
NORTH AYRSHIRE COUNCIL

4 March 2021

North Ayrshire Council

Title: Capital Investment Programme 2021/22 to 2030/31

Purpose: To advise Council on the Capital Investment Programme to 2030/31.

Recommendation: That Council (a) approves the Capital Investment Programme to 2030/31 (b) notes that the programme will be reviewed on an on-going basis with the next major review to be completed during 2023/34; and (c) approves the refreshed Capital Investment Strategy.

1. Executive Summary

- 1.1 This report outlines the recommendations of the full review of the capital investment programme which was undertaken during 2020/21.
- 1.2 A key element of the review was an assessment of all funding sources over the 10 years of the plan. Given high levels of uncertainty, no assumptions have been made about external funding. However, all appropriate funding sources will be explored. The review identified additional funding of £63.044m.
- 1.3 The review considered the current capital programme and prioritised projects in line with the Council Plan objectives. The criteria used to rank the projects were those set out in the Council's Capital Investment Strategy 2019-28 approved by Council on 27 February 2019.
- 1.4 The review also considered the economic impact of the pandemic and the requirement to accelerate activity to support an economic and green recovery. It is recognised that investment in the Capital Programme will play a key role in the economic recovery, generating employment opportunities through a Community Wealth Building approach.
- 1.5 The proposed revised Capital Investment Programme aligned to the Council Plan priorities, attached in Appendix 3, will deliver a total programme of £373.392m to 2030/31.
- 1.6 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.
- 1.7 In addition to the TMIS, there is also a requirement for the Council to publish a Capital Investment Strategy (CIS). As part of the review of the capital investment programme,

a refresh of the current CIS has been undertaken during 2020/21. The refreshed Strategy is attached at Appendix 4.

- 1.8 The capital programme will continue to be reviewed on an on-going basis with any additional funding requests brought forward for approval as appropriate. Major reviews will be undertaken on a 3-year basis, with the next due to be completed during 2023/24.

2. Background

Capital Investment Programme 2021/22 to 2030/31

- 2.1 North Ayrshire Council approved the current Capital Investment Programme for the period to 2020/21 to 2027/28 on 5 March 2020. A comprehensive review of the Programme was undertaken during 2020/21. This report contains the outcome of that review.

Capital Grant Funding

- 2.2 Local Government Finance Circular 1/2021 detailed the finance settlement for 2021/22 and confirmed the level of general capital grant as £9.827m for 2021/22, a reduction of £0.184m from that previously anticipated. Projected at this level to 2030/31, the total General Capital Grant (GCG) for the period is forecast as £98.270m. In addition, the rephasing of the General Capital Grant in relation to Flooding Projects resulted in a reduction in grant of (£11.128m) for 2021/22. However, it is anticipated that these funds will be rephased into future years in line with the revised project plans, with a total Flooding GCG of £11.612m projected over the span of the programme.
- 2.3 In addition to the General Capital Grant, the Council will receive two specific grants:
 - £1.320m to tackle Vacant and Derelict Land, with work underway to develop projects which will require Cabinet and Scottish Government approval; and
 - £0.590m, to fund cycling, walking and safer streets (CWSS).
- 2.4 The programme also includes previous year Specific Grant allocations which have been carried over into 2021/22 in line with the revised project plans, including:
 - £3.838m for the expansion of Early Learning and Childcare;
 - £1.163m from the 2020/21 Vacant and Derelict Land allocation;
 - £1.460m for the Lochshore Garnock Community Visitor Hub; and
 - £0.100m in relation to Town Centre Regeneration.

Capital Receipts

- 2.5 A review of capital receipts projections has been undertaken during 2020/21. This is forecast to realise income of £8.861m over the period of the programme in relation to two components:
 - £3.656m is anticipated in respect of proposed developments at Montgomerie Park; and
 - £5.205m is anticipated in relation to the sale of other Council owned assets.

Other External Funding

- 2.6 The programme includes funding from the Scottish and UK Government to support the Ayrshire Growth Deal. The total anticipated funding is £59.000m. However, the profile of this programme extends beyond the draft Capital Investment Programme timeframe and only the £51.886m which is projected to be received up to 2030/31 has been included at this time. It is recognised that expenditure profiles and funding will be subject to ongoing review on a pan Ayrshire basis.
- 2.7 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, with no new funding included at this time.

Use of Internal Funding

- 2.8 In addition to the funding from external sources, the Programme includes the projected utilisation of £7.305m of internal North Ayrshire Council resources to support the Capital Investment Programme. These are primarily drawn from the Council's Capital Fund, which supports the overall phasing of the Capital Investment Programme, and the Investment Fund, which was created by the Council in March 2020 to support Community Wealth Building activity, deliver sustainable investment in infrastructure and environmental projects and support an economic and green recovery.

Prudential Borrowing

- 2.9 The difference between the Council's Capital Investment Programme and funding from the above sources is met through prudential borrowing of £179.883m. The proposed 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 draft Programme.

Development of the Capital Investment Programme to 2030/31

- 2.10 The approach to developing the draft Capital Investment Programme to 2030/31 included:
- A full review of the current programme to 2027/28;
 - Identification of opportunities to reprioritise uncommitted projects;
 - Review of the phasing of projects from a delivery and affordability perspective and to support an economic and green recovery;
 - Options appraisal of new requirements;
 - Consideration of lifecycle investment to protect core assets.
- 2.11 The current capital investment programme to 2027/28, as approved by Council on 5 March 2020, has been updated to reflect approved changes during 2020/21, including any re-phasing of programmes as a consequence of the Covid-19 pandemic restrictions.
- 2.12 The review has been undertaken in line with the criteria set out in the Council's Capital Investment Strategy 2019-28 approved by Council on 27 February 2019.

2.13 The review also considered the economic impact of the pandemic and the requirement to accelerate activity where possible to support an economic and green recovery. It is recognised that investment in the Capital Programme will play a key role in the economic recovery and generate employment opportunities through a Community Wealth Building approach.

Re-phasing of Projects

2.14 As part of the review an assessment was undertaken of the anticipated delivery of projects and the overall profile of the programme to ensure affordability within available resources. This has included the rephasing of £32.993m of planned expenditure into later years. The main changes are noted below:

- £8.962m in relation to Lockhart Campus
- £4.413m in relation to Moorpark Primary School;
- £3.722m in relation to Flood Protection Schemes;
- £3.661m for the Expansion of Early Learning and Childcare;
- £3.650m for Ardrossan Harbour and Landside;
- £2.376m of 2020/21 Vacant and Derelict Land projects;
- £1.985m for the Residential and Respite Unit;
- £1.315m for the Low Carbon Hub, linked to external Transport Scotland and ERDF funding; and
- £1.267m in relation to Flexibility which will be applied to address cost inflation, potential contractor claims and investment to support our future working environment as part of the Council's Transformation and Renewal Programme.

Where these projects have associated external funding or specific grants, the income has also been rephased to reflect the revised project plans. It is recognised the level of capital expenditure profiled in the next 4 years is ambitious within the context of deliverability. Plans will be subject to further development and monitoring, however, It is important to accelerate activity to support an economic and green recovery.

Lifecycle Investment

2.15 Informed by the asset management plans, £53.396m 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 2030/31. This includes:

- £15.600m for Roads investment to maintain a steady state road condition over the next ten years;
- £3.000m for Street Lighting replacement reflecting the age and condition of the lighting network;
- £2.000m for the Bridges infrastructure programme;
- £3.800m 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 support delivery of core front line services;
- £3.726m for the Cemeteries Replacement and Infrastructure Investment programmes;

- £6.000m to support the critical fleet review to meet the Council's transport requirements;
- £5.212m digital investment to support the Council's core ICT infrastructure and additional digital investment aligned to the development of staff workstyles as part of our future working environment Transformation and Renewal programme; and
- £6.252m for Schools ICT investment, learning the lessons from the pandemic to support the digital learning infrastructure (and utilising other funding sources) and ensuring the schools ICT equipment and device investment levels support the needs of young people with replacement timescales aligned to the useful economic life of the assets.

New Investment

2.16 The proposed Capital Investment Programme includes proposals for £67.691m of new investment across a range of innovative projects which will support the delivery of the key priorities detailed in the Council Plan 2019-2024. These include:

- Ardrossan Community Campus - £38.077m. The overall investment in a new educational and community campus has been updated to reflect the gross costs of £68.826m, including the anticipated milestone based revenue contribution through the Scottish Futures Trust as part of the Learning Estate Investment Programme;
- Solar Photovoltaic (PV) investment of £6.768m. Cabinet on 26 January 2021 approved the development of a Solar PV farm at the former Nethermain's landfill site. This is supported by £4.5m investment from the Council's Investment Fund and will make a positive contribution to the Council's carbon reduction commitment through the provision of a clean, renewable energy supply;
- Montgomerie Park Primary School;- £5.821m. Additional investment to include early learning and childcare provision within the proposed new school following the successful submission for inclusion in the Scottish Future Trust's Learning Estate Investment Programme;
- Cycling, Walking and Safer Streets projects - £5.077m. Linked to the anticipated Specific Grant funding;
- Home Ownership Made Easy (HOME) programme - £4.446m. This represents the approved gross investment required to support the construction of 33 units to be developed under the innovative affordable homes initiative. The additional borrowing costs are offset by anticipated income included within the Medium Term Financial Plan 2021/22 to 2023/24;
- Lochshore Regeneration Project – £3.736m. The projected costs of delivering the Garnock Visitor & Community Hub are supported by external funding awarded from a range of national and local bodies;
- £2.920m to carry out essential repairs to stabilise the Largs promenade seawall;
- Community Alarms - £0.996m to support the digitalisation of all Community Alarms by 2025.

- Included in the General Services Revenue Estimates report for 2021/22 to 2023/24 is an investment proposal of £0.589m recurring revenue financing costs that will support up to £7.000m capital expenditure over the life of the programme. The investment will be targeted at core infrastructure including roads and active travel, property and additional vehicle renewal investment to support low carbon, electric / hybrid alternatives.

Other Adjustments and Considerations

- 2.17 £15.463m has been included in relation to the next phase of the Ayrshire Growth Deal (AGD) covering the period from 2028/29 to 2030/31. The AGD will deliver a Community Wealth Building approach to transformational inclusive growth across Ayrshire over a 15-year period and is supported by investment from the UK and Scottish Governments.
- 2.18 The programme includes significant investment in the learning estate over the next 10-year period. Although not included in the programme at this time, further investment in the secondary school estate will be considered as part of a wider strategic review and within the context of any available Scottish Future's Trust funding, borrowing implications and affordability.
- 2.19 The current approved Capital Investment Programme to 2027/28 is attached at Appendix 1. A full review of the programme has been undertaken as outlined above and the proposed changes are detailed in Appendix 2. The revised Capital Investment Programme covering the period from 2021/22 to 20230/31 is included in Appendix 3. This will deliver a total programme of investment of £373.392m over the 10 year period.

Revenue Implications

- 2.20 The revenue implications of both the individual projects included within the draft Programme and the additional borrowing costs associated with the overall draft Programme have been incorporated within the Medium Term Financial Plan 2021/22 to 2023/24. Any further revenue implications associated with those projects which are still to be finalised will be reported once the detailed business cases have been finalised.

Treasury Management and Investment Strategy (TMIS)

- 2.21 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

- 2.22 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 27 February 2019. During 2020/21 this has been subject to a full review and the refreshed CIS is included at Appendix 4.

Conclusion

- 2.23 The draft Capital Investment Programme 2021/22 to 2030/31, including proposed funding, is attached at Appendix 3. This confirms total investment of £373.392m over the period. The proposed investment aligns with the Council's key priorities, as set out in the Council Plan 2019-2024, core asset management plans and the refreshed Capital Investment Strategy, included at Appendix 4. Within the context of the pandemic, it is vital for this investment to support an economic and green recovery and create employment opportunities through a Community Wealth Building approach.
- 2.24 The programme is affordable based on the estimated funding streams set out in the 2021/22 to 2023/24 Medium Term Financial Plan and the Long Term Financial Outlook 2021/22 to 2030/31 considered at Council on 16 December 2020. The long term affordability of the Programme is highlighted in the Treasury Management and Investment Strategy reported elsewhere on the Agenda.

3. Proposals

- 3.1 That Council (a) approves the draft Capital Investment Programme to 2030/31 (b) notes that the programme will be reviewed on an on-going basis with the next major review to be completed during 2023/34; and (c) approves the refreshed Capital Investment Strategy.

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 is 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.

Human Resources

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

Legal

- 4.3 None.

Equality/Socio-economic

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

Environmental and Sustainability

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

Key Priorities

4.6 The Capital Investment Programme 2021/22 to 2030/31 supports the delivery of the outcomes as outlined in the Council Plan 2019-2024.

Community Wealth Building

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

5. Consultation

5.1 A full consultation has taken place with all Executive Directors to identify capital investment requirements that has the maximum impact on the communities of North Ayrshire. Key elements / changes of the draft programme has been shared with all Elected Members as the programme has been developed. Formal public consultation for investment proposals is also included in programme plans.

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Head of Service (Finance)

For further information please contact **Mark Boyd, Head of Service (Finance)**, on **01294 324560**.

Background Papers

None

Appendix 1 Revised Capital Programme 2021/22 - 2027/28

Appendix 2 Proposed Changes to Capital Programme 2021/22 - 2030/31

Appendix 3 Revised Capital Programme 2021/22 - 2030/31

Appendix 4 Capital Investment Strategy

North Ayrshire Council Revised Capital Programme 2021/22 - 2027/28 (BASE)								
Project Description	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Total
	£	£	£	£	£	£	£	£
Place								
Roads Improvement / Reconstruction	3,800,000	3,800,000	3,800,000	2,800,000	2,800,000	2,700,000	2,700,000	22,400,000
Lighting	1,250,000	1,250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,500,000
Upper Garnock FPS	7,681,891	350,000						8,031,891
Millport Coastal FPS	13,310,109	12,635,000	665,000					26,610,109
Millport Pier	49,920	300,000						349,920
Millburn FPS	942,283	24,000						966,283
Bridges infrastructure programme	560,000	560,000	560,000	560,000	560,000	560,000	560,000	3,920,000
Largs Promenade Seawall	26,618							26,618
Property lifecycle investment	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,500,000	1,500,000	9,250,000
Improvement grants	500,000	500,000	500,000	500,000	500,000	500,000	500,000	3,500,000
Cemetery extns, walls & infra		785,000	112,000	35,000	200,000			1,132,000
Vehicles	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	12,500,000
Shewalton landfill							150,000	150,000
Montgomerie Park Masterplan		600,000	500,000	625,000	625,000	625,000	625,000	3,600,000
Lochshore, Kilbirnie	55,000							55,000
Cycling / Walker / Safer Streets	185,000	185,000	185,000	185,000	185,000	185,000	185,000	1,295,000
Access Paths Network Programme	50,000	50,000						100,000
Sub Total	31,160,821	23,789,000	10,072,000	8,955,000	9,120,000	9,070,000	9,220,000	101,386,821
Other								
Flexibility / Infrastructure Fund						1,576,000	159,000	1,735,000
Sub Total						1,576,000	159,000	1,735,000
TOTAL EXPENDITURE	60,189,817	44,536,950	30,832,000	18,145,000	15,520,000	17,146,000	17,379,000	203,748,767
INCOME								
Prudential Borrowing	30,567,429	26,426,274	12,917,227	3,249,000	224,000			73,383,930
Specific Grants - AGD	2,905,000	6,630,000	5,865,000	4,700,000	5,100,000	6,950,000	7,183,000	39,333,000
Specific Grants - Early Learning & Childcare	1,324,837							1,324,837
Specific Grants - Cycling, Walking & Safer Streets	185,000	185,000	185,000	185,000	185,000	185,000	185,000	1,295,000
Specific Grants - Flooding	10,400,000							10,400,000
General Capital Grant	10,011,000	10,011,000	10,011,000	10,011,000	10,011,000	10,011,000	10,011,000	70,077,000
Capital Fund	159,000							159,000
Sale of land & buildings	3,617,700							3,617,700
Sale of vehicles	40,000	40,000						80,000
Montgomerie Park Receipts	979,851	1,244,676	1,853,773					4,078,300
TOTAL INCOME	60,189,817	44,536,950	30,832,000	18,145,000	15,520,000	17,146,000	17,379,000	203,748,767

North Ayrshire Council											
Proposed Changes to Capital Programme 2021/22 - 2030/31											
Project Description	Changes 21/22	Changes 22/23	Changes 23/24	Changes 24/25	Changes 25/26	Changes 26/27	Changes 27/28	Changes 28/29	Changes 29/30	Changes 30/31	Total
	£	£	£	£	£	£	£	£	£	£	£
EXPENDITURE											
Communities											
Early Learning & Childcare Future Projects	307,068										307,068
Elderbank Early Years	34,488										34,488
St Bridgets Early Years	437,587										437,587
St Peters Early Years	16,113										16,113
West Kilbride Early Years	5,215										5,215
Gateside Early Years	8,437										8,437
Marress House	1,709,380										1,709,380
Mayfield PS Early Years	128,714										128,714
Beith PS Early Years	125,398										125,398
Skelmorlie PS Early Years	294,912										294,912
St John Ogilvie Early Years	3,500										3,500
Fairlie Early Years	65,203										65,203
Pirnmill Early Years	51,755										51,755
Shiskine Early Years	53,420										53,420
Corrie Early Years	25,700										25,700
Kilmory Early Years	24,800										24,800
Lawthorn Early Years	4,037										4,037
Annick Primary Extension - Early Years Provision	365,393										365,393
Moorpark Primary	126,950	4,286,175									4,413,125
Montgomerie Park School	(5,506,972)	5,847,113	5,480,909								5,821,050
Schools ICT Investment	884,000	402,000	402,000	402,000	402,000	752,000	752,000	752,000	752,000	752,000	6,252,000
Kilwinning Estate Learning Env't	265,865										265,865
Ayrshire College Development	200,000										200,000
Ardrossan New Build	(3,975,050)	2,745,000	20,278,934	17,957,775	1,070,000						38,076,659
Lockhart Campus	8,961,647										8,961,647
Castles & Historic Monuments	59,149										59,149
Abbey Tower	78,437										78,437
Sub Total	4,755,146	13,280,288	26,161,843	18,359,775	1,472,000	752,000	752,000	752,000	752,000	752,000	67,789,052
Chief Executive											
PC replacement/virtual desktop	(86,000)	(60,000)	(60,000)	(100,000)	(100,000)						(406,000)
Data rationalisation & storage					(50,000)						(50,000)
Business continuity					(50,000)						(50,000)
Infrastructure enhancements					(50,000)						(50,000)
Technology Infrastructure	(148,000)	(124,000)	(100,000)	(150,000)							(522,000)
ICT Investment Fund	499,000	481,000	255,000	288,400	282,600	702,600	297,600	282,600	282,600	297,600	3,669,000
WAN	59,990						500,000				559,990
LAN/WiFi	719,002						1,500,000				2,219,002
Telephony	227,226						650,000				877,226

North Ayrshire Council											
Proposed Changes to Capital Programme 2021/22 - 2030/31											
Project Description	Changes 21/22 £	Changes 22/23 £	Changes 23/24 £	Changes 24/25 £	Changes 25/26 £	Changes 26/27 £	Changes 27/28 £	Changes 28/29 £	Changes 29/30 £	Changes 30/31 £	Total £
VDLF 20-21 Allocation:											
VDLF - Ardrossan North Shore	643,631										643,631
VDLF - Annickbank Ph 3	220,000	849,205									1,069,205
VDLF - I3 Irvine Enterprise	535,907										535,907
VDLF - Main St Kilbirnie	28,000										28,000
VDLF - Gas Works	100,000										100,000
Quarry Road Phase 2	61,031										61,031
Cycling / Walker / Safer Streets	876,787	405,000	405,000	405,000	405,000	405,000	405,000	590,000	590,000	590,000	5,076,787
Access Paths Network Programme			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	400,000
Electric Vehicles	31,632										31,632
Sub Total	7,237,542	5,253,089	16,477,234	5,450,029	1,988,238	2,231,019	2,080,000	10,050,000	10,190,000	10,200,000	71,157,151
Other											
Flexibility / Infrastructure Fund	1,267,058					(1,576,000)	(96,875)			1,108,254	702,437
Sub Total	1,267,058					(1,576,000)	(96,875)			1,108,254	702,437
TOTAL EXPENDITURE	17,571,969	21,904,482	44,457,077	24,181,204	3,492,838	2,109,619	5,682,725	18,311,050	17,474,600	14,357,854	169,543,418
INCOME											
Prudential Borrowing	25,875,284	11,370,484	35,797,165	20,752,773	4,256,556	2,147,465	4,625,000	799,260	875,555		106,499,542
Specific Grants - AGD	98,572	(1,002,431)	(327,315)	(241,569)	(1,334,718)	(608,846)	836,725	7,094,790	6,182,045	1,855,854	12,553,107
Specific Grants - Early Learning & Childcare	2,513,488										2,513,488
Specific Grants - Cycling, Walking & Safer Streets	876,787	405,000	405,000	405,000	405,000	405,000	405,000	590,000	590,000	590,000	5,076,787
Specific Grants - Vacant & Derelict Funding	1,163,183										1,163,183
Specific Grants - Town Centre Regeneration	100,000										100,000
Specific Grants - Flooding	(21,528,000)	9,346,000	10,295,000	3,099,000							1,212,000
Specific Grants - Lochshore Garnock Community Visitor Hub	1,460,000										1,460,000
General Capital Grant	(184,000)	(184,000)	(184,000)	(184,000)	(184,000)	(184,000)	(184,000)	9,827,000	9,827,000	9,827,000	28,193,000
CFCR	949,239										949,239
Capital Fund	1,001,904										1,001,904
Investment Fund	3,695,000	1,500,000									5,195,000
Grants & Contributions	1,282,421	1,259,105									2,541,526
Sale of land & buildings	(2,407,700)	455,000	325,000	350,000	350,000	350,000				2,085,000	1,507,300
Montgomerie Park Receipts	2,675,791	(1,244,676)	(1,853,773)								(422,658)
TOTAL INCOME	17,571,969	21,904,482	44,457,077	24,181,204	3,492,838	2,109,619	5,682,725	18,311,050	17,474,600	14,357,854	169,543,418

North Ayrshire Council											
Revised Capital Programme 2021/22 - 2030/31											
Project Description	Revised 21/22	Revised 22/23	Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Revised 28/29	Revised 29/30	Revised 30/31	Total £
EXPENDITURE											
Communities											
Early Learning & Childcare Future Projects	307,068										307,068
Elderbank Early Years	34,488										34,488
St Bridgets Early Years	437,587										437,587
St Peters Early Years	16,113										16,113
West Kilbride Early Years	5,215										5,215
Gateside Early Years	8,437										8,437
Marress House	2,734,217										2,734,217
Mayfield PS Early Years	128,714										128,714
Beith PS Early Years	125,398										125,398
Skelmorlie PS Early Years	294,912										294,912
St John Ogilvie Early Years	3,500										3,500
Fairlie Early Years	65,203										65,203
Lamlash Early Years	300,000										300,000
Pirnmill Early Years	51,755										51,755
Shiskine Early Years	53,420										53,420
Corrie Early Years	25,700										25,700
Kilmory Early Years	24,800										24,800
Lawthorn Early Years	4,037										4,037
Annick Primary Extension - Early Years Provision	365,393										365,393
Moorpark Primary	6,071,836	4,286,175									10,358,011
Montgomerie Park School	678,028	8,311,063	5,480,909								14,470,000
Schools ICT Investment	1,234,000	752,000	752,000	752,000	752,000	752,000	752,000	752,000	752,000	752,000	8,002,000
Kilwinning Estate Learning Envnt	552,064										552,064
Ayrshire College Development	200,000										200,000
Ardrossan New Build	5,183,960	12,745,000	31,278,934	18,547,775	1,070,000						68,825,669
Lockhart Campus	10,249,161										10,249,161
Castles & Historic Monuments	59,149										59,149
Abbey Tower	78,437										78,437
Sub Total	29,292,592	26,094,238	37,511,843	19,299,775	1,822,000	752,000	752,000	752,000	752,000	752,000	117,780,448
Chief Executive											
ICT Investment Fund	499,000	481,000	255,000	288,400	282,600	702,600	297,600	282,600	282,600	297,600	3,669,000
WAN	126,410						500,000				626,410
LAN/WiFi	914,502						1,500,000				2,414,502
Telephony	269,693						650,000				919,693
Growth & Investment											
Ayrshire Growth Deal:											
AGD - Irvine Harbourside Ardeer (The Great Harbour)	1,000,000	3,000,000	3,250,000	3,500,000	1,500,000	1,000,000	500,000				13,750,000
AGD - i3 Flexible Business Space	1,000,000	1,500,000	2,000,000	2,000,000	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000		14,500,000
AGD - Marine Tourism	500,000	2,750,000	1,500,000	500,000			1,000,000	1,500,000	1,500,000		9,250,000
AGD - i3 Digilab Phase 1	86,543	500,000	400,000								986,543
AGD - i3 Digilab Phase 2			2,100,000	2,000,000	900,000						5,000,000
AGD - Ardrossan (IMSE)								226,450	750,000	2,000,000	2,976,450
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	1,000,000				1,400,000	4,000,000	5,000,000	4,000,000	2,500,000		17,900,000
Ardrossan Harbour & Landside	175,000	2,085,000	1,390,000								3,650,000
Irvine Enterprise Area	87,579										87,579
Low Carbon Hub	706,388	609,105									1,315,493
Sub Total	6,365,115	10,925,105	10,895,000	8,288,400	6,082,600	7,202,600	10,947,600	7,509,050	6,532,600	2,297,600	77,045,670

North Ayrshire Council											
Revised Capital Programme 2021/22 - 2030/31											
Project Description	Revised 21/22	Revised 22/23	Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Revised 28/29	Revised 29/30	Revised 30/31	Total £
Health & Social Care Partnership											
Community Alarms - Analogue to Digital		330,000	333,000	333,000							996,000
Care First Replacement	350,000	50,000									400,000
Residential & Respite Unit for Children	2,088,658										2,088,658
Sub Total	2,438,658	380,000	333,000	333,000							3,484,658
Place											
Roads Improvement / Reconstruction	3,900,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	38,100,000
Lighting	1,250,000	1,250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	10,500,000
LED Lighting Replacement	695,000										695,000
Upper Garnock FPS	8,607,711	2,914,022									11,521,733
Millport Coastal FPS	200,000	9,923,304	12,635,000	3,874,768							26,633,072
Millport Pier				349,920							349,920
Millburn FPS	50,000	892,283	234,000								1,176,283
Bridges infrastructure programme	710,000	736,396	560,000	560,000	560,000	560,000	560,000	560,000	560,000	560,000	5,926,396
Largs Promenade Seawall	100,000	80,000	2,725,532	42,000							2,947,532
Parking Charges & DPE	142,705										142,705
Property lifecycle investment	2,587,572	1,300,000	1,000,000	1,000,000	1,000,000	1,000,000	1,100,000	1,000,000	1,000,000	1,000,000	11,987,572
Industrial portfolio	430,713										430,713
HOME	4,446,000										4,446,000
BUILD	267,000										267,000
Improvement grants	500,000	500,000	500,000	500,000	500,000	500,000	500,000				3,500,000
Cemeteries Replacement Programme	402,500	741,813	923,719	585,335	527,257	23,042					3,203,666
Cemeteries Infrastructure Investment	330,983	330,983	330,983	330,983	330,981						1,654,913
Vehicles	1,500,000	1,500,000	1,500,000	1,022,023	2,000,000	2,977,977	2,000,000	2,000,000	2,000,000	2,000,000	18,500,000
Core Infrastructure, property and Vehicles Renewal Investment	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	7,000,000
Shewalton landfill							150,000				150,000
Solar PV Retrofit Extension	79,155										79,155
Solar PV Investment	4,512,000	2,256,000									6,768,000
Non Domestic Energy Efficiency Programme	63,589										63,589
Town Centre Regeneration	100,000										100,000
Irvine High Street Shop Fronts	150,000										150,000
Irvine High Street Phase 2	359,429										359,429
Millport Cars	191,316	28,083									219,399
Montgomerie Park Masterplan	100,000	100,000			50,000	100,000	850,000	350,000	490,000	500,000	2,540,000
Lochshore, Kilbirnie	3,290,702	500,000									3,790,702
VDLF 20-21 Allocation:											
VDLF - Ardrossan North Shore	643,631										643,631
VDLF - Annickbank Ph 3	220,000	849,205									1,069,205
VDLF - I3 Irvine Enterprise	535,907										535,907
VDLF - Main St Kilbirnie	28,000										28,000
VDLF - Gas Works	100,000										100,000
Quarry Road Phase 2	61,031										61,031
Cycling / Walker / Safer Streets	1,061,787	590,000	590,000	590,000	590,000	590,000	590,000	590,000	590,000	590,000	6,371,787
Access Paths Network Programme	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Electric Vehicles	31,632										31,632
Sub Total	38,398,363	29,042,089	26,549,234	14,405,029	11,108,238	11,301,019	11,300,000	10,050,000	10,190,000	10,200,000	172,543,972

North Ayrshire Council											
Revised Capital Programme 2021/22 - 2030/31											
Project Description	Revised 21/22	Revised 22/23	Revised 23/24	Revised 24/25	Revised 25/26	Revised 26/27	Revised 27/28	Revised 28/29	Revised 29/30	Revised 30/31	Total £
Other											
Flexibility / Infrastructure Fund	1,267,058						62,125			1,108,254	2,437,437
Sub Total	1,267,058						62,125			1,108,254	2,437,437
TOTAL EXPENDITURE	77,761,786	66,441,432	75,289,077	42,326,204	19,012,838	19,255,619	23,061,725	18,311,050	17,474,600	14,357,854	373,292,185
	Revised 21/22	Revised 22/23	Revised 23/24	Revised 24/25	Revised 25/26 £	Revised 26/27 £	Revised 27/28 £	Revised 28/29 £	Revised 29/30 £	Revised 30/31 £	Total £
INCOME											
Prudential Borrowing	56,442,713	37,796,758	48,714,392	24,001,773	4,480,556	2,147,465	4,625,000	799,260	875,555	1,855,854	179,883,472
Specific Grants - AGD	3,003,572	5,627,569	5,537,685	4,458,431	3,765,282	6,341,154	8,019,725	7,094,790	6,182,045	1,855,854	51,886,107
Specific Grants - Early Learning & Childcare	3,838,325										3,838,325
Specific Grants - Cycling, Walking & Safer Streets	1,061,787	590,000	590,000	590,000	590,000	590,000	590,000	590,000	590,000	590,000	6,371,787
Specific Grants - Vacant & Derelict Funding	1,163,183										1,163,183
Specific Grants - Town Centre Regeneration	100,000										100,000
Specific Grants - Flooding	(11,128,000)	9,346,000	10,295,000	3,099,000							11,612,000
Specific Grants - Lochshore Garnock Community Visitor Hub	1,460,000										1,460,000
General Capital Grant	9,827,000	9,827,000	9,827,000	9,827,000	9,827,000	9,827,000	9,827,000	9,827,000	9,827,000	9,827,000	98,270,000
CFCR	949,239										949,239
Capital Fund	1,160,904										1,160,904
Investment Fund	3,695,000	1,500,000									5,195,000
Grants & Contributions	1,282,421	1,259,105									2,541,526
Sale of land & buildings	1,210,000	455,000	325,000	350,000	350,000	350,000				2,085,000	5,125,000
Sale of vehicles	40,000	40,000									80,000
Montgomerie Park Receipts	3,655,642										3,655,642
TOTAL INCOME	77,761,786	66,441,432	75,289,077	42,326,204	19,012,838	19,255,619	23,061,725	18,311,050	17,474,600	14,357,854	373,292,185



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Appendix 4

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. The Strategy takes a long-term view and covers the period from 2021 to 2031. This is aligned to the 10-year capital programme.

The Capital Investment Strategy is a reporting requirement introduced by the 2017 edition 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: -

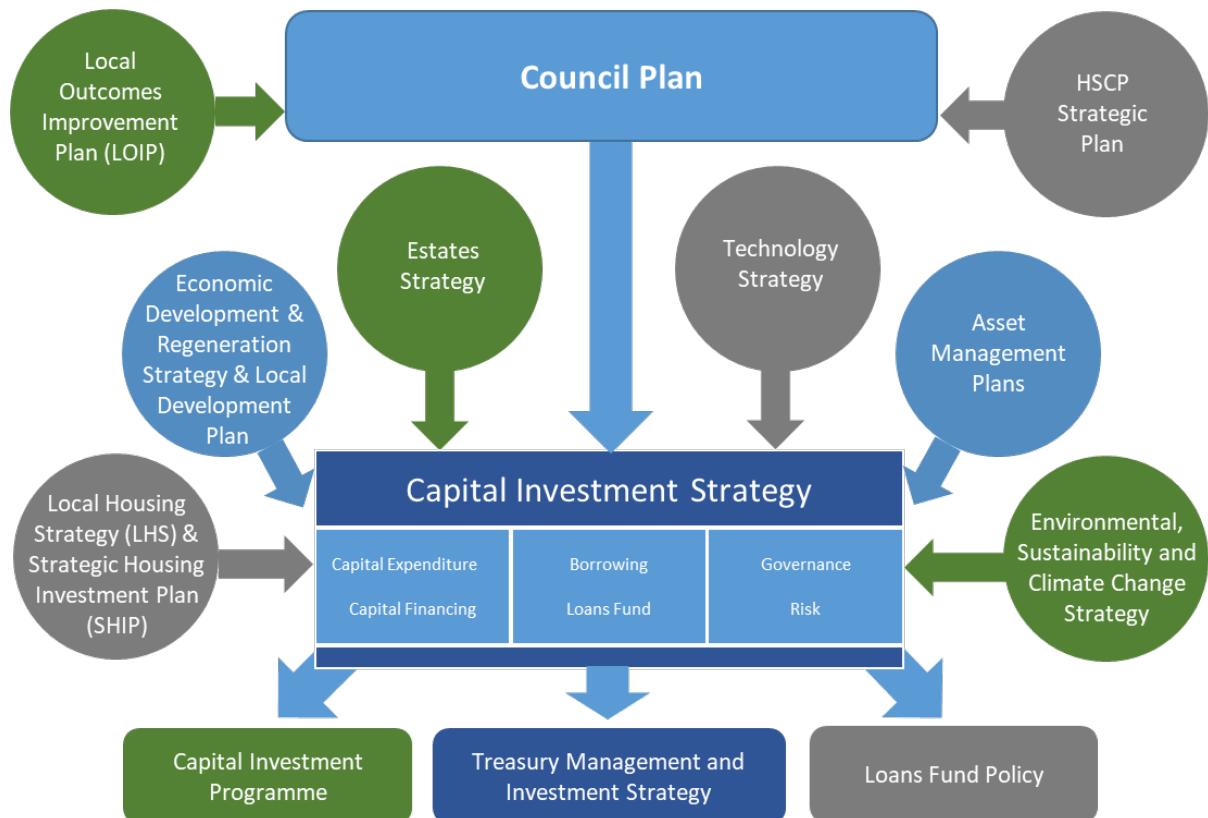
- Ensuring that capital plans are aligned to the strategic priorities as set out in the Council Plan.
- Ensuring that capital plans are affordable, prudent and sustainable.
- Demonstrating the linkage to local strategic planning and local asset management planning.
- Ensuring that financing decisions 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 10-year planning period across housing, the education learning estate, 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.

Events in 2020 and 2021 to date have been dominated by the health and economic effects of the coronavirus pandemic. The level of capital investment has and continues to be impacted by lockdown restrictions. It is recognised that capital investment will play a key role in the economic and green recovery for North Ayrshire. The pandemic has not changed the Council's key priorities, in fact it has strengthened them, however, the investment reflected in the 10-year Capital Investment programme should also be considered with the context of the Council's recent Recovery and Renewal Strategy and the Economic Recovery and Renewal Approach, both approved by Cabinet on 8 September, 2020 and importantly, through a Community Wealth Building lens.

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 10-year programme for capital and treasury management will have financial consequences for the Council for many years in the future. There is also recognition of the need to balance investment between maintaining current assets and infrastructure against the ambitions for acquiring new assets. In addition to the recently approved Recovery and Renewal Strategy and Economic Recovery and Renewal Approach, North Ayrshire Council’s current capital programme is shaped and influenced by various associated strategies and plans.



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

Plans and Strategies

Council Plan 2019-2024

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

Our Priorities

Aspiring Communities

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

Inspiring Place

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

A Council for the Future

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

Our Vision

A North Ayrshire
that is 'Fair For All'

Our Mission

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

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

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) 2017 – 2022** replaced the Single Outcome Agreement and provides a commitment by all partners to North Ayrshire communities and citizens across four 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 developed their own local priorities;



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 Plan

The Health & Social Care Partnership existing strategic plan ends on 31 March 2021. Development work is ongoing to prepare a one-year bridging strategic plan covering the period April 2021 to March 2022. This will reflect on the current plan, outline the recovery and the 2030 vision. During the recovery period, the Partnership plan to develop a longer-term detailed strategic commissioning plan setting out the IJBs direction to 2030 and will be published by March 2022.

The latest available strategic plan was created in partnership with the third and independent sector, public health, community planning partners, local communities and people who use the service. The vision is 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;



To address demographic pressures and maximise capital investment an innovative approach is adopted through the integration of investment across education, economic regeneration, health and social care and housing, therefore delivering on multiple strategic priorities across the Council and the HSCP.

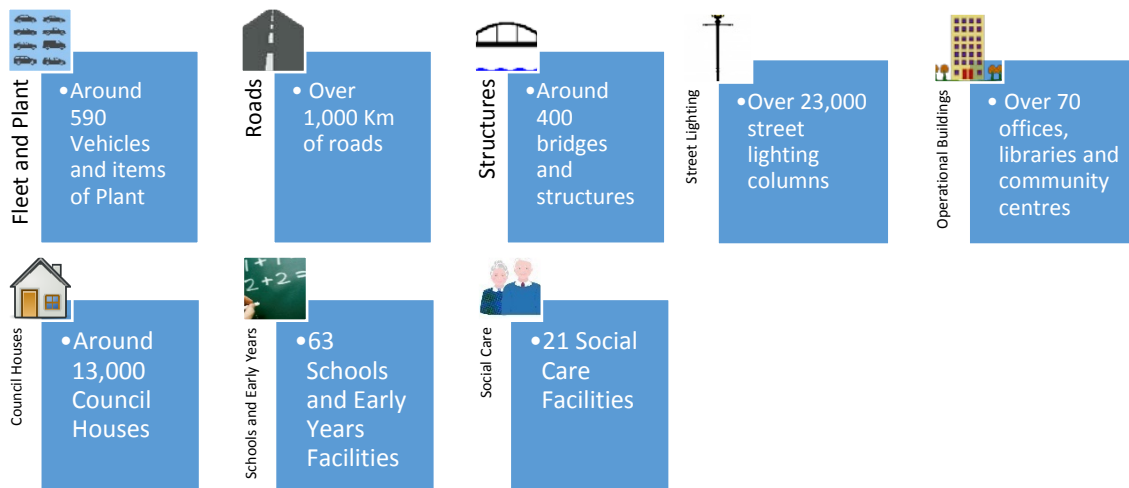
Asset Management Plans

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 and 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;

<p>Roads, Structures and Lighting</p>	<ul style="list-style-type: none"> Planned investment of £104.9m to 2030/31 including improvements to the roads and street lighting network, flood prevention works at Upper Garnock and Millport and bridges infrastructure improvement.
<p>Fleet, Plant and Equipment</p>	<ul style="list-style-type: none"> Procurement and maintenance of all Council fleet vehicles and plant ensuring the fleet of 586 vehicles and heavy plant are maintained and operated in accordance with the Council's Operator's licences and Road Transport legislation. Vehicle and plant capital investment is planned at £18.5m to 2030/31. To address the Council's environmental aspirations a key focus of vehicle fleet renewal will include the transition to low carbon, electric / hybrid alternatives.
<p>Property</p>	<ul style="list-style-type: none"> To ensure Council properties meet all legislative requirements and they are sustainable, energy efficient and maintained to a high standard as well as ensuring the physical environment is able to support mobile and flexible work programmes aligned to the Council's Renewal programme, Investment is planned at £24m to 2030/31. It is also recognised that through the Estates Strategy further rationalisation and remodelling will continue to be progressed on a locality by locality basis, with capital receipts incorporated into the capital programme.

<p style="text-align: center; font-weight: bold; font-size: 1.2em;">Housing</p>	<ul style="list-style-type: none"> • Underpinned by the Local Housing Strategy, the Strategic Housing Investment Plan and the 30 Year HRA Business Plan, responsibility for maintenance of around 13,000 council houses, ensuring legislative compliance and meeting the needs of tenants. In addition, delivery of an ambitious house building and improvement programme over the period 2021-2026 will see capital investment by the Council total £306.6m.
<p style="text-align: center; font-weight: bold; font-size: 1.2em;">ICT</p>	<ul style="list-style-type: none"> • The Technology Strategy sets out how ICT supports service delivery and transformation. Significant changes to our ICT infrastructure have been reflected in the ICT Asset Management Plan. Corporate ICT investment to support our future working environment and schools ICT to support digital learning is included. In order to deliver on the 6 key principles as outlined in the Technology Strategy £7.6m investment to 2030/31 is planned.
<p style="text-align: center; font-weight: bold; font-size: 1.2em;">Open Spaces</p>	<ul style="list-style-type: none"> • The service maintains 2,410 hectares of public open space, a Country Park, 14 local parks, 44 cemeteries and burial grounds, 37 war memorials & monuments, 366 hectares of woodlands, 3 allotments, 91 sports facilities and playing fields, 84 equipped play areas and 12 multi-use games areas, residential greenspace, 38 water courses and open water features, 5 promenades and 16 beaches, three of which are Sites of Special Scientific Interest. The majority of investment is delivered through the Place service revenue budget, however, specific capital investment of £4.9m is planned to 2030/31 for cemetery infrastructure. Recognising the impact of the pandemic and the importance of open spaces and the physical environment a review of open spaces will be progressed through 2021/22.

Local Housing Strategy 2018-22 and Strategic Housing Investment Plan 2021-26

The key strategic outcomes for the Local Housing Strategy for North Ayrshire include ensuring the supply of housing meets the needs and aspirations of local people that they live in good quality homes which are located in strong, safe communities. The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in North Ayrshire over the next five years;

Health and Educational Benefits	Contribute to Regeneration of North Ayrshire	Sustainable Investment	Meet Local Demand and Aspirations	Maximise ROI and achieve VFM
---------------------------------	--	------------------------	-----------------------------------	------------------------------

The SHIP will secure investment in a total of 1,900 properties across North Ayrshire and provide sustainable, affordable, accessible high-quality homes which will contribute to the wider regeneration aims for the area, taking the total investment for the period to £87m. Developments continue to be progressed across the five main housing market areas: -

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

In addressing projected demographic trends of an ageing population in North Ayrshire at least 25% of new build homes will be designed for older people through amenity housing or sheltered housing, with cognisance taken in the design stage for changing mobility needs. The SHIP supports the Health and Social Care Partnership to meet specialist housing need through dedicated supported accommodation projects.

The Council also recognises that bringing former social housing stock back into social ownership can assist with housing management and maintenance issues and increase the housing available. As such, a buy-back programme has been incorporated into the SHIP.

Making sustainable investment in housing is a key priority within the SHIP and this is achieved by incorporating energy efficiency measures and renewable technologies within the new build programme. The developments benefit from a range of sustainable measures including low carbon heat, solar photovoltaic panels and smart technologies. This investment aligns to the Council's Environmental, Sustainability and Climate Change Strategy in supporting affordable warmth to households across North Ayrshire.

The regeneration of North Ayrshire communities is a strategic priority within the Council Plan and the SHIP. The Scottish Index of Multiple Deprivation shows that 52 of North Ayrshire's 186 data zones are in the 15% most deprived areas in Scotland. Through housing led regeneration and the provision of high-quality homes, desirable communities are created where people want to live and which in turn can also attract private sector investment. The demolition of the Fullarton tower blocks in Irvine will see the replacement of all 275 of these homes within the Irvine locality.

Furthermore, the Council have approved a £10m estate-based regeneration programme to invest in the improvement of our existing housing estates. The SHIP includes the provision of funding for 200 units to assist the delivery and funding of the regeneration programme.

Finally, our Community Wealth Building Strategy introduces a new model to develop resilient, inclusive local economies, with more local employment and a larger and more diverse business base, ensuring that wealth is locally owned and benefits local people.

Economic Development & Regeneration Strategy and Local Development Plan

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

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

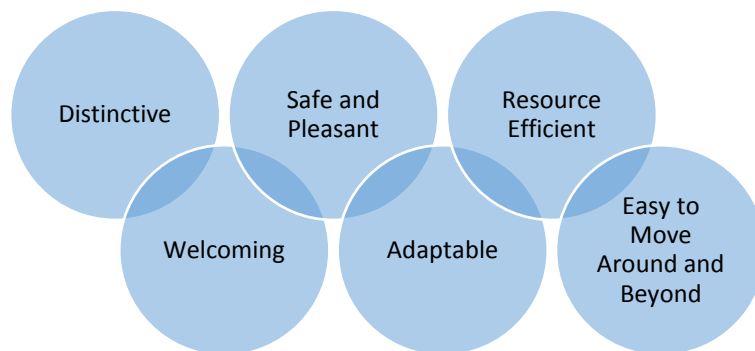


The Local Development Plan was adopted in November 2019 and aligns to the six strategic objectives as set out in the Economic Development and Regeneration Strategy, it brings a targeted local context in guiding development and investment in North Ayrshire over the next 20 years. The focus is supporting and growing the business base across key sectors including manufacturing, engineering, life sciences, tourism and hospitality and regenerating towns and communities. The overarching aim of the plan is to deliver the Community Planning Partnership vision of a “Better Life” to the citizens and communities of North Ayrshire. The plan outlines the land use strategy that supports delivery of the Local Outcomes Improvement Plan 2017 – 2022 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. 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 addresses the LOIP priority to make North Ayrshire safer and healthier by ensuring that all development contributes to making quality places. This is measured by six qualities that define a successful place;



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

Hunterston	North Shire - Ardrossan	i3 - Irvine	Montgomerie Park, Irvine
Kibirnie	Irvine Harbourside	Brodick Harbourside	Cumbrae-Millport

Working in partnership with the UK and Scottish Government and East Ayrshire and South Ayrshire councils, the Ayrshire Growth Deal will regenerate the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace, with total investment of over £251.5m. From a North Ayrshire perspective and to support investment into the strategic development areas, including the Ayrshire Growth Deal and wider economic regeneration activity, the current Capital Investment Programme to 2030/31 includes planned investment of £64.4m to 2030/31. It is recognised that the Ayrshire Growth Deal investment will extend beyond the current 10-year Capital Investment planning period, although the profile of project expenditure and funding continues to be reviewed.

Technology Strategy

The Technology Strategy was approved by North Ayrshire Council in May 2018 and sets out the vision, principles and key technologies that will support transformational change across North Ayrshire Council. Solutions will be designed in partnership to improve processes, service delivery and collaboration and ultimately improve outcomes. The six key Technology Strategy principles are;

Deliberately designed	People at the core	Anytime, anywhere access	Cloud first	Data driven	Secure
<ul style="list-style-type: none"> Holistic view of the business and design efficient, effective and agile solutions 	<ul style="list-style-type: none"> Solutions built around the needs of customers and people 	<ul style="list-style-type: none"> Access to systems, applications and information wherever they are 	<ul style="list-style-type: none"> Utilise cloud based technologies wherever possible 	<ul style="list-style-type: none"> Utilise data to effectively inform our decision making 	<ul style="list-style-type: none"> Operate securely when taking advantage of technology innovations

Key technologies include Office 365, a cloud platform based approach to business application delivery has provided the robust and effective software infrastructure to support officers and ultimately manage council business during a sustained period of remote working during the pandemic. The ICT Asset Management Plan incorporates the technology principles and, in terms of investment, a total of £7.6m is planned to 2030/31 to deliver technology solutions aligned to this strategy, including corporate ICT investment to support our future working environment and, in terms of schools ICT, further investment to support digital learning. 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 / Renewal Strategy

The key objective of North Ayrshire Council's Estate Strategy is to achieve rationalisation and remodelling of the Council's property portfolio on a locality basis. This neighbourhood approach focuses across three main areas of property provision and aims to;

Customer to Citizen Locality Hub and Spoke Model	<ul style="list-style-type: none"> Building on the pandemic response, Locality based hub and spoke model providing multi-agency support and services to citizens as part of the Customer to Citizen journey.
Education and Leisure	<ul style="list-style-type: none"> Provide fit-for-purpose and conveniently located education and leisure facilities for service users. Maximising any investment across multiple strategic priority areas through a community facilities approach incorporating education, leisure and health and social care facilities, therefore delivering wider economic regeneration benefits.
Office Accommodation	<ul style="list-style-type: none"> Provide modern, flexible office accommodation for staff that is economically and environmentally efficient, however, set within the context of the Renewal programme and office rationalisation where staff work-styles are further developed around remote working.

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, including office rationalisation as part of our future working environment programme, 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 £8.9m to 2030/31.

The neighbourhood approach, outlined in the Estates Strategy, has been strengthened through the pandemic response and the Council's Customer to Citizen locality hub and spoke model. This 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 2021/22 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 £373.3m from the Council's General Fund is planned over the period from 2021/22 to 2030/31, supporting the 3 key strategic priorities from the Council Plan. This includes planned expenditure of £64.4m towards the Ayrshire Growth Deal to 2030/31. It is recognised that the total level of investment across Ayrshire will be in the region of £251.5m (including £103m commitments from both the UK and Scottish Governments) and this will extend beyond the current 10-year planning period.



The capital plan includes £117.6m planned investment in education and early years. The major areas of education investment include;

Early Years Expansion - £4.6m	Ardrossan Academy - £68.8m	ASN Campus £10.2m	Montgomerie Park school £14.5m	Moorpark Primary School £10.4m
<ul style="list-style-type: none"> • Consisting new build, extensions and refurbis to deliver 1,140 hours childcare provision. 	<ul style="list-style-type: none"> • New build project as part of an exciting wider community facility development 	<ul style="list-style-type: none"> • New Additional Support Needs campus as part of combined HSCP development including residential and respite provision. 	<ul style="list-style-type: none"> • New primary provision linked to Montgomerie park regeneration project and housing developments 	<ul style="list-style-type: none"> • New primary provision

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

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

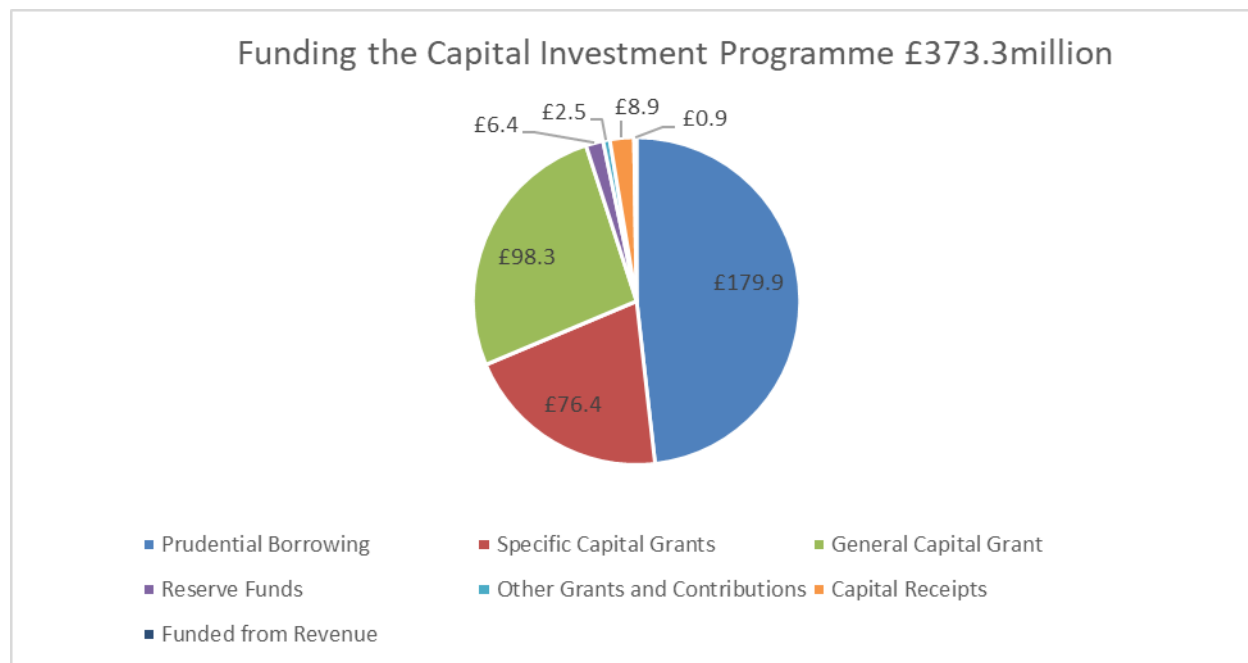
With the aim of making sure young people get the best start in life, the increase in funded hours care for early learning and childcare contributes to the capital investment needs across the early years’ estate. Due to the impact of the pandemic, there have been delays in providing the 1,140 hours provision. There are currently eleven early years’ facilities delivery the full 1,140 hours provision and we are working towards full delivery in all facilities from August 2021. The remaining investment programme includes new build, extensions and building re-provisioning and will deliver capital investment of up to £4.6m.

Investing in core assets and infrastructure is key to ensuring sustainability. A planned investment of £104.5m within Roads, Structures and Lighting includes £38.1m road improvements and £39.3m on flood prevention works. Property lifecycle investment of £12m, 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 current Capital Investment Programme 2021/22 to 2030/31 sets out the ambition of North Ayrshire Council and supports the key strategic themes of the Council Plan. Through investment that supports regeneration and delivers first class education and community facilities, this strategic approach will help grow the population and the local economy. It is also recognised that key to a sustainable environment is the requirement to continue to invest in core assets and infrastructure.

Funding the Capital Investment Programme

Funding the Capital Investment Programme requires to be planned in an affordable and sustainable manner. The funding sources to support delivery of the £373.3m capital investment programme to 2030/31 include;



The major sources of funding include assumptions on the level of general capital grant from Scottish Government to 2030/31 (£98.3m) and the level of prudential borrowing (£179.9m) 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 10-year 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. This approach helps to ensure that investment in assets to deliver on the Council's strategic priorities is sustainable in the long term.

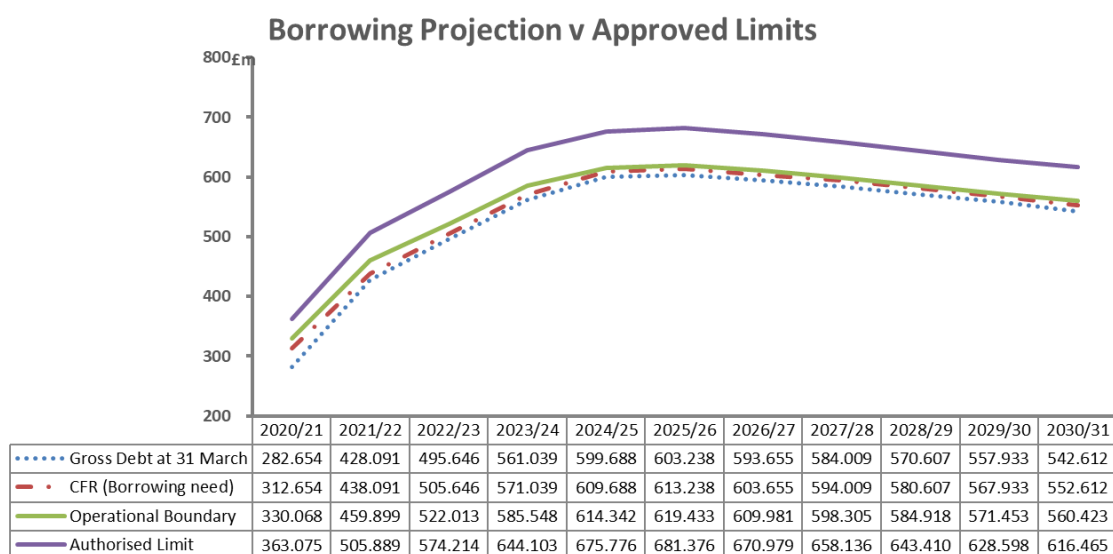
Treasury Management Strategy and Loans Fund Policy

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 2021/22, 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 £613.238m at 2025/26 and then reduce annually to 2030/31. The analysis also indicates that this borrowing need continues to be within the parameters of both the Operational Boundary (the expected maximum borrowing position of the Council) and the Authorised limit (the limit beyond which external debt is prohibited).

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

Proportion of financing costs to net revenue stream	2020/21 Probable Outturn %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
General Services	3.5%	3.4%	4.0%	4.4%
HRA	18.5%	21.2%	25.7%	27.6%

The estimated ratio of debt to net revenue stream across the next 3 years averages at 4.0% for General Services and 24.8% for the HRA. From a General Fund perspective, the Scottish Local Authority average 6.94% (Source: CIPFA Directors of Finance Performance Indicators 2019/20), therefore demonstrating a prudent borrowing policy. For the HRA, the Scottish average in was 22.68%. The rising ratio within the HRA is indicative of the significant capital investment programme as outlined in the Strategic Housing Investment Plan. The level of loan charges is deemed prudent and affordable within the framework of the 30 year Housing business plan.

Loans Fund Policy

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

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

Governance

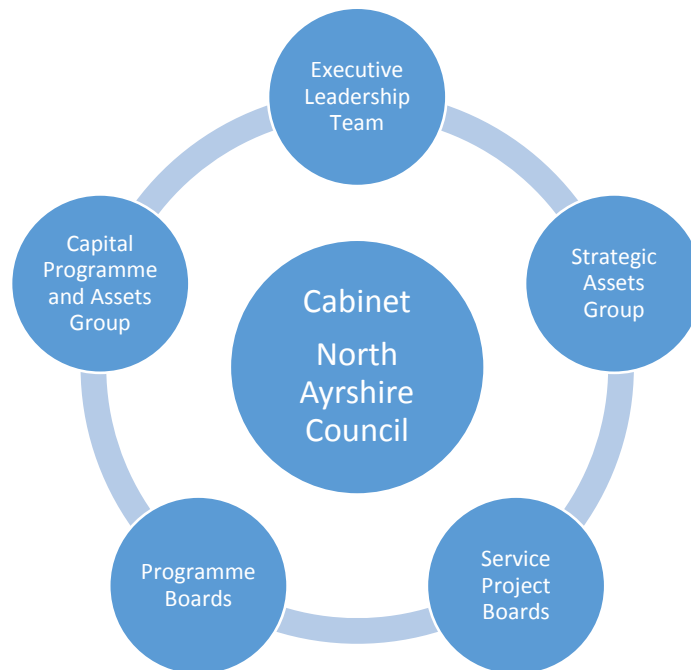
Having robust governance arrangements in place is key to ensuring effective strategic management of assets, from initial planning through to delivery, utilisation and disposal. North Ayrshire Council delivers a governance framework through a number of officer and member represented groups / committees.

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

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

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

The current governance framework is illustrated below;



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

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

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

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

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

The **Executive Leadership Team** consists of the Chief Executive, Executive Director Interim Communities, Executive Director Place, Director of Growth and Investment, Head of Democratic

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

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

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

Knowledge & Skills

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

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

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

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

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

Risk

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

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

Conclusion

The Capital Investment Strategy for North Ayrshire Council provides an overview of how capital expenditure plans, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of North Ayrshire communities and citizens. It is a reporting requirement introduced by the 2017 edition 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.

Events in 2020 and 2021 have been dominated by the health and economic effects of the coronavirus pandemic. The level of capital investment has and continues to be impacted by lockdown restrictions. It is recognised that capital investment will play a key role in the economic and green recovery for North Ayrshire. The pandemic has not changed the Council's key priorities, in fact it has strengthened them, however, the investment reflected in the 10-year Capital Investment programme is now considered with the context of the Council's recent Recovery and Renewal Strategy and the Economic Recovery and Renewal Approach.

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

Working in partnership with the UK and Scottish Government and East Ayrshire and South Ayrshire councils, the Ayrshire Growth Deal will regenerate the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace, with total investment of over £251m.

Related Documents / Strategies / Plans

<input type="checkbox"/>	Council Plan
<input type="checkbox"/>	Local Development Plan
<input type="checkbox"/>	Asset Management Plans
<input type="checkbox"/>	Local Outcomes Improvement Plan
<input type="checkbox"/>	Local Housing Strategy
<input type="checkbox"/>	Strategic Housing Investment Plan
<input type="checkbox"/>	Technology Strategy
<input type="checkbox"/>	Estates Strategy
<input type="checkbox"/>	10 Year Capital Investment Programme
<input type="checkbox"/>	Economic Development and Regeneration Strategy
<input type="checkbox"/>	Treasury Management and Investment Strategy
<input type="checkbox"/>	Loans Fund Policy
<input type="checkbox"/>	HSCP Strategic Plan
<input type="checkbox"/>	Recovery and Renewal Strategy
<input type="checkbox"/>	Economic Recovery and Renewal Approach
<input type="checkbox"/>	Environmental,Sustainability & Climate Change Strategy