

South Ayrshire Council

**Report by Director of Housing, Operations and Development
to Cabinet
of 23 April 2024**

Subject: Review of Governance Arrangements Regarding Ward Capital/ Place Plans/ Promenade and Shorefront Projects/ Regeneration Projects and Proposed Arrangement to Develop Regeneration Projects

1. Purpose

- 1.1 The purpose of this report is to recommend revised governance arrangement for Ward Capital, Promenade/Seafront to provide for a more simplified and responsive set of arrangement to approve projects whilst ensuring that proper financial, legal and other regulatory diligence is maintained.
- 1.2 The report also proposes arrangements to develop regeneration projects for Maybole, Prestwick and Troon and governance arrangements for regeneration projects that also provide for simplified and responsive arrangements whilst ensuring the projects continue to meet their masterplan objectives.

2. Recommendation

2.1 It is recommended that the Cabinet:

- 2.1.1 agrees the approval process and governance arrangements as set out in Appendix 1;**
- 2.1.2 agrees the proposed arrangement to develop Regeneration Projects and the governance arrangements in Appendix 2;**
- 2.1.3 approves the Business Case Bid Form for Ward Capital, Promenade/ Seafront and Regeneration Bids, as set out in Appendix 3, to now provide the basis for the consideration of Place based project bids submitted to the Capital Asset Management Group for consideration; and**
- 2.1.4 agrees the arrangements for scoping the basis for regeneration projects for Maybole, Prestwick and Troon as set out in paragraph 4.4 and 4.5.**

3. Background

- 3.1 The Council-approved Capital Investment Programme 2023-24 to 2034-35 includes funding for Place Plans; Place Planning and Community Led Projects; Place Planning and Ayr Ward West/ Ayr Town Centre Projects; Girvan Regeneration Projects; and Promenade and Shorefront Enhancement Schemes. This programme provided for a scheme of new capital projects, and in order to ensure that proper governance arrangements were in place for the identification and management of such projects, Cabinet on 25 April 2023 approved the following governance arrangements:
- i) Firstly, identification of potential projects from the most up-to-date Place Plans for each of our communities, to support the strategic objectives and outcomes of the Council, but without risk of any future revenue burdens;
 - ii) Ward meetings arranged with Elected Members to share with them the findings from the Place Plan review for their ward;
 - iii) The finalised project list for each Ward to be circulated to Community Councils to provide them with details of the proposals for their information; and
 - iv) Bids for all new capital projects to be submitted to the Capital Asset Management Group in accordance with the arrangements as set out in the approved Asset Management Plan 2021 (Land and Buildings) and thereafter submitted to Council to complete the approval process.
- 3.2 The identification of projects from Place Plans developed by local communities using the Place Standard tool has received positive feedback from Audit Scotland during the Council's Best Value discussions as an effective means of contributing meaningfully to Participatory Budgeting requirements.
- 3.3 Over 200 separate potential capital projects have been identified as a project under the categories mentioned in paragraph 3.1. This requires complex project development and management and is now exceeding resource capacities to develop. In addition, the nature of the potential projects, involving cross-service working on projects that are not usual for the Council to be involved in developing, means that a great deal of work is required to verify the feasibility of many of the projects. This means that the feasibility of each project is confirmed within varying timescales. Reflecting the dynamics of the programme, it is considered that current governance arrangements requiring Council approval of projects has been holding back the approval and commencement of some projects.
- 3.4 Whilst it is beneficial to have more responsive approval arrangements it remains essential to have appropriate governance and due diligence arrangements around the identification and assessment of proposed capital projects. Audit Scotland are concerned to ensure that Councils are carrying out functions in compliance with their duty of Best Value, and adhering to approval processes which support scrutiny and decision-making in the development of business cases. Audit Scotland have published a good practice guide for Councils to follow in identifying, approving and managing capital projects.
- 3.5 Based on the recommendations of the Audit Scotland good practice guide, the Council has approved a governance mechanism for identifying and approving capital projects. Capital projects must first be considered by the Capital Asset

Management Group (CAMG) following evaluation of new bids. The Director of Housing, Operations and Development then coordinates the capital programme before it is taken forward for Council approval. This role and set of approval arrangements are set out in the Council's Financial Regulations. The governance arrangements of the CAMG are set out in the Council's approved Asset Management Plan. Audit Scotland in previous Best Value audits have commended the CAMG processes as providing a robust basis for underpinning the Council's approval of its capital programme

- 3.6 The CAMG operates to ensure effective management of the capital programme and the evaluation of new bids submitted with business cases including option appraisal. The current Business Plan bid form is focussed upon property and asset consideration, these forming the main body of the capital programme. Whilst it remains essential for projects to go through the assessment involved in a bid form, the consideration of place-based projects do not sit easily with the property and asset focus of current bid forms.
- 3.7 The costs of construction have been particularly volatile since the pandemic. This means that there has been more variation in the cost of projects compared to their estimate. Financial regulations allow the CAMG to approve variance of capital project cost of up to £100,000. Given the public participation and community-based interest in place based projects it is considered that more significant project over-run costs on Ward or other individual placed based projects should be set out in briefing notes to Elected Members and Community Councils.
- 3.8 The Council on 29 February 2024 agreed a further £6m for Regeneration projects for, Maybole, Prestwick and Troon (£2m per town. Regeneration projects are usually progressed through the development of a masterplan for the relevant regeneration area. Masterplans provide a cohesive framework for projects ensuring that the objectives of regeneration are met. Masterplans also consider priorities and the phasing of development. The identification of projects within a masterplan also provides an efficient way for the due diligence of projects, including public consultation, to be carried out.
- 3.9 The Community Empowerment (Scotland) Act 2015 require Scottish public authorities to promote and facilitate the participation of members of the public in the decisions and activities of the authority, including in the allocation of its resources. The development of masterplans involving community consultation assist with fulfilling the duties of this Act.
- 3.10 Girvan has received £3m for regeneration projects in the Council budget setting 23-24. The Place Based Strategy 'Putting the Heart Back into Girvan' provides the framework for directing regeneration projects.
- 3.11 The existing Maybole regeneration scheme is nearing completion, however, there are a number of key projects that have not been completed within the existing budget. The additional £2m investment will allow for the completion of existing approved projects and potentially the development of some further new projects.
- 3.12 There are no masterplans in place to guide regeneration proposals for Prestwick and Troon.
- 3.13 The delivery of masterplans and governance of regeneration schemes are usually overseen by a steering group comprising local Ward members and some community/property owner representatives. A steering group is in place to guide

and governance of the Maybole Regeneration Scheme and the Girvan Regeneration Scheme but there are no steering groups in place for Prestwick and Troon.

4. Proposals

4.1 It is proposed that to provide for more responsive approval of potential projects, whilst maintaining proper diligence, that the following approval and governance arrangements are put in place for the following place based/regeneration capital projects, where there is sufficient capital budget provision:

4.1.1 With respect to Ward Capital projects, proposals are set out in Appendix 1. These proposals eliminate the need for Cabinet approval if all Ward Members agree on the project and where agreement is not reached then the Director of Housing, Operations and Development can determine the project if it is costed at less than £10,000. For projects not reaching agreement and exceeding £10,000 then Cabinet approval is required.

4.1.2 With respect to Shorefront and Promenade projects, proposals are set out in Appendix 2. These proposals follow the same principles as Ward Capital but also require the agreement of the Portfolio Holder for Tourism and Rural Affairs.

4.1.3 With respect to Regeneration projects, If the project delivers on proposals within an approved masterplan or development framework, then officers will have delegation to proceed with the project, having received prior 'in-principle' agreement of CAMG. Where projects are not set out in an approved masterplan then CAMG will first consider the impact of the proposals on the masterplan and will also require to approve the new project. The project will then require Cabinet approval and public consultation to proceed. Further consideration will also be given to aligning existing projects from current Place Plans and Community Action Plans with Regeneration funding. Any project identified through this process would be considered by CAMG.

4.1.4 In the event of a project exceeding its approval estimate, in all cases above except where there is established steering group in place, once a project has been approved then the Director of Housing, Operations and Development, as Chair of the CAMG, will have delegated authority to progress the project, including consultation with the Section 95 Officer, provided that it does not exceed £100,000 from its estimated cost. Project over-runs exceeding 20% of the original project value will be reported to Ward Members through Briefing Notes. Where there is an established steering group in place then approval will be required from the steering group for any expenditure over-runs exceeding £10,000.

4.2 The above changes in approvals will require to be reflected in changes to the Scheme of Delegation in due course.

4.3 It is proposed to have a different bid form for Place Based project from the bid form for property and asset capital. The bid form for placemaking related projects has been reviewed to remove consideration of property and assets and instead to focus upon placemaking objectives. A copy of the proposed Business Case for Place Based Projects is set out in Appendix 3.

- 4.4 The bid form for property and assets remains as currently approved, but it is also intended to be the subject of consideration when a report to Council is presented on 27 June 2024 on the review of the Asset Management Plan.
- 4.5 It is recommended that officers meet with the Ward Councillors for each of the regeneration areas of, Maybole, Prestwick and Troon to agree a scope for a masterplan for their area, including offering a view on whether projects should seek external grant funding opportunities or if they be developed solely utilising Council capital funding. The scope will also define the geographical area for the masterplan to cover and key objectives for the masterplan to achieve – for example, heritage conservation/ enhancing visitor attractions/ town centre vitality, etc.
- 4.6 Regarding Maybole projects a view will be sought on whether to focus upon completing the existing projects within the current regeneration scope. If that is confirmed then the development of a new masterplan, and further public consultation, will not be necessary. Instead a programme of potential projects from the existing scheme will be the subject of confirmation with the existing steering group.
- 4.7 With respect to Prestwick and Troon officers will then develop draft masterplans for public consultation for Cabinet/Council approval. The regeneration funds available for each of these areas are relatively modest for regeneration schemes that usually develop over a 5 to 10-year period. Masterplan development will be proportionate to the budget provision whilst also ensuring that due diligence is carried out.,
- 4.8 Potential projects will be screened by the CAMG as part of developing the draft masterplan. This means that projects that come forward that are consistent with the masterplan will not require further CAMG approval. As draft masterplans will be the subject of public consultation, Equalities Impact Assessment and Sustainable Development Assessment then any project consistent with a masterplan will require no further diligence or Council approval to proceed. The commencement of projects following masterplans should provide for more efficient and quicker timescales than those that do not have a masterplan.

5. Legal and Procurement Implications

- 5.1 The Business Case Bid Form for Ward Capital, Promenade/Seafront and Regeneration and Other Place Based Projects Bids provides sound governance arrangements to meet with the requirements of Audit Scotland/Best Value when considering capital projects.
- 5.2 There are no procurement implications immediately arising from this report, and approved projects will meet with the terms of procurement Standing Orders

6. Financial Implications

- 6.1 The Capital Investment Programme Expenditure 2024-2025 to 2026-3527 related to place projects as approved by Council is set out below:

	2024-25 £	2025-26 £	2026-27 £	Total £
Girvan Regeneration Projects	3,135,000	-	-	3,135,000

	2024-25 £	2025-26 £	2026-27 £	Total £
Maybole Regeneration Works	350,000	1,000,000	650,000	2,000,000
Place Planning and Community Led Projects	1,177,708	1,499,000	1,750,000	4,426,708
Place Planning and Ayr Ward West/Ayr Town Centre Projects	1,424,000	1,000,000	1,000,000	3,424,000
Promenade and Shorefront Enhancement Scheme	1,000,000	500,000	500,000	2,000,000
Prestwick Regeneration/Heritage Works	1,000,000	1,000,000	-	2,000,000
Troon Regeneration	350,000	1,000,000	650,000	2,000,000

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with agreeing to the above recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There is a risk that if the above recommendations are rejected that there will be delay in delivering the capital programme related to Ward Capital, Promenade/Shorefront Improvement and Girvan, Maybole, Prestwick and Troon Regeneration

9. Equalities

9.1 The proposals in this report ensure that Equality Impact Assessment considerations are included within the consideration of potential projects.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)***–The proposals in this report ensure that SEA considerations are included in the consideration of potential regeneration projects.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 Spaces and Places

13. Results of Consultation

13.1 Consultation has taken place with Councillor Martin Dowe, Leader of the Council and Portfolio Holder for Corporate and Strategic, Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and Councillor Bob Pollock Portfolio Holder for Economic Development and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

14.1 If the recommendations above are approved by Members, the Director of Housing, Operations and Development will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

Implementation	Due date	Managed by
Scope of Regeneration Schemes for, for Maybole, Prestwick and Troon	31 May 2024	Assistant Director Planning, Development and Regulation
Draft Masterplans for Prestwick and Troon	31 December 2024	Assistant Director Planning, Development and Regulation
Present a programme of Ward Capital Projects to the Cabinet	18 June 2024	Assistant Director Planning, Development and Regulation and Assistant Director Housing and Operations

Background Papers [Audit Scotland Report – Major Capital Investment in Councils – Good Practice Guide – March 2013](#)

South-Ayrshire Council Asset Management Plan

Report to Cabinet of 25 April 2023 - [Approval Process and Governance Arrangements for Ward Capital Projects](#)

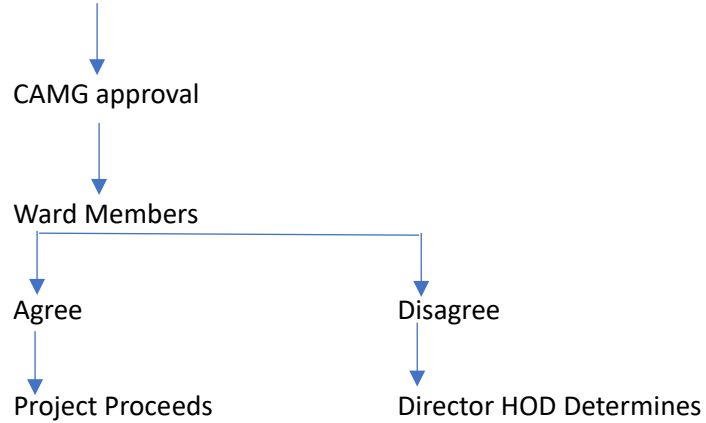
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Date: 12 April 2024

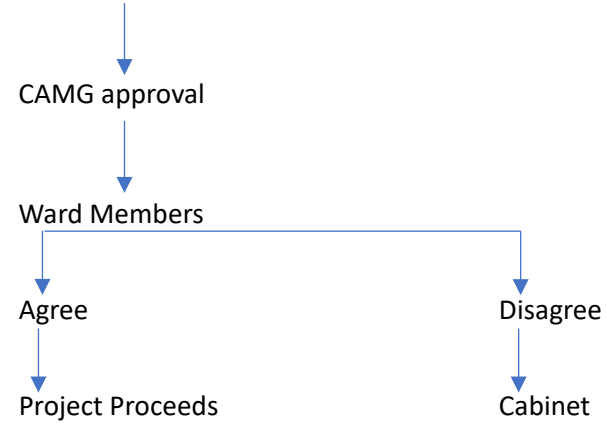
Appendix 1 – Proposed Governance Arrangements Flow Chart

Ward Capital

Less than £10,000

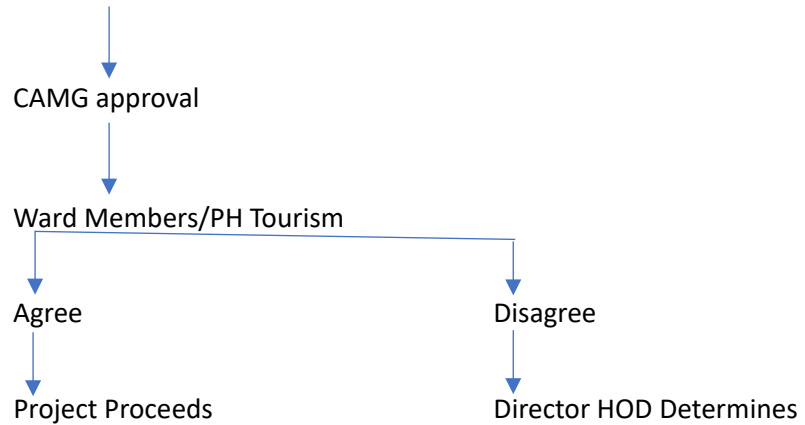


More than £10,000

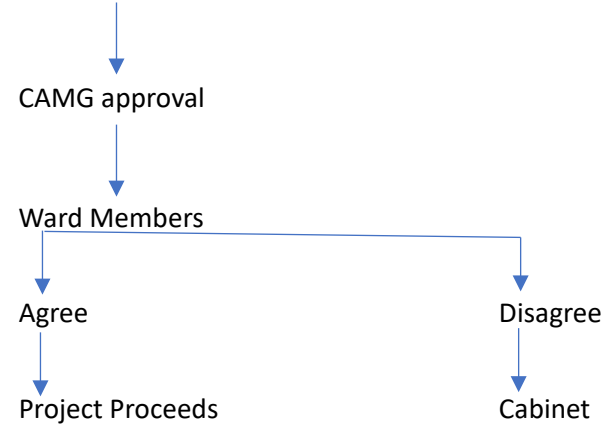


Seafront/Promenade Projects

Less than £10,000



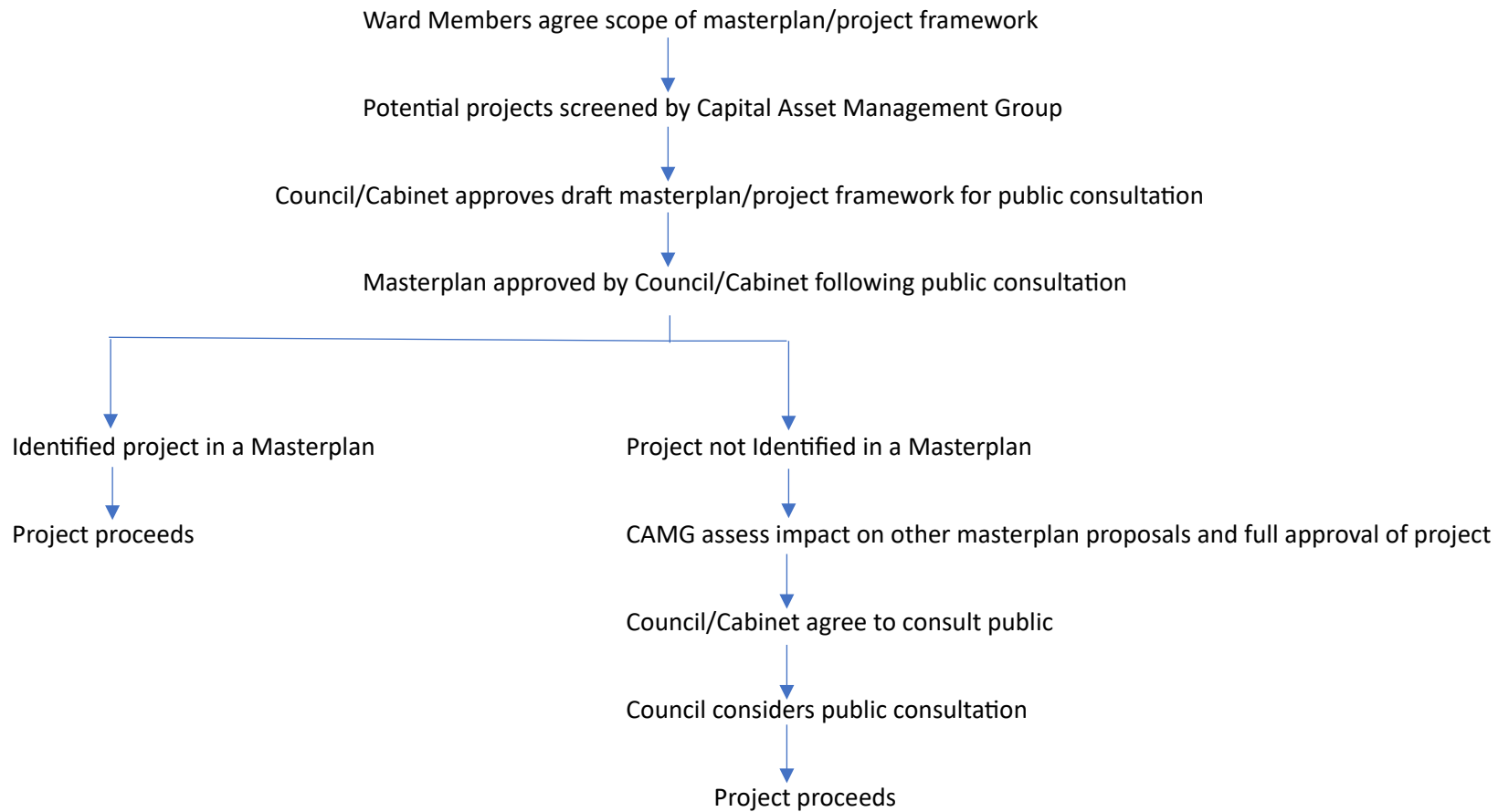
More than £10,000



Appendix 2

Regeneration Projects Arrangements for Defining Project Scope and Governance of Projects Flow Chart

Project Definition





Place Based Projects Funding Application

Project Title:

Place Planning Funding Application

Section 1: Project Details

1.1 Project Title:

1.2 Ward:

1.3 Ward Members:

1.4 Project Summary:

1.4 Sponsor / Source:

1.5 Service:

1.6 Service Lead Officer:

1.7 Impact if the Project is not Undertaken (Service Risks)




Only if appropriate

eg. to augment an existing approved project with budget shortfall

Section 2: Link to Council Plan Objectives and Asset Management Plan

2.1 Relationship with Council Plans:

Link to LOIP Areas		Link to Council Plan Objectives		Link to Current Plans & Strategies	
Integrated Children's Services		Spaces and Places		Support an LDP policy or plan	
Community Safety		Live, Work, Learn		Support a Council masterplan	
Health and Wellbeing		Civic and Community Pride		Grant or other External funding support	

Economy, Employability and Sustainability				Support Council Financial strategy	
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2.3 Assessment Criteria:

Please provide details of how the project fits in with the following assessment criteria:						
What is the current condition of the property?	Property Condition	Very poor				
	Suitability Rating	Not known, assumed to be low				
	Accessibility (Pass/Fail)	Fail				
	EPC Rating	Not known				
Will the project lead to increased visitor footfall/tourism benefit						
Will the project improve town centre vitality?						
Will the project improve pedestrian accessibility/health outcomes? Will the project restore a						
Will the project lead to increased efficiency and / or reduced revenue running costs and if so, please provide details?						
Will the project improve placemaking, visual quality and not conflict with heritage objectives (please confirm Planning engagement)	N/A					

Section 3: Project Financial Details and Delivery Schedule

Section for grant support - Source; New/Existing; Potential/confirmed/

3.1 Project Implementation Costs – Place Planning and Community Led Projects Expenditure (£000):

Financial Year	Fees	Build Costs	Equipment/Furniture	Other Costs	External Grant/Oth	Total
2023/24						0
2024/25						0
2025/26						0
2026/27						0
Total	0	0	0	0		0

3.2 Supporting Information:

e.g. plans / sketches

3.3 Impact on the Council Revenue Budget

Please provide details of the specific Department budget which will be impacted: -

3.4 Deliverability 1-5 rating

The project can be delivered with current resource capacity (rate plus comment)/the project raises limited legal considerations/the project does not exceed current service capabilities or involve acquiring new knowledge/skills to implement

Section 4: Options Appraisal

4.1 Options Appraisal:

a concise summary of the options considered should be detailed below. An example has been given to illustrate how this should be completed.

Number	Options Considered	Comments
1		
2		
3		
4		

5		
6		

Section 5: Evaluation Criteria / Scoring

5.1 Relationship with Council Plan/Masterplan or other plan:

Stipulate the outcome that the proposed scheme contributes to and score accordingly	Score
Very Low - No Real Impact	1
Low - Some Impact	2
Medium - A Noticeable Contribution	3
High - A Significant Contribution	4
Very High - A major Contribution	5

Objective	Score	Comments
Total Score to Summary =	0	

	Signature	Date
Coordinator Special Projects		
Assistant Director - Planning and Development		

Section 6: Project Review by CAMG

CAMG Comments:

CAMG Recommendation:

Approve

Council/Cabinet approval required?

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Reject	
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Chair of CAMG:	Signature:	Date:
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Head of Finance and ICT	Signature:	Date:
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