



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Audit and Scrutiny Committee

A Special Meeting of the **Audit and Scrutiny Committee** of North Ayrshire Council will be held remotely on **Thursday, 30 June 2022 at 10:00** to consider the undernoted business.

Remote Meeting Arrangements

This meeting will be held remotely in accordance with the provisions of the Local Government (Scotland) Act 2003. Where possible, the meeting will be live-streamed and available to view at <https://north-ayrshire.public-i.tv/core/portal/home>. In the event that live-streaming is not possible, a recording of the meeting will instead be available to view at this location.

1 Declarations of Interest

Members are requested to give notice of any declarations of interest in respect of items of business on the Agenda.

2 Call In: Revenue Budget 2021/22: Financial Performance to 31 March 2022

Submit report by the Chief Executive on a Call In Request received in respect of a decision taken by Cabinet on 7 June 2022 on the financial performance of the Council at 31 March 2022 (copy enclosed)

3 Call In: Regeneration Delivery Plan Funding Proposals 2022/23

Submit report by the Chief Executive on a Call In Request received in respect of a decision taken by Cabinet on 7 June 2022 on the Regeneration Delivery Plan Funding Proposals for 2022/23 (copy enclosed).

4 Call In: North Ayrshire Covid Recovery Fund

Submit report by the Chief Executive on a Call In Request received in respect of a decision taken by Cabinet on 7 June 2022 on the North Ayrshire Covid Recovery Fund (copy enclosed).

5

Urgent Items

Any other items which the Chair considers to be urgent.

Webcasting - Virtual Meeting

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Audit and Scrutiny Committee Sederunt

John Bell (Chair)
Donald Reid (Vice Chair)
Eleanor Collier
Cameron Inglis
Tom Marshall
Matthew McLean
Davina McTiernan
Ian Murdoch
John Sweeney

Chair:

Apologies:

Attending:

NORTH AYRSHIRE COUNCIL

30 June 2022

Audit and Scrutiny Committee

Title: **Call In: Revenue Budget 2021/22: Financial Performance to 31 March 2022**

Purpose: To allow the Committee to consider a Call In Request in respect of the decision taken by Cabinet at its meeting on 7 June 2022 to:-

(a) to note (i) the information and financial performance outlined in the report and its associated appendices, (ii) the transfer of the net in-year underspend of £3.073m to supplement the Investment Fund, (iii) the financial performance of the Health and Social Care Partnership at paragraph 2.7 of the report and (iv) the IJB cumulative deficit position of £2.320m at 31 March 2022; and

(b) to approve the additional earmarking of £11.833m identified at section 2.5 of the report to meet future year commitments.

Recommendation: That the Committee considers the terms of the Call In and agrees, or otherwise, to make a recommendation to the Cabinet.

1. Executive Summary

- 1.1 In terms of the Scheme of Administration (Section 24), the Audit and Scrutiny Committee has a remit to consider Call in Requests and invite at least one of the Members who has requested the reference to Call In to attend the Committee to explain the request.
- 1.2 This report sets out the background to the Call In Request in respect of the decision taken by Cabinet at its meeting on 7 June 2022 in relation to the report on Revenue Budget 2021/22: Financial Performance to 31 March 2022.

2. Background

- 2.1 The Cabinet, at its meeting on 7 June 2019, considered a report on Revenue Budget 2021/22: Financial Performance to 31 March 2022.
- 2.2 A request was received in terms of the Call In procedure set out in the Council's Scheme of Administration and Standing Orders, that the Audit and Scrutiny Committee examine the decision taken by the Cabinet.

2.3 The Call In Request, which was signed by Councillors Foster, McDonald and Cullinane is in the following terms:-

Reason for Call In

To provide more support to residents struggling with the cost-of-living crisis.

Desired Outcome

- Remove Contribution to the Loans Fund
- Remove Provision for additional non-contractual inflationary pressures (with it to be met by existing unearmarked reserves)

Reallocate to:

- £500,000 pre-payment meter fund to support low-income families on pre-payment meters
- £750,000 to reinstate £4 per eligible child per day voucher scheme during the school holidays for the remainder of 2022/23.
- Additional £1,000,000 the Community Based Energy Support (check name) for energy-efficiency grants
- £300,000 to provide a £50 winter top-up to the school clothing grant in 2022/23
- Additional £200,000 for Cost of the School Day activity in 2022/23 to address the rising cost of living
- £641,000 to widen access to the Better Off financial inclusion service

2.4 A copy of the original report presented to Cabinet on 7 June 2022 is attached as an appendix to the report. An updated briefing note has been provided by the Head of Service (Finance) and is attached at Appendix 2.

2.5 The Call In Request is valid for consideration by the Committee. The request was received within the appropriate timescale, it was signed by three Elected Members and details were provided on both the reason for the Call In and the desired outcome.

2.6 The Elected Members who have submitted the Call In will be invited to address the Audit and Scrutiny Committee to explain the Call In Request. The appropriate Cabinet Member, accompanied by senior officers, will then be invited to clarify the reasons for the decision. The Committee will have an opportunity to ask questions of both parties and of those officers in attendance.

2.7 The Committee will then debate the Call In Request and decide whether or not it agrees with the decision of the Cabinet.

2.8 Where the Committee does not agree with the decision of the Cabinet, the matter will be referred to the next meeting of the Cabinet with recommendations from the Audit and Scrutiny Committee for alternative action. The Audit and Scrutiny Committee therefore has to:-

- i) decide if it agrees or not with the decision of the Cabinet; and
- ii) consider what alternative action the Committee would recommend to the Cabinet if it does not agree with the decision.

2.9 When the matter is considered by the Cabinet, the Chairperson or another member of the Audit and Scrutiny Committee will have the right to attend the Cabinet and speak in support of any recommendation.

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

3. Proposals

3.1 It is proposed that the Committee considers the Call In Request.

4. Implications/Socio-economic Duty

Financial

4.1 The financial implications are outlined in the Revenue Budget 2021/22: Financial Performance to 31 March 2022 report attached at Appendix 1.

Human Resources

4.2 The human resource implications are outlined in the Revenue Budget 2021/22: Financial Performance to 31 March 2022 report attached at Appendix 1.

Legal

4.3 The legal implications are outlined in the Revenue Budget 2021/22: Financial Performance to 31 March 2022 report attached at Appendix 1.

Equality/Socio-economic

4.4 The equality/social-economic implications are outlined in the Revenue Budget 2021/22: Financial Performance to 31 March 2022 report attached at Appendix 1.

Climate Change and Carbon

4.5 The climate change and carbon implications are outlined in the Revenue Budget 2021/22: Financial Performance to 31 March 2022 report attached at Appendix 1.

Key Priorities

4.6 The key priorities are outlined in the Revenue Budget 2021/22: Financial Performance to 31 March 2022 report attached at Appendix 1.

Community Wealth Building

4.7 The community wealth building implications are outlined in the Revenue Budget 2021/22: Financial Performance to 31 March 2022 report attached at Appendix 1.

5. Consultation

5.1 No formal consultation has been undertaken at this stage.

Craig Hatton
Chief Executive

For further information please contact **Angela Little, Committee Services Officer**, on
01294 324132

Background Papers

N/A

NORTH AYRSHIRE COUNCIL

7 June 2022

Cabinet

Title:	Revenue Budget 2021/22 : Financial Performance to 31 March 2022
Purpose:	To advise Cabinet of the financial performance for the Council for 2021/22
Recommendation:	<p>That Cabinet agrees to:</p> <ul style="list-style-type: none"> (a) note the information and financial performance outlined in the report; (b) approve the additional earmarking of £11.833m identified at 2.5 to meet future year commitments; (c) note the transfer of the net in-year underspend of £3.073m to supplement the Investment Fund; (d) note the financial performance of the Health and Social Care Partnership at 2.7; and (e) note the IJB cumulative deficit position of £2.320m at 31 March 2022

1. Executive Summary

- 1.1 General Services Revenue Estimates for 2021/22 were approved by Council on 4 March 2021. The Housing Revenue Account (HRA) Revenue Budget for 2021/22 was approved by Council on 16 December 2020.
- 1.2 As part of the monitoring procedures to inform Cabinet of the financial performance of the Council, financial performance reports are presented on a regular basis. This is the final report for 2021/22 and covers the period to the end of March 2022 (Period 12). This is the final financial performance information on which the Annual Accounts for the Council will be prepared.
- 1.3 At Period 12 the General Fund is reporting a net in-year underspend of (£3.073m), 0.8%, after transferring resources to other funds. This is an increase of (£1.865m) from that reported at Period 8 and is primarily related to lower than anticipated costs arising from the 2021/22 local government and teacher pay settlements. As approved by Council on 2 March 2022, these funds will be utilised to supplement the Council's Investment Fund for delivery of sustainability projects as part of the Council's journey towards net zero.

- 1.4 The transfer of £14.288m to earmarked reserves has been proposed in relation to a range of pressures which are anticipated to impact in 2022/23 and beyond, including:
- £4.700m Scottish Government funding received late in the financial year including support for businesses, low income households and employability;
 - £4.457m additional provisions arising from the current cost volatility being experienced across the construction, food and energy sectors;
 - £2.601m to support the continued expansion of Early Learning and Childcare services; and
 - £2.530m to support the delivery of services which have been deferred to 2022/23 as a result of a number of factors including the impact of Covid-19 restrictions.
- 1.5 The Housing Revenue Account has reported a net in-year underspend of (£2.941m), 5.4%. This is a reduction of £0.357m from that reported at Period 8. The movement is primarily related to an under recovery of Council House rents, which has been partly offset by additional underspends within Property Costs as a result of lower than anticipated expenditure on planned and cyclical maintenance. The underspend will be allocated to HRA Balances to support delivery of services in 2022/23 and beyond.
- 1.6 The Health and Social Care Partnership is reporting an underspend of (£13.616m). This represents an increase of (£12.630m) over that reported at Period 8 with the main reasons for the movement being additional Scottish Government funding in relation to Covid mobilisation and other pressures. The Integration Joint Board (IJB) will carry forward this underspend in earmarked and general reserves for use in future years, resulting in an in-year net breakeven position for the HSCP.
- 1.7 The final outturn includes £1.486m set aside by the Council to support the repayments of the IJB's deficit to the Council. This has been applied to reduce the IJB's outstanding deficit and Cabinet is asked to note that the IJB's deficit position to the Council at 31 March 2022 has been reduced to £2.320m.

2. Background

General Fund

- 2.1 The Council set a breakeven budget for 2021/22. In addition to the budget approved on 4 March 2021, earmarked funds of £28.135m were carried forward from 2020/21 for service expenditure during 2021/22 and are reflected in the reported performance.
- 2.2 The reported net in-year underspend is (£3.073m), net of transfers to reserves. This represents 0.8% of the Council's total budget.

2.3 The following table details the final position on a service by service basis:

	App. No	Annual Budget	Actual Outturn to 31 March 2022	Variance for year (Fav)/Adv	Projected Variance at P8 (Fav)/Adv	Movement	Request for Carry Forward Approved @ P8	New Requests for Carry Forward	Variance for Year After Carry Forward (Fav)/Adv
Service Expenditure		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Chief Executive's	1	26,350	25,712	(638)	(620)	(18)	145	305	(188)
Communities	2	149,183	146,211	(2,972)	(1,750)	(1,222)	1,400	1,057	(515)
Place	3	69,040	66,565	(2,475)	(781)	(1,694)	910	1,353	(212)
Other Corporate Services	4	18,452	7,249	(11,203)	(512)	(10,691)	-	9,118	(2,085)
Sub Total		263,025	245,737	(17,288)	(3,663)	(13,625)	2,455	11,833	(3,000)
Health and Social Care Partnership		107,059	107,059	-	-	-	-	-	-
Balance for Services		370,084	352,796	(17,288)	(3,663)	(13,625)	2,455	11,833	(3,000)
Financing Charges	5	22,185	22,185	-	-	-	-	-	-
Contribution to Loans Fund Reserve	5	4,094	4,094	-	-	-	-	-	-
Total Planned Expenditure		396,363	379,075	(17,288)	(3,663)	(13,625)	2,455	11,833	(3,000)
Planned Income									
Aggregate External Finance	5	(335,202)	(335,244)	(42)	-	(42)	-	-	(42)
Council Tax	5	(59,862)	(59,893)	(31)	-	(31)	-	-	(31)
Contribution to Capital Fund	5	260	260	-	-	-	-	-	-
Contribution to/from Earmarked Funds	5	(1,559)	(1,559)	-	-	-	-	-	-
Total Planned Income		(396,363)	(396,436)	(73)	-	(73)	-	-	(73)
Net Expenditure/ (Income)		-	(17,361)	(17,361)	(3,663)	(13,698)	2,455	11,833	(3,073)

2.4 The reported Aggregate External Finance within Planned Income includes a number of adjustments to Scottish Government funding from that reported at Period 8, as detailed in the following table:

	General Revenue Grant £000's	Non Domestic Rates £000's	Specific Grants £000's	TOTAL AEF £000's
Revised Budget 30 November 2021	(274,330)	(28,350)	(22,568)	(325,248)
Movements:				
Business and Low Income Household Support	(2,154)			(2,154)
Care at Home Winter Planning	(1,719)			(1,719)
FWES Employability	(1,645)			(1,645)
Interim Care Winter Planning	(1,109)			(1,109)
Scottish Child Briding and Family Payments	(1,003)			(1,003)
Social Care Workforce Uplift	(866)			(866)
HSCP Living Wage	(861)			(861)
Funding for Pressures	(780)			(780)
Teacher Induction	(420)			(420)
Tenant Grant Fund	(314)			(314)
SNCT Pay Issues	(162)			(162)
Whole Family Wellbeing	(106)			(106)
DHP Accrual	(101)			(101)
MH Recovery and Renewal	(68)			(68)
Low Income Pandemic Payments	(53)			(53)
National Trauma Training	(50)			(50)
Scottish Disability Assistance	(28)			(28)
Telecare Fire Safety	(28)			(28)
Education Psychology Trainees	(14)			(14)
Unaccompanied Asylum Seekers	(11)			(11)
Education Psychology Trainees	(10)			(10)
Free Child Burials	(7)			(7)
Road Assessments Adjustment	22			22
Music Tuition Charges Adjustment	32			32
Curriculum Charges Adjustment	51			51
FSM Funding Adjustment	209			209
PEF Carried Forward to 22-23			1,241	1,241
Final Scottish Government Income	(285,525)	(28,350)	(21,327)	(335,202)

2.5 Detailed explanations of the significant variances in service expenditure compared to the approved budgets, together with information on funding to be carried forward to support expenditure during 2022/23, are provided in appendices 1 to 5 to this report. A full list of the proposed carry forward of earmarked funds is included at Appendix 5.

A brief explanation of the significant movements for each service since Period 8 is outlined as follows:

(i) Chief Executive's – underspend of (£0.638m), an increase in underspend of (£0.018m)

The movement is primarily related to:-

- Vacancy management across services , (£0.113m);

This has been partly offset by increased expenditure in relation to :-

- Additional costs in relation to the procurement of Covid PPE, £0.075m
- Lower than budgeted income from NDR and Council Tax statutory additions, £0.132m;
- Additional contribution to the Capital Fund as part of the agreed reimbursement of ICT infrastructure investment, £0.101m;

It is requested that a further £0.305m of the underspend is earmarked in respect of :

- Various committed ICT equipment, resources and software services impacted by delays in the supply chain, £0.181m;
- AGD Digital Processing Manufacturing Centre project. £0.070m;
- 22/23 Making Waves Festival, £0.044m; and
- Customer Services Kiosk Refurbishment, £0.010m.

(ii) Communities – underspend of (£2.972m), an increase in underspend of (£1.222m)

The movement is primarily related to:-

- Additional vacancy management underspends across services, (£0.662m);
- Increased underspends on Supplies and Services across the Connected Communities service linked the Covid-19 restrictions, (£0.445m); and
- Additional PPP rebates, (£0.114m).

It is requested that a further £1.057m of this underspend is earmarked for use 2022/23 in relation to:

- Support for cost pressures within the Early Learning and Childcare (ELC) capital programme, £0.300m;
- Additional earmarking in relation to the expansion of ELC, £0.194m;
- Inclusion Group funding to support temporary interventions, £0.173m;
- Eglinton Country Park - Community Gardens and Making Waves funding, £0.157m;
- Various supplies and services within Libraries, £0.082m.
- Funding to support additional Locality Workers linked to increased workload, £0.050m;
- Community Planning Partnerships for the Place Cube Project, £0.036m;
- Ardrossan Civic Centre renovation works, £0.027m;
- Procurement of exemplar furniture for Ardrossan Academy, £0.020m; and
- ICT equipment delays, £0.018m.

(iii) Place – underspend of (£2.475m), an increase in underspend of (£1.694m)

The movement is primarily related to:-

- Reduced expenditure on Supplies and Services and Third Party Payments across services, (£0.717m);
- Vacancy management across services, (£0.464m);
- Lower than anticipated uptake of ELC meals within Facilities Management, (£0.363m);
- Remaining project expenditure budgets in respect of Community Renewal Fund and Ayrshire Growth Deal projects, (£0.245m); and
- Reduced provision for bad debts in relation to Temporary Accommodation income, (£0.122m).

These have been partly offset by increased Transport Provision costs, £0.252m.

It is requested that a further £1.353m of the underspend is earmarked for use in 2022/23 in relation to:

- Additional earmarking in relation to the expansion of ELC, £0.372m;
- Community Renewal Fund and Ayrshire Growth Deal project costs, £0.283m;
- Temporary Accommodation furniture, £0.150m;
- Support for the Sustainability Agenda, £0.118m;
- Rapid Rehousing Transition Plan costs, £0.088m;
- ESF / Shared Prosperity Fund transition provision, £0.083m;
- Ardrossan Hostel upgrades, £0.072m;
- Our Future Working Environment reconfiguration costs, £0.049m;
- Lochshore Visitor and Community Hub initial costs, £0.045m;
- CCTV Maintenance, £0.036m;
- Community Safety Initiative, £0.026m;
- Window Cleaning Contract, £0.011m;
- Environmental Health Officer funding, £0.010m; and
- Transport Contractual Commitments, £0.010m.

(iv) Other Corporate Items – underspend of (£11.203m), an increase in underspend of (£10.691m)

The increased underspend is primarily related to :

- Funding announced as part of the Local Government Finance Settlement 2022/23 which will not be utilised during 2021/22, (£4.405m);
- The release of provisions following a review of long term debtor and potential credit losses, (£3.436m);
- Centrally held funds in relation to the 2021/22 pay settlement, which are no longer required following the lower than budgeted settlement, (£2.438m);
- Previously approved expenditure pressures which have not been drawn down during 2021/22, (£0.893m);
- Lower than budgeted severance costs during 2021-22, (£0.501m); and
- Higher than anticipated Housing Benefit Overpayments and Subsidy recovery, (£0.253m).

It is requested that a further £9.118m of the underspend is earmarked for use in 2022/23 in relation to:

- Contribution to the Loans Fund to support the 10 year Capital Investment Programme and address rising cost pressures, £2.569m;
- Provision for contractual electricity and gas price increases for 2022/23 to reflect current market inflationary levels, £1.066m;
- Provision for additional non-contractual inflationary pressures (e.g. food costs, fuel, etc.), £0.822m;
- Business continuity resilience infrastructure, £0.200m;
- Scottish Government Funding received later in the financial year, not fully utilised in year, in respect of:-
 - Business Support and Low Income Families, £2.154;
 - Employability, £0.870m;
 - Financial Insecurity, £0.429m;
 - Self-isolation Support grants, £0.313m;
 - Tenant Grant Fund grants payments, £0.284m;
 - 21/22 SNCT Payroll costs £0.162m;
 - CO2 Monitors, £0.077m;
 - Summer of Play, £0.20m;
 - Civil Contingencies, £0.020m;
 - Trainee Educational Psychologist, £0.010m; and
 - British Sign Language, £0.005m.
- Previously approved budget allocation to support future service delivery:-
 - Customer Service Staffing Commitments, £0.039m;
 - Finance Service Software, £0.035m;
 - Cost of the School Day, £0.024m; and
 - Trainee Health and Safety Officer, £0.019m.

Health and Social Care Partnership

2.6 The final HSCP financial performance report for the year will be presented to the Integration Joint Board on 16 June 2022 and will outline the 2021/22 financial performance in more detail, including:

- An underspend of £13.616m for the year, which, after adjustment for earmarked reserves, leaves an adjusted year-end breakeven position;
- The earmarking of £13.616m includes £11.762m for specific purposes, including Covid-19, ADP, Care at Home. Interim Care Home Placements and Recovery and Renewal, and £1.854m contribution to the IJB's General Reserves; and
- The application of £1.486m, set aside by North Ayrshire Council, to make a partial repayment of the IJB's deficit to the Council. This has reduced the IJB's outstanding deficit to £2.320m at 31 March 2022.

Housing Revenue Account

- 2.7 The Housing Revenue Account budgeted for a breakeven position in 2021/22. A net underspend of £2.941 is reported, representing 5.4% of the Council's HRA revenue budget. This is summarised in the following table with further details provided in Appendix 6. The underspend will be allocated to HRA reserves for utilisation in future years:

	Annual Budget	Actual Outturn to 31 March 2022	Variance for year (Fav)/Adv	Projected Variance at P8 (Fav)/Adv	Movement
	£000's	£000's	£000's	£000's	£000's
Employee Costs	5,175	4,959	(216)	-	(216)
Property Costs	20,924	18,001	(2,923)	(2,120)	(803)
Supplies & Services	331	304	(27)	(122)	95
Transport Costs	33	12	(21)	(3)	(18)
Administration Costs	2,103	1,630	(473)	10	(483)
Third Party Payments	2,435	2,657	222	(39)	261
Transfer Payments	279	118	(161)	(169)	8
Other Expenditure	379	592	213	45	168
Capital Financing Costs	22,324	21,973	(351)	(676)	325
Gross Expenditure	53,983	50,246	(3,737)	(3,074)	(663)
Income	(53,983)	(53,187)	796	(224)	1,020
Net Expenditure	-	(2,941)	(2,941)	(3,298)	357

- 2.8 Detailed explanations of the significant variances in expenditure compared to the approved budgets are provided in appendix 6 to this report.

A brief explanation of the significant movements for each service since Period 8 is outlined as follows:

- (i) **Employee Costs – underspend of (£0.216m), an increase in underspend of (£0.216m)**
The increased underspend reflects vacancy management across the service.
- (ii) **Property Costs – underspend of (£2.923m), an increase in underspend of (£0.803m)**
The movement reflects lower than anticipated expenditure on Planned and Cyclical Maintenance, (£0.283m), Aids and Adaptations, (£0.352m), and Other Property Costs, (£0.566m), which have been partly offset by increased expenditure on Responsive Repairs, £0.121m, and Void Repairs, £0.277m.
- (iii) **Supplies and Services – underspend of (£0.027m), a reduction in underspend of £0.095m**
The movement is primarily related to costs related to, £0.111m.

- (iv) **Administration Costs – underspend of (£0.473m), a movement of (£0.483m) from the previously reported overspend of £0.010m**
The movement reflects lower than anticipated recharges from the General Fund, (£0.210m), and lower than anticipated expenditure on Legal Expenses, (£0.127m), and a range of business support costs.
- (v) **Third Party Payments – overspend of £0.222m, a movement of £0.261m from the previously reported underspend of (£0.039m)**
The movement reflects higher than anticipated payments to other departments within the Council.
- (vi) **Other Expenditure – overspend of £0.213m, an increase in overspend of £0.168m**
The movement reflects increased provision for bad debts.
- (vii) **Capital Financing Costs – underspend of (£0.351m), a reduction in underspend of £0.325m**
The movement reflects the revised borrowing strategy and the actual cash flows and interest rates to support the HRA capital investment programme.
- (vi) **Income – under recovery of £0.796m, a movement of £1.020m from the previously reported over recovery of (£0.224m)**
The movement reflects under recoveries in Council House Rents, £0.820m, and recharge income.

3. Proposals

3.1 It is proposed that Cabinet:

- (a) note the information and financial performance outlined in the report;
- (b) approve the additional earmarking of £11.833m identified at 2.5 to meet future year commitments;
- (c) note the transfer of the net in-year underspend of £3.073m to supplement the Investment Fund;
- (d) note the financial performance of the Health and Social Care Partnership at 2.7; and
- (e) note the IJB cumulative deficit position of £2.320m at 31 March 2022.

4. Implications/Socio-economic Duty

Financial

4.1 General Services

The final outturn position for the year is an underspend of (£3.073m) which will be applied to supplement the Council's Investment Fund.

Housing Revenue Account

The final outturn position for the year is an underspend of (£2.941m) which will be allocated to the HRA Reserves.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 This report directly supports the Council Plan 2019 to 2024 by maximising resources and providing value for money to support financially sustainable delivery models.

Community Wealth Building

4.7 None.

5. Consultation

5.1 Executive Directors have been consulted as part of the review of financial performance and have approved the variances contained in this report.

Mark Boyd
Head of Service (Finance)

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551** or **DavidForbes@north-ayrshire.gov.uk**.

Background Papers

Revenue Budget 2021/22: Financial Performance to 30 November 2021 - Cabinet – 25 January 2022

CHIEF EXECUTIVES
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Objective Summary	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Chief Executive's Office					
Chief Executive's Office	148	143	(5)	(3%)	
Total for Chief Executive's Office	148	143	(5)	(3%)	
Financial Services					
Change Programme	107	107	-	0%	
Audit, Fraud, Safety & Insurance	571	559	(12)	(2%)	
Corporate Procurement	1,021	974	(47)	(5%)	1
Financial Services	1,420	1,404	(16)	(1%)	
Revenues	2,218	2,242	24	1%	2
Total for Financial Services	5,337	5,286	(51)	(1%)	
People & ICT					
Employee Services	1,042	1,070	28	3%	
HR & Organisational Development	1,210	1,169	(41)	(3%)	
ICT	5,440	5,264	(176)	(3%)	3
Business Support	1,359	1,265	(94)	(7%)	4
Customer Services	6,654	6,676	22	0%	5
Total for People & ICT	15,705	15,444	(261)	(2%)	
Recovery & Renewal					
Transformation	846	821	(25)	(3%)	
Total for Recovery & Renewal	846	821	(25)	(0)	
Democratic Services					
Legal & Licensing	777	745	(32)	(4%)	6
Policy, Performance & Elections	757	696	(61)	(8%)	7
Communications	474	450	(24)	(5%)	
Civil Contingencies	40	37	(3)	(8%)	
Committee Services	353	339	(14)	(4%)	
Member Services	1,251	1,197	(54)	(4%)	8
Information Governance	437	370	(67)	(15%)	9
Total for Democratic Services	4,089	3,834	(255)	(6%)	
Growth & Investment					
Tourism	147	103	(44)	(30%)	10
Growth & Investment	78	81	3	4%	
Total for Growth & Investment	225	184	(41)	(0)	
Totals	26,350	25,712	(638)	(2%)	
Less Proposed Carry Forwards		450	450		
Net Total	26,350	26,162	(188)	(1%)	

Subjective Summary	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	16,907	16,943	36	0%
Property Costs	73	84	11	0%
Supplies and Services	3,090	3,112	22	1%
Transport and Plant Costs	44	39	(5)	(11%)
Administration Costs	1,440	1,183	(257)	(18%)
Other Agencies & Bodies	8,518	8,523	5	0%
Transfer Payments	836	836	-	0%
Other Expenditure	43	43	-	0%
Capital Financing	-	-	-	-
Gross Expenditure	30,951	30,763	(188)	(1%)
Income	(4,601)	(5,051)	(450)	10%
Net Expenditure	26,350	25,712	(638)	(2%)

CHIEF EXECUTIVES
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Budget £000	Variance £000	Variance as % of budget	Section
Note 1			Finance - Corporate Procurement
			Movement - There has been an adverse movement of £0.070m. Within this movement £0.075m is due to increased Covid-19 PPE expenses, but is partially offset with a favourable movement of £0.005m due to vacancy management.
953	(194)	-20%	Employee Costs - An underspend of £0.194m due to vacancy management.
11	154	1400%	Supplies and Services - Overspend of £0.154m due to Covid-19 PPE expenses.
	(7)		Other minor variances
	(47)		
Note 2			Finance - Revenues
			Movement - There has been an adverse movement of £0.098m from P10 due to an under recovery of statutory additions income of £0.132m which is slightly offset by an additional underspend in sheriff officer commission of £0.028m and bank charges of £0.007m.
427	(17)	-4%	Employee Costs - An underspend of £0.017m due to vacancy management.
235	(96)	-41%	Administration Costs - Underspends of £0.089m in Sheriff Officer Commission due to new procurement arrangements and bank charges £0.007m.
(1,285)	132	-10%	Income - Under recovery of income due to decreased income from statutory additions of £0.132m.
	5		Other minor variances
	24		
Note 3			People & ICT - ICT
			Movement - There has been an adverse movement of £0.101m from P10 mainly due to a contribution to capital fund as part of the agreed repayment of investment in ICT infrastructure.
3,188	(62)	-2%	Employee Costs - There is an underspend of 0.032m due to vacancy management and £0.030m due to non uptake of superann scheme
12	(8)	-67%	Transport Costs - There is an underspend of £0.008m due to lower than usual staff fares/mileage.
2,205	(102)	-5%	Supplies and Services - There is an underspend of £0.103m in WAN due to delays in equipment deliveries resulting from global chip shortages. An underspend of £0.042m in ICT Management Software Licences due to delayed procurement and £0.105m in Software Licence for O365 due to removal of temporary staff costs and reduction in consultancy costs. £0.009m underspend in Server Support due to reduction in maintenance contract costs and other minor underspends of £0.009m. These underspends are partially offset by a £0.167m contribution to capital fund as part of the agreed repayment of investment in ICT infrastructure.
	(4)		Other minor variances
			It is proposed to earmark funds of £0.070m for Project Resource equipment (WAN /LAN /Telephony /Other Infrastructure); £0.020m CRM Project Implementation; £0.040m O365 Backup and Recovery; £0.022m ITSM SaaS shortfall 2022/23; and £0.017m for current backup solution extension; £0.007 for delayed Computer Equipment
	(176)		
Note 4			People & ICT - Business Support
			Movement - There has been a favourable movement of £0.024m since P10.
1,257	(86)	-7%	Employee Costs - An underspend of £0.086m due to vacancy management and maternity leave.
	(8)		Other minor variances
			It is proposed to earmark funds of £0.015m - £0.005m for delayed computer equipment, estimated delivery now end of April and £0.010m for kiosk refurbishment for Customer Services.
	(94)		
Note 5			People & ICT - Customer Services
			Movement - There has been a favourable movement of £0.004m from P10.
63	(21)	-33%	Admin Costs - There is an underspend of £0.021m due to Benefits Postages. Excess budget will be utilised to cover increased software costs in 22/23 (Netcall) Request to earmark £0.010m for kiosk refurbishment through BS underspend.
(2,097)	41	-2%	Income - There is an under recovery of £0.041m in Registration Income due to COVID but also a historic under recovery.
	2		Other minor variances
	22		

Budget £000	Variance £000	Variance as % of budget	Section
Note 6			Democratic Services - Legal & Licensing
			Movement - There has been an adverse movement of £0.030m. This is due to an under-recovery of licensing income.
1,184	(57)	-5%	Employee Costs - An underspend of £0.057m due to vacancy management.
47	(25)	-53%	Admin Costs - There is an underspend of £0.025m due to a range of minor underspends.
(494)	49	-10%	Income - There is an under-recovery of £0.031m within licensing income due to ongoing implications from the COVID 19 pandemic alongside an under-recovery of legal costs £0.016m and other minor variances.
	1		Other minor variances
	(32)		
Note 7			Democratic Services - Policy, Performance & Elections
			Movement - There has been a favourable movement of £0.053m from P10 due to a reduction in employee costs from vacancy management and overtime costs and reduced admin costs.
667	(40)	-6%	Employee Costs - An underspend of £0.024m due to vacancy management and £0.016m due to lower overtime costs.
	(21)		Other minor variances
	(61)		
Note 8			Democratic Services - Member Services
			Movement - There has been a favourable movement of £0.065m from P10 due to civic events, travel, member allowances and various minor underspends.
37	(30)	-81%	Supplies & Services Costs - An underspend of £0.030m mainly due to civic events £0.015m, other departments and hall lets £0.010m and various other minor underspends
904	(41)	-5%	Admin Costs - An underspend of £0.040m mainly due to members travel expenses £0.018m, member allowances £0.009m and various other minor underspends
	17		Other minor variances
	(54)		
Note 9			Democratic Services - Information Governance
			Movement - There has been a favourable movement of £0.013m due to reduction in employee costs from vacancy management.
430	(64)	-15%	Employee Costs - An underspend of £0.064m due to vacancy management.
	(3)		Other minor variances
	(67)		
Note 10			Growth & Investment - Tourism
			Movement - There has been a favourable movement of £0.044m from P10 this is in relation to the Events budget. This budget requires to be carried forward to 22/23 to contribute towards the planned 22/23 Making Waves Festival.
103	(44)	-43%	Other Agencies & Bodies - this underspend consists of £0.044m in relation to the annual events budget. Events have been on hold due to risks around Covid. The Making Waves festival is now planned for 22/23 and these funds require to be carried forward to meet some of the costs.
			It is proposed to earmark £0.044m to contribute towards the planned 22/23 Making Waves Festival.
			It is also requested to earmark funds of £0.070m from the Chief Executive overall underspend to support the funding of phase 1 of the AGD Digital Processing Manufacturing Centre project at i3 in Irvine.
	(44)		

COMMUNITIES
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Objective Summary	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Early Years Education	21,795	19,730	(2,065)	-9.5%	1
Primary Education	41,785	41,951	166	0.4%	2
Secondary Education	46,467	46,225	(242)	-0.5%	3
Additional Support Needs	11,870	11,663	(207)	-1.7%	4
Education - Other	7,433	7,386	(47)	-0.6%	5
Pupil Equity Fund	4,626	4,626	-	0.0%	7
Connected Communities	15,207	14,630	(577)	-3.8%	8
Net Total	149,183	146,211	(2,972)	-2.0%	
Less Proposed Carry Forwards	-	2,457	2,457		
Net Total	149,183	148,668	(515)	0%	

Subjective Summary	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	128,503	126,575	(1,928)	-2%
Property Costs	735	753	18	2%
Supplies and Services	12,449	11,662	(787)	(6%)
Transport and Plant Costs	148	105	(43)	(29%)
Administration Costs	882	797	(85)	(10%)
Other Agencies & Bodies	16,481	15,840	(641)	-4%
Transfer Payments	580	584	4	0%
Other Expenditure	8	8	-	
Capital Financing	78	78	-	0%
Gross Expenditure	159,864	156,402	(3,462)	-2%
Income	(10,681)	(10,191)	490	-5%
Net Expenditure	149,183	146,211	(2,972)	-2%

COMMUNITIES
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Budget £000	Variance £000	Variance as % of budget	Section
Note 1			Early Years Education
			Movement: There has been a favourable movement of £0.174m since P10, mainly due to an increase in employee costs underspend.
16,472	(1,600)	-10%	Employee costs: An underspend due to the future opening of Marress House and Montgomerie Park establishments, additional vacancies and cover was not accessed at previously assumed levels.
464	(80)	-17%	Supplies & Services: underspends across all areas of EY establishments
4,740	(353)	-7%	Third Party Payments: A cautious approach was taken when setting the funded provider budget at the outset of the 1140 expansion programme. This budget will be refined in the future, taking account of uptake of places and the work being done nationally around the sustainable rates paid to our funded providers.
	(32)		Other minor movements across various budget lines
			It is requested to earmark funds of £1.594m for the EY expansion in view of the future funding model that is to be confirmed.
			It is requested to earmark funds of £0.300m to support cost pressures within the ELC capital investment programme
	(2,065)		
Note 2			Primary Education
			Movement: There has been an adverse movement of £0.062m since P10 mainly due to an increase in employee costs overspend of £0.072m and an increase in janitor overtime for school lets of £0.032m.
40,173	201	1%	Employee Costs : overspends of £0.201m within 8 primary schools. Work is ongoing with the schools to bring their budgets back in line with resources.
1,456	(50)	-3%	Supplies and Services : £0.027m underspend in PPP costs due to reduced RPI (Feb 21 rate) and utility costs and £0.023m collective underspends across all school budgets
110	(45)	-41%	Third Party Payments: no overtime required due to the schools not operating school lets due to COVID situation
(98)	60	-61%	Income: no school let income due to school lets not operating due to COVID situation.
			It is requested to earmark funds of £0.018m for IT equipment in schools which had been ordered but not received by 31 March 22
	166		
Note 3			Secondary Education
			Movement: There has been a unfavourable movement of £0.094m since P10, mainly due to increased school cover and school lets janitor overtime.
39,837	16	0%	Employee Costs : £0.016m overspend in school absence cover teaching costs. Work is ongoing with the schools to bring their budgets back in line with resources.
6,427	(288)	-4%	Supplies and Services : £0.264m underspend in PPP costs due to reduced RPI (Feb 21 rate) and utility costs
160	(32)	-20%	Third Party Payments: an underspend of £0.059m as less overtime was required due to the schools not operating school lets due to COVID
(83)	62	-75%	Income: no school let income due to school lets not operating due to COVID situation.
			It is requested to earmark funds of £0.020m to cover the costs of the exemplar furniture in Ardrossan Academy that will be purchased in the new financial year.
	(242)		
Note 4			ASN
			Movement: There has been an unfavourable movement of £0.068m since P10, mainly due to a reduction in employee costs underspend of £0.099m.
9,160	(260)	-3%	Employee costs: £0.355m underspend in non teaching costs partially offset by a £0.095m overspend in teaching costs across ASN school and bases provision.
355	30	8%	Other Local Authorities payments - £0.030m overspend due to additional NAC children being placed in other local authority establishments to meet the expanding demand.
1,010	(266)	-26%	There is an underspend of £0.266m on external day placements as a result of the screening process currently in place. This enables the children to remain in mainstream establishments or in-authority ASN establishments.
365	460	126%	There is an overspend of £0.460m on external specialist residential placements due to Covid affecting the ongoing number of children in residential education. Currently there are 7 children in accommodation. Joint working is ongoing with HSCP to continually assess the care setting for these children in delivering positive outcomes.
(460)	(112)	24%	Other Local Authorities income - Other Local Authorities that choose to place children in NAC establishments. There is an an over recovery of £0.112m due to an increase in demand.
	(59)		Other minor movements across various budget lines
			It is requested to earmark funds of £0.173m from Inclusion Group budget underspend to support temporary interventions in the transition to a new process from August 2022.
	(207)		

Budget £000	Variance £000	Variance as % of budget	Section
Note 5			Education Other
			Movement: There has been a favourable movement of £0.713m since P10. This is mainly due to an increase in employee turnover of £0.575m and increased income from PPP insurance rebate/deductions of £0.114m.
5,738	311	5%	Employee costs: variances are managed within the context of the Covid-19 Education recovery Plan and available Scottish Government funding. Includes an overspend of £0.055m due to backfilling of Director and HoS post and £0.062m VER costs for HQ staff.
1,621	(38)	-2%	Third Party Payments - underspend of £0.046m in grant of additional payment to teachers
(1,944)	(318)	16%	Income - PPP insurance rebate and deductions was £0.274m in excess of budget.
	(2)		Other minor movements across various budget lines
	(47)		
Note 6			Connected Communities
			Movement: There has been a favourable movement of £0.527m since P10, mainly due to an increase in employee costs underspend of £0.168m and further underspends across supplies and services budgets of £0.445m.
7,467	(683)	-9%	Employee Costs: Underspends of £0.229m in Libraries, £0.257m in Community Facilities, £0.085m in Arran Outdoor, £0.010m in Country Parks, £0.010m in Active Schools, £0.069m in Community Development and £0.026m in Arts, all mainly due to staff costs being reduced due to Covid-19 and staff being redeployed to Facilities Management.
2,156	(344)	-16%	Supplies & Services: Underspends in Country Parks £0.112m, Libraries £0.045m, £0.053m in Arran Outdoor, £0.087m in Community Development, £0.018m in CPP and £0.023m in Arts, mainly due to expenditure being reduced across all areas to help offset the under recovery of income.
6,738	(29)	0%	Third Party Payments: Includes increased subsidy support for NALL of £1.075m due to the impact of Covid-19 restrictions and the impact on customer base. Additional support from the Council will be from the use of previously earmarked funds totalling £1.486m which will be used to support the trading deficit position and the renewal programme within NALL. Overspends in Libraries of £0.053m and Community facilities of £0.026m for payments to community groups, offset by underspends of £0.056m in Community Development and £0.053m in Community Development Fund
(1,818)	527	-29%	Income: Under recovery of income relates mainly to £0.196m in Community Facilities, £0.114m in Arran Outdoor Centre, £0.005m in Country Parks, £0.049m in Libraries and £0.043m in Arts, all due to Covid-19.
	32		Other minor movements across various budget lines.
			It is requested to earmark funds of £0.036m for CPP for the Place Cube Project which is to develop the community books for each locality
			It is requested to earmark funds of £0.050m for salaries of 2 Community Workers to assist increased workload for locality planning
			It is requested to earmark funds of £0.027m in Community Facilities for Ardrossan Civic Centre renovation works, following its use in Covid services
			It is requested to earmark funds of £0.157m in Eglinton Country Park for Community Gardens and Making Waves funding, Community Gardens electricity connection, replace fences, construct a path and pier boardwalk and purchase storage containers
			It is requested to earmark funds of £0.082m in Libraries for Library furniture, Library booking system, I-Phones and the relocation of Brodick School Library
	(497)		

PLACE
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Objective Summary	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
Directorate and Support	£000 9	£000 -	£000 (9)	(100%)	
Physical Environment					
Building Services	(2,490)	(2,710)	(220)	9%	1
Property Governance	56	56	-	0%	
Protective Services	1,386	1,291	(95)	0%	2
Facilities Management	17,084	16,135	(949)	0%	3
Other Housing	4,376	3,632	(744)	(17%)	4
Total for Physical Environment	20,412	18,404	(2,008)	(10%)	
Commercial Services					
Roads	6,762	6,787	25	0%	5
Streetscene	4,988	5,044	56	1%	6
Waste Resources	8,728	9,190	462	5%	7
Total for Commercial Services	20,478	21,021	543	3%	
Economic Development and Regeneration					
Economic Policy	535	361	(174)	0%	8
Planning & Protective Services	341	339	(2)	(1%)	
Economic Development	5,481	4,903	(578)	(11%)	9
Total for Economic Growth and Regeneration	6,357	5,603	(754)	(12%)	
Sustainability, Transport & Corporate Property					
Property Management & Investment	1,946	1,940	(6)	0%	10
Housing Assets & Investment	(30)	-	30	0%	
Property Maintenance	197	323	126	0%	11
Property Running Costs	5,100	4,739	(361)	0%	12
Energy and Sustainability	4,731	4,347	(384)	(8%)	13
Internal Transport	9,840	10,188	348	4%	14
Total for Economic Growth and Regeneration	21,784	21,537	(247)	(1%)	
Net Total	69,040	66,565	(2,475)	(4%)	
Transfer to Earmarked Reserves		2,263	2,263		
Net Total	69,040	68,828	(212)	0%	

Subjective Summary	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	58,599	58,146	(453)	(1%)
Property Costs	20,208	19,711	(497)	(2%)
Supplies and Services	13,350	10,736	(2,614)	(20%)
Transport and Plant Costs	9,739	10,316	577	6%
Administration Costs	2,241	2,081	(160)	(7%)
Other Agencies & Bodies	25,134	24,173	(961)	(4%)
Transfer Payments	526	544	18	3%
Other Expenditure	486	371	(115)	(24%)
Capital Financing	95	103	8	
Gross Expenditure	130,378	126,181	(4,197)	(3%)
Income	(61,338)	(59,616)	1,722	(3%)
Net Expenditure	69,040	66,565	(2,475)	(4%)

PLACE
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Budget £000	Variance £000	Variance as % of budget	Section
Note 1			Building Services
			Movement - There has been a favourable movement of £0.220m since Period 10. This is primarily due to an increased underspend of £0.334m in supplies and services and £0.360m in third party payments. This is partially offset by a reduction in the employee costs underspend of £0.177m and an increased shortfall in income of £0.331m.
9,189	(964)	(10%)	Employee Costs: An underspend of £0.964m due to vacancy management and additional labour no longer required for the door renewal programme.
4,637	(1,106)	(24%)	Supplies & Services: An underspend of £1.106m in supplies and services. This is primarily due to an underspend of £1.113m in materials due to a change in the composition in the works programme. This underspend is offset against the reduction in income shown below.
3,002	1	0%	Third Party Payments: An overspend of £0.052m in payment to contractors partially offset by an underspend in Agency costs of £0.051m
(20,673)	1,864	(9%)	Income: There is an under recovery of income of £1.864m. This is primarily due to the delay in the door renewal and kitchen programmes.
	(15)		Other minor movements
	(220)		
Note 2			Protective Services
			Movement - There has been a favourable movement of £0.017m since P10. This is mostly due to further vacancy management.
1,750	(113)	(6%)	Employee Costs: Underspend of £0.113m due to vacancy management.
(710)	32	(5%)	Income: Under-recovery in Building warrants £0.064m offset by additional Income in Pest control £0.010m and miscellaneous £0.015m.
	(14)		Other minor movements
			It is proposed to earmark £0.010m for Protective service salaries. This is in relation to the grant funded Environmental Health Officer post.
	(95)		
Note 3			Facilities Management
			Movement - There has been a favourable movement of £0.121m from period 10. This is due to further underspends of £0.156m in employee costs through vacancy management, reduction in overtime and casual costs and an underspend within the pay award budget. In addition, there has been a favourable movement of £0.126m in income primarily due to increase in commercial catering income and cleaning non-statutory income. This has been offset against increased supplies and services costs of £0.085m primarily due to increased food costs and an increase of £0.073m in property costs.
13,657	(536)	(4%)	Employee Costs: Underspend of £0.253m is due to reduced commercial catering activity. There is a further underspend of £0.191m due to vacancy management and reduced overtime and casual costs. There is an underspend of £0.093m due to the pay award not being claimed by past employees.
1,178	81	7%	Property Costs: Overspend is primarily in relation to purchasing cleaning materials in response to Covid-19.
5,222	(1,396)	(27%)	Supplies and services: There is a saving of £0.272m in food due to reduced commercial catering. There are further food savings of £0.282m due to reduced school meal uptake and a lower average cost per meal from better procurement and less food wastages. In addition, there is an underspend within Early Years of £0.707m which has arisen as budgets were based on all establishments being open from April 2021 however some Early Years establishments did not open until August 2021. In addition, the absence rate within Early Years is resulting in reduced meals being served and the cost per meal is lower than initially expected. There is also a saving of £0.126m within tools and implements.
3,169	919	29%	Income: There is an under-recovery in commercial catering income of £1.037m due to the closure of buildings and Covid-19 restrictions. There is also an under-recovery of school meal income of £0.097m. This is offset against £0.117m of income for providing security at the new Lockhart School, Red Rose House and Flatt Road and £0.050m over-recovery of cleaning non-statutory income.
			As the service emerges from Covid a marketing campaign is currently being rolled out to increase the uptake of school meals across the school estate.
	(17)		Other minor movements
			FM are requesting to earmark £0.372m within the Early Years expansion as it is linked to specific grant funding provided by the Scottish Government. This is in addition to the £0.335m approved at period 8 and makes a revised total of £0.707m.
	(949)		

Budget £000	Variance £000	Variance as % of budget	Section
Note 4			Other Housing
			Movement - There has been favourable movement of £0.250m since period 10. Property costs have decreased by £0.113m, which is mainly the result of a decrease in furniture purchases and property repairs, partly offset with an increase in void rent loss and cleaning costs. There has been a decrease of £0.057m in employee costs due to vacancy management, a decrease of £0.045m in supplies and services and £0.040m in third party payments.
4,335	(387)	(9%)	Employee Costs: The underspend is due to vacancy management.
2,986	79	3%	Property Costs: Additional levels of temporary furnished accommodation units as a result of Covid-19 and Hostel closure, has resulted in increased property rental charges, furnished tenancy grants and void rent loss. These are offset by the additional rental income generated. Underspend on property repairs to Ardrossan Hostel and furniture purchases which have been deferred to 2022/23.
255	(42)	(16%)	Supplies and Services - £0.020m underspend on CCTV WAN costs and small underspends across the service.
2,875	(44)	(2%)	Third Party Payments - £0.029m underspend on Rapid Rehousing Transition Plan costs.
200	(85)	(43%)	Other Expenditure: Underspend of £0.073m for bad debt provision. The bad debt budget was based on the increase required to the bad debt provision in the previous year, which was due to an increase in arrears as a knock on effect of Covid-19. It was anticipated that there would be a similar increase this year, however the bad debt provision has only required an increase of £0.043m.
(6,437)	(224)	3%	Income: The over recovery of income relates mainly to the increase in temporary accommodation units in use. The budget was set for 230 units and up to 250 units have been in use at any time.
	(41)		Other minor movements.
			It is requested to earmark £0.357m of this underspend for various items in 2022/23. £0.150m for furniture purchases, £0.088m for the 5 year Rapid Rehousing Transition Plan, £0.072m for Ardrossan Hostel upgrades, £0.036m for CCTV maintenance and upgrades and £0.011m for a new window cleaning contract.
	(744)		
Note 5			Roads
			Movement - There has been an adverse movement of £0.025m since P10, mainly due to increased external plant costs.
4,164	(27)	(1%)	Employee Costs: Underspend in Winter Maintenance employee costs as the result of a mild winter.
(2,617)	33	(1%)	Income: Under recovery of income is mainly for Design income from other departments.
	19		Other minor movements.
			A budget virement was processed to increase the Network contractors budget by £0.706m, supplies and services budget by £0.159m, income from other departments budget by £0.805m and decrease the employee costs budget by £0.060m. The virement is mainly due to an increase in income generating work for other Council Services, which results in increased expenditure.
	25		
Note 6			Streetscene
			Movement - There has been a favourable movement of £0.117m since period 10. This is primarily due to a £0.089m decrease in employee costs through vacancy management and a reduction in overtime and casual costs. In addition, there was a £0.042m increase in income offset against additional supply and services costs of £0.013m.
129	121	94%	Transport Costs: Overspend is Covid related, with £0.053m for additional vehicle hire and £0.021m for the associated fuel costs primarily due to social distancing restrictions. There is also an overspend in skip hire of £0.043m due to increased waste arising from more visitors.
(2,757)	(108)	4%	Income: This is due to an over-recovery of interment income and site clearance/ flytipping income.
	43		Other minor movements
	56		
Note 7			Waste Services
			Movement - There has been a favourable movement of £0.145m since P10 due mostly to movements in materials & supplies.
4,762	847	18%	Employee Costs: Overspend of £0.847m, the majority of which is Covid related, due to the requirement for significant additional temporary labour and use of overtime to mitigate self-isolation absence, provide Covid support crews and cover unused annual leave in order to maintain essential services.
358	(70)	(20%)	Supplies & Services: Underspends in materials £0.050m and trade effluent £0.032m. Offset by overspend in plant & tools £0.019m.
6,406	(346)	(5%)	Third Party Payments: Underspend in Payment to contractors of £0.379m largely a result of improved quality of our recycle streams following sustained 'right stuff, right bin' campaigns alongside more competitive recycle prices within our disposal contracts.
(3,051)	89	(3%)	Income: Under-recovery of income due to a reduction in commercial waste of £0.076m due to Covid-19 and less gas extracted from the landfill site of £0.095m, offset by an increase of £0.087m from diverted waste.
145	(26)	(18%)	Administration Costs: Underspends in general advertising and printing costs £0.024m.
	(32)		Other minor movements.
	462		

Budget £000	Variance £000	Variance as % of budget	Section
Note 8			Economic Policy
			Movement - There has been a favourable movement of £0.152m since P10 mostly due to funds for the Community Renewal Fund and AGD projects of £0.146m. Delivery periods are extended.
184	(18)	(10%)	Employee Costs: Underspend of £0.018m due to vacancy management.
341	(157)	(46%)	Third Party Payments: Underspend of £0.146m in relation to the Community Renewal Fund and AGD projects as well as £0.011m other payment to contractors.
1			Other minor movements
			It is requested to earmark the Community Renewal Funds and AGD projects underspend of £0.146m to meet future project costs and extended delivery deadlines.
(174)			
Note 9			Economic Development
			Movement - There has been a favourable movement of £0.112m within Employability and Skills. This is due to additional external funding, over recovery of SDS income and young people leaving the MA programme early to take up jobs or further training opportunities. There has been a favourable movement of £0.099m in Regeneration, mainly due to the Community Renewal Fund expenditure due to be incurred in 2022/23.
4,367	(38)	(1%)	Employee Cost: Underspend of £0.036m within AGD projects which Employability and Skills are requesting to earmark to help cover future program costs.
6,081	(434)	(7%)	Third Party Payments: Employability and Skills underspend of £0.348m is primarily due to receiving external funding in 2021/22. Underspend of £0.101m in Regeneration relating to Community Renewal funding.
(6,111)	(101)	2%	Income: £0.083m of Kickstart administration income has been received. Request that this be earmarked in case of delays or no approvals in place to allow services and staff to transition from ESF to Shared Prosperity Fund in January 2023.
(5)			Other minor movements.
			It is requested to earmark the AGD underspend of £0.036m. Due to recruitment challenges this is required to help cover future project costs.
			It is requested to earmark administration income of £0.083m to mitigate risks in case of delays or no approvals in place to allow services and staff to transition from ESF to Shared Prosperity Fund in January 2023.
			It is requested to earmark the Community Renewal Fund underspend of £0.101m to be used in 2022/23.
			It is requested to earmark £0.045m of the underspend as a contribution towards the first year costs of the Lochshore Visitor and Community Hub.
(578)			
Note 10			Property Management and Investment
			Movement - There has been a favourable movement of £0.064m since P10 mainly due to further underspends in both employee costs and payments to contractors.
2,470	(75)	(3%)	Employee Costs: An underspend of £0.075m due to vacancy management.
402	(70)	(17%)	Third Party Payments: underspend in payment to contractors of £0.035m and recharge from Works Scoping of £0.035m.
(1,314)	119	(9%)	Income: There is an under-recovery of £0.119m in factoring income due to a delay (now scheduled for Sept 2022) in implementing the new charging policy as a result of Covid-19.
20			Other minor movements
(6)			
Note 11			Property Maintenance Costs
			Movement - There has been an unfavourable movement of £0.175m since P10 due to an increased spend against the reactive maintenance budgets.
3,548	153	4%	Property Costs - overspends in Reactive Maintenance costs of £0.343m which is offset against collective underspends across the remaining maintenance budgets of £0.191m
(27)			Other minor movements.
			It is requested to earmark £0.049m to support a small-scale property reconfiguration approach aligned to Our Future Working Environment.
126			
Note 12			Property Running Costs
			Movement - There has been a favourable movement of £0.015m since P10 due to collective underspends across various property cost budgets.
6,532	(545)	(8%)	Property Costs: The underspend is due to previous refund of 18/19 to 20/21 NDR (Non Domestic Rates) charges on Shewalton landfill amounting to £0.093m. There is an underspend in NDR charges of £0.442m (of which £0.084m is due to NDR poundage decrease which is permanent, the remainder is made up of various other reliefs, of which £0.258m is RHL (retail hospitality and leisure relief).
(1,609)	188	(12%)	Income: There is an under-recovery of income totalling £0.188m due to a reduction in rental income from commercial properties (£0.159m), a reduction in service charges (£0.010m) and tenants insurance (£0.014m).
(4)			Other minor movements
(361)			

Budget £000	Variance £000	Variance as % of budget	Section
Note 13			Energy and Sustainability
			Movement - There has been a favourable movement since P10 of £0.025m due to additional underspend in Water & Sewerage.
4,776	(380)	(8%)	Property Costs: There are underspends of £0.209m in Electricity, £0.101m in Gas and £0.021m in Water & Sewerage due to reduced volume of usage in relation to lower occupancy in the council buildings and £0.058m underspend in Biomass costs. This is offset by higher spend in Oil £0.008m.
	(4)		Other minor movements
			It is requested to earmark £0.118m to continue the sustainability agenda.
	(384)		
Note 14			Internal Transport
			Movement - There has been an unfavourable movement of £0.246m from P10 due to an increase in repairs & maintenance costs of £0.144m; an adverse movement of £0.209m in transport provision costs; and additional external hire costs of £0.019m. These were partially offset by £0.076m fuel underspend and £0.052m over recovery of income.
1,671	22	1%	Employee Costs: There is an overspend of £0.022m due to reduced staff turnover.
4,277	102	2%	Transport Provision Costs: Overspend of £0.102m due to increase in contract costs as a result of tender process.
1,657	(76)	(5%)	Fuel Costs: despite the increase in fuel prices there is an underspend of £0.076m due to fuel consumption not being at the same level as pre Covid-19 usage.
545	160	29%	External Hires: Overspend of £0.160m primarily due to additional hire vehicles as a result of accommodating social distancing measures in vehicles.
1,630	204	13%	Repairs & Maintenance: Overspend of £0.204m in repairs and maintenance due to maximising the life of assets due to the increased lead time for replacement vehicles and the shortage of available rental alternatives, outsourcing of some statutory work due to Covid restrictions, and from the removal of the HGV MOT exemption resulting in additional costs this year to ensure vehicles met the required standard.
(43)	(52)	121%	Income: There is an £0.053m over recovery of bus transport income.
	(12)		Other minor movements
			It is requested to earmark £0.010m to support the costs of a 12 month temporary contract that started in June 2021.
			Transport are requesting to earmark £0.026m for costs associated with implementing a Community Safety Initiative.
	348		

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Objective Summary	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Strathclyde Passenger Transport	2,308	2,226	(82)	-4%	
SPT Concessionary Fares	294	287	(7)	-2%	
Ayrshire Joint Valuation Board	958	933	(25)	-3%	
	3,560	3,446	(114)	-3%	1
Other Corporate Costs					
Pension Costs	2,625	2,625	-	0%	
Central Telephones	154	158	4	3%	
Other Corporate Items (incl Transformation Costs, Bad Debt Provision, External Audit fees and other centrally held funding.)	9,219	(1,620)	(10,839)	(118%)	2
Insurance Account	94	94	-	0%	
Housing Benefit	2,800	2,546	(254)	-9%	3
	18,452	7,249	(11,203)	(61%)	
Less Proposed Carry Forwards		9,118	9,118		
Net Total	18,452	16,367	(2,085)	(11%)	

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Budget £000	Variance £000	Variance as % of budget	Section
Note 1			Joint Boards
			There is no material movement from Period 10
3,560	(114)	-3%	Annual requisitions confirmed at less than current budget.
	(114)		
Note 2			Other Corporate Items
			There is favourable movement of £7.135m from Period 10 is primarily related to: Previously approved, centrally held payroll and utility pressure budgets which have not been drawn down during 21/22, £1.508m; the release of £2.370m of provisions following a review of long term debtors and potential credit losses; and additional Scottish Government funding in relation to Employability, financial Insecurity and Support for Businesses and Families which was received at year end, £3.076m
9,219	(10,839)		Projected underspend is primarily related to: Previously approved, centrally held payroll and utility pressure budgets which have not been drawn down during 21/22, £3.832m; the release of £2.370m of provisions following a review of long term debtors and potential credit losses; and additional Scottish Government funding in relation to Employability, Financial Insecurity and Support for Businesses and Families received late in the year, £4.405m.
			It is proposed to earmark funds of £9.118m as follows: Contribution to the Loans Fund to support the 10 year Capital Investment Programme, £2.569m; Provision for contractual electricity and gas price increases for 2022/23 to reflect current market inflationary levels, £1.066m; Provision for additional non-contractual inflationary pressures, £0.822m; Business continuity resilience infrastructure, £0.200m; Funding received, not fully utilised in year, for:- Business Support and Low Income Families, £2.154; Employability, £0.870m; Financial Insecurity, £0.429m; Self isolation Support grants, £0.313m; Tenant Grant Fund grants payments, £0.284m; 21/22 SNCT Payroll costs £0.162m; CO2 Monitors, £0.077m; Summer of Play, £0.20m; Civil Contingencies, £0.020m; Trainee Educational Psychologist, £0.010m; British Sign Language, £0.005m Previously approved budget allocation to support future service delivery:- Customer Service Staffing Commitments, £0.039m; Finance Service Software, £0.035m; Cost of the School Day, £0.024m; and Trainee Health and Safety Officer, £0.019m.
	(10,839)		
Note 3			Housing Benefits
			There is movement of (£0.164m) from Period 10 mainly related to Housing Benefit overpayment recovery and subsidy. This is informed by the year end final claim
2,800	(253)	(47%)	Increased net income related to the recovery of Housing Benefit overpayments
	(253)		

MISCELLANEOUS ITEMS
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Objective Summary	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Financing Charges	22,192	22,192	-	-	
Contribution to Loans Fund Reserve	4,087	4,087	-	-	
Scottish Government Funding	(335,202)	(335,244)	(42)	0%	
Council Tax	(59,862)	(59,893)	(31)	0%	
Use of / Contribution to Earmarked Funds	(1,299)	(1,299)	-	-	
Net Total	(370,084)	(370,157)	(73)	0%	

Carried Forward Funds to 2022-23	£000		£000
Previously Approved		Other Commitments	
Early Learning and Childcare Expansion	1,735	Contractual Energy Cost Pressures	1,066
Universal Free School Meals	475	Non Energy Inflationary Pressures	822
Ash Die-back Survey	100	ELC Expansion - Additional FM	566
Employee Services Staffing	100	Inclusion Group	173
Legal Services Case Management System	45	Eglinton Park - Various Works	157
	2,455	Temporary Accommodation Furniture	150
		Sustainability Agenda	118
Grants / External Funding		5 year Rapid Rehousing Transition Plan	88
Business Support Low Income Families	2,154	Libraries - Various Works	82
FWES Employability Funding	870	Ardrossan Hostel Upgrades	72
Financial Insecurity Funding	429	ICT Project Resource Equipment	70
Self Isolation Support Grant	313	Digital Process Manufacturing Centre	70
Tenant Grant Fund	284	Locality Planning Staffing	50
SNCT Payroll Funding	162	OFWE - Property Reconfigurations	49
Community Renewal Fund	247	Lochshore Operating Costs	45
Kickstart/Shared Prosperity Fund	83	22-23 Making Waves Festival	44
CO2 Monitors Funding	77	O365 Backup and Recovery	40
AGD Community Wealth Building	36	Customer Services Staffing	39
Summer of Play Funding	20	Place Cube Project	36
Environmental Health Officer Funding	10	CCTV maintenance	36
Trainee Education Psychologist Funding	10	Finance Software	35
BSL Funding	5	Ardrossan Civic Centre Renovation	27
	4,700	Community Safety Initiative	26
		Cost of School Day	24
Investments		ITSM SaaS	22
Loans Fund Investment	2,569	CRM Project Implementation	20
Early Learning and Childcare - CFCR	300	Ardrossan Academy - Exemplar Furniture	20
Resilience Infrastructure	200	Civil Contingencies	20
	3,069	Trainee H&S Officer	19
		Schools ICT - Delayed Delivery	18
		ICT Backup Solution Extension	17
		ICT Equipment - Delayed Delivery	12
		New Window Cleaning Contract	11
		Customer Services Kiosk Refurbishments	10
		Transport Contract	10
			4,064
			14,288

HOUSING REVENUE ACCOUNT
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

	Annual Budget	Actual Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£	£	£		
Employee Costs	5,175	4,959	(216)	(4%)	1
Property Costs					
Responsive Repairs	5,245	5,789	544	10%	
Void Repairs	3,126	3,591	465	15%	
Planned and Cyclical Maintenance	4,492	3,928	(564)	(13%)	
Aids and Adaptions	1,603	1,251	(352)	(22%)	
Other property costs	6,458	3,442	(3,016)	(47%)	
Total for Property Costs	20,924	18,001	(2,923)		2
Supplies & Services	331	304	(27)	(8%)	3
Transport Costs	33	12	(21)	(64%)	
Administration Costs	2,103	1,630	(473)	(22%)	4
Third Party Payments	2,434	2,657	223	9%	5
Transfer Payments	279	118	(161)	(58%)	6
Other Expenditure	379	592	213	56%	7
Capital Financing Costs	22,325	21,973	(352)	(2%)	8
Gross Expenditure	53,983	50,246	(3,737)	(7%)	
Income					
Council House Rents	(51,526)	(50,706)	820	(2%)	
Other Rents	(317)	(405)	(88)	28%	
Recharges	(2,016)	(1,873)	143	(7%)	
Other Income	(124)	(203)	(79)	64%	
Total Income	(53,983)	(53,187)	796	(1%)	9
Net Expenditure	-	(2,941)	(2,941)		

HRA
BUDGETARY CONTROL 2021/22

REPORT FOR THE YEAR TO 31 MARCH 2022

Budget £000	Variance £000	Variance as % of budget	Section
Note 1			Employee Costs
			Movement - there has been a favourable movement of £0.109m since Period 10. This is due to vacancy management.
5,175	(216)	-4%	An underspend in employee costs of £0.216m due to vacancy management.
(216)			
Note 2			Property Costs
			Movement - there has been a favourable movement of £0.671m since Period 10. This is due to a reduction of £0.110m in Planned and Cyclical Maintenance, £0.238m in Aids & Adaptations and £0.659m in other property costs offset by an increase of £0.207m in Responsive Repairs and £0.129m in Void Repairs.
20,924	(2,923)	-14%	An underspend in property costs of £2.926m. This is mainly due to a review of the profiling of a £2.500m contribution towards the £5m sustainability and regeneration programme. There is also an underspend of £0.565m in Planned and Cyclical Maintenance and £0.354m in Aids & Adaptations. This is partially offset by an overspend of £0.545m in Responsive Repairs and £0.465m in Void Repairs.
(2,923)			
Note 3			Supplies & Services
			Movement - there has been an adverse movement of £0.128m since Period 10. This is primarily due to an adverse movement of £0.111m in relation to fly tipping costs.
331	(27)	-8%	An underspend in supplies and services of £0.027m which is mainly due to an underspend of £0.116m in software licences and computer equipment. This underspend is due to a delay in the required update to the Northgate system prior to the planned new modules being purchased. This is partially offset by an overspend of £0.093m in fly tipping costs.
(27)			
Note 4			Administration Costs
			Movement - There has been a favourable movement of £0.219m since Period 10. This is primarily due to an favourable movement of £0.340m in central supports costs partially offset by £0.130m in relation to Corporate and Democratic core charges.
2,103	(473)	-22%	An underspend in transfer payments of £0.473m which is mainly due to an underspend of £0.126m in Legal expenses, £0.259m in Central Support costs, £0.032m in postage costs and £0.020m in external printing.
(473)			
Note 5			Third Party Payments
			Movement - There has been an adverse movement of £0.272m since Period 10. £0.229m of which relates to payments to other departments.
2,434	223	9%	An overspend in third party payments of £0.223m which is mainly due to an overspend in payments to other departments of £0.229m.
223			
Note 6			Transfer Payments
			Movement - There has been an adverse movement of £0.008m since Period 10.
279	(161)	-58%	An underspend in transfer payments of £0.161m. This underspend is in relation to disturbance allowance payments as a result of a reduction in planned maintenance works.
(161)			
Note 7			Other Expenditure
			Movement - There has been a favourable movement of £0.143m since Period 10. This is due to a reduction in the overspend in the increased bad debt provision.
379	213	56%	An overspend of £0.213m in other expenditure which relates to increased bad debt provision due to an update in the calculation of bad debt.
213			
Note 8			Capital Financing Costs
			Movement - there has been an adverse movement of £0.363m since Period 10.
22,325	(352)	-2%	An underspend in capital financing costs of £0.352m due to reduced loan charges. This is due to the reduced levels of expenditure currently being experienced in the HRA Capital budget
(352)			
Note 9			Income
			Movement - there has been an adverse movement of £1.089m since Period 10. This is primarily due to an adverse movement of £0.820m in Council House Rents and £0.262m in recharges.
(53,983)	796	-1%	An under recovery of £0.820m in Council House Rents and recharges of £0.143m partially offset by an over recovery in other rents of £0.088m and other income of £0.079m
796			

Transfer to / from Reserves - Unused balances for Cyclical Planned Maintenance of £0.055m, Disturbance Allowance of £0.385m and Responsive Repairs of £0.150m have been reallocated with £0.318m being transferred to the Sustainability Fund and £0.272m to Voids - non programmed works. The additional CFCR balance of £1.000m is now no longer required and has been reallocated to the Council House Building Fund to provide for future contingencies. £0.719m from unearmarked reserves is also required to offset the movement in surplus.

Earmarking of in year surplus - The underspend of £2.941m has been allocated as follows: £0.246m to Council House Building Fund, £1.508m to the Sustainability Fund, £1.286m to Voids non programmed works, £0.123m to software licences, £0.111m to Infrastructure Improvements, £0.116m to Tenant led balances and £0.270m to Electrical testing. A drawdown of £0.719m from unearmarked reserves is also required.

HRA reserves and balances	B/fwd from 2019/20	Transfer to / from Reserves	Use of Earmarked sums	Earmarking of in year surplus	Funding of Capital Projects	Balance at 31/03/20
	£m	£m	£m	£m	£m	£m
Council House Building Fund	5.580	1.000	-	0.246	(1.546)	5.280
Welfare Reform	1.500	-	-	-	-	1.500
Sustainability Fund	3.174	0.318	-	1.508	-	5.000
Voids - non programmed works	-	0.272	-	1.286	-	1.558
Software Licences	-	-	-	0.123	-	0.123
Electrical Testing	-	-	-	0.270	-	0.270
Infrastructure Improvements	0.305	-	-	0.111	-	0.416
Major Refurbishment Works	0.052	-	-	-	-	0.052
Tenant led budget	0.520	-	-	0.116	-	0.636
Unearmarked	1.500	-	-	(0.719)	-	0.781
Additional CFCR	1.000	(1.000)	-	-	-	-
Cyclical Planned Maintenance	0.055	(0.055)	-	-	-	-
Disturbance Allowances	0.385	(0.385)	-	-	-	-
Responsive Repairs	0.150	(0.150)	-	-	-	-
	14.221	-	-	2.941	(1.546)	15.616

Revenue Budget 2021/22 : Call In Briefing - Earmarking of Balances

Background

As part of the Revenue Budget Monitoring Reports provided to Cabinet throughout the financial year, any underspends against the approved budgets are identified. The reasons behind these underspends are investigated and, where a future expenditure commitment or pressure is identified which would have otherwise been funded from this budget, recommendations are made on appropriate levels of earmarking within the Council's reserves to offset the future pressure / commitment and ensure that any adverse impact on future years' budgets is minimised.

Proposal

Within the Revenue Budget 2021/22 Financial Performance to 31 March 2022 report considered by Cabinet on 7 June 2022, total underspends of £17.361m were identified and recommendations were made to earmark £11.833m of this underspend to support a range of identified pressures in relation to:

- £4.700m Scottish Government funding received late in the financial year including support for businesses, low income households and employability;
- **£4.457m additional provisions arising from the current cost volatility being experienced across the construction, food and energy sectors;**
- £0.866m to support the continued expansion of Early Learning and Childcare services; and
- £1.810m to support the delivery of services which have been deferred to 2022/23 as a result of a number of factors including the impact of Covid-19 restrictions.

The recommendation in relation to the £4.457m cost volatility earmarked request included:

- **£2.569m Contribution to the Loans Fund to support the 10 year Capital Investment Programme and address rising cost pressures;**
- £1.066m Provision for contractual electricity and gas price increases for 2022/23 to reflect current market inflationary levels; and
- **£0.822m Provision for additional non-contractual inflationary pressures (e.g. food costs, fuel, etc.).**

Contribution to the Loans Fund

Under the Council's Capital Investment Strategy, developed in accordance with the Local Government Scotland Act 2003 and the Prudential Code, the Council is required to ensure that its capital plans are affordable, prudent and sustainable.

Throughout 2021/22 Cabinet has received reports on the delivery of the General Fund Capital Investment Programme which have highlighted significant cost risks across the Capital Investment Programme which will result in increased contractor and material costs impacting across a number of projects from 2022/23.

Any increase in costs within the Programme will result in an additional borrowing requirement to ensure the delivery of the projects to the agreed specifications which will, in turn, require the identification of additional revenue resources to meet the increased principal and interest repayments.

Through monitoring the capital programme in 2021/22 a number of projects have been identified as having additional cost risk. They currently include Montgomerie Park Primary school, Moorpark Primary school and Largs sea wall works. Further major projects being progressed in the coming months which also present an increased cost risk include Ardrossan North Shore (Advance works and Campus) and Millport Coastal Flood Prevention scheme. Although further downstream, this cost risk also applies to all Ayrshire Growth Deal projects. In order to help manage this risk an additional £10m flexible funding was approved in the capital budget back in March 22. Since this time the level and impact of inflation and volatility in the construction sector has grown. Although we do not currently know what the full extent of the cost pressures facing the Council will be in delivering the capital programme, when we consider all the major capital projects currently being progressed, the indications are that it will be in excess of the resources currently set aside to help mitigate this risk. Therefore, for reasons of prudent financial management, affordability and sustainability, this transfer of £2.569m to the Council's Loans Fund Reserve was recommended.

Provision for additional non-contractual inflationary pressures

The General Services Revenue Estimates 2022/23 to 2024/25 were approved by Council on 2 March 2022. The Revenue Estimates do not normally include provisions for inflationary pressures, outwith contractual commitments and payroll inflation. The main exception to this is where provisions are included for price inflationary across key commodities, such as food, fuel and energy, where services have little or no control over the cost or quantity required to deliver the key responsibilities of the Council.

The provisions in relation to these key commodities was based on the Bank of England's inflationary projections as at February 2022 and included:

- £0.056m SPT School Transport Provision, based on 3% inflation;
- £0.073m Food Price Inflation, based on 3% inflation;
- £0.007m Non Contractual Energy Costs (primarily solid fuel), based on 6% inflation; and
- £0.090m Vehicle Fuel Inflation, based on 8% inflation.

In the period since the approval of the 2022/23 Revenue Estimates, the Bank of England has reported that global inflationary pressures has intensified sharply following Russia's invasion of Ukraine, leading to a material deterioration in the outlook for world and UK growth. The situation in Ukraine has resulted in further inflationary pressure on energy and other commodities, including food prices and fuel costs. In addition, further supply chain disruption has resulted from both the Russian invasion of Ukraine and recent Covid-19 restrictions in China.

The Bank of England is now reporting that Consumer Price Inflation is expected to reach a peak of 10% in late 2022 with the Office for National Statistics reporting vehicle fuel inflation of over 36% in the period to April 2022. At the same time services operating biomass heating systems are reporting fuel price increases of over 60%.

To help offset the additional unbudgeted pressures arising from the increased inflation identified since March 2022 and protect the delivery of essential services including school meals, school transport and the heating of school and other operational buildings using biomass heating systems, it was recommended that £0.822m of underspend arising from the review of bad debt provision and anticipated credit losses is earmarked to support non contractual inflationary pressures.

Uncommitted General Fund Balances

Local Authorities are required to have a clear reserves policy that takes account of known commitments, potential liabilities and the risk profile of the Council and provides flexibility to deal with unforeseen circumstances, with Audit Scotland identifying the management of reserves being key to maintaining financial sustainability.

The Council's approach is in line with CIPFA's recommended practice as set out in the document "Local Authority Reserves and Balances" and the General Services Uncommitted Balance is maintained within the recommended range of between 2% and 4% of the budgeted General Services expenditure.

However, Councils are required to assess potential risks and volatility from external factors and provide for additional levels of uncommitted balances as required.

During 2020/21, Council agreed to increase the level of General Fund Unearmarked Balances to £11.315m, or 2.9% of budgeted expenditure, with the additional reserves required to help mitigate the ongoing impact of the Covid-19 pandemic and support recovery and renewal activities.

As part of the 2022/23 to 2024/25 General Services Revenue Estimates it was recognised that the Council will continue to face a number of financial challenges through 2022/23 and beyond, including the legacy impact of pressures from the pandemic across Council services and budgets, significant inflationary pressures across revenue budgets and the capital programme and the risk of additional costs through delivery of new policy commitments. Considering this Council agreed to maintain the Uncommitted General Fund Balances at £11.315m. This level of unearmarked reserve still sits at the lower end of best practice.

Conclusion and Call In Request

The recommendations made to Cabinet in relation to the earmarking of reserves to manage the increased inflationary pressures and cost volatility in the commodities and construction sectors has been made to help address these risks during this uncertain time.

Similarly, the current level of Uncommitted General Fund Balances (£11.315m – 2.9%) is considered prudent at this time when set within the context of the financial pressures and risks facing the Council at this time.

The request from the Call in to re-direct resources to benefit citizens in addressing the cost of living crisis is outlined below along with some supporting commentary / context which is set out in red;-

Proposal is to reallocate the £3,391,000 to:

- £500,000 pre-payment meter fund to support low-income families on pre-payment meters. Council approved £1.726m in March 2022 to support an energy based community support model. Proposals are currently being progressed around this. The support model will include working with a specialist energy partner to provide sustainable support to citizens through advice, guidance and the delivery of a range of energy efficiency measures e.g. enhanced insulation and boiler controls to improve the affordability of heat in homes across North Ayrshire. The model will also include grant assistance to help the transition to lower carbon alternatives. To progress the proposal set out around pre-paid meters will require this data to be firstly gathered and for the appropriate eligibility support criteria to be developed.

- £750,000 to reinstate £4 per eligible child per day voucher scheme during the school holidays for the remainder of 2022/23. A new programme of support has been developed across the Communities and Place Directorates and is due to commence shortly from the upcoming summer school holiday and will be in place across all school holidays during 2022/23. The Scottish Government provided £0.712m funding to North Ayrshire Council to enable the provision of alternative free school meal provision to all children and young people eligible for free school meals based on low income, in primary and secondary age groups, during the school holidays. This funding is designed for the 2022 summer holidays; the Christmas and Easter holidays during the 2022-23 school year; and the mid-term holidays in October and February.

Planned Programme: Free School Meals Holiday Provision 2022-23

Summer Activity Programme:

The summer holiday activity and food programme will be expanded from 18 to 22 venues with a variety of activities/partners/ volunteers covering 6 weeks. This is the key mechanism in North Ayrshire for ensuring that children have:

- Access to food during holiday periods;
- Opportunities to be supported by staff and volunteers;
- Opportunities to meet their peers; and
- Sessions of physical and other activities.

Vouchers (£10/£20)

£10 weekly top-up vouchers will also be provided for all pupils entitled to Free School Meals. The purpose of the vouchers is to ensure provision is made for those days when children cannot access our activities programmes, such as weekends.

In those areas where local activity programmes with partners are more difficult to facilitate (e.g. Arran, Cumbrae, Skelmorlie and Fairlie), it is planned that weekly vouchers of £20 are provided.

- Additional £1,000,000 the Community Based Energy Support (check name) for energy-efficiency grants. From the comments noted above the Council approved £1.726m in March 2022 to support an energy based community support model. Proposals are currently being progressed around this. The support model will include working with a specialist energy partner to provide sustainable support to citizens through advice, guidance and the delivery of a range of energy efficiency measures e.g. enhanced insulation and boiler controls to improve the affordability of heat in homes across North Ayrshire. The model will also include grant assistance to help the transition to lower carbon alternatives. It is recognised that an additional £1m would further support this programme, however, it is still currently being developed. The scheme will be reviewed on an on-going basis and additional funding could be requested and considered, within the financial context of the Council at that time once the success of the existing commitment is known.

- £300,000 to provide a £50 winter top-up to the school clothing grant in 2022/23. In June 2021 the Scottish Government increased the minimum level of clothing grants to £120 for primary pupils and £150 for secondary pupils to take effect from the start of the 2022/23 academic year. North Ayrshire Council currently pays grants at this level.
- Additional £200,000 for Cost of the School Day activity in 2022/23 to address the rising cost of living. Council approved recurring annual funding of £500,000 per annum in March 2021 to address cost of the school day. The funding is used to support a range of measures across schools including clothing, uniforms, sports kits, equipment, digital support (through devices and connectivity) and to extend the community food network across all schools, supporting children and families. This is one of the areas of focus of the new Child Poverty Board. The feedback from young people from the recent Cost of the School Day conference is being analysed to inform the future spend and direction of travel in this area. Proposals would then be brought to Cabinet.
- £641,000 to widen access to the Better Off financial inclusion service. We would require to undertake an assessment of how this funding would be best utilised as it is not clear as to the intention from the request e.g. additional temporary staffing etc. It should be noted that a review is currently ongoing as part of the “Accessing our Council” Transformation workstream. This is to identify best practice, gaps and duplication in our financial inclusion services. The outcome of that review will provide evidence for best value resource allocation.

Further, the recently approved Cabinet report on 7 June 2022 and titled “North Ayrshire Economic COVID Recovery Fund” included a range of supports to businesses and citizens totalling £2.154m. One of the supports included a £100 summer top up payment for families of children eligible for a free school meal and extended to families of children of pre-school age on the basis of low income. It is anticipated this will benefit a total of 5,700 children (3,300 families).

Throughout 2022/23 these risks and cost pressures will continue to be monitored and regular reports to Cabinet will identify any changes to the risk assessments or further underspends which Council can redirect to enhance the levels of support to communities and families across North Ayrshire Council.

Mark Boyd
Head of Finance

21 June 2022

NORTH AYRSHIRE COUNCIL

30 June 2022

Audit and Scrutiny Committee

Title: Call In: **Regeneration Delivery Plan Funding Proposals 2022/23**

Purpose: To allow the Committee to consider a Call In Request in respect of the decision taken by Cabinet at its meeting on 7 June 2022 to:-

(a) to approve the Regeneration Delivery Plan funding proposals for 2022/23 provided at Appendix 1 to the report;

(b) that delegated authority be granted to the Executive Director (Place) to agree changes to the funding allocations in consultation with the Portfolio Lead, as required; and

(c) to note the update on the previously agreed Levelling Up Fund (LUF) bid for the 'Gateway to the West Coast and Clyde Islands strategic regeneration package' and that this LUF bid would now be solely based on the development of Lochshore.

Recommendation: That the Committee considers the terms of the Call In and agrees, or otherwise, to make a recommendation to the Cabinet.

1. Executive Summary

- 1.1 In terms of the Scheme of Administration (Section 24), the Audit and Scrutiny Committee has a remit to consider Call in Requests and invite at least one of the Members who has requested the reference to Call In to attend the Committee to explain the request.
- 1.2 This report sets out the background to the Call In Request in respect of the decision taken by Cabinet at its meeting on 7 June 2022 in relation to the report on Regeneration Delivery Plan Funding Proposals 2022/23.

2. Background

- 2.1 The Cabinet, at its meeting on 7 June 2019, considered a report on Regeneration Delivery Plan Funding Proposals 2022/23.

- 2.2 A request was received in terms of the Call In procedure set out in the Council's Scheme of Administration and Standing Orders, that the Audit and Scrutiny Committee examine the decision taken by the Cabinet.
- 2.3 The Call In Request, which was signed by Councillors Foster, McDonald and Cullinane is in the following terms:-

Reason for Call In

To tackle privately owned vacant and derelict sites in North Ayrshire with a fund to bring the sites into council or community ownership.

Desired Outcome

Remove the following from the Placed based projects:

Saltcoats Place Framework £70,000
Largs Place Framework £70,000
Kilwinning Place Framework £70,000
Future Years Project Development £40,000

Reduce the following in the VDLF:

Development work to £160,000

Replace with:

£410,000 (£250,000 Placed Based and £160,000 VDLF) to create a new High Street Buyout Fund to deliver a Community Wealth Building approach to town centre regeneration, aimed at bringing privately owned derelict sites into Council or community ownership to be repurposed for the benefit of the community. This fund would act as a delivery arm of the Place Frameworks and build on the projects supported through the Repurposing Property Grant with further funding in future years.

- 2.4 A copy of the original report presented to Cabinet on 7 June 2022 is attached as an appendix to the report. An updated briefing note has been provided by the Executive Director (Place) and is attached at Appendix 2.
- 2.5 The Call In Request is valid for consideration by the Committee. The request was received within the appropriate timescale, it was signed by three Elected Members and details were provided on both the reason for the Call In and the desired outcome.
- 2.6 The Elected Members who have submitted the Call In will be invited to address the Audit and Scrutiny Committee to explain the Call In Request. The appropriate Cabinet Member, accompanied by senior officers, will then be invited to clarify the reasons for the decision. The Committee will have an opportunity to ask questions of both parties and of those officers in attendance.
- 2.7 The Committee will then debate the Call In Request and decide whether or not it agrees with the decision of the Cabinet.

2.8 Where the Committee does not agree with the decision of the Cabinet, the matter will be referred to the next meeting of the Cabinet with recommendations from the Audit and Scrutiny Committee for alternative action. The Audit and Scrutiny Committee therefore has to:-

- i) decide if it agrees or not with the decision of the Cabinet; and
- ii) consider what alternative action the Committee would recommend to the Cabinet if it does not agree with the decision.

2.9 When the matter is considered by the Cabinet, the Chairperson or another member of the Audit and Scrutiny Committee will have the right to attend the Cabinet and speak in support of any recommendation.

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

3. Proposals

3.1 It is proposed that the Committee considers the Call In Request.

4. Implications/Socio-economic Duty

Financial

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

Human Resources

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

Legal

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

Equality/Socio-economic

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

Climate Change and Carbon

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

Key Priorities

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

Community Wealth Building

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

5. Consultation

5.1 No formal consultation has been undertaken at this stage.

Craig Hatton
Chief Executive

For further information please contact **Angela Little, Committee Services Officer**, on 01294 324132

Background Papers

N/A

NORTH AYRSHIRE COUNCIL

7 June 2022

Cabinet

Title: **Regeneration Delivery Plan Funding Proposals 2022/23**

Purpose: To seek approval for the 2022/23 Regeneration Delivery Plan funding proposals

Recommendation: That Cabinet:

- (a) Approves the Regeneration Delivery Plan funding proposals for 2022/23 provided at Appendix One; and
- (b) Provides delegated authority to the Executive Director (Place) to agree changes to the funding allocations in consultation with the Portfolio Lead as required.
- (c) Notes the update on the previously agreed LUF bid for the 'Gateway to the West Coast and Clyde Islands strategic regeneration package' and agrees that this LUF bid will now be solely based on the development of Lochshore

1. Executive Summary

- 1.1 The Regeneration Delivery Plan was adopted by Cabinet in March 2021. This sets out our priorities for delivering on the regeneration ambitions of the Council Plan and Community Wealth Building strategy, working in partnership with communities.
- 1.2 The Plan focuses on the delivery of physical regeneration across North Ayrshire through an ambitious project based rolling action programme. It informs our priorities for securing and delivering against external funding sources including Scottish and UK Government funds. This report provides an update on the funding secured to date and seeks approval for the 2022/23 funding proposals.

2. Background

- 2.1 The Council has placed the regeneration of communities at the heart of its agenda. This focus is reflected within the priorities of the Council Plan and Community Wealth Building Strategy. The Regeneration Delivery Plan sets out our priorities for delivering on these ambitions and was approved by Cabinet on 23 March 2021.
- 2.2 The Plan focuses on the delivery of physical regeneration in the period 2021 to 2026. Informed by stakeholder consultation, reviewing existing community priorities and the outcomes of previous consultations, it aims to address local priorities, support changes within communities and to contribute to a vibrant and inclusive economy.

- 2.3 The Plan is delivered through an ambitious rolling action focused programme. This approach seeks to ensure that the list of projects never exceeds a realistic assessment of capacity, with projects being prioritised annually. The action programme is reviewed annually and will be the subject of ongoing annual reporting to Cabinet. This will align priorities with resource informed by an assessment of progress to date, local priorities, project deliverability and funding.
- 2.4 The Regeneration Delivery Plan informs our priorities for securing and delivering against a range of external funding sources. Action in 2021/22 substantially focussed on maximising the impact and leverage of investment including securing sources of external funding to support and accelerate delivery. Significant levels of funding have been secured to date to support delivery in 2022/23. The details of the funds and the proposed approach to their expenditure are provided at Appendix One. These include the:
- Scottish Government's Place Based Investment Programme: £1.093m
 - Scottish Government's Vacant and Derelict Land Fund: £1.32m
 - Scottish Government's Vacant and Derelict Land Investment Programme: £0.4m
 - Scottish Government's Cycling Walking and Safer Routes: £0.86m
 - Strathclyde Partnership for Transport Capital Programme: £1.385m
- 2.5 Funding applications are proposed to a range of competitive funding sources to support the delivery of the Plan. The details of the funds and the proposed submissions are provided at Appendix One. These include the:
- Scottish Government's Regeneration Capital Grant Fund
 - Scottish Government's Islands Programme
 - Scottish Government's Vacant and Derelict Land Investment Programme
 - Historic Environment Scotland's Heritage and Place Programme
 - Heritage Fund's Grants for Heritage
- 2.6 The submission of two applications to the second round of the UK Government's Levelling Up Fund was agreed by Cabinet on 2 November 2021. These require to be submitted in July 2022. This agreement was for a partnership bid with South Ayrshire Council centred on Commercial Estate Development and associated Low Carbon Infrastructure and the resubmission of the Gateway to the West Coast and Clyde Islands strategic regeneration package bid. It is now proposed that the Gateway package bid be changed to the submission of a single application for the Lochshore Masterplan. The rationale for this approach is outlined at Appendix One.
- 2.7 Further consultation and engagement will be undertaken with local communities, stakeholders and Elected Members through the detailed development of any successful projects.

3. Proposals

3.1 That Cabinet:

- (a) Approves the Regeneration Delivery Plan funding proposals for 2022/23 provided at Appendix One; and

- (b) Provides delegated authority to the Executive Director (Place) to agree changes to the funding allocations in consultation with the Portfolio Lead as required.
- (c) Notes the update on the previously agreed LUF bid for the 'Gateway to the West Coast and Clyde Islands strategic regeneration package' and agrees that this LUF bid will now be solely based on the development of Lochshore.

4. Implications/Socio-economic Duty

Financial

- 4.1 The Regeneration Delivery Plan aims to build on and maximise the impact of the investment being made through a variety of sources including the Ayrshire Growth Deal, Council's Capital Programme and the Strategic Housing Investment Programme (SHIP). It also seeks to lever private funding and investment into North Ayrshire.

It informs our priorities for securing and delivering against external funding sources. This includes the range of funds outlined at Appendix One. The Regeneration team has extensive experience of and success in securing external funding for project development and delivery. The implementation of projects aligned to competitive funding sources will be dependent on the success of the funding application.

Human Resources

- 4.2 The Regeneration Delivery Plan projects will be delivered through the existing Regeneration Team resource. Opportunities to secure funding for additional staff resource to support delivery will be investigated on a project by project basis as required.

Legal

- 4.3 The legal implications of all Regeneration Delivery Plan projects will be considered through their development. Legal agreements will be developed on a project by project basis as required with support from Legal Services. Negotiation will be required in relation to land and building acquisitions with support from the Council's Legal Services and Property Management and Investment Service. Mechanisms such as Compulsory Purchase Orders will be considered on a case by case basis, where considered appropriate.

Equality/Socio-economic

- 4.4 The Regeneration Delivery Plan assists in meeting our socio-economic duty as set out in the Fairer Scotland Duty. It seeks to reverse economic, social and physical decline and reduce socio-economic disadvantage. It will tackle long-term vacant and derelict land and buildings thereby reducing their levels and impact on communities. It aims to build community wealth and tackle local deprivation through the regeneration of our communities by maximising the potential of our land and assets and those of anchor institutions.

The Plan also contributes to the delivery of the Isle of Cumbrae and Isle of Arran Local Island Plans, their key themes and priorities. The funding proposals will directly contribute to several of the actions identified within the annual action plans. The

proposals for the Scottish Government's Islands Programme have been informed by the Islands Plans and identified from the Action Programmes.

An initial screening will be undertaken to establish if an Equality and Children's Rights Impact Assessment is required for projects on a case by case basis.

Climate Change and Carbon

- 4.5 The Regeneration Delivery Plan aligns with the Environmental Sustainability and Climate Change Strategy workstreams of: Green Economy; Transport and Travel; Natural Environment; Sustainable Operations; and Carbon Absorption. Furthermore, it aligns with the commitment to reduce carbon emissions through declaration of a Climate Emergency and will contribute to the ambition to achieve net zero by 2030. The climate change and carbon impacts of individual process will be assessed on a case by case basis to minimise the potential impacts in line with best practice.

Key Priorities

- 4.6 The Regeneration Delivery Plan has been informed by the priorities identified within the Local Outcomes Improvements Plan and Locality Partnership priorities. The implementation of the Plan will contribute to achieving the Council Plan priority outcomes and will contribute to the ambitions for: an inclusive, growing and enterprising economy; North Ayrshire to be well-connected with effective infrastructure; and for a sustainable, vibrant, welcoming and attractive environment.

Community Wealth Building

- 4.7 The Regeneration Delivery Plan sets out our priorities for delivering on the ambitions on the Community Wealth Building Strategy Land and Assets pillar. Its delivery will have a significant positive impact on the Council's ambitions across the pillars of:
- Land and Assets: by supporting equitable land development and the development of underutilised assets for community use.
 - Procurement: by contributing to the development of the procurement wave plan; through the inclusion of appropriate community benefit of local supplier clauses within projects; and by considering phasing and programming of projects to create local supply chain opportunities and support delivery by smaller scale and local contractors where appropriate.
 - Fair Employment: by supporting the creation of employment opportunities particularly within the construction sector. Where North Ayrshire is the contractor for services, through our enhanced Community Benefits approach we will seek to ensure the creation of local training and work experience opportunities.
 - Financial Power: by investing in localities and leveraging external national investment into North Ayrshire.

5. Consultation

- 5.1 The Regeneration Delivery Plan was the subject of extensive consultation including workshops with Council Officers; workshops with Elected Members; reports to and feedback from North Ayrshire Ventures Trust and the Community Wealth Building

Expert Panel; and public engagement via Consul. It was also informed by the Locality Partnerships' priorities and previous public consultation exercises including Charettes.

- 5.2 The funding proposals outlined at Appendix One have been informed by this consultation. Further consultation and engagement will be undertaken with local communities, stakeholders and Elected Members through the detailed development of any successful projects.

Russell McCutcheon
Executive Director (Place)

For further information please contact **Louise Kirk, Senior Manager Regeneration**, on **01294 324766**.

Background Papers

Cabinet Report – Regeneration Delivery Plan, 23 March 2021

Cabinet Report – Levelling Up Fund, 15 June 2021

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

Cabinet Report – Regeneration Delivery Plan Update, 22 February 2022

Appendix One: Regeneration Funding Proposals

The following provides a summary of each of the funds and the proposed approach for 2022/23. The proposals have been identified from the Regeneration Delivery Plan and an assessment of the:

- Projects' stage of development;
- Fit with the fund objectives and priorities;
- Potential benefits;
- Budget available;
- Ability to secure match funding; and
- Deliverability of the project(s) within funders' timescales.

This approach aims to implement a range of projects that deliver impactful improvements in line with the Regeneration Delivery Plan and the various funding streams' ambitions.

Where there is an underspend within one of the allocations in 2022/23, it is proposed that the Executive Director (Place) will reallocate any underspend across the other identified actions following engagement with the Portfolio Lead.

Place Based Investment Programme

The Scottish Government established the five year £325m Place Based Investment Programme (PBIP) in 2021/22. Underpinned by the Place Principle, this aims to support community-led regeneration, town centres and the 20-minute neighbourhood ambitions. The main objectives of the Programme are to:

- Link and align place based initiatives and establish a coherent local framework to implement the Place Principle;
- Support place policy ambitions such as town centre revitalisation, community led regeneration, 20 minute neighbourhoods and Community Wealth Building;
- Ensure that all place based investments are shaped by the needs and aspirations of local communities; and
- Accelerate the ambitions for tackling inequality and disadvantage, wellbeing and inclusive economic development, net zero, community involvement and ownership

Local Government is a key partner in delivering the Programme and will receive a share of the funding over the five years to support and advance local priorities. A £1.093m allocation has been received for the current financial year. This requires to be fully expended or at a minimum financially committed by 31 March 2023. Any unused grant will require to be repaid to the Scottish Government unless otherwise agreed by Scottish Ministers.

The table below outlines the proposal for the expenditure of the allocation. This includes a further allocation to the Town Centre Living Pilot Project for 2022/23. This is required as the 2021/22 allocation could not be fully financially committed by 31 March 2022. £680,000 of the original £830,000 allocation was reallocated to the Communities Project Fund, Kilbride Shopfront Scheme and Future Years Project Development.

The proposals aim to support the delivery of the Place Frameworks currently being prepared through the previous allocations and the UK Government's Community Renewal Fund. Furthermore, they aim to continue the development of Place Frameworks across North Ayrshire.

Project	Allocation
Town Centre Living Pilot Project This will further investigate the potential, develop detailed proposals and designs and support the implementation where appropriate for town centre living pilot projects at 36 Bank Street, Irvine and Howgate, Kilwinning.	£680,000
Saltcoats Place Framework This will support the delivery of the Place Framework including physical improvements and CWB opportunities.	£70,000
Largs Place Framework This will support the delivery of the Place Framework including physical improvements and CWB opportunities.	£70,000
Kilwinning Place Framework This will support the delivery of the Place Framework including physical improvements and CWB opportunities.	£70,000
Garnock Valley Place Frameworks This will support the roll out of Place Framework development to Dalry, Kilbirnie and Beith	£80,000
Future Years Project Development This will enable the preparation of proposals for implementation in future years and support funding applications.	£40,000
Lochshore Park Hub Play This will support the development of play facilities at the Garnock Visitor and Community Hub and the bid to Round 2 of the Levelling Up Fund.	£50,000
PBIP Regeneration Officer This will meet the costs associated with the dedicated Regeneration Officer to support the delivery of the Programme.	£33,000
Total	£1,093,000

Vacant and Derelict Land Fund

The Scottish Government's Vacant and Derelict Land Fund (VDLF) aims to tackle the presence of long-term vacant, for 15 years or longer, and derelict land in Scotland. In doing so, it aims to stimulate economic growth, job creation, an improved environment and quality of life. From its inception in 2007, access to the Fund was restricted to 5 local authorities to focus the available financial resource and prioritise authorities most impacted by both the extent of vacant and derelict land and levels of deprivation.

A review in 2015, resulted in North Ayrshire Council benefitting from access to the Fund from the financial year 2016/17. The other four authorities which currently benefit are South Lanarkshire, North Lanarkshire, Fife and Glasgow City Councils. Funding is limited to sites that have been vacant for at least 15 years and are between 0.1ha and 99ha in size, with a preference of Council ownership or a landowner agreement in place. It cannot be used on housing or infrastructure projects such as transport or flooding.

A Local Delivery Plan requires to be submitted to the Scottish Government to allow Ministerial approval of the expenditure of the funding in 2022/23. In developing the proposals for this, several factors have been considered, including the:

- Scottish Government funding criteria;
- Economic development focus of the funding;
- The priority sites identified of Irvine Enterprise Area, Ardrossan North Shore, Lochshore and Irvine Harbourside and their stage of development;
- Alignment with the North Ayrshire Regeneration Delivery Plan (2021) and Vacant and Derelict Land Strategy (2014);
- Deliverability of projects within the funding timescales;
- Need to balance feasibility and site preparation work, with interventions that see physical space and employment created;
- Need to secure a spread of interventions in terms of type and geography; and
- Scottish Government's aspiration for circa 25% to be spent on greening projects.

The following projects are proposed for inclusion in the local delivery plan. This has been submitted to the Scottish Government, subject to Cabinet approval:

Project	Allocation
Ardrossan North Shore This will support site remediation and infrastructure works and include additional surveys and design work as required.	£350,000
i3 Investment Area This will contribute to the development and delivery of the i3 Flexible Business Space in the strategic investment campus.	£280,000
Lochshore This will support the delivery of the Lochshore Masterplan including surveys, consultancy support, site remediation works and environmental improvements. This will support the submission to Round 2 of the Levelling Up Fund.	£250,000
Harbour Master's Office This will support the restoration of the building including feasibility, design work and further surveys.	£50,000
Kyle Road Phase 2 This will support the feasibility and design of a new commercial space following the success of Phase 1. This will support the Commercial Estate submission to Round 2 of the Levelling Up Fund.	£70,000
Development Work This will support a range of surveys and investigations to inform proposals for implementation in future years. This will include feasibility and investigation work to support landowners and community groups to bring back vacant land and properties to positive use.	£320,000

Cycling, Walking and Safer Routes

The Scottish Government's Cycling Walking and Safer Routes programme provides direct allocations to Local Authorities. This can only be used for cycling, walking, safer routes and active travel related projects.

It is proposed that the £0.86m award received for 2022/23 be allocated as follows. This approach aims to support a range of eligible projects across North Ayrshire and secure additional funding to maximise and accelerate delivery.

Project	Allocation
Commercial Estate Low Carbon Infrastructure This will provide a match funding contribution towards the low carbon infrastructure element of the Commercial Estate application to Round 2 of the Levelling Up Fund.	£150,000
Lochshore Path Network This will provide a match funding contribution towards the path network creation within the Gateway to the West Coast and Clyde Islands application to Round 2 of the Levelling Up Fund	£150,000
Ardrossan Low Carbon Hub This will provide an additional match funding contribution towards the path creation element of the ERDF Low Carbon Travel and Transport Challenge Fund project.	£150,000
Active Travel Route construction This will provide match funding to support funding applications to Sustrans Places for Everyone and other active travel funding programmes.	£150,000
Future Year Feasibility Studies and Design Development This will support the development of feasibility studies and designs for implementation in future years and to support funding applications.	£90,000
Route Monitoring This will support the network of pedestrian and cycle counters across North Ayrshire including the installation of new infrastructure.	£40,000
Strategy Development This will support the continued development of the Local Transport and Active Travel Strategy.	£30,000
Staff costs and resourcing This will support the existing externally funded posts within the Active Travel and Transport Team and provide match funding toward the Travel Smart project funded by Smarter Choices Smarter Places.	£100,000

Vacant and Derelict Land Investment Programme

The Scottish Government announced a 5 year £50M competitive Vacant and Derelict Land Investment Programme (VDLIP) in 2021/22. This aims to tackle persistent vacant and derelict land and support place based approaches to delivering regeneration and sustainable inclusive growth, as part of a 'just transition' to net-zero by 2045. The fund complements the Place Based Investment Programme and is open for all local authorities to apply.

Potential projects were identified for the 2022/23 round based on the funding criteria, level of project development and delivery timescales with Council Services. Two applications were submitted in November 2021 for the next phase of commercial development of Annickbank, Irvine and to support the delivery of town centre living at the King's Arms in Irvine. Both projects progressed to Stage 2 of the Programme in February 2022.

An award for £0.4m was received for the Annickbank project in May 2022. This will form part of the match funding package for the Commercial Estate submission to Round 2 of the Levelling Up Fund.

Strathclyde Partnership for Transport Capital Programme

Strathclyde Partnership for Transport's (SPT) Capital Plan sets out the funding programme for projects to be delivered by SPT and partners on an annual basis. Applications are invited from Local Authorities in the Autumn of the preceding year. Priorities for funding are informed by the National, Regional and Local Transport Strategies.

The following projects have been allocated funding through the overall £1.385m award from 2022/23 Capital Programme:

Project	Award
Ardrossan Harbour Interchange This will support the public consultation, detailed design and tender processes for the public transport interchange at the Harbour.	£50,000
B714 Active Travel Links This will enable the development of detailed designs for active travel links to the B714 from Dalry and Saltcoats.	£100,000
Brodict to Corrie Cycle Path This will deliver the next phase of the off-road National Cycle Network (NCN) Route 73 at Brodict Castle and Country Park.	£300,000
Bus Corridor Improvements This will deliver a programme of bus stop infrastructure improvements across North Ayrshire.	£200,000
Bus Routes Congestion Reduction Measures This will deliver the final phase of the bus routes congestion measures project between Kilwinning and Irvine.	£100,000
Cumbræ Ferry Bus Stop and Queuing Facilities This will deliver the first phase of recommendations of the feasibility study developed in 2021/22 including detailed designs and construction.	£385,000
Irvine Cycle Friendly Town This will deliver the next phase of the Irvine Cycle Friendly Town Study recommendations including new path construction and signage.	£250,000

UK Government's Levelling Up Fund

The Levelling Up Fund (LUF) is a £4.8 billion capital investment fund that will support town centre and high street regeneration, local transport projects, and cultural and heritage assets. North Ayrshire has been allocated as a 'priority one' category authority given our socio-economic and connectivity challenges.

This is a competitive bidding process against other local areas and the Council requires to put forward high-quality, detailed and compelling business cases which meet the LUF criteria. There are 4 assessment criteria for the fund: place (priority area categories), strategic fit, value for money and deliverability.

The Gateway to the West Coast and Clyde Islands bid is comprised of two impactful and strategic regeneration projects at Lochshore in Glengarnock and North Shore in Ardrossan. These projects will regenerate two former industrial sites which are long term vacant and derelict land and identified as priorities for investment within the Council Plan and Local Development Plan.

Whilst the individual strengths of the two applications are recognised, a detailed assessment of the two projects against the assessment criteria has established that the submission of the Lochshore Masterplan as a standalone project would present a more compelling and coherent business case. This would also achieve attractive value for money assessments and cost benefit ratios further strengthening its competitive position. It is now proposed that the Gateway package bid be changed to the submission of a single application for the Lochshore Masterplan on this basis. Alternative sources of funding will continue to be investigated for the North Shore project.

Scottish Government's Regeneration Capital Grant Fund

The Scottish Government's Regeneration Capital Grant Fund (RCGF) is delivered annually in partnership with COSLA and local government. It supports locally developed place-based regeneration projects that involve local communities, help to tackle inequalities and deliver inclusive growth in deprived, disadvantaged and fragile remote communities across Scotland.

The Fund is subject to a two-stage assessment process. Applicants are required submit a summary of their project on the form provided at Stage 1 by 17 June 2022. Successful projects at this stage will be invited by the panel to then complete a full Stage 2 application in October 2022. An independent investment panel will agree the recommendations to Scottish Ministers and COSLA on projects to be offered grant support.

The Fund is primarily aimed at providing new and/or improved infrastructure to improve the economic, social, and physical environment of communities. Projects are expected to detail how they are considering and contributing towards the target of net zero carbon emissions by 2045. Projects should also:

- Primarily focus on areas that suffer from high levels of deprivation and disadvantage;
- Demonstrate clear community involvement;
- Deliver large scale transformational change with strong regeneration outcomes; and
- Encourage additional investment and address market failure.

Officers from Connected Communities and Economic Development and Regeneration have supported with local groups and organisations to identify potential projects for submission to the Fund. This process has been informed by the funding criteria, key considerations and the level of community involvement based on the experience from previous successful applications. On this basis it is recommended that applications be submitted for the following two projects, listed in order of priority:

- i) Geilsland Courtyard Hall, Beith (Project Value £TBC) – £TBC grant sought towards the upgrade and renovation of Geilsland Courtyard Hall, owned by the Beith Community Development Trust (BCDT). The final phase of refurbishment would allow the facility to support a diverse range of services and activity and generate income for the BCDT. It would host festivals and events, commercial and residential lets, large capacity venue hire, amenity for business, active lifestyles and creativity, soft play and visitor accommodation.
- ii) Kilwinning Sports Club (Project Value £TBC) – £TBC grant sought towards the creation of an indoor sports facility and upgrade of infrastructure. This will create an inclusive and accessible facility to support a broad range of activities at the facility. This would generate income for the Club and be capable of hosting a range of sports, training and events.

Scottish Government's Islands Programme

The Islands Programme represents a £30million capital investment over five years to support the delivery of the National Islands Plan. It aims to support projects which encourage population growth and stem population decline and deliver on net zero ambitions in a way that no-one is left behind. This will support a green economic recovery from the ongoing impacts of the COVID-19 pandemic.

The Programme is being delivered on a competitive bid basis across all six local authorities with islands with a budget of £4m in 2022/23. It is open to applications from the six island Local Authorities including North Ayrshire Council. The Councils are required to act as the lead applicant. Project proposals are however expected to have been developed with the involvement and support of relevant communities, as well as third sector and private sector partners as appropriate.

For 2022/23 there will only be a one stage application process. The review of 2022/23 will inform the approach in future years. Project proposals should use clear Place based, Community Wealth Building principles to support inclusive island growth while working to achieve Scottish Government's net zero ambitions and to support recovery from the impacts of the pandemic.

- Meet the overall objectives of the Islands Programme.
- Link directly to at least one of the National Islands Plan Strategic Objectives.
- Ensure transformational impact against place-based priorities to accelerate local growth and resilience.
- Align with local critical infrastructure priorities and have the potential to collaborate with other place-based investment opportunities to maximise benefits.
- Demonstrate project readiness, collaborative and partnership models, project viability and long-term sustainability.
- Demonstrate clear Community Wealth Building principles and community involvement and engagement
- Support Scottish Government Net Zero Ambitions and a Just Transition.

Officers from Connected Communities and Economic Development and Regeneration have consulted with local groups and organisations to identify potential projects for submission to the Fund. This process has been informed by the funding criteria, key considerations and the level of community involvement. On this basis it is recommended that applications be submitted for the following two projects:

- i) Millport Town Hall Phase Two (Project Value £0.5m): £0.465m grant sought towards the next phase of the redevelopment of the Town Hall. This will include an office space, basement Heritage/Conservation Centre plus green room, permanent Men's shed, storage areas and small community garden.
- ii) Island Pit Stops (Project Value £0.6m): £0.54m grant sought towards the redevelopment of island toilet buildings owned by North Ayrshire Council into "Pit Stops." These will be refurbished into eco-designed buildings with landscaped outdoor spaces that offer communities and visitors access to sustainable and efficient amenities including: improved toilet facilities, local information and interpretation, cycle parking and maintenance stations.

Scottish Government's Vacant and Derelict Land Investment Programme

Applications are currently being invited to the 2023/24 round of the Vacant and Derelict Land Investment Programme. The following projects are proposed for submission:

- King's Arms Redevelopment (Total Project Value £1.754m): £0.6m grant sought towards the redevelopment of the former King's Arms. This will deliver six new Council town centre amenity homes for affordable rent comprising one and two bedrooms.
- Town Centre Living Pilot at 36 Bank Street, Irvine (Total Project Value £1.1m): £0.4m grant sought towards the redevelopment of the property as three townhouses. This would enable the project to be delivered to an enhanced energy standard.

Historic Environment Scotland's Heritage and Place Programme

The Heritage and Place Programme is an area-based funding programme and the successor to the Conservation Area Regeneration Scheme (CARS). It aims to contribute to the development of vibrant and sustainable places in Scotland, through community-led regeneration of the historic environment. It supports the development and delivery of heritage focused schemes within Conservation Areas, or alternatively distinctive heritage areas with Local Authority recognition.

The programme is open to expressions of interest by 31 July 2022 from Local Authorities, National Park Authorities and suitably experienced not-for-profit organisations. If an EOI is approved, the applicant will be invited to submit a Development Phase application by 15 December 2022. All Development Phase applications will be assessed as a batch through a competitive process. Successful applicants will have up to 12 months to undertake a Development Phase and submit their Delivery Phase application.

It is proposed that priorities for expressions of interest be identified through the Place Framework process for Largs, Saltcoats, Kilwinning and the Garnock Valley. The approach will be informed by engagement with the funder, Connected Communities and local heritage organisations.

National Lottery Heritage Fund's Grants for Heritage

The Grants for Heritage programme provides grants of between £0.25m and £5m for projects that connect people and communities to national, regional and local heritage. All projects must be inclusive and environmentally sustainable and deliver on the priority outcomes to:

- Create better places to live, work and visit;
- Boost the local economy;
- encourage skills development and job creation;
- Support wellbeing; and
- Improve the resilience of organisations working in heritage.

Expressions of interest are currently being invited for projects over £0.25m. It is proposed that priorities for expressions of interest be identified through the Place Framework process for Largs, Saltcoats, Kilwinning and the Garnock Valley. The approach will be informed by engagement with the funder, Connected Communities and local heritage organisations.

Regeneration Delivery Plan Funding Proposals Place Based Investment Programme and Vacant and Derelict Land Fund Proposals

Overview

The Regeneration Delivery Plan sets out the Council's 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. It informs priorities for securing and delivering against external funding sources including Scottish and UK Government funds.

Cabinet considered the funding proposals under the Regeneration Delivery Plan for 2022/23 on 7 June 2022. The proposals included the expenditure of the £1.32m Vacant and Derelict Land Fund (VDLF) allocation and the £1.093m allocation under the Scottish Government's Place Based Investment Programme (PBIP). Underpinned by the Place Principle, the PBIP aims to support community-led regeneration, and support town centres and the 20-minute neighbourhood ambitions. The VDLF aims to tackle the presence of long-term vacant (for 15 years or longer) and derelict land in Scotland.

Proposal

The funding proposals under the £1.32m VDLF award included the allocation of £320,000 to Development Work. This aims to support a range of surveys and investigations to inform proposals for implementation in future years. This will include feasibility and investigation work to support landowners and community groups to bring back vacant land and properties to positive use.

The funding proposals under the £1.093m PBIP award included the allocation of £250,000 to the following projects:

- £70,000 to Saltcoats Place Framework
- £70,000 to Largs Place Framework
- £70,000 to Kilwinning Place Framework
- £40,000 to Future Years Project Development.

The Place Framework allocations would support the delivery of the community identified actions in each of the towns including physical improvements and CWB opportunities. The Future Years Project Development would enable the preparation of proposals for implementation in future years and support funding applications.

Further information

The Scottish Government's Vacant and Derelict Land Fund (VDLF) aims to tackle the presence of long-term vacant, for 15 years or longer, and derelict land in Scotland. In doing so, it aims so stimulate economic growth, job creation, an improved environment and quality of life. For the purposes of the 2022/23 allocation long term is defined as land out of use since at least 2006.

The annual Scottish Vacant and Derelict Land Survey (VDLS) is used to monitor the direct impact of the fund on reducing levels of vacant and derelict land. The survey only records changes to sites greater than 0.1 hectare (1000m²) in size that have previously been developed but are now considered unused or damaged. The allocation of the VDLF is restricted on this basis to sites over 0.1ha, registered as part of the annual VDLS, and vacant or derelict for over 15 years. Due to the size limitations, the majority of town centre or High Street properties would not provide eligible expenditure for this Fund on this basis.

The 2020 Programme for Government established a Place Based Investment Programme (PBIP). A budget of £325m was committed to the Programme over 5 years from 2021/22. The main objectives of the Programme are to:

- Link and align place based initiatives and establish a coherent local framework to implement the Place Principle;
- Support place policy ambitions such as town centre revitalisation, community led regeneration, 20 minute neighbourhoods and Community Wealth Building;
- Ensure that all place based investments are shaped by the needs and aspirations of local communities; and
- Accelerate the ambitions for tackling inequality and disadvantage, wellbeing and inclusive economic development, net zero, community involvement and ownership.

Place Frameworks are a key action of the Regeneration Delivery Plan and aim to ensure that our regeneration ambitions are delivered in partnership with communities. These build on previous community engagement including Charette processes and updated town centre audits to develop a Place Framework for each town. Feedback throughout the development of the Regeneration Delivery Plan and Place Frameworks has reiterated the need to progress from priority identification to delivery in the towns.

Funding was secured from the UK Government's Community Renewal Fund to pilot the approach in Saltcoats and Largs. A further allocation was made under the PBIP in 2021/22 to develop a Place Framework for Kilwinning. Each Place Framework will identify physical improvements and CWB opportunities to support recovery and development within the town centre. They are informed by extensive community and stakeholder consultation and engagement to ensure that they reflect local priorities and ambitions.

The Place Framework allocations from the 2022/23 PBIP aim to implement the recommendations of the Place Frameworks on the ground and progress to the delivery phase. This could therefore already involve the purchase properties where:

- The purchase is identified as a priority through the Place Framework process; and
- A deliverable solution is available for the repurposing of the property.

By allocating funding to the delivery of Place Frameworks we will ensure that expenditure is informed by community priorities. The funding allocations would also be used to secure external match funding where appropriate to maximise the reach of the funding. This is in accordance with the objectives of the PBIP.

The Future Years Project Development allocation aims to support the preparation of proposals and detailed designs for PBIP implementation in future years. It also aims to support the submission of external funding applications to the Regeneration Capital Grant Fund, Islands Programme and other funding sources. This aims to maximise the level of funding which can be secured and the impact of investment in regeneration across North Ayrshire.

The Repurposing Property Grant Fund (RPGF) was developed in 2021 to help support landowners and community groups to bring back vacant land and properties to use. The funding package is comprised of allocations from the 2021/22 PBIP, VDLF and North Ayrshire Ventures Trust (NAVT). Funding is allocated to projects from the overall funding package informed by the constituent funds' constraints. This provides funding to landowners and community groups to undertake feasibility studies to identify potential options for the sites and their viability.

The second round of the Repurposing Property Grant Fund is open until late July 2022. The Regeneration team are actively engaging with landowners and communities to support applications to the Fund. It is envisaged that further stages of the Fund will be developed to support project delivery following the feasibility stage. The approach to this will be informed by the outcome of Stage 1 and further funding applications in support of the Fund.

This approach aims to complement existing sources of funding such as the Scottish Land Fund and not replace these. This aims to maximise the impact of the fund. It is important to note that costs associated with repurposing town centre properties are not unsubstantial. A recent feasibility study for a 335m² town centre property in the Three Towns has identified cost estimates of circa £0.826m subject to substantial caveats. This illustrates the potential levels of resource required to repurpose properties of this nature.

A Communities Project Fund was also set up in 2021. This is a small grant scheme to support community led place-based project development and implementation across North Ayrshire. This will support the annual RDP action review and PBIP implementation proposals in future years. The original fund of £0.07m was further supplemented in 2021/22 by an additional allocation from the PBIP to £0.315m. This is supporting a range of projects across North Ayrshire.

The Council's £15.723m Investment Fund aims to deliver climate change, sustainable infrastructure investment and Community Wealth Building (CWB). This includes an allocation for CWB Commercial Estate, Infrastructure and Town Centre Investment of £1.155m and an allocation for CWB Communities and Town Centre investment of £1.2m. These allocations will support and deliver investment around town centres for example by providing match funding for external funding applications.

Conclusion

The Regeneration Delivery Plan funding proposals aim to align the funding to projects which deliver on the individual funds' priorities and objectives. Place Frameworks are key to identifying physical improvements and CWB opportunities to support recovery and development within town centres. Importantly, they are informed by extensive community and stakeholder consultation and engagement to ensure that they reflect local priorities and ambitions.

The Place Framework allocations would be used to implement the short and medium term priority actions identified within each town's Place Framework. This could therefore be utilised to purchase properties where:

- The purchase is identified as a priority through the Place Framework process; and
- A deliverable solution is available for the repurposing of the property.

Alongside the Investment Fund allocations, RPGF and Communities Project Fund, these proposals aim to bring vacant and derelict land into positive use in partnership with landowners and communities. The proposals are also reflective of the funding constraints and potential budgetary and funding implications outlined in this Report.

Louise Kirk
Senior Manager Regeneration
North Ayrshire Council

23 June 2022

NORTH AYRSHIRE COUNCIL

30 June 2022

Audit and Scrutiny Committee

Title: **Call In: North Ayrshire Covid Recovery Fund**

Purpose: To allow the Committee to consider a Call In Request in respect of the decision taken by Cabinet at its meeting on 7 June 2022 to:-

(a) note the Scottish Government's recently announced Economic Covid Recovery Fund, which would see an allocation of £2.154m for North Ayrshire; and (b) approve the proposed North Ayrshire Economic COVID Recovery Fund Investment Plan.

Recommendation: That the Committee considers the terms of the Call In and agrees, or otherwise, to make a recommendation to the Cabinet.

1. Executive Summary

- 1.1 In terms of the Scheme of Administration (Section 24), the Audit and Scrutiny Committee has a remit to consider Call in Requests and invite at least one of the Members who has requested the reference to Call In to attend the Committee to explain the request.
- 1.2 This report sets out the background to the Call In Request in respect of the decision taken by Cabinet at its meeting on 7 June 2022 in relation to the report on North Ayrshire Covid Recovery Fund.

2. Background

- 2.1 The Cabinet, at its meeting on 7 June 2019, considered a report on North Ayrshire Covid Recovery Fund.
- 2.2 A request was received in terms of the Call In procedure set out in the Council's Scheme of Administration and Standing Orders, that the Audit and Scrutiny Committee examine the decision taken by the Cabinet.

- 2.3 The Call In Request, which was signed by Councillors Foster, McDonald and Cullinane is in the following terms:-

Reason for Call In

Given their dominance of the local bus market, the “Public Transport Travel Scheme” is effectively a public subsidy for Stagecoach at a time when they are cutting local services

Desired Outcome

That we send a very strong public message to Stagecoach that the Council will not accept their cuts to local bus services and therefore the £20,000 for the “Public Transport Travel Scheme” be reallocated to support the North Ayrshire Fairer Food Network.

- 2.4 A copy of the original report presented to Cabinet on 7 June 2022 is attached as an appendix to the report. An updated briefing note has been provided by the Executive Director (Place) and is attached at Appendix 2.
- 2.5 The Call In Request is valid for consideration by the Committee. The request was received within the appropriate timescale, it was signed by three Elected Members and details were provided on both the reason for the Call In and the desired outcome.
- 2.6 The Elected Members who have submitted the Call In will be invited to address the Audit and Scrutiny Committee to explain the Call In Request. The appropriate Cabinet Member, accompanied by senior officers, will then be invited to clarify the reasons for the decision. The Committee will have an opportunity to ask questions of both parties and of those officers in attendance.
- 2.7 The Committee will then debate the Call In Request and decide whether or not it agrees with the decision of the Cabinet.
- 2.8 Where the Committee does not agree with the decision of the Cabinet, the matter will be referred to the next meeting of the Cabinet with recommendations from the Audit and Scrutiny Committee for alternative action. The Audit and Scrutiny Committee therefore has to:-
- i) decide if it agrees or not with the decision of the Cabinet; and
 - ii) consider what alternative action the Committee would recommend to the Cabinet if it does not agree with the decision.
- 2.9 When the matter is considered by the Cabinet, the Chairperson or another member of the Audit and Scrutiny Committee will have the right to attend the Cabinet and speak in support of any recommendation.
- 2.10 In the event the Cabinet declines to accept the recommendation from the Audit and Scrutiny Committee, the matter will be referred to the next ordinary meeting of the Council for determination. The decision of the Council will be final.

3. Proposals

3.1 It is proposed that the Committee considers the Call In Request.

4. Implications/Socio-economic Duty

Financial

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

Human Resources

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

Legal

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

Equality/Socio-economic

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

Climate Change and Carbon

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

Key Priorities

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

Community Wealth Building

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

5. Consultation

5.1 No formal consultation has been undertaken at this stage.

Craig Hatton
Chief Executive

For further information please contact **Angela Little, Committee Services Officer**, on 01294 324132

Background Papers

N/A

NORTH AYRSHIRE COUNCIL

7 June 2022

Cabinet

Title:	North Ayrshire Economic COVID Recovery Fund
Purpose:	The purpose of this report is to provide a briefing on the Economic COVID Recovery Fund and seek agreement for the proposed North Ayrshire Economic COVID Recovery Fund Investment Plan
Recommendation:	It is recommended that Cabinet: <ul style="list-style-type: none"> i. Notes the Scottish Government's recently announced Economic Covid Recovery Fund, which will see an allocation of £2.154m for North Ayrshire; and ii. Approves the proposed North Ayrshire Economic COVID Recovery Fund Investment Plan

1. Executive Summary

- 1.1 The Economic COVID recovery funding, announced by the First Minister on 21st February 2022, allocates £80million of additional investment for businesses and communities to accelerate economic recovery. This funding will support local flexibility and must be fully utilised by 31st March 2023. North Ayrshire Council has been allocated £2.154m funding to support a new Economic COVID Recovery Investment Plan.
- 1.2 The proposed North Ayrshire Economic COVID Recovery Investment Plan has been aligned with both the Scottish Government's recently launched National Strategy for Economic Transformation (NSET) and the Tackling Child Poverty Delivery Plan 2022-26 and is focussed on the creation of a well-being economy, supporting a green and just transition and maximising the opportunities for ensuring reduced family poverty in North Ayrshire.

2. Background

- 2.1 The Economic COVID Recovery Fund provides an additional £80million for Scotland to support business and communities to accelerate economic recovery within local areas.
- 2.2 The policy intent of this funding is to support local economic recovery and the cost-of-living impacts on low-income households. It is acknowledged that Local Authorities are best placed to understand the needs of local businesses and communities and can design and deliver interventions to best meet local needs.

2.3 The overarching principles of this fund are to support:

- Interventions enabling local economic recovery and contributing to businesses being able progress towards recovery, growth, adaptation and building resilience
- Projects that can rebuild consumer confidence, stimulate demand, and enable economic activity
- Support low-income households, which are disproportionately impacted by the pandemic and the current cost of living crisis, to become more economically active

2.4 The funding cannot be used to increase the overall budget available for Scottish Welfare Fund and/or fund Discretionary Housing Payments.

2.5 COSLA's Settlement and Distribution Group recommended this funding is included in the Local Government Finance Order and paid as a Redetermination at the end of March 2022. The settlement for North Ayrshire totals £2.154m.

2.6 In March 2022, Scottish Government published the second 'tackling child poverty delivery plan' under the Child Poverty (Scotland) Act 2017. Outlining actions for the period 2022 to 2026, *Best Start, Bright Futures* sets out how key stakeholders will work together to deliver on Scotland's national mission to tackle child poverty. It is not solely a plan for the Scottish Government, it is a plan for all of Scotland, recognising the contribution all parts of society must make to deliver the change needed for children and families.

2.7 North Ayrshire faces significant challenges with over 6000 young people identified as living in poverty (approximately 27.9% of all children living in the area). The Scottish Government's recent Spending Review identified reducing child poverty as one of its three key priorities and has set ambitious targets for 2022-26. Although progress is being made in addressing child poverty in North Ayrshire, the pressure of the cost-of-living crisis following so quickly after the Covid-19 pandemic demands immediate systemic and far-reaching responses.

2.8 The Scottish Government has recently launched the National Strategy for Economic Transformation (NSET) with an overarching ambition to work towards the creation of a well-being economy, supporting a green and just transition. North Ayrshire Council's economic activities are aligned to this ambition and informed by the Council's Economic Recovery and Renewal Approach – which proposes to 'Build Back Better, Fairer and Greener'; NA's Community Wealth Building Strategy; NA Regeneration Delivery Plan; and the recently launched Island Plans. All these plans are action focused and this additional investment will support the delivery of them plan to support recovery more quickly.

2.9 Details of each proposal and how it aligns with the overarching principles of the COVID Recovery Fund, and the Child Poverty Fund is set out in the Appendix 1. These proposals require to be completed by 31st March 2023. In summary the North Ayrshire Economic Recovery Fund Investment Plan (Appendix 1) includes the following interventions:

- Public Transport Travel Scheme to support travel to work
- Digital Growth Fund for Businesses
- Support the delivery of the Council's Modern Apprentices Programme

- Create new Skills for Life work placements
- EQUAL Horticulture Intermediate Labour Market (ILM)
- Employer Recruitment Incentives (ERIs)
- £100 top up to the Summer Child Bridging Payments
- Review and improve support for childminders and OOSC providers
- Targeted employability opportunities for key families during Summer 2022
- Third sector support for programmes to support low-income families and individuals by building on current programmes
- North Ayrshire Fairer Food Network
- Support for the development of a North Ayrshire Child Poverty Strategy and Action Plan.

- 2.10 Throughout the recovery, local authorities, including North Ayrshire, have been taking part in national community engagement sessions, listening to business and reviewing the feedback and data in relation to the effectiveness of previous funding support. North Ayrshire Council works closely with its communities, who have been sharing their priorities through virtual community engagement sessions, as well as in-person through the resumption of targeted community activities such as community breakfast clubs.
- 2.11 The proposals in this report have been shaped by the voices of ‘lived-experience’ through the Fair for All Commission, young people, partners and the experience of the interventions supported by previous funding. It has also been shaped and informed by information and knowledge of demand for support and identification of capacity to realise an opportunity to scale up services quickly.
- 2.12 As a result, a number of investments are therefore proposed in relation to the following Covid principle: “Support low-income households, that are disproportionately impacted by the pandemic and the current cost of living crisis, to become more economically active.”

The proposals contribute to the child poverty delivery plan themes, focusing on:

- Relieving immediate financial pressure for key groups of families through direct payments and access to cost effective food, travel and other supports.
- Removing barriers to employment by supporting the Out of School Care sector in North Ayrshire and preparing for the forthcoming wrap-around care requirements outlined in the Scottish Government child poverty delivery plan; and
- Delivering employability and work placement opportunities for targeted, more vulnerable families.
- Supporting businesses to recover and grow by enhancing digital capacity and providing support to recruit.
- Creating new and additional job opportunities

3. Proposals

3.1 It is proposed that Cabinet:

- i. Notes the Scottish Government’s recently announced Economic Covid Recovery Fund, which will see an allocation of £2.154m for North Ayrshire;
- ii. Approves the proposed North Ayrshire Economic COVID Recovery Fund Investment Plan

4. Implications/Socio-economic Duty

Financial

- 4.1 These proposals are supported by external funds distributed to Local Authorities. The estimated financial profile is included as Appendix 1 of this report.

Human Resources

- 4.2 The proposals outlined will be supported utilising existing staff. In addition, the Connected Communities proposals include the creation of 5 temporary posts within the relevant areas of work to increase capacity for specific transition activity and deliverables:
- 1 temporary G12 Business Support Officer (12 months) post to identify and develop the support required for the Out of School Care sector;
 - 1 temporary G11 Business Support Officer (12 months) post to further extend and develop the North Ayrshire Fairer Food Network;
 - 2 temporary G9 Locality Workers (12 months) posts to coordinate 'Out and About Group' food growing and mental health and wellbeing activities and extend capacity at Eglinton Community Garden;
 - 1 temporary G12 Business Support Officer (12 months) post to support the transition to and coordinate the new Child Poverty strategy.

Legal

- 4.3 There will be grant conditions associated with any external funding awards. These will require to be reviewed with input from Legal Services prior to acceptance to inform delivery and to be managed appropriately.

Equality/Socio-economic

- 4.4 These proposals aim to support those most disadvantaged and will aim to address barriers and improve access and equality. An Equality Impact Assessment will be completed to ensure equality is considered as part of design and implementation of these proposed interventions.

Climate Change and Carbon

- 4.5 The Digital Business Support activity supports local business adapt business processes to maximise digital capabilities and opportunities as part of a green transition. The Active Travel proposal supports the use of public and sustainable travel to work options. The Fairer Food Network promotes local food growing.

Key Priorities

- 4.6 The approach will contribute to achieving a wide range of the Council Plan outcomes and ambitions: of an inclusive, growing and enterprising economy; for children and young people to have the best start in life; residents and communities enjoy good life-long health and well-being; and for a sustainable, vibrant, welcoming and attractive environment."

Community Wealth Building

- 4.7 These proposals directly contribute to the Community Wealth Building mission of enhancing local wealth and the creation of fair jobs and maximising the potential of all our places through working in partnership with our communities and businesses.

5. Consultation

- 5.1 North Ayrshire Council works closely with its communities, who have been sharing their priorities through virtual community engagement sessions, as well as in-person through the resumption of targeted community activities such as community breakfast clubs. The proposals in this report have been shaped by the voices of 'lived-experience' through the Fair for All Commission, young people, partners and the experience of the interventions supported by previous funding.

This has been informed by the Council Plan priorities, Community Wealth Building Strategy, Recovery and Renewal Strategy and Regeneration Delivery Plan (RDP) as well as the Scottish Government's Child Poverty Delivery Plan.

RUSSELL McCUTCHEON
Executive Director (Place)

AUDREY SUTTON
Executive Director (Communities and Education)

MARK BOYD
Head of Finance

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Background Papers

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Appendix 1: North Ayrshire Economic COVID Recovery Fund Investment Plan

COVID Economic Recovery Fund Intervention	Proposal	COVID Recovery Fund Cost	COVID Recovery Fund Principles	Child Poverty Delivery Plan Focus
Public Transport Travel Scheme	To support low-income households and individuals returning to work with free access to public transport for a fixed period e.g., three months of free access to bus or rail travel. Beneficiaries would be supported with a free personalised travel plan to identify the best travel option. This would support low-income households, access to employment, address transport poverty, build confidence in public transport post covid. Due to the nature of the travel cards this would benefit them for both work and their personal life as they could be used at evenings/weekends.	£20,000	1, 5	A, B, C
Digital Growth Fund for Businesses	To help support digital growth within our small and new start businesses.	£100,000	3	NA
Modern Apprentices	Support the delivery of the Council's Modern Apprenticeship Scheme.	£476,000	1, 5	A, C
Skills for Life	Create additional paid work placements for low-income families to gain skills, experience and qualification to progress to sustainable employment in the future	£120,000	1, 5	A, C
EQUAL Horticulture Intermediate Labour Market (ILM)	Create additional paid work experience opportunities for people with disabilities to work in the Equal community garden and gain qualifications in horticulture, skills and experience to progress to employment.	£120,000	1, 5	A, C
Employer Recruitment Incentives (ERIs)	Support employers to create a new and additional job for a benefit from a COVID Recovery Fund Priority Group	£240,000	1, 5	A, C

Additional Summer Child Bridging Payment	The Scottish Government already provide Child Bridging Payment funding to local authorities for each child in receipt of Free School Meals on the basis of low income. These payments are provided for all eligible children and young people of school age. The payments total £520 per annum and they are currently paid in spring, summer, autumn and winter at £130 for each eligible child. To help address the current cost of living pressures and to also recognise the needs of families of children of pre-school age it is proposed that the scheduled summer Child Bridging Payment of £130 be increased to £230 (additional £100 payment) and that eligibility for the £100 payment is extended to low income families of children of pre-school age. It is estimated that the £100 payment will benefit around 5,700 children (over 3,300 families) with payments made from late June 2022.	£570,000	1, 2, 4, 5	B
Review and improve support for child minders and OOSC providers	Aimed at sustaining local childcare provision, to support employability and offer positive placements for vulnerable children and those in kinship care. By the end of this parliament Scottish Government has committed to ensure provision of wrap around childcare for families who need it. Use of childcare has changed significantly because of Covid. OOSC providers face a particularly unstable business environment. Reduced use of OOSC services during lockdown and changed working patterns provide an opportunity to assess future demand and support the sector to ensure the local availability of services in line with Scottish Government's expectations.	£126,000	1, 2, 3	A, B, C
Targeted employability opportunities for key families during Summer 2022	With childcare available in OOSC services over the summer, parents and carers with school age children will be encouraged to undertake a variety of short courses that upskill or lead to a route into employment. Ten programmes will be delivered near OOSC provision or in the	£50,000	1, 2, 3	A, B, C

	same building. This will build relationships between the Employability Team and participants, whilst building up confidence in the use of childcare services. It will effectively provide a wider awareness of and confidence in the support available and will help to sustain the providers by addressing the current pressure created by current low uptake - £50k.			
Third sector support for programmes to support low-income families and individuals by building on current programmes	Work with the third sector support for programmes to support low-income families and individuals by building on current programmes such as Out and About, working with families and key groups to improve access to food and environmental opportunities locally, including through the Fairer Food network and Eglinton Garden Project, to develop skills to grow and cook food and, through family sessions and activities, build ongoing individual and community capacity. These sessions will encourage people to engage with the local environment to support mental health and wellbeing and to develop parenting skills, family bonding, relationships, volunteering and employability in a supportive environment. This will be a 'test and learn' trial in one locality over a year, which will establish impact and provide data and evidence for future service design and external funding bids. The initiative will link to the Love Local voucher scheme which will support local businesses.	£114,000		
North Ayrshire Fairer Food Network	The North Ayrshire Fairer Food Network is our local alternative to foodbanks and is aimed at addressing food insecurity in a dignified way. Further development of the larders and shops will support low-income residents by developing and improving the sustainability of the existing network. New initiatives and business models include community fridges, community cafes, social enterprises based on growing produce and better links across providers. It will also focus on support for the islands	£142,000	3	A, B, C

	communities so that approaches are developed which fit their specific needs			
Support for the North Ayrshire Child Poverty Strategy and Action Plan.	The Council and NHS Ayrshire and Arran propose to publish a one-year action plan and a three-year strategy, to effect a step-change in our approach to working more effectively across the system. This involves a range of services, partners and actions, the coordination and planning of which require additional short-term resources to ensure maximum impact. The coordination of the proposed Child Poverty Board, North Ayrshire plan and strategy will identify the strategic interventions necessary to escalate the response and impact on child poverty locally.	£76,000		
	TOTAL Request	£2,154,000		

COVID Recovery Fund Principles:

1. All interventions made under this fund should be based on a clear economic recovery and/or low-income household support rationale.
2. A collaborative approach towards sharing of best practice and learnings from different interventions should be adopted to maximise benefits and positive effects while minimising risk and unintended consequences
3. These funds can be used by Local Authorities on interventions that support local economic recovery and enable businesses to move from surviving the period of trading restrictions towards recovery, growth, adaptation and building
4. These funds can be used by Local Authorities on projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific context
5. These funds can be used by Local Authorities to support the low-income households, which are disproportionately impacted by the pandemic and the current cost of living crisis, become more economically active

Child Poverty Delivery Plan Focus:

- A. Providing the opportunities and support needed to enter, sustain and progress in work – including a new employability offer to parents and improvements to the support structures needed including through childcare and transport.
- B. Maximising the support available for families to lead dignified lives and meet their basic needs – actions include a transformational approach to people and places, social security and income maximisation and delivery of warm and affordable homes.
- C. Supporting the next generation to thrive –delivered through a range of interventions underpinned by GIRFEC, the Promise, tackling the poverty related attainment gap, and through investment in the Young Person's Guarantee.

North Ayrshire Economic Covid Recovery Fund Public Transport Scheme

Overview

The Scottish Government's Economic COVID recovery funding announced in February 2022, allocated £80m of additional investment for businesses and communities to accelerate economic recovery. This funding is being directly allocated to Local Authorities, and aims to support local flexibility and must be fully utilised by 31 March 2023.

North Ayrshire Council was allocated £2.154m of this funding to support a new Economic COVID Recovery Investment Plan. The proposed Plan was considered by Cabinet on 7 June 2022. This was aligned with the Scottish Government's 'Strategy for Economic Transformation' and the 'Tackling Child Poverty Delivery Plan 2022-26'. It focussed on the creation of a well-being economy, supporting a green and just transition and maximising the opportunities for ensuring reduced family poverty in North Ayrshire.

Proposal

The Economic COVID Recovery Investment Plan sought approval for a number of interventions, including the creation of a Public Transport Scheme using £0.02m of the overall £2.154m allocation. This proposal aims to support low-income households and individuals returning to work with free access to public transport for a fixed period. The scheme would provide three months of free access to bus or rail travel. Beneficiaries would also be supported with a free personalised travel plan to identify the best travel option for them. This would support low-income households, access to employment, address transport poverty and build confidence in public transport post covid. Due to the nature of the travel cards this would benefit beneficiaries for both work and their personal life as they could also be used at evenings/weekends.

Further information

The Council piloted the use of the Inclusive Growth Diagnostic in 2017. This was extended to cover the whole of Ayrshire during 2018. This identified the main constraints to inclusive growth which included transport. Through this transport was identified as a limiting factor to and preventing people from accessing employment and training opportunities. The cost of transport was identified as a contributing factor. The Public Transport Scheme aims to tackle this by providing free travel for a fixed period to support low income households and the return to employment or training.

The Public Transport Scheme would be delivered by the Active Travel and Transport Team within Economic Development and Regeneration. The beneficiaries of the Public Transport Scheme would be identified through the Council's Employability team. This will be an important addition to the existing services and support provided through the Employability programmes.

Each beneficiary would be provided with a free personalised travel plan through the Trinity Active Travel Hub to identify the best travel solution for their work journey. All sustainable and active travel modes would be considered through this assessment including bus and rail options depending on the most appropriate travel mode for each individual. There are

a number of bus operators across North Ayrshire. The travel card provided will enable the user to access the most appropriate bus operator's services or rail options in their area.

The appropriate travel cards would then be purchased for the beneficiaries for their use during the 3 month period. Further advice and support would be provided as required to beneficiaries through the Trinity Active Travel Hub as required.

As the travel cards are not limited to use for work journeys, they could be used by beneficiaries for personal travel for example at evenings and weekends. This would support transport for a range of purposes including to access services or undertake social, health and leisure activities. The travel cards would be able to be used alongside existing concessionary travel schemes including the:

- Young Person's [Free Bus Travel Scheme](#) which allows children and young people under 22 free bus travel;
- [Kids for a Quid](#) rail scheme allows children to travel for £1 alongside an adult traveller, for up to four children; and
- [Concessionary travel scheme](#) for disabled people and those over 60 years of age.

The proposal contributes to the principles of the Recovery Fund and Child Poverty Action Plan as follows:

- Recovery Fund Principle 1 as it is based on a clear economic recovery and providing support to low-income households.
- Recovery Fund Principle 5 as it provides support to low-income households, that are disproportionately impacted by the pandemic and the current cost of living crisis, to become more economically active.
- Child Poverty Action Part A as it provides opportunities and support to enter, sustain and progress in work by providing free travel as a support structure.
- Child Poverty Action Part B as it maximises the support available for families to lead dignified lives and meet their basic needs.
- Child Poverty Action Part C as it provides support to enable the next generation to thrive by linking in with other travel schemes.

Pre and post intervention surveys would be undertaken with beneficiaries to assess the impact of the scheme.

Conclusion

The proposed Public Transport Scheme would directly benefit low-income households by reducing the impact of travel costs on household budgets and helping to address transport poverty. This will improve access to employment opportunities and sustain employment. It will also build confidence in the public transport network post-pandemic and support sustainable travel for everyday journeys.

The mode of transport would be tailored to individual beneficiaries' needs and both bus and rail travel solutions would be facilitated across North Ayrshire.

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North Ayrshire Council

20 June 2022