
NORTH AYRSHIRE COUNCIL

26 February 2025

North Ayrshire Council

Title:	Capital Investment Programme 2025/26 to 2033/34
Purpose:	To advise Council on the draft Capital Investment Programme to 2033/34
Recommendation:	<p>That Council :</p> <ul style="list-style-type: none">(a) approves the refreshed 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.

1. Executive Summary

- 1.1 The General Services Capital Investment Programme 2024/25 to 2033/34 was approved by Council on 28 February 2024. This report outlines the recommendations of the refresh of the Capital Investment Programme carried out during 2024/25. The next full review of the Programme will be carried out during 2026/27.
- 1.2 The refresh has incorporated all funding sources to 2033/34, 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 £174.223m. The balance of funding required to deliver the capital programme will be met through prudential borrowing and this is anticipated at £157.260m.
- 1.3 The refresh considered the current Capital Investment Programme and takes cognisance of subsequent changes, including:
 - The ongoing impact of construction industry inflation, cost volatility and supply chain issues across the overall Capital Investment Programme;
 - Revised Scottish Government capital grants as detailed in the Local Government Finance Settlement 2025/26;
 - A review of spending profiles across key capital projects to support the Council's priorities; and
 - Revised levels of investment across projects, taking cognisance of Council priorities, external funding sources and investing in core assets through asset management plans.

- 1.4 The proposed refreshed Capital Investment Programme, aligned to the Council Plan priorities, is attached in Appendix 3 and will deliver a total programme of £331.483m 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. As part of the next major review of the capital programme, due to be undertaken during 2026/27, a review of available General Fund financing budgets will be carried out to determine any changes required 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 refresh of the Capital Investment Programme, a refresh of the current CIS has been undertaken during 2024/25. The refreshed CIS is attached at Appendix 4.
- 1.8 The Capital Investment Programme will continue to be reviewed on an on-going basis. The primary focus at this time is on delivery of the current programme. Due to ongoing risks associated with construction cost volatility and the higher cost of borrowing, opportunities for further investment to be met from borrowing is extremely limited. 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 2024/25 to 2033/34 on 28 February 2024. A refresh of the Programme was undertaken during 2024/25. This report contains the outcome of that refresh.

Review of Capital Funding

Scottish Government General Capital Grant

- 2.2 Local Government Finance Circular 10/2024 confirmed the level of General Capital Grant as £8.367m for 2025/26. This comprises:

Fund	Value (£m)	Comments
General Capital Grant Core	9.710	An increase of £0.642m
Less Flooding element	(2.206)	Underspend on Millport Coastal project
Coastal Change Adaptation	0.140	
Nature Restoration	0.145	Restoration of 2024/25 funding

Play Parks	0.578	
Total General Capital Grant	8.367	

- 2.3 Projected at the core level of £9.710m to 2033/34, with a further reduction of (£1.914m) anticipated in 2026/27 as a result of the underspend on the Millport Coastal flooding project, the total General Capital Grant for the period is forecast as £84.133m.

Scottish Government Specific Capital Grants

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

- £1.561m to tackle Vacant and Derelict Land with projects requiring Scottish Government approval; and
- £0.582m, to fund Active Travel.

The Vacant and Derelict Land funding is an increase of £0.598m from that received during 2024/25 and has only been confirmed for 2025/26. However, the Active Travel funding has been projected at current levels to 2033/34.

- 2.5 In addition, the programme includes previous Specific Grant allocations in relation to a number of programmes which have been carried over into 2025/26 in line with revised project plans, including:

- £1.837m from the 2024/25 Vacant and Derelict Land allocation; and
- £0.316m from the 2024/25 Place Based Investment Programme.

- 2.6 As a result, the total forecast Specific Grant income to 2033/34 is £8.952m.

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 £53.869m. 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 2025/26 to 2026/27.

- 2.9 The UK Government has confirmed additional funding for 2025/26 from the UK Shared Prosperity Fund of £0.576m.

Other Internal Funds

- 2.10 The programme includes previously approved contributions from earmarked funds of £0.704m to support the Solar PV project and £0.710m to support the B714 Upgrade.

Capital Receipts

- 2.11 A review of projected income from capital receipts has been undertaken during 2024/25. This is forecast to realise income of £3.625m 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. As a result, £0.101m NAVT funding to support the Irvine Enterprise Area has been included while (£0.800m) of NAVT funding to support Marine Tourism has been reviewed pending revisions to the Ayrshire Growth Deal programme.

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 £157.260m. 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 refresh of the Capital Investment Programme to 2033/34 incorporates the re-profiling of a number of projects to better reflect current projected timelines and revised levels of investment that take cognisance of the Council's key priorities, funding availability and lifecycle maintenance requirements informed through asset management plans.
- 2.15 The current capital investment programme to 2033/34, as approved by Council on 28 February 2024, has been updated to reflect the changes to the Programme approved by Cabinet during 2024/25, including any re-phasing of programmes to reflect updated project plans.

Re-Profiling

- 2.16 A total of £17.282m of planned expenditure has been re-profiled from 2024/25 into 2025/26 to 2033/34 in line with updated project delivery timelines. Full details of individual projects re-phased from 2024/25 have been reported to Cabinet throughout the year.

Investments linked to Revised Funding

- 2.17 Local Government Finance Circular 10/2024 confirmed the level of Cycling, Walking and Safer Routes specific grant for 2025/26 at £0.582m. Expenditure has been projected at this level for the full period of the Capital Investment Programme, resulting in a reduction in investment of (£0.045m) to 2033/34. In addition, Vacant and

Derelict Land specific grant for 2025/26 has been confirmed at £1.561m and has been reflected in additional investment at this level.

- 2.18 Following completion of the Millport Coastal Flood Protection scheme, a significant underspend has been reported. Local Government Finance Circular 10/2024 includes a deduction of £2.206m from the General Capital Grant aligned to this underspend, due to the 80% funding from Scottish Government, with a further reduction of £1.914m anticipated for 2026/27. The overall investment has been reduced by (£4.120m) to reflect the reduced funding level.
- 2.19 Pending revisions to the Ayrshire Growth Deal programme in relation to Marine tourism, the level of investment in Marine Tourism has been reduced by (£0.800m) linked to the review of NAVT funding. Discussions on the appropriate utilisation of available funding are ongoing and will be reported to Cabinet on an ongoing basis.

Additional / Revised Investments

- 2.20 An additional investment of £0.576m has been included linked to the UKSPF grant funding. This will support a competitive community grants scheme and small scale council led regeneration projects which align with the interventions of the UK Shared Prosperity Fund and the regeneration delivery plan approved by Cabinet in May 2023.
- 2.21 Additional investment of £0.226m has been included to support internal alterations to Fairie Primary School to create new classroom spaces in order to accommodate its increasing roll. Fairlie Primary School currently operates using all of the available 5 classroom bays. As a result of new homes being built in the area and indications that parental choice is to access non-denominational provision, the school roll is forecast to increase to 118 from August 2025. This will require the creation of one additional classroom.
- 2.22 Recent years have witnessed significant cost volatility across the construction industry, including inflationary pressures, limited availability of contractors, supply chain issues and material shortages which are impacting on tender returns and the cost of materials. Where quantified, the resultant cost pressures have been recognised in relation to specific projects. However, risks have also been identified, or are anticipated, across a number of projects using industry cost estimates as an indicator, including major works at Ardrossan North Shore through enabling works and Ardrossan Campus. In order to support the management of these and other emerging risks, and to apply prudent financial planning, it is proposed that an additional investment of £15.000m within the Flexibility budget is included over the next five years. This position will continue to be monitored as works advance and tenders are finalised.
- 2.23 The current approved Capital Investment Programme to 2033/34 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 2025/26 to 2033/34 is included in appendix 3. This will deliver a total programme of investment of £331.483m.

Future Affordability

- 2.24 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.
- 2.25 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 totalling £8.498m.
- 2.26 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 2025/26 to 2027/28. This includes an incremental contribution of £0.025m 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)

- 2.27 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

- 2.28 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 28 February 2024. During 2024/25 this has been refreshed with the revised CIS included at Appendix 4.

Conclusion

- 2.29 The draft Capital Investment Programme 2025/26 to 2033/34, including proposed funding, is attached at Appendix 3. This confirms total investment of £331.483m 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.
- 2.30 The programme is affordable based on the estimated funding streams set out in the 2025/26 to 2027/28 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 refreshed 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.

4. Implications/Socio-economic Duty

Financial

- 4.1 The refreshed 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 2025/26 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 refresh the current capital investment programme and the identification of the proposed revisions and additions to the programme detailed in this report.

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

Background Papers

North Ayrshire Council
Approved Capital Programme 2025/26 - 2033/34

Project Description	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 £
EXPENDITURE										
Place										
Roads Improvement / Reconstruction	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	34,200,000
Lighting	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	9,000,000
Millport Pier	154,960	134,960								289,920
Bridges infrastructure programme	560,000	560,000	560,000	560,000	560,000	560,000	560,000	560,000	560,000	5,040,000
Largs Promenade Seawall	50,000									50,000
B714 Improvements	14,776,694	12,211,695								26,988,389
Property lifecycle investment	1,400,000	1,600,000	1,100,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	10,100,000
Locality Based Property Review	1,000,000	1,500,000								2,500,000
Cemetery extns, walls & infra	204,797	145,602	11,521							361,920
Cmty, Ardrossan - Extension	450,000									450,000
Cmty, Kilbirnie - Walls	36,072									36,072
Cmty, Beith - Walls	51,417									51,417
Cmty, Abbey Tower - Walls	44,469									44,469
Cmty, Stev Hawkhill - Walls	51,196									51,196
Cmty, West Kilbride - Walls	47,282									47,282
Cmty, Kilbirnie - New	288,917									288,917
Goldcraigs Refurbishment	132,562									132,562
Renewal of Play Parks	578,000									578,000
Vehicles	2,000,000	2,980,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	18,980,000
Fleet Decarbonisation	1,660,000	1,950,000								3,610,000
Shewalton landfill			48,949							48,949
Solar PV Investment - Nethermaines	260,721									260,721
Solar PV Investment - Shewalton	1,825,377									1,825,377
Montgomerie Park Masterplan	162,500	75,000	650,000	350,000	490,000	500,000				2,227,500
Active Travel Tier 1	587,000	587,000	587,000	587,000	587,000	587,000	587,000	587,000	587,000	5,283,000
Access Paths Network Programme	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	450,000
Growth & Investment										
AGD - i3 DPMC Phase 1	300,000									300,000
AGD - i3 DPMC Phase 2	250,000	1,456,861	2,908,275							4,615,136
AGD - i3 Flexible Business Space Phase 2	4,900,000	4,900,000	148,000	352,000						10,300,000
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	335,000	4,196,000	4,196,000	4,196,000	4,195,880					17,118,880
AGD - Great Harbour	2,306,564	2,851,490	4,773,566	1,890,928	56,565					11,879,113
AGD - IMSE	250,000	273,740	3,200,000	3,250,000	2,897,747					9,871,487
AGD Marine Tourism - Ardrossan			2,000,000	2,500,000	224,285					4,724,285
AGD Marine Tourism - Arran	40,000	150,000	1,600,000	66,774						1,856,774
AGD Marine Tourism - Cumbrae	925,000	2,200,000	996,254							4,121,254
Ardrossan Harbour & Landside	1,776,330	896,851								2,673,181
Irvine Enterprise Area	51,540									51,540
Ardrossan North Shore	1,730,304									1,730,304
Sub Total	44,036,702	43,519,199	29,629,565	21,602,702	16,861,477	9,497,000	8,997,000	8,997,000	8,997,000	192,137,645

North Ayrshire Council
Approved Capital Programme 2025/26 - 2033/34

Project Description	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 £
Education										
Universal Free School Meals Expansion	1,211,809	1,546,260	3,081,142	332,174	2,929,741					9,101,126
Schools ICT Investment	1,203,908	1,203,908	752,000	752,000	752,000	752,000	752,000	752,000	752,000	7,671,816
Ardrossan New Build	20,371,455	30,679,212	22,010,374							73,061,041
Sub Total	22,787,172	33,429,380	25,843,516	1,084,174	3,681,741	752,000	752,000	752,000	752,000	89,833,983
Corporate Services										
ICT Investment Fund	429,500	557,100	648,900	282,600	282,600	297,600				2,498,300
WAN			500,000							500,000
LAN/WiFi			1,500,000							1,500,000
Telephony	115,000		650,000							765,000
Sub Total	544,500	557,100	3,298,900	282,600	282,600	297,600				5,263,300
Health & Social Care Partnership										
Community Alarms - Analogue to Digital	68,977									68,977
Improvement grants	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,500,000
Sub Total	568,977	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,568,977
Other										
Flexibility / Infrastructure Fund		3,323,000	3,521,036	3,155,964						10,000,000
Sub Total		3,323,000	3,521,036	3,155,964						10,000,000
TOTAL EXPENDITURE	67,937,351	81,328,679	62,793,017	26,625,440	21,325,818	11,046,600	10,249,000	10,249,000	10,249,000	301,803,905
INCOME										
Prudential Borrowing	29,585,875	55,833,220	35,283,524	8,752,784	5,668,120	1,266,600	594,000	594,000	594,000	138,172,123
Specific Grants - AGD	6,655,585	15,130,279	17,854,493	8,217,656	6,002,698					53,860,711
Specific Grants - Active Travel Tier 1	587,000	587,000	587,000	587,000	587,000	587,000	587,000	587,000	587,000	5,283,000
Specific Grants - B714 Improvements	16,351,443									16,351,443
Specific Grants - Renewal of Play Parks	578,000									578,000
General Capital Grant - Flooding	440,000									440,000
General Capital Grant	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	81,612,000
Recovery & Renewal	703,707	710,180								1,413,887
Grants & Contributions	49,560									49,560
Sale of land & buildings	3,918,181					125,000				4,043,181
TOTAL INCOME	67,937,351	81,328,679	62,793,017	26,625,440	21,325,818	11,046,600	10,249,000	10,249,000	10,249,000	301,803,905

North Ayrshire Council
Revisions to Capital Programme 2025/26 - 2033/34

Project Description	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 £
Growth & Investment										
AGD - i3 DPMC Phase 2	(200,000)	(1,206,861)	(1,452,275)	2,924,615						65,479
AGD - i3 Flexible Business Space Phase 2	362,045	(1,539,503)	1,570,760	(352,000)						41,302
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	15,000	(3,746,000)			4,341,098					610,098
AGD - Great Harbour	1,820,145	(402,739)	(1,222,466)	(346,725)	(4,683)					(156,468)
AGD - IMSE	200,000	200,000								400,000
AGD Marine Tourism - Ardrossan			(2,000,000)		(224,285)					(2,224,285)
AGD Marine Tourism - Arran	6,362	205,390	(223,207)	(34,220)	33,692					(11,983)
AGD Marine Tourism - Cumbrae	(733,792)	754,043	234,638	33,694	34,875					323,458
Ardrossan Harbour & Landside	1,698,729	(896,851)								801,878
Irvine Enterprise Area	51,539									51,539
Ardrossan North Shore	(1,309,240)	1,730,304								421,064
Sub Total	10,893,336	(6,270,687)	(1,586,910)	2,231,544	4,187,437	(5,000)	(5,000)	(5,000)	(5,000)	9,434,720
Education										
Fairlie Primary	94,444	115,000	10,000							219,444
Universal Free School Meals Expansion	(13,621)				(2,600,000)					(2,613,621)
Schools ICT Investment	(200,000)									(200,000)
Ardrossan New Build	9,791,879	(2,044,980)	1,020,852	2,715						8,770,466
Sub Total	9,672,702	(1,929,980)	1,030,852	2,715	(2,600,000)					6,176,289
Communities and Housing										
Castles & Historic Monuments	38,303									38,303
Abbey Tower	66,613									66,613
Sub Total	104,916									104,916
Corporate Services										
ICT Investment Fund	50,000									50,000
Telephony	97,000									97,000
Sub Total	147,000									147,000
Health & Social Care Partnership										
Community Alarms - Analogue to Digital	(68,977)									(68,977)
Care First Replacement	253,065									253,065
Sub Total	184,088									184,088
Other										
Flexibility / Infrastructure Fund	6,867,531	(323,000)	2,845,938	1,098,087	3,000,000		48,000	48,000	48,000	13,632,556
Sub Total	6,867,531	(323,000)	2,845,938	1,098,087	3,000,000		48,000	48,000	48,000	13,632,556
TOTAL EXPENDITURE	27,869,573	(8,523,667)	2,289,880	3,332,346	4,587,437	(5,000)	43,000	43,000	43,000	29,679,569

North Ayrshire Council
Revisions to Capital Programme 2025/26 - 2033/34

Project Description	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 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 £
INCOME										
Prudential Borrowing	24,877,323	(4,874,318)	3,636,348	(1,781,784)	(470,770)	(517,000)	(594,000)	(594,000)	(594,000)	19,087,799
Specific Grants - AGD	1,590,800	(7,497,349)	(2,983,468)	4,477,130	4,421,207					8,320
Specific Grants - Active Travel Tier 1	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(45,000)
Specific Grants - Vacant & Derelict Funding	3,397,568									3,397,568
Specific Grants - Place Based Investment Programme	316,043									316,043
Specific Grants - UK Shared Prosperity Fund	576,535									576,535
Specific Grants - B714 Improvements	1,201,946	4,000,000								5,201,946
Specific Grants - Renewal of Play Parks	(578,000)									(578,000)
General Capital Grant - Flooding	(2,646,000)	(1,914,000)								(4,560,000)
General Capital Grant	1,505,000	642,000	642,000	642,000	642,000	642,000	642,000	642,000	642,000	6,641,000
Grants & Contributions	51,539									51,539
Sale of land & buildings	(2,418,181)	1,125,000	1,000,000			(125,000)				(418,181)
TOTAL INCOME	27,869,573	(8,523,667)	2,289,880	3,332,346	4,587,437	(5,000)	43,000	43,000	43,000	29,679,569

Revised Capital Programme 2025/26 - 2033/34

Revised Capital Programme 2025/26 - 2033/34

[illegible]

North Ayrshire Council
Revised Capital Programme 2025/26 - 2033/34

Project Description	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 £
Growth & Investment										
Ayrshire Growth Deal:										
AGD - i3 DPMC Phase 1	300,000									300,000
AGD - i3 DPMC Phase 2	50,000	250,000	1,456,000	2,924,615						4,680,615
AGD - i3 Flexible Business Space Phase 2	5,262,045	3,360,497	1,718,760							10,341,302
AGD - Hunterston - Centre for Low Carbon Energy & Circular Economy	350,000	450,000	4,196,000	4,196,000	8,536,978					17,728,978
AGD - Great Harbour	4,126,709	2,448,751	3,551,100	1,544,203	51,882					11,722,645
AGD - IMSE	450,000	473,740	3,200,000	3,250,000	2,897,747					10,271,487
AGD Marine Tourism - Ardrossan				2,500,000						2,500,000
AGD Marine Tourism - Arran	46,362	355,390	1,376,793	32,554	33,692					1,844,791
AGD Marine Tourism - Cumbrae	191,208	2,954,043	1,230,892	33,694	34,875					4,444,712
Ardrossan Harbour & Landside	3,475,059									3,475,059
Irvine Enterprise Area	103,079									103,079
Ardrossan North Shore	421,064	1,730,304								2,151,368
Sub Total	54,930,038	37,248,512	28,042,655	23,834,246	21,048,914	9,492,000	8,992,000	8,992,000	8,992,000	201,572,365
Education										
Fairlie Primary	94,444	115,000	10,000							219,444
Universal Free School Meals Expansion	1,198,188	1,546,260	3,081,142	332,174	329,741					6,487,505
Schools ICT Investment	1,003,908	1,203,908	752,000	752,000	752,000	752,000	752,000	752,000	752,000	7,471,816
Ardrossan New Build	30,163,334	28,634,232	23,031,226	2,715						81,831,507
Sub Total	32,459,874	31,499,400	26,874,368	1,086,889	1,081,741	752,000	752,000	752,000	752,000	96,010,272
Communities and Housing										
Castles & Historic Monuments	38,303									38,303
Abbey Tower	66,613									66,613
Sub Total	104,916									104,916
Corporate Services										
ICT Investment Fund	479,500	557,100	648,900	282,600	282,600	297,600				2,548,300
WAN			500,000							500,000
LAN/WiFi			1,500,000							1,500,000
Telephony	212,000		650,000							862,000
Sub Total	691,500	557,100	3,298,900	282,600	282,600	297,600				5,410,300
Health & Social Care Partnership										
Care First Replacement	253,065									253,065
Improvement grants	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,500,000
Sub Total	753,065	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,753,065
Other										
Flexibility / Infrastructure Fund	6,867,531	3,000,000	6,366,974	4,254,051	3,000,000		48,000	48,000	48,000	23,632,556
Sub Total	6,867,531	3,000,000	6,366,974	4,254,051	3,000,000		48,000	48,000	48,000	23,632,556
TOTAL EXPENDITURE	95,806,924	72,805,012	65,082,897	29,957,786	25,913,255	11,041,600	10,292,000	10,292,000	10,292,000	331,483,474

North Ayrshire Council
Revised Capital Programme 2025/26 - 2033/34

Project Description	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 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 £
INCOME										
Prudential Borrowing	54,463,198	50,958,902	38,919,872	6,971,000	5,197,350	749,600				157,259,922
Specific Grants - AGD	8,246,385	7,632,930	14,871,025	12,694,786	10,423,905					53,869,031
Specific Grants - Active Travel Tier 1	582,000	582,000	582,000	582,000	582,000	582,000	582,000	582,000	582,000	5,238,000
Specific Grants - Vacant & Derelict Funding	3,397,568									3,397,568
Specific Grants - Place Based Investment Programme	316,043									316,043
Specific Grants - UK Shared Prosperity Fund	576,535									576,535
Specific Grants - B714 Improvements	17,553,389	4,000,000								21,553,389
General Capital Grant - Flooding	(2,206,000)	(1,914,000)								(4,120,000)
General Capital Grant	10,573,000	9,710,000	9,710,000	9,710,000	9,710,000	9,710,000	9,710,000	9,710,000	9,710,000	88,253,000
Recovery & Renewal	703,707	710,180								1,413,887
Grants & Contributions	101,099									101,099
Sale of land & buildings	1,500,000	1,125,000	1,000,000							3,625,000
TOTAL INCOME	95,806,924	72,805,012	65,082,897	29,957,786	25,913,255	11,041,600	10,292,000	10,292,000	10,292,000	331,483,474

Capital Investment Strategy 2025 to 2034



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 2025 to 2034. This is aligned to the Capital Investment Programme.

The Capital Investment Strategy is a reporting requirement of the Chartered Institute of Public Finance and Accountancy (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:

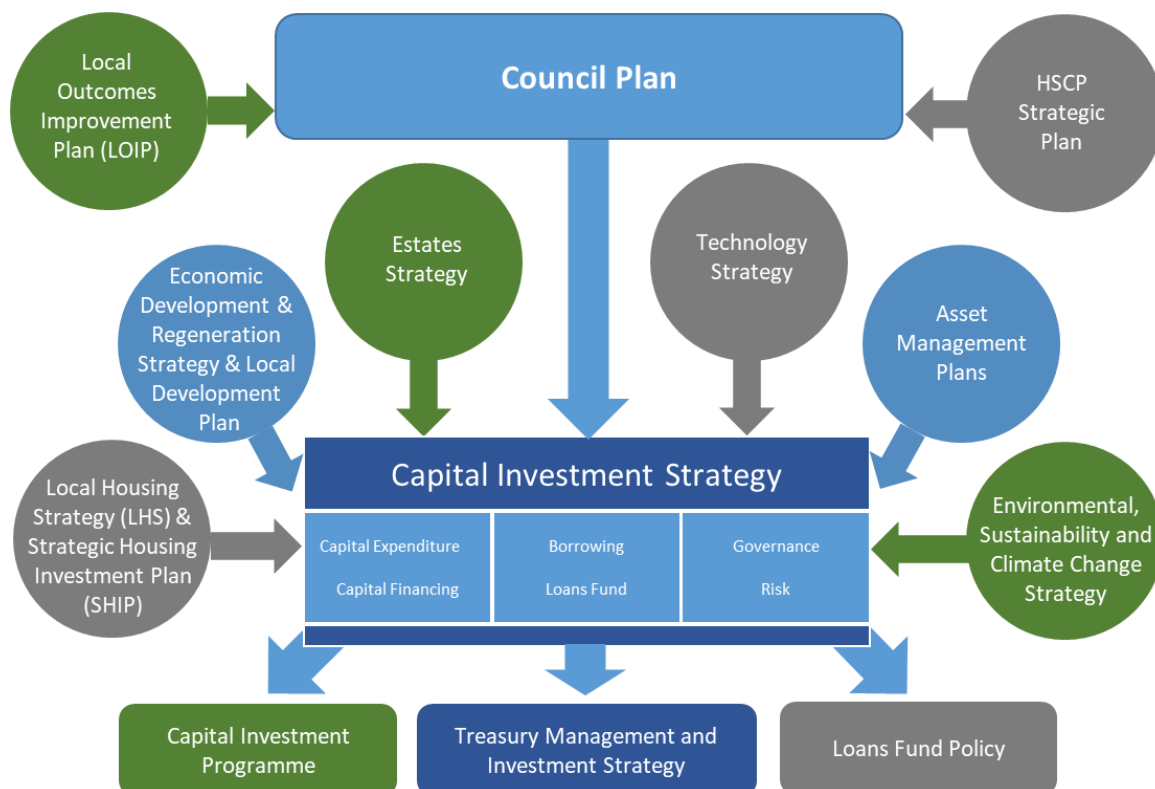
- Ensuring that capital plans are aligned to the strategic priorities as set out in the Council Plan.
- Ensuring that capital plans are affordable, prudent and sustainable.
- Demonstrating the linkage to local strategic planning and local asset management planning.
- Ensuring that financing decisions 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 2024/25 the wider construction industry has reported significant, ongoing inflationary pressures linked to a number of factors, including 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 to 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 four 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 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 Local Outcomes Improvement Plan 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 illustrates the links between the locality priorities and those in the Local Outcomes Improvement Plan:

- 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 to 2030

The North Ayrshire Health and Social Care Strategic Plan 2022 to 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 to 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 Chartered Institute of Public Finance and Accountancy (CIPFA) “Guide to Asset Management and Capital Planning in Local Authorities” North Ayrshire has classified its assets into six categories:

- Open Space
- Property
- Fleet, Plant and Equipment
- Roads, Structures and Lighting
- ICT
- Housing

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:

- **Fleet and Plant:** Around 620 vehicles and items of plant.
- **Roads:** Over 1,000 Kilometres of roads
- **Structures:** Around 400 bridges and structures
- **Council Houses:** Around 13,000 council houses
- **Education:** 63 schools and early years facilities
- **Social Care:** 21 social care facilities
- **Street Lighting:** over 23,000 street lighting columns
- **Operational Buildings:** over 70 offices, libraries and community centres

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, structure and lighting
Planned investment of **£85.1 million** until 2033 to 2034 including improvements to the roads and street lighting network, upgrading of the B714, flood prevention works, bridges infrastructure improvement and Active Travel projects.
- Fleet, plant and equipment
Procurement and maintenance of all council fleet vehicles and plant ensuring the fleet of 620 vehicles and heavy plant are maintained and operated in accordance with the council's Operator's licence and Road Transport legislation. Prioritisation of emissions reductions through decarbonisation of vehicle fleet. Vehicle and plant capital investment is planned at **£24.1 million** until 2033 to 2034.
- Property:
To ensure council properties meet all legislative requirement 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 **£15.1 million** until 2033 to 2034. 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 Housing Revenue Account Business Plan, responsibility for maintenance of around 13000 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 2025 to 2026 until 2029 to 2030 will see capital investment by the council total **£257.8 million**.

- **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 six key principles as outlined in the Technology Strategy **£5.4 million** investment until 2033 to 2034 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 and monuments, 275 hectares of woodlands, four allotments, 94 sports facilities and playing fields, 116 Equipped Play Areas and Multi Use Games Areas (MUGAs), residential greenspace, 38 water courses and open water features, five 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 **£1.1 million** is planned until 2033 to 2034 for cemetery infrastructure.

Local Housing Strategy 2023 to 2028 and Strategic Housing Investment Plan 2025 to 2030

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:

Housing to 2040 Strategy	Local Housing Strategy Outcome
More homes at the heart of great places	Our places support thriving and inclusive communities
Affordability and choice	Our people have affordable homes in the place they choose to live
Affordable warmth and zero emission homes	Our homes are energy efficient and release less emissions
Improving the quality of all homes	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 Local Employability Partnership Delivery Plan 2022 to 2026 and the North Ayrshire Child Poverty Action Plan 2023 to 2026. The Council's housebuilding programme will support the Council's ambitions to encourage more young people into training and employment. Access to good quality and affordable housing is a key asset in addressing child poverty, and poverty overall.

The Strategic Housing Investment Plan will secure investment in a total of 1,143 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 Strategic Housing Investment Plan represent investment of £173.6 million (including an estimated £80.6 million Scottish Government grant funding). Developments continue to be progressed across all six localities: Arran, Garnock Valley, Irvine, Kilwinning, North Coast and Three Towns.

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 Strategic Housing Investment Plan 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 also includes the provision of funding for 242 units to assist the delivery of Housing's Estate Based Regeneration Programme where stock is required to be demolished or reconfigured.

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 buyback programmes have been prioritised within the Strategic Housing Investment Plan.

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 Sustainable North Ayrshire Strategy 2024 to 2027 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 Strategic Housing Investment Plan estimates the delivery of a further 236 amenity. Alongside the new build programme, the Council will continue to deliver its sheltered housing re-provisioning programme, which includes £38 million investment in the refurbishment of sheltered housing units out with the Strategic Housing Investment Plan.

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:

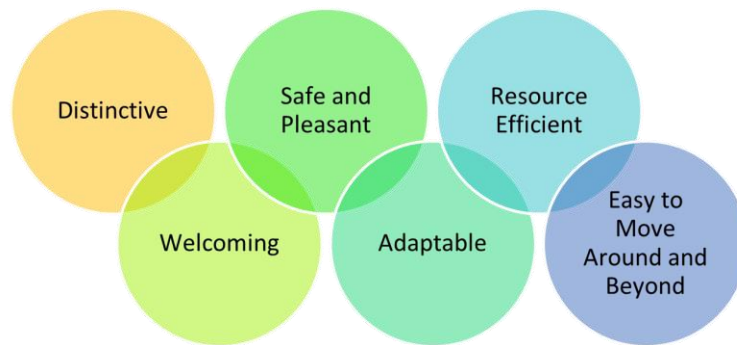


The Local Development Plan was adopted in November 2019 and aligns to the themes set out in the Regeneration Delivery Plan, it brings a targeted local context in guiding development and investment in North Ayrshire over the next 20 years. The focus is supporting and growing the business base across key 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 to 2030 and focuses on four key strategic policies:



The Spatial Strategy is an overarching policy for supporting the Local Outcomes Improvement Plan. 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 Local Outcomes Improvement Plan 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 £251.5 million. 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 £63.8 million.

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:

Principle	Detail
Deliberately designed	Holistic view of the business and deliver efficient, effective and agile solutions
People at the Core	Solutions built around the needs of the customers and people
Anytime, anywhere access	Access to systems, applications and information wherever they are
Cloud where appropriate	Utilise cloud based technologies where appropriate
Data driven	Utilise data to effectively inform our decision making
Secure by design	Operate securely whilst still taking advantage of technology innovations

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 £5.4 million is planned until 2033 to 2034 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 strategy is currently being reviewed to align with the Council Plan priorities of: Wellbeing; Climate Change; Communities and Local Democracy; and Sustainable Council.

It supports the delivery of Community Wealth Building and Community Empowerment by maximising the opportunities that property assets can provide to local businesses and communities.

The Estates Strategy plays a key role in maximising capital investment across multiple strategic priority areas, for example, 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 is evidenced through the proposals for the Ardrossan Campus facility which will deliver primary, secondary, and early years provision as well as community use sport, theatre and leisure facilities.

Also key is the generation of Capital receipts and reduction in running costs through rationalisation of the Council's property portfolio. This supports the capital programme and provides flexibility in the Council's Revenue account.

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 2025 to 2026 represents year two of the 10 year plan. A full refresh is undertaken every three 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.

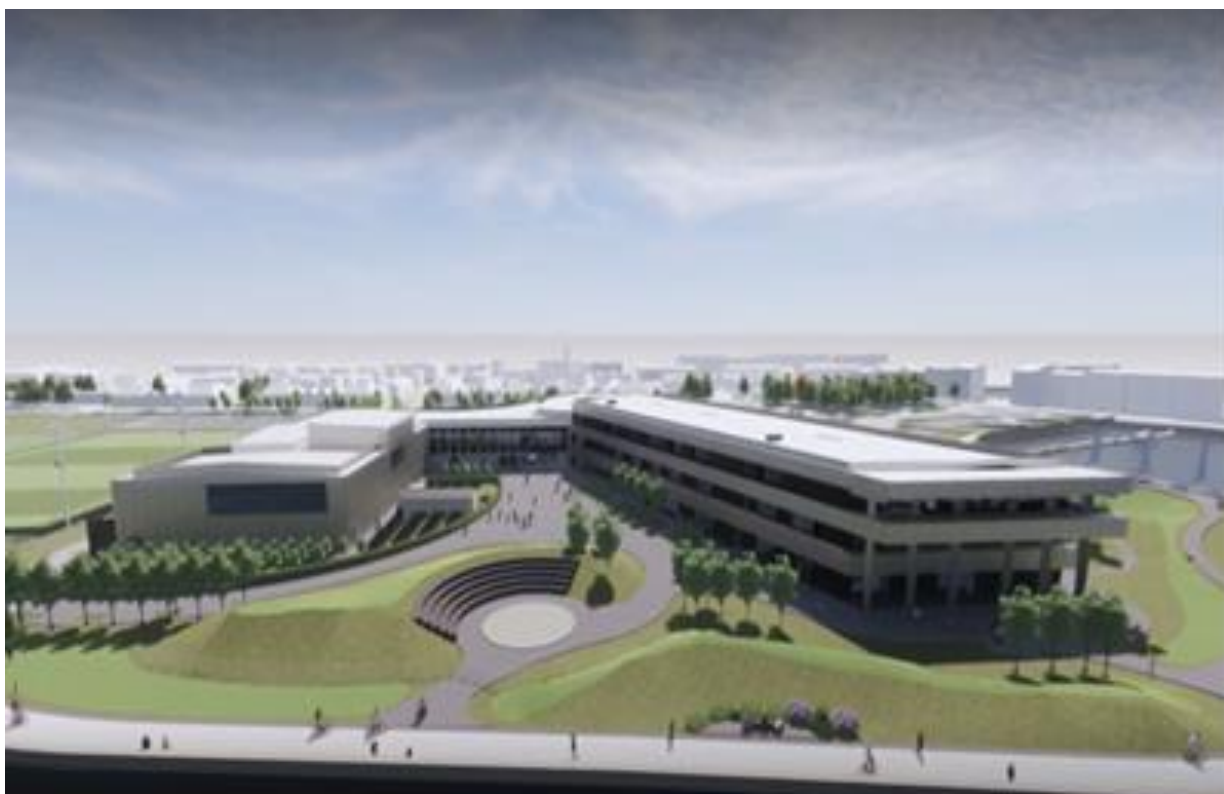
Total capital investment of £331.5 million from the Council's General Fund is planned over the period from 2025 to 2026 until 2033 to 2034, supporting the four key strategic priorities from the Council Plan:

- Wellbeing,
- Communities and Local Democracy,
- Climate Change and
- A Sustainable Council.

This includes planned expenditure of £63.8 million towards the Ayrshire Growth Deal to 2033 to 2034. It is recognised that the total level of investment across Ayrshire will be in the region of £251.5 million (including £103 million commitments from both the UK and Scottish Governments).

The capital plan includes £96.0 million planned investment in Education. The major areas of education investment include:

- **£6.5 million** to Universal school meals expansion.
Improvements to current kitchen and dining facilities across the school estate to create capacity for the anticipated uptake.
- **£81.8 million** for the Ardrossan Campus.
New build project as part of an exciting wider community facility development.
- **£7.5 million** to schools ICT investment.
Investment on ICT equipment within the school estate.



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 development for Ardrossan Campus.

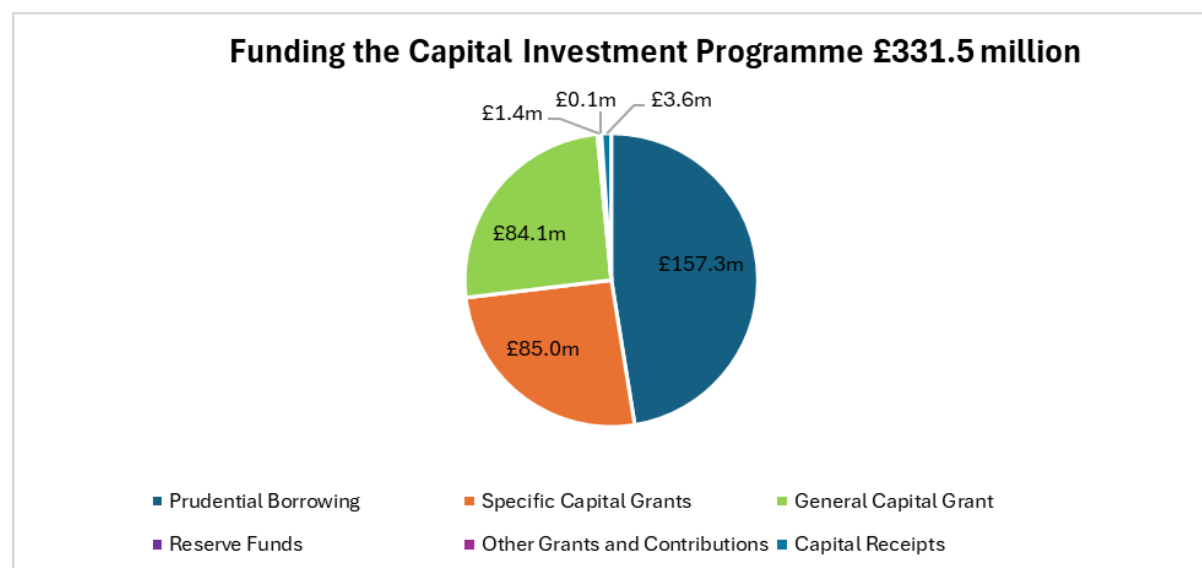
Through stakeholder engagement, effective cross Directorate working within North Ayrshire Council and collaboration with other agencies including the Scottish Government, this new development combines education provision with community facilities, residential, respite and housing provision as part of a wider focus on economic regeneration.

Investing in core assets and infrastructure is key to ensuring sustainability. A planned investment of £85.1 million within Roads, Bridges Infrastructure and Lighting includes £34.5 million road improvements, £2.6 million on flood prevention works and £27.0 million on the upgrading of the B714 following a successful application to the UK Governments Levelling Up Fund. Property lifecycle investment of £10.1 million, 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 2025 to 2026 to 2033 to 2034 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 £331.5 million capital investment programme to 2033/34 include:



The major sources of funding include assumptions on the level of general capital grant from Scottish Government to 2033 to 2034 (£84.1 million), the level of specific grants from the Scottish and UK Governments (£85.0m) and the level of prudential borrowing required (£157.3 million). 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.

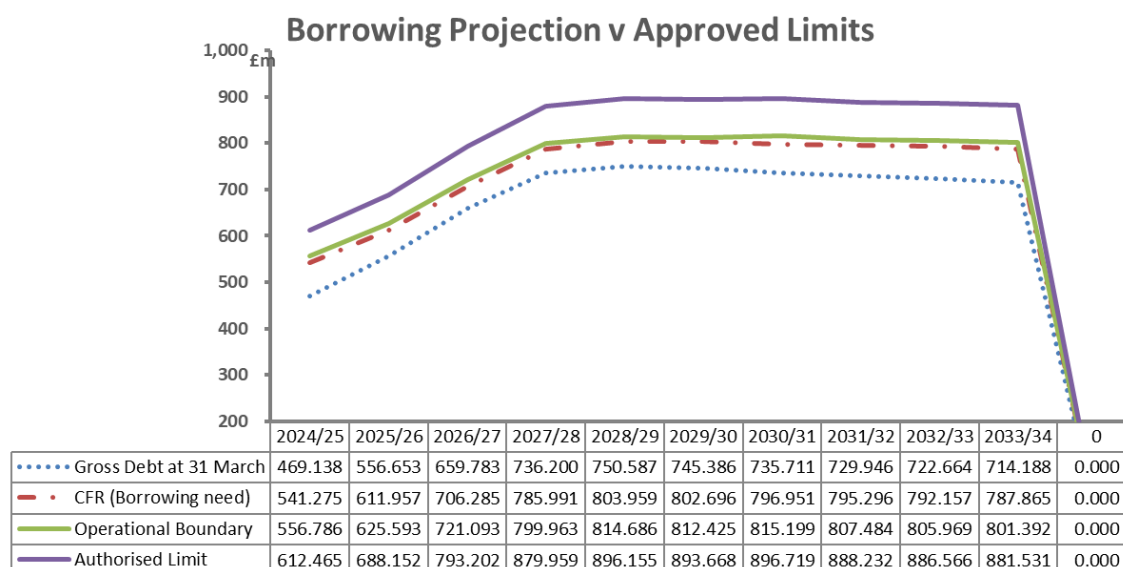
Treasury Management Strategy and Loans Fund Policy

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.



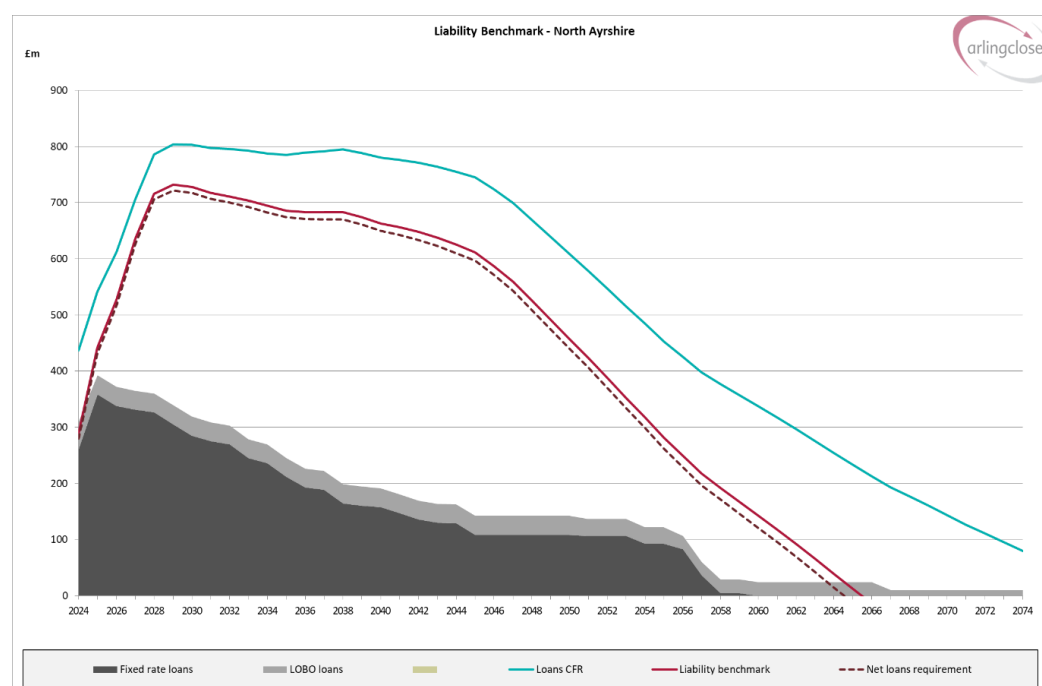
As reflected in the Treasury Management Strategy for 2025 to 2026, the analysis of the Capital Financing Requirement for North Ayrshire Council indicates that the borrowing needs to support delivery of the capital programme will increase to £803.959 million by 2028 to 2029 and then reduce annually to 2033 to 2034. 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 costs are aligned with the 30 year business plan.

Proportion of financing costs to net revenue stream	2024/25	2025/26	2026/27	2027/28
	Probable Outturn	Estimate	Estimate	Estimate
	%	%	%	%
General Services	3.0%	4.1%	4.6%	5.1%
HRA	25.2%	28.8%	32.1%	32.5%

The estimated ratio of debt to net revenue stream across the next three years averages at 4.6% for General Services and 31.1% for the Housing Revenue Account. From a General Fund perspective, the Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Performance Indicators 2023 to 2024 show a Scottish Local Authority average of 5.8%, therefore demonstrating a prudent borrowing policy. For the Housing Revenue Account, the indicative Scottish average in 2023 to 2024 was 23.8%. The rising ratio within the Housing Revenue Account 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

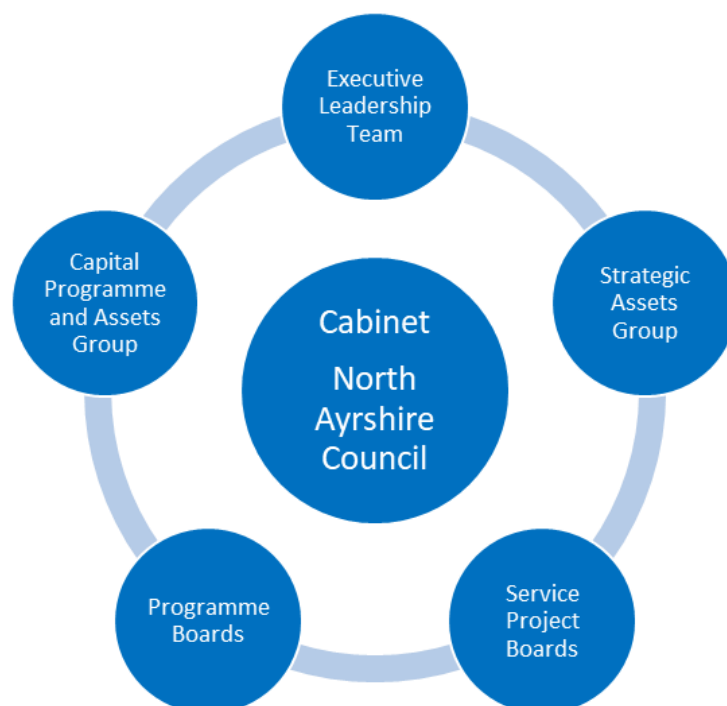
Having robust governance arrangements in place is key to ensuring effective strategic management of assets, from initial planning through to delivery, utilisation and disposal. North Ayrshire Council delivers a governance framework through a number of officer and member represented groups/committees.

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 and Dependencies
- Procurement arrangements
- Monitoring of key milestones
- Evaluation criteria and 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:



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 & Housing, Executive Director Place, Executive Director Education, 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 and 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
- 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 Chartered Institute of Public Finance and Accountancy (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 £251.5 million.

Related documents, strategies and plans

- Council Plan
- Local Development Plan
- Asset Management Plans
- Local Outcomes Improvement Plan
- Local Housing Strategy
- Strategic Housing Investment Plan
- North Ayrshire Local Employability Partnership Delivery Plan
- North Ayrshire Child Poverty Action Plan
- Technology Strategy
- Estates Strategy
- 10 Year Capital Investment Programme
- Regeneration Delivery Plan
- Treasury Management and Investment Strategy
- Loans Fund Policy
- HSCP Strategic Plan
- Sustainable North Ayrshire Strategy