	1,730,304									31,143,085
<b>Sub Total</b>	<b>79,876,819</b>	<b>44,036,702</b>	<b>43,519,199</b>	<b>29,629,565</b>	<b>21,602,702</b>	<b>16,861,477</b>	<b>9,497,000</b>	<b>8,997,000</b>	<b>8,997,000</b>	<b>8,997,000</b>	<b>272,014,464</b>
<b>Communities</b>											
Montgomerie Park School	13,049,401										13,049,401
Universal Free School Meals Expansion	514,845	1,211,809	1,546,260	3,081,142	332,174	2,929,741					9,615,971
Schools ICT Investment	1,203,908	1,203,908	1,203,908	752,000	752,000	752,000	752,000	752,000	752,000	752,000	8,875,724
Ardrossan New Build	7,102,617	20,371,455	30,679,212	22,010,374							80,163,658
<b>Sub Total</b>	<b>21,870,771</b>	<b>22,787,172</b>	<b>33,429,380</b>	<b>25,843,516</b>	<b>1,084,174</b>	<b>3,681,741</b>	<b>752,000</b>	<b>752,000</b>	<b>752,000</b>	<b>752,000</b>	<b>111,704,754</b>
<b>Chief Executive</b>											
ICT Investment Fund	223,700	429,500	557,100	648,900	282,600	282,600	297,600				2,722,000
WAN				500,000							500,000
LAN/WiFi				1,500,000							1,500,000
Telephony	115,000	115,000		650,000							880,000
<b>Sub Total</b>	<b>338,700</b>	<b>544,500</b>	<b>557,100</b>	<b>3,298,900</b>	<b>282,600</b>	<b>282,600</b>	<b>297,600</b>				<b>5,602,000</b>
<b>Health &amp; Social Care Partnership</b>											
Community Alarms - Analogue to Digital	68,976	68,977									137,953
Improvement grants	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
<b>Sub Total</b>	<b>568,976</b>	<b>568,977</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>5,137,953</b>
<b>Other</b>											
Flexibility / Infrastructure Fund			3,323,000	3,521,036	3,155,964						10,000,000
Core Infrastructure, property and Vehicles Renewal Investment	2,000,000										2,000,000
<b>Sub Total</b>	<b>2,000,000</b>		<b>3,323,000</b>	<b>3,521,036</b>	<b>3,155,964</b>						<b>12,000,000</b>
<b>TOTAL EXPENDITURE</b>	<b>104,655,266</b>	<b>67,937,351</b>	<b>81,328,679</b>	<b>62,793,017</b>	<b>26,625,440</b>	<b>21,325,818</b>	<b>11,046,600</b>	<b>10,249,000</b>	<b>10,249,000</b>	<b>10,249,000</b>	<b>406,459,171</b>



North Ayrshire Council Revised Capital Programme 2024/25 - 2033/34											
Project Description	Revised 24/25 £	Revised 25/26 £	Revised 26/27 £	Revised 27/28 £	Revised 28/29 £	Revised 29/30 £	Revised 30/31 £	Revised 31/32 £	Revised 32/33 £	Revised 33/34 £	Total £
	Revised 24/25 £	Revised 25/26 £	Revised 26/27 £	Revised 27/28 £	Revised 28/29 £	Revised 29/30 £	Revised 30/31 £	Revised 31/32 £	Revised 32/33 £	Revised 33/34 £	Total £
<b>INCOME</b>											
Prudential Borrowing	78,300,250	29,585,875	55,833,220	35,283,524	8,752,784	5,668,120	1,266,600	594,000	594,000	594,000	216,472,373
Specific Grants - AGD	3,403,891	6,655,585	15,130,279	17,854,493	8,217,656	6,002,698					57,264,602
Specific Grants - Cycling, Walking & Safer Streets	587,000	587,000	587,000	587,000	587,000	587,000	587,000	587,000	587,000	587,000	5,870,000
Specific Grants - Vacant & Derelict Funding	2,376,630										2,376,630
Specific Grants - Islands Pit Stop	500,000										500,000
Specific Grants - Place Based Investment Programme	505,000										505,000
Specific Grants - B714 Improvements	5,201,946	16,351,443									21,553,389
Specific Grants - Digital - SIPP Great Harbour	127,882										127,882
Specific Grants - Renewal of Play Parks	347,000	578,000									925,000
General Capital Grant - Flooding	(440,000)	440,000									
General Capital Grant	9,167,727	9,068,000	9,068,000	9,068,000	9,068,000	9,068,000	9,068,000	9,068,000	9,068,000	9,068,000	90,779,727
Capital Fund	885,000										885,000
Recovery & Renewal	2,594,853	703,707	710,180								4,008,740
Grants & Contributions	998,087	49,560									1,047,647
Sale of land & buildings	100,000	3,918,181					125,000				4,143,181
<b>TOTAL INCOME</b>	<b>104,655,266</b>	<b>67,937,351</b>	<b>81,328,679</b>	<b>62,793,017</b>	<b>26,625,440</b>	<b>21,325,818</b>	<b>11,046,600</b>	<b>10,249,000</b>	<b>10,249,000</b>	<b>10,249,000</b>	<b>406,459,171</b>



North Ayrshire Council  
Comhairle Siorrachd Àir a Tuath

Appendix 4



## Capital Investment Strategy 2024-34



## **Introduction**

The Capital Investment Strategy for North Ayrshire Council provides an overview of how capital expenditure plans, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of North Ayrshire communities and citizens. This refreshed strategy takes a long-term view and covers the period from 2024 to 2034. This is aligned to the Capital Investment Programme.

The Capital Investment Strategy is a reporting requirement of the CIPFA Prudential Code. Local authorities produce many plans and strategies in the course of their operations. However, it is recognised that within the context of capital planning, there is a need to produce an overarching view that addresses the following key considerations: -

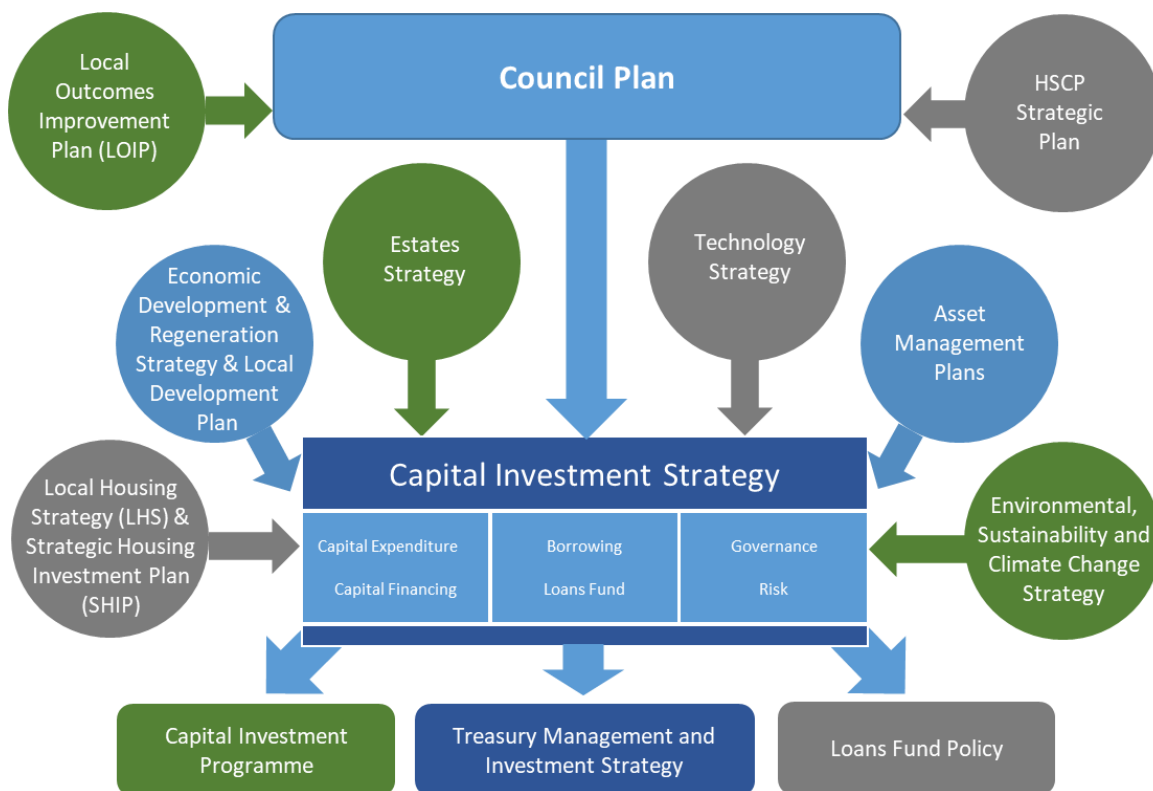
- Ensuring that capital plans are aligned to the strategic priorities as set out in the Council Plan.
- Ensuring that capital plans are affordable, prudent and sustainable.
- Demonstrating the linkage to local strategic planning and local asset management planning.
- Ensuring that financing decisions are taken in accordance with good professional practice and a full understanding of the risks involved.
- Demonstrating the Council has robust governance arrangements to support its capital planning activities

## Background

North Ayrshire Council has ambitious plans to deliver significant capital investment over the planning period across housing, schools, economic development and infrastructure. Working in partnership with East Ayrshire, South Ayrshire, the UK and Scottish Government, the Ayrshire Growth deal will see the regeneration of the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace.

Throughout 2023/24 the wider construction industry has reported significant, ongoing inflationary pressures linked to a number of factors, including additional costs as an ongoing consequence of the Covid-19 pandemic; upward pressure on input costs linked to international externalities such as ongoing global conflicts and its impact on global supply chains; material and labour shortages; and increased demand linked to reduced contractor availability. This has resulted in the identification of increased cost risks in relation to a number of our investment priorities.

The Capital Investment Strategy takes account of the Council's strategic priorities and considers any new investment within the context of outcomes, affordability or invest to save. Decisions made over the course of the programme for capital and treasury management will have financial consequences for the Council for many years in the future. There is also recognition of the need to balance investment between maintaining current assets and infrastructure against the ambitions for acquiring new assets. North Ayrshire Council's Capital Investment Programme is shaped and influenced by various associated strategies and plans.



The primary purpose of the Capital Investment Strategy is to provide an overarching view of how various plans and strategies inform capital investment and to demonstrate that this is both affordable and sustainable. The associated plans and strategies each focus on specific priority areas and, through appropriate governance structures, ultimately shape and influence the investment plans delivered through the Capital Investment Programme. Underpinning the Capital Investment Programme is the Treasury Management and Investment Strategy and Loans Fund Policy. Both ultimately consider the delivery of the capital programme within the context of affordability and risk and apply a measurement of what this means against key prudential and treasury indicators. The aim being to demonstrate affordability and sustainability over the long term.

## Plans and Strategies

### ***Council Plan 2023-2028***

The mission for North Ayrshire Council is ***“Working together to improve the lives of our people in North Ayrshire.”*** To deliver on this mission 4 key strategic priorities, outlined below, have been developed to direct plans now and into the future.



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

## Community Planning Partnerships and Local Outcomes Improvement Plan

The North Ayrshire Community Planning Partnership is a partnership across a wide range of organisations. The **Local Outcomes Improvement Plan (LOIP) 2022 – 2030** provides a commitment by all partners to North Ayrshire communities and citizens across three main priority areas:



The Community Planning Partnership consists of 6 Locality Partnerships across North Ayrshire. Key to the success of the LOIP is working in partnership with a number of agencies to deliver better outcomes for citizens and communities. The partnership includes Scottish Government, Police Scotland, NHS Ayrshire and Arran, Skills Development Scotland, KA Leisure, Scottish Fire and Rescue and Scottish Enterprise. Through the Local Development Plan, one of the strategic policies is to deliver on local community priorities. Each Locality Partnership has agreed their own local priorities. The following diagram illustrates the links between the locality priorities and those in the LOIP:

## WELLBEING



- Improving our mental health and wellbeing
- Improving access to financial services
- Increasing social inclusion
- Addressing social isolation
- Improving community wellbeing
- Improving access to facilities and amenities/regenerating community facilities
- Affordable housing

## WORK



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

## WORLD



- Improving our local environment
- Championing green health and the natural environment
- Moving around
- Transport
- Increasing civic pride and community engagement

This framework of community engagement and structured partnership working is vital when planning capital investment. More importantly, that local priorities are considered as part of any strategic planning framework.

### ***Health and Social Care Partnership Strategic Commissioning Plan 2022-2030***

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

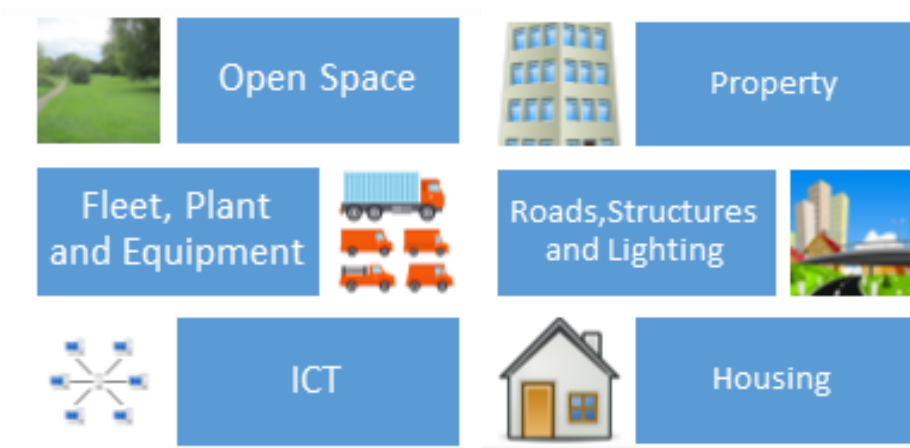
The 2022-2030 plan continues the existing vision that **“all people who live in North Ayrshire are able to have a safe, healthy and active life”** and to achieve this the HSCP focuses on key priorities:





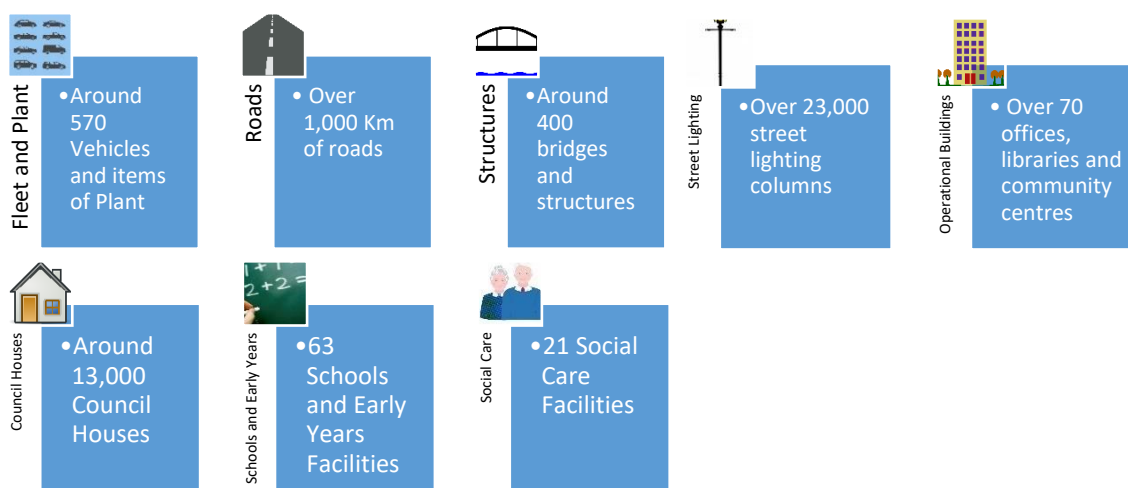
## Asset Management Plans

Asset Management Plans aim to ensure that the Council holds the right assets and that they are fit for purpose in terms of condition, suitability and accessibility. The plans also provide the vehicle for identifying future investment needs across all asset classes. In line with the CIPFA “Guide to Asset Management and Capital Planning in Local Authorities” North Ayrshire has classified its assets into six categories:



The Council’s assets play a key role in the delivery of a wide range of essential services to our local communities, contribute to regeneration and help drive economic growth. The plans set out clear actions and include details of lifecycle investment costs required to maintain assets and infrastructure to an appropriate standard that supports service delivery. The plans are updated on an annual basis and chief officers across all Directorates hold the responsibility for maintaining the plans and reporting progress to the Council’s Cabinet on a bi-annual basis.

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



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

## Roads, Structures and Lighting

- Planned investment of **£112.8m** to 2033/34 including improvements to the roads and street lighting network, upgrading of the B714, flood prevention works at Upper Garnock and Millport and bridges infrastructure improvement.

## Fleet, Plant and Equipment

- Procurement and maintenance of all Council fleet vehicles and plant ensuring the fleet of 566 vehicles and heavy plant are maintained and operated in accordance with the Council's Operator's licences and Road Transport legislation. Prioritisation of emissions reductions through decarbonisation of vehicle fleet. Vehicle and plant capital investment is planned at **£25.9m** to 2033/34.

## Property

- To ensure Council properties meet all legislative requirements and they are sustainable, energy efficient and maintained to a high standard as well as ensuring the physical environment is able to support mobile and flexible work programmes, Investment is planned at **£18.6m** to 2033/34. It is also recognised that through the Estates Strategy further rationalisation and remodelling will continue to be progressed on a locality by locality basis, with capital receipts incorporated into the capital programme.

## Housing

- Underpinned by the Local Housing Strategy, the Strategic Housing Investment Plan and the 30 Year HRA Business Plan, responsibility for maintenance of around 13,000 council houses, ensuring legislative compliance and meeting the needs of tenants. In addition, delivery of an ambitious house building and improvement programme over the period 2024/25-2028/29 will see capital investment by the Council total **£352.0m**.

## ICT

- The Technology Strategy sets out how ICT supports service delivery and transformation. Significant changes to our ICT infrastructure have been reflected in the ICT Asset Management Plan. To deliver on the 6 key principles as outlined in the Technology Strategy **£5.6m** investment to 2033/34 is planned.

## Open Spaces

- The service maintains 2,410 hectares of public open space, a Country Park, 14 local parks, 44 cemeteries and burial grounds, 37 war memorials & monuments, 366 hectares of woodlands, 3 allotments, 91 sports facilities and playing fields, 84 equipped play areas and 12 multi-use games areas, residential greenspace, 38 water courses and open water features, 5 promenades and 16 beaches, three of which are Sites of Special Scientific Interest. The majority of investment is delivered through the Place service revenue budget, however, specific capital investment of **£2.4m** is planned to 2033/34 for cemetery infrastructure.

### **Local Housing Strategy 2023-28 and Strategic Housing Investment Plan 2024-29**

The Local Housing Strategy sets out the Council's ambition: *'We want all our people to live in the right homes, in great places, with access to any support services they need.'*

The strategy mirrors the format of Scotland's first 20 year housing strategy, [Housing to 2040](#) and sets out four overarching outcomes which align to the four key strategies in Housing to 2040:

<b>Housing to 2040 Strategy</b>	More homes at the heart of great places	Affordability and choice	Affordable warmth and zero emission homes	Improving the quality of all homes
<b>Local Housing Strategy Outcome</b>	Our places support thriving and inclusive communities	Our people have affordable homes in the place they choose to live	Our homes are energy efficient and release less emissions	Our homes are in good condition and people can access any support services they need

The Strategic Housing Investment Plan is an extension of, and aligns to, the [Local Housing Strategy](#), supporting the objectives of the [Council Plan](#).

The Strategic Housing Investment Plan also aligns with the Council’s Community Wealth Building Strategy and supports the North Ayrshire Child Poverty Action Plan 2022-2023. Access to good quality and affordable housing is a key asset in addressing child poverty, and poverty overall.

The SHIP will secure investment in a total of 1,302 properties across North Ayrshire and provide sustainable, affordable, accessible high-quality homes which will contribute to the wider regeneration aims for the area. The Council projects in the SHIP represent investment of £194.464m (including an estimated £78.07m Scottish Government grant funding). Developments continue to be progressed across all six localities:

<b>Arran</b>	<b>Garnock Valley</b>	<b>Irvine</b>	<b>Kilwinning</b>	<b>North Coast</b>	<b>Three Towns</b>
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Public sector investment can have a transformational impact for communities, and the Council explores site and area specific opportunities with partners to secure maximum regeneration benefits. This supports the ambitions of the Council’s Regeneration Delivery Plan to drive forward place-based development on strategic regeneration sites, including town centres. Several SHIP projects completed to date are within, or near, town centres. The plan supports major housing led regeneration including the replacement of the 275 homes in the Fullarton tower blocks in Irvine and the provision of funding to assist the delivery of Housing’s Estate Based Regeneration Programme.

The Strategic Housing Investment Plan prioritises new social housing developments which include the provision of outdoor green space, and which support the principles of 20-minute neighbourhoods, where feasible. Developments are also planned utilising ‘secure by design’ principles.

The Council and its partners recognise that bringing former social housing stock into ownership can assist with housing management and maintenance issues and increase housing available through the North Ayrshire Housing Register. All developing registered social landlord partners with stock in North Ayrshire now have provision for buyback programmes in the SHIP.

New housing has a key role to play in carbon reduction, climate change mitigation, and in the alleviation of fuel poverty. The Council and its partners will continue to consider innovative and sustainable approaches to heat and power, such as low carbon heat, solar photovoltaic panels and smart technologies. The Council recognises that a ‘fabric first’ approach to sustainability can provide benefits to tenants, in terms of reducing heating costs. This investment aligns to the Council’s [Environmental Sustainability and Climate Change Strategy](#) in supporting affordable warmth to households across North Ayrshire. Developments will also be designed to promote sustainable travel.

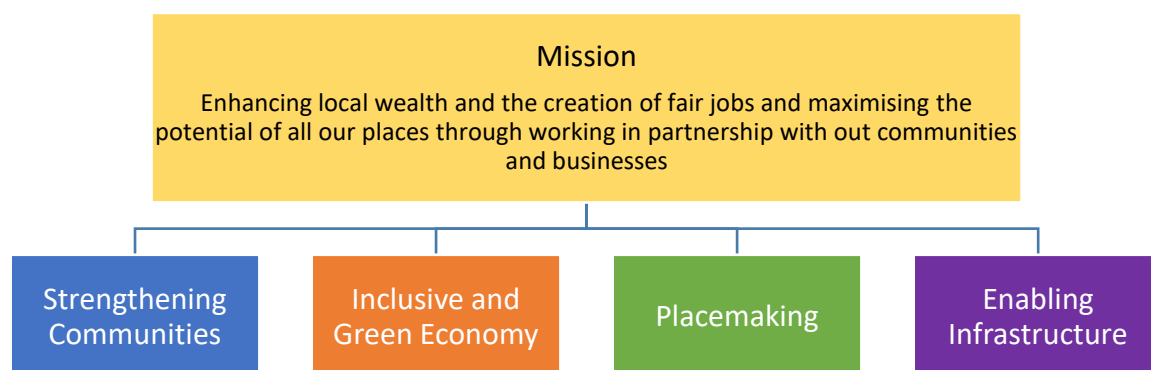
All amenity and sheltered housing in North Ayrshire should be built to an ambulant housing standard as a minimum. To ensure need is met now and in the future, the new [Local Housing Strategy](#) increased the target to ensure at least 10% of all tenure new build stock is suitable for wheelchair users (increased from 7% in the previous strategy).

Officers within the Place Directorate and the Health and Social Care Partnership developed a new supported accommodation housing model which has been implemented at sites across North Ayrshire to maximise tenant independence

The Local Housing Strategy recognises that the proportion of older people in North Ayrshire is higher than that of Scotland as a whole. The SHIP estimates the delivery of a further 311 amenity homes and 28 sheltered housing units. Alongside the new build programme, the Council will continue to deliver its sheltered housing re-provisioning programme, which includes £25m investment in the refurbishment of sheltered housing units out with the SHIP.

### ***Regeneration Delivery Plan and Local Development Plan***

The Regeneration Delivery Plan sets out our priorities for delivering on the regeneration ambitions of the Council Plan and Community Wealth Building strategy, working in partnership with communities. The Plan focuses on the delivery of physical regeneration across North Ayrshire through an ambitious project-based rolling action programme. The Regeneration Delivery Plan focuses activity around the four key regeneration themes:

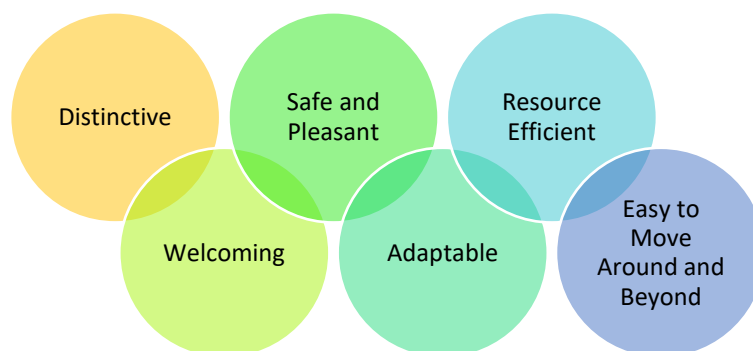


The Local Development Plan was adopted in November 2019 and aligns to the themes set out in the Regeneration Delivery Plan, it brings a targeted local context in guiding development and investment in North Ayrshire over the next 20 years. The focus is supporting and growing the business base across key sectors including manufacturing, engineering, life sciences, tourism and hospitality and regenerating towns and communities. The overarching aim of the plan is to deliver the Community Planning Partnership vision of a “Better Life” to the citizens and communities of North Ayrshire. The plan outlines the land use strategy that supports delivery of the Local Outcomes Improvement Plan 2022 – 2030 and focuses on four key strategic policies:



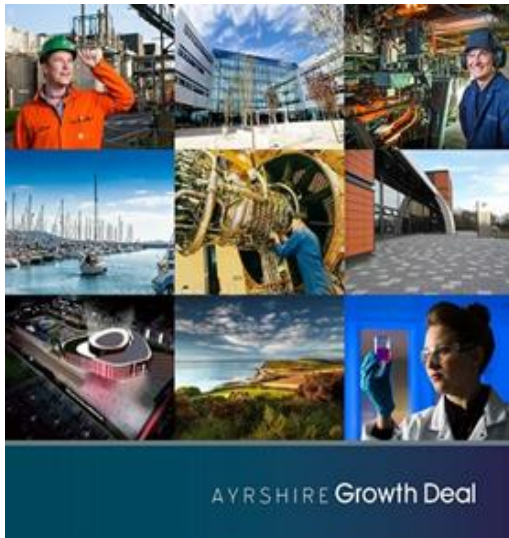
The Spatial Strategy is an overarching policy for supporting the LOIP. This directs development to towns and villages to support communities, the economy and environment, while recognising the value that the countryside and coastal areas offer both as natural resources worthy of protection and as an economic driver. An example of directing investment to towns is evidenced by the Montgomerie Park development with Council investment in road and service infrastructure to facilitate large scale housing development and regeneration and using capital receipts from land sale as a key source of funding.

The Placemaking policy supports the LOIP by ensuring that all development contributes to making quality places. This is measured by six qualities that define a successful place:



Through the Local Development Plan eight strategic development areas have been identified:

Hunterston	Ardrossan Harbour and North Shore	i3 - Irvine	Montgomerie Park, Irvine
Kilbirnie	Irvine Harbourside	Brodick	Cumbrae-Millport



Working in partnership with the UK and Scottish Government and East Ayrshire and South Ayrshire councils, the Ayrshire Growth Deal will regenerate the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace, with total investment of over £251.5m. From a North Ayrshire perspective and to support investment into the strategic development areas, including the Ayrshire Growth Deal and wider economic regeneration activity, the Capital Investment Programme from 2024/25 to 2033/34 includes planned investment of £70.6m.

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

### **Technology Strategy**

The Technology Strategy was approved by North Ayrshire Council in August 2021 and sets out the vision, principles and key technologies that will support transformational change across North Ayrshire Council. Solutions will be designed in partnership to improve processes, service delivery and collaboration and ultimately improve outcomes. The six key Technology Strategy principles are:

<p><b>Deliberately designed</b></p> <ul style="list-style-type: none"> <li>Holistic view of the business and deliver efficient, effective and agile solutions</li> </ul>	<p><b>People at the core</b></p> <ul style="list-style-type: none"> <li>Solutions built around the needs of customers and people</li> </ul>	<p><b>Anytime, anywhere access</b></p> <ul style="list-style-type: none"> <li>Access to systems, applications and information wherever they are</li> </ul>	<p><b>Cloud where appropriate</b></p> <ul style="list-style-type: none"> <li>Utilise cloud based technologies where appropriate</li> </ul>	<p><b>Data driven</b></p> <ul style="list-style-type: none"> <li>Utilise data to effectively inform our decision making</li> </ul>	<p><b>Secure by design</b></p> <ul style="list-style-type: none"> <li>Operate securely whilst still taking advantage of technology innovations</li> </ul>
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Office 365 has been a transformative technology, enabling agile working and simplifying collaboration. The ICT Asset Management Plan incorporates the technology principles and, in terms of investment, a total of £5.6m is planned to 2033/34 to deliver technology solutions aligned to this strategy. From a financial planning perspective it is also recognised the shift from capital financing to revenue through software as a service, will lead to a remodelling of the way in which ICT investment is funded.

### ***Estates Strategy***

The key objective of North Ayrshire Council's Estate Strategy is to achieve rationalisation and remodelling of the Council's property portfolio on a locality basis.

The Estates Strategy plays a key role in maximising capital investment across multiple strategic priority areas, e.g. moving away from the traditional like for like school replacements to incorporating wider community campus facilities, including leisure and health and social care facilities. This approach was evidenced through the Largs campus facility which delivered primary, secondary, and early years provision as well as community use sport, theatre and leisure facilities.

Through rationalisation of the Council's property portfolio, a key funding component to support the capital programme and provide flexibility in the Council's Revenue account, is the generation of capital receipts. Anticipated income from land and property capital receipts planned to support the capital programme totals £4.1m to 2033/34.

The neighbourhood approach outlined in the Estates Strategy also recognises community empowerment and, in particular, provides support to communities for asset transfers. This engagement is progressed through the Community Planning Partnerships.

## General Fund Capital Investment Programme

North Ayrshire Council takes a long-term approach to capital investment, covering a 10-year period. The plan is updated annually and 2024/25 represents year 1 of the 10-year plan. A full refresh is undertaken every 3 years. The current Capital Investment programme is aligned to the strategic priorities as set out in the Council Plan and is the product of the various plans and strategies which impact on the assets and infrastructure of North Ayrshire Council. Through the Community Planning Partnerships and the Local Development Plan there is also clear linkage to local strategic planning and local asset planning.

Total capital investment of £406.5m from the Council's General Fund is planned over the period from 2024/25 to 2033/34, supporting the 3 key strategic priorities from the Council Plan. This includes planned expenditure of £70.6m towards the Ayrshire Growth Deal to 2033/34. It is recognised that the total level of investment across Ayrshire will be in the region of £251.5m (including £103m commitments from both the UK and Scottish Governments).





The capital plan includes £111.7m planned investment in Education. The major areas of education investment include;

Universal School meals Expansion - £9.6m	Ardrossan Campus- £80.2m	Montgomerie Park school £13.0m	Schools ICT Investment £8.9m
<ul style="list-style-type: none"> <li>•Improvements to current kitchen and dining facilities across the school estate to create capacity for the anticipated uptake.</li> </ul>	<ul style="list-style-type: none"> <li>•New build project as part of an exciting wider community facility development</li> </ul>	<ul style="list-style-type: none"> <li>•New primary provision linked to Montgomerie park regeneration project and housing developments</li> </ul>	<ul style="list-style-type: none"> <li>•Investment on ICT Equipment within the School Estate</li> </ul>



Figure 1 Artist impression of Ardrossan Campus

Investment in education reflects the Council's desire to ensure children and young people have access to high quality facilities which support and promote excellent learning and teaching. Well designed and well-equipped buildings also support the promotion of positive health and well-being.

It is also recognised that investment in education contributes to and can be integrated within wider economic development and regeneration within the localities and this is reflected in the nature of the planned developments for Ardrossan Academy and Montgomerie Park school. Through stakeholder engagement, effective cross Directorate working within North Ayrshire Council and collaboration with other agencies including the Scottish Government, these new developments combine education provision with community facilities, residential, respite and housing provision as part of a wider focus on economic regeneration.



Figure 2 Artist impression of Montgomerie Park Primary School

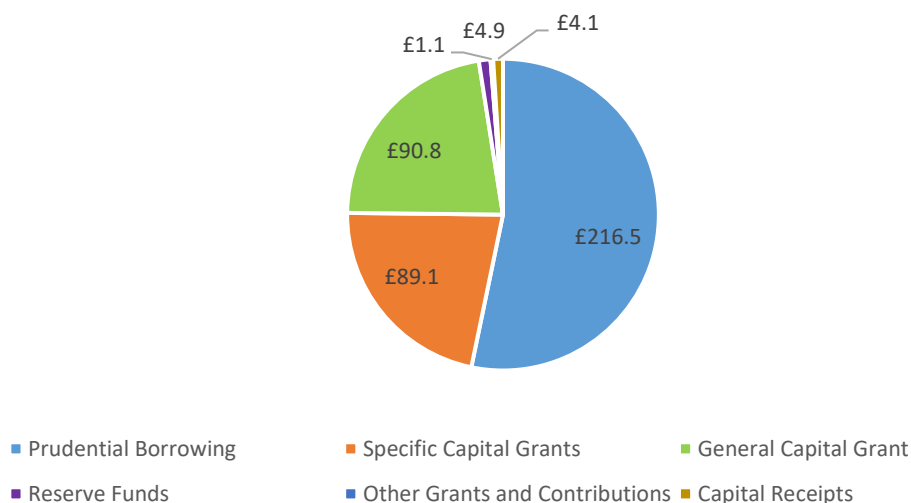
Investing in core assets and infrastructure is key to ensuring sustainability. A planned investment of £112.8m within Roads, Structures and Lighting includes £38.0m road improvements, £22.0m on flood prevention works and £29.6m on the upgrading of the B714 following a successful application to the UK Governments Levelling Up Fund. Property lifecycle investment of £11.2m, to support the property asset management plan, will ensure Council properties continue to be maintained to the appropriate standards in delivering services to citizens and communities. The plan includes investment in several key programmes of regeneration within North Ayrshire and, in respect of the Ayrshire Growth Deal, on a wider pan Ayrshire basis.

The Capital Investment Programme 2024/25 to 2033/34 sets out the ambition of North Ayrshire Council and supports the key strategic themes of the Council Plan. Through investment that supports regeneration and delivers first class education and community facilities, this strategic approach will help grow the population and the local economy. It is also recognised that key to a sustainable environment is the requirement to continue to invest in core assets and infrastructure.

## Funding the Capital Investment Programme

Funding the Capital Investment Programme requires to be planned in an affordable and sustainable manner. The funding sources to support delivery of the £406.5m capital investment programme to 2033/34 include;

Funding the Capital Investment Programme £406.5million



The major sources of funding include assumptions on the level of general capital grant from Scottish Government to 2033/34 (£90.8m) and the level of prudential borrowing (£216.5m) required. The cost of borrowing is included within the Council's revenue budget process through the Medium-Term Financial Plan and the impact of borrowing is included as part of the Council's Treasury Management and Investment Strategy.

The Council takes a prudent approach when phasing the capital investment over the period, with the main objective to ensure general capital grant from Scottish Government is maximised.

Other income sources are also explored including external income, grants, partner contributions and capital receipts. The balance of funding is met from affordable prudential borrowing with annual loans fund repayments made to reduce the debt. This approach helps to ensure that investment in assets to deliver on the Council's strategic priorities is sustainable in the long term.

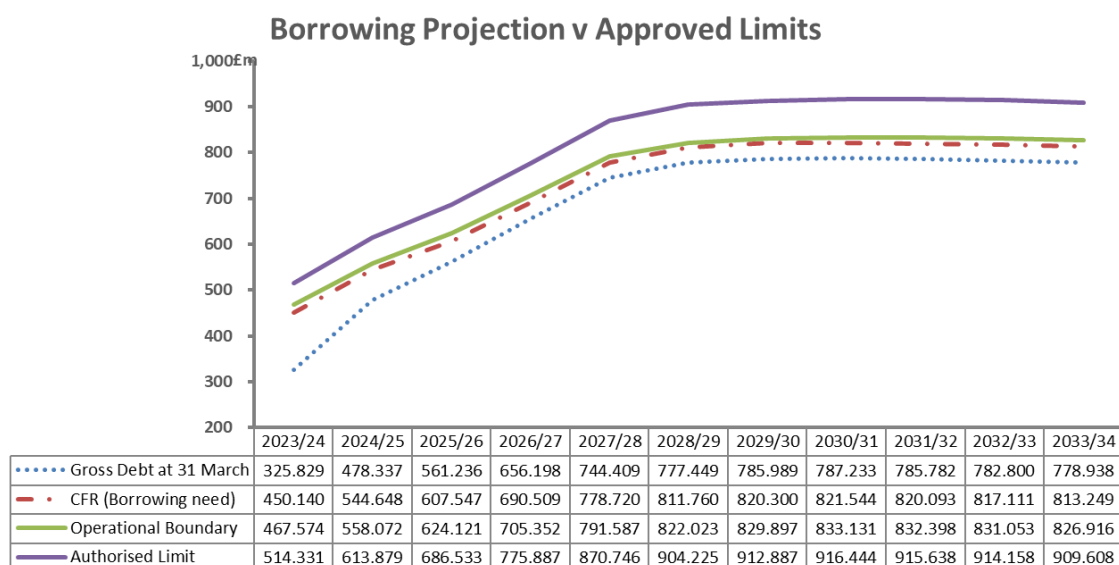
## Treasury Management Strategy and Loans Fund Policy

The Prudential Code for Capital Finance in Local Authorities enables councils to set their own borrowing limits with a requirement to ensure that investment plans are affordable, prudent and sustainable. The Council can borrow over a number of years to supplement its capital income, provided the resultant annual debt repayments can be accommodated within future years' revenue budgets. The Council's annual Treasury Management and Investment Strategy sets out the prudential indicators and parameters over the medium to long term, with regular reporting to Council members through:

- Annual Treasury Management and Investment Strategy
- Mid-Year Treasury Update report
- Annual Report following the financial year end describing the activity compared to the strategy

The key prudential and treasury indicators include:

- Capital expenditure and financing
- The Council's overall borrowing need (the Capital Financing Requirement)
- Limits to borrowing activity through the Operational Boundary and the Authorised Limit.



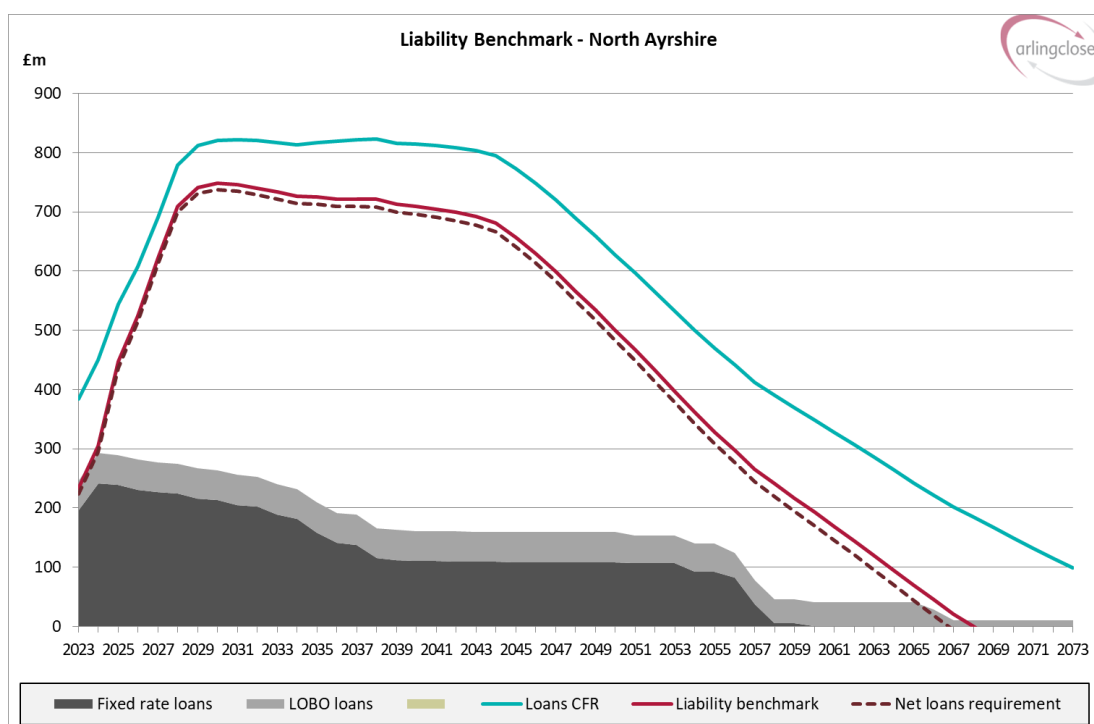
As reflected in the Treasury Management Strategy for 2024/25, the analysis of the Capital Financing Requirement for North Ayrshire Council indicates that the borrowing needs to support delivery of the capital programme will increase to £821.544m by 2030/31 and then reduce annually to 2033/34. The analysis also indicates that this borrowing need continues to be within the parameters of both the Operational Boundary (the expected maximum borrowing position of the Council) and the Authorised limit (the limit beyond which external debt is prohibited).

Another key affordability indicator is the ratio of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long-term liabilities, net of investment income) against the net revenue stream of the Council. The estimates of financing costs include current commitments and those arising from the capital programme. The Housing Revenue Account (HRA) costs are aligned with the 30-year business plan.

Proportion of financing costs to net revenue stream	2023/24	2024/25	2025/26	2026/27
	Probable Outturn %	Estimate %	Estimate %	Estimate %
General Services	2.5%	3.5%	4.4%	4.9%
HRA	20.5%	24.0%	28.7%	30.5%

The estimated ratio of debt to net revenue stream across the next 3 years averages at 4.3% for General Services and 27.7% for the HRA. From a General Fund perspective, the CIPFA Directors of Finance Performance Indicators 2022/23 show a Scottish Local Authority average of 5.4%, therefore demonstrating a prudent borrowing policy. For the HRA, the indicative Scottish average in 2022/23 was 21.4%. The rising ratio within the HRA is indicative of the significant capital investment programme as outlined in the Strategic Housing Investment Plan. The level of loan charges is deemed prudent and affordable within the framework of the 30 year Housing business plan.

The Liability Benchmark, another treasury prudential indicator, is an important tool used to identify whether the Council is likely to be a long-term borrower or long-term investor, allowing it to shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.



## ***Loans Fund Policy***

In July 2016, the Scottish Government confirmed the new Loans Fund accounting arrangements under the provisions of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. This regulation requires the Council to outline its policy on the repayment of Loans Fund advances. The Loans Fund advance is effectively the repayment of the principal linked to the capital expenditure which is required to be funded from borrowing. The broad aim of prudent repayment is to ensure that the authority's unfinanced capital expenditure is financed over the expected life of the asset and that each year's repayment amount is reasonably commensurate with the period and pattern of the benefits.

From a governance perspective the Loans Fund policy of North Ayrshire Council is included as part of the Treasury Management and Investment Strategy and submitted for approval to the North Ayrshire Council committee on an annual basis.

## Governance

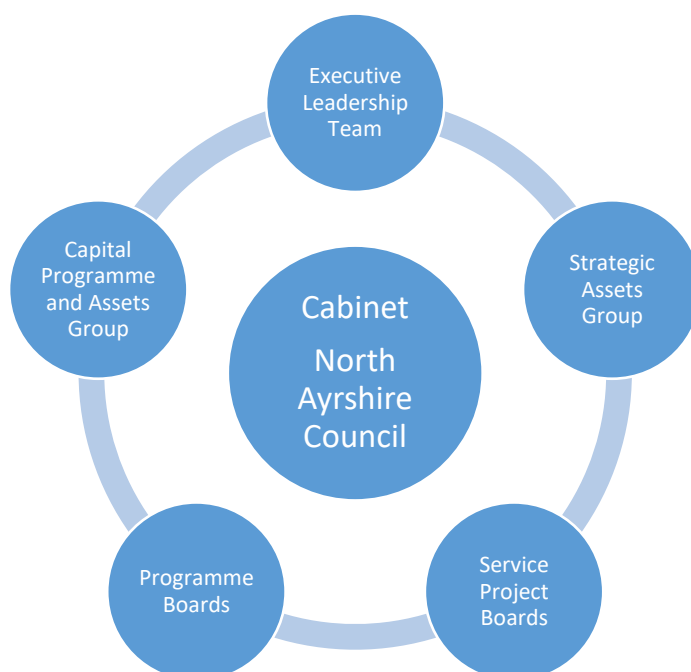
Having robust governance arrangements in place is key to ensuring effective strategic management of assets, from initial planning through to delivery, utilisation and disposal. North Ayrshire Council delivers a governance framework through a number of officer and member represented groups / committees.

To ensure a consistent approach is adopted when considering any new capital investment, a business case framework has been developed. The framework includes key criteria across:

- Aims and strategic objectives
- Scope and Benefits
- Options Appraisal,
- Risks, Constraints & Dependencies
- Procurement arrangements
- Monitoring of Key milestones
- Evaluation criteria & scoring
- Investment costs, funding and impact on revenue

All business cases are considered by the Capital Programme and Assets Group and the Executive Leadership Team, with a recommendation being made to Cabinet / Council, for inclusion of new projects into the Capital Investment Programme. A key focus when assessing potential capital investment is the alignment to the Council's strategic priorities, with the aim being to maximise opportunities where investment meets multiple strategic priorities and where there is the potential to lever in external funding.

The current governance framework is illustrated below:



The **Strategic Assets Group** provides a strategic focus on the Council's property assets. The key objective of the group is the effective utilisation of Council assets and to reduce the public sector's building footprint and deliver improved services from a smaller, more efficient and fit for purpose estate.

**Service Project Boards** are chaired by Executive Directors across each Directorate area with representation from relevant service managers. Following approval by North Ayrshire Council committee on the Capital Investment Programme, the Service Project Board is responsible for ensuring robust project management is in place to deliver projects on time and within budget.

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

**The Capital Programme and Assets Group** is chaired by the Head of Service (Finance) and is responsible for:

- Ensuring a strategic and corporate overview of the Council's capital programme is in place.
- Developing and monitoring the Council's capital investment programme, tracking slippage on delivery and expenditure against approved budgets.
- Developing clear criteria for investment of Council resources on asset matters and assessing all investment business cases.
- Developing a prudent capital receipts programme for inclusion in the Council's Capital Programme.

The **Executive Leadership Team** consists of the Chief Executive, Executive Director Communities, Executive Director Place, Head of Democratic Services, Head of People and ICT and Head of Finance and is responsible for advising members on the relative priorities of the Council's long term investment needs and plays a key monitoring role in ensuring the major capital projects deliver the anticipated benefits on time and within budget. The Executive Leadership Team also considers all business cases for new areas of capital investment as well as being the escalation point for any key strategic decisions across the Capital Investment Programme prior to consideration by Cabinet or Council.

**Cabinet** is chaired by the Leader of the Council and is the main decision-making body of the Council. It consists of member portfolio holders from the Administration. Cabinet receives regular progress reports and approves amendments to the Capital Investment Programme.

**North Ayrshire Council** consists of all elected members and is chaired by the Provost. The Council approves the corporate framework and the medium and longer term Capital Investment Programme.

## **Knowledge & Skills**

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

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

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

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

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

## **Risk**

There are risks inherent across all capital planning and project delivery activity. Key planning risks are managed / mitigated through detailed business case development prior to any capital investment project getting approved. From a project delivery perspective, risk registers are maintained throughout the duration of the project and in accordance with standard project management practice. The long-term view to capital investment and the development of associated strategies also play a key role in risk management. Examples include:

- Development of a 10-year capital programme, considering funding and priorities in the long term
- Asset Management Plans and lifecycle maintenance which inform capital plans in the long term
- Treasury Management and Investment Strategy which considers borrowing levels in the long term.
- Local Housing Strategy and Strategic Housing Investment Plan takes a medium and long-term view of housing and regeneration priorities.



## **Conclusion**

The Capital Investment Strategy for North Ayrshire Council provides an overview of how capital expenditure plans, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of North Ayrshire communities and citizens. It is a reporting requirement of the CIPFA Prudential Code.

The Strategy takes account of the Council's strategic priorities and considers any new investment within the context of outcomes and affordability. There is also recognition of the need to balance investment between maintaining current assets and infrastructure against the ambitions for acquiring new assets.

The current capital programme demonstrates an innovative approach in maximising investment across multiple strategic priority areas, with developments that incorporate education provision, community facilities, health and social care services and housing. This approach, whilst providing key services that deliver positive outcomes to communities, also contributes to the wider economic regeneration of North Ayrshire, helping to grow the population and the local economy.

Working in partnership with the UK and Scottish Government and East Ayrshire and South Ayrshire councils, the Ayrshire Growth Deal will regenerate the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace, with total investment of over £251.5m.

## Related Documents / Strategies / Plans

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