

County Buildings
Wellington Square
AYR KA7 1DR
Tel. No. 01292 612169

28 February 2025

Dear Councillor

SOUTH AYRSHIRE COUNCIL

You are requested to participate in a meeting of South Ayrshire Council to be held **on Thursday 6 March 2025 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held in the County Hall, County Buildings, Ayr on a hybrid basis for Elected Members, will be live-streamed and available to view at <https://south-ayrshire.public-i.tv/>

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1. Provost.
2. Sederunt and Declarations of Interest.
3. Minutes of meetings of the Council and Panels.

(a) Minutes of previous meetings.

Submit for approval as a correct record and authorise to be signed:-

- (i) 12 December 2024; and
- (ii) 6 February 2025
(copies herewith)

(b) Minutes of Panels.

The minutes (copies previously issued) of the undernoted meetings are for noting:-

- (i) Audit and Governance Panel of [4 December 2024](#) and [29 January 2025](#).
- (ii) Cabinet of [26 November 2024](#) and [21 January 2025](#).
- (iii) Chief Officers' Appointments/Appraisal Panel of [24 April 2024](#).
- (iv) Local Review Body of [3 December 2024](#) and [28 January 2025](#).
- (v) Regulatory Panel – Licensing of [28 November 2024](#) and [23 January 2025](#).
- (vi) Regulatory Panel – Planning of [14 November 2024](#).
- (vii) Service and Partnerships Performance Panel of [19 November 2024](#).

4. Flexible Retirement – Submit report by Chief HR Officer (copy herewith).
5. Framework for Managing Workforce Change – Submit report by Chief HR Officer (copy herewith).
6. Employee Retirement Framework – Submit report by Chief HR Officer (copy herewith).
7. Standing Orders Relating to Meetings – Submit report by Chief Governance Officer (copy herewith).
8. Appointments to Panel – Submit report by Chief Governance Officer (copy herewith).
9. Revised Schedule of Meetings – Submit report by Chief Governance Officer (copy herewith).
10. Procurement Strategy Update 2025/26 – Submit report by Chief Financial Officer (copy herewith).
11. Treasury Management and Investment Strategy 2025/26 – Submit report by Chief Financial Officer (copy herewith).
12. Treasury Management and Investment Strategy Mid-Year Report 2024/25 – Submit report by Chief Financial Officer (copy herewith).
13. Housing Revenue Account (HRA) - Revenue Budget 2025/26 and Capital Budget 2025/26 to 2029/30 – Submit joint report by Director of Housing, Operations and Development and Chief Financial Officer (copy herewith).
14. Development Plan Scheme 2025 and LDP2 Delivery Programme 2025 – Submit report by Director of Housing, Operations and Development (copy herewith).
15. Notice of Motion

(a) Moved by Councillor Laura Brennan-Whitefield, seconded by Councillor Julie Dettbarn:

"South Ayrshire Council believes that commercial sexual exploitation (CSE) is a form of gender-based violence which is caused and perpetuated by gender inequality in society and is therefore harmful to all involved.

We reject in the strongest terms that CSE, including prostitution, is a valid form of work which should be legalised and regulated.

We advocate that those involved require appropriate support to reduce the harm they have experienced and increase their options for exiting CSE.

We will seek to provide appropriate support to all those involved to mitigate harm and provide alternatives for those who want to exit commercial sexual exploitation, including prostitution. We will achieve this through working with existing mainstream and specialist services to raise the awareness of CSE and provide employees with the necessary skills to support women involved.

Any work undertaken by South Ayrshire Violence Against Women Partnership (SAVAWP) recognises that any form of commercial sexual exploitation is an abuse of women's and girls' rights which impacts their safety, health, and wellbeing.

SAVAWP takes a gendered approach to addressing the harms caused by commercial sexual exploitation, recognising victims are overwhelmingly women and girls, while those benefiting or profiting from commercial sexual exploitation are overwhelmingly men. We will undertake a trauma informed approach when supporting women engaged in CSE."

16. Formal Questions.
17. **Affordable Housing Proposals, Riverside Place, Ayr – Submit report by Director of Housing, Operations and Development (members only).**
18. Consideration of Disclosure of the Above Confidential Report.

For more information on any of the items on this agenda, please telephone Janice McClure,
Committee Services on at 01292 612169, at Wellington Square, Ayr or
e-mail: janice.mcclure@south-ayrshire.gov.uk
www.south-ayrshire.gov.uk

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SOUTH AYRSHIRE COUNCIL.

Minutes of a hybrid webcast meeting
on 12 December 2024 at 10.00 a.m.

Present in County Buildings: Councillors Iain Campbell (Provost), Laura Brennan-Whitefield, Ian Cavana, Alec Clark, Ian Davis, Brian Connolly, Chris Cullen, Julie Dettbarn, Mark Dixon, Martin Dowey, William Grant, Hugh Hunter, Martin Kilbride, Mary Kilpatrick, Alan Lamont, Craig Mackay, Brian McGinley, Bob Pollock, Cameron Ramsay, Philip Saxton, Gavin Scott, Bob Shields, Duncan Townson and George Weir.

Present Remotely: Councillors Kenneth Bell, Ian Cochrane, Stephen Ferry and Lee Lyons.

Attending in County Buildings: M. Newall, Chief Executive; K. Braidwood, Director of Housing Operations and Development; J. Bradley, Director of Strategic Change and Communities; C. Caves, Chief Governance Officer; T. Baulk, Chief Financial Officer; C. Cox, Assistant Director – Planning and Development; K. Dalrymple, Assistant Director – Housing and Operations; G. Hunter, Assistant Director of Communities; L Reid, Assistant Director – Transformation; K. Anderson, Assistant Director – Corporate Policy, Strategy and Performance; D. Yuille, Service Lead – Special Property Projects; T. Burns, Service Lead – Asset Management and Community Asset Transfer; R. Jamieson, Co-ordinator (Asset Management); J. McClure, Committee Services Lead Officer; K. Hancox, Committee Services Officer; R. Anderson, Committee Services Assistant; C. McCallum, Committee Services Assistant; E. Moore, Committee Services Assistant; and A. Goodwin, Clerical Assistant.

Also Attending: J. Dunne, Brodies LLP (for item 4 only).

1. Provost.

The Provost

- (1) welcomed everyone to the meeting, outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live;
- (2) intimated that no apologies had been received; and
- (3) referred to the recent sad death of ex-Councillor Ann Galbraith.

2. Sederunt and Declarations of Interest.

The Chief Executive called the Sederunt for the meeting and having called the roll, confirmed that Councillor Hunter declared an interest in item 12 of this Minute as he was a Trustee of Prestwick Civic Pride.

3. Minutes of previous meetings

(1) Minutes of Previous Meetings of the Council.

Provost Iain Campbell, seconded by Councillor Mary Kilpatrick, moved the Minutes of South Ayrshire Council of [10 October 2024](#) as a correct record.

The Council

Decided: to approve the Minutes of 10 October 2024 and authorise these minutes to be signed as a correct record.

(2) Minutes of previous meetings of Panels.

The Minutes of the undernoted Panels were submitted for information:-

The minutes (copies previously issued) of the undernoted meetings are for noting:-

- (i) Appeals Panel of [17 September 2024](#).
- (ii) Audit and Governance Panel of [26 September 2024 \(Special\)](#), [2 October 2024](#) and [6 November 2024](#).
- (iii) Cabinet of [25 September 2024](#) and [29 October 2024](#).
- (iv) Local Review Body of [3 September 2024](#) and [5 November 2024](#)
- (v) Regulatory Panel – Licensing of [18 September 2024 \(Special\)](#), [26 September 2024](#) and [31 October 2024](#).
- (vi) Regulatory Panel – Planning of [12 September 2024](#).
- (vii) Service and Partnerships Performance Panel of [17 September 2024](#) and [22 October 2024](#).

Variation in Order of Business

In terms of Standing Order No. 13.3, Provost, seconded by Councillor Mary Kilpatrick, moved to vary the order of business to consider items 17 to 19 on the agenda at the start of the meeting with item 18 being considered first.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Council moved to a vote undertaken for or against the Motion. Twenty five Members voted for the Motion, two voted against the Motion and one Member abstained and the Council agreed to vary the order of business as hereinafter minuted.

Exclusion of press and public.

Councillor Martin Dowey, seconded by Councillor Bob Pollock, moved that the following three items of business on the agenda be considered in private.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Council moved to a vote undertaken for or against the Motion. Twenty four Members voted for the Motion, three Members voted against the Motion and one Member Abstained and the Council

Decided: to agree to consider the following three items of business in private.

The Council resolved, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, that the press and public be excluded during consideration of the remaining items of business on the grounds that they involved the likely disclosure of exempt information in terms of paragraphs 8 and 9 of Part 1 of Schedule 7A of the Act.

4. Corton

There was submitted a report (issued – Members only) of 5 December 2024 by the Director of Housing, Operations and Development

- (1) advising the Council of the financial, legal and procurement implications arising from the request by Allanvale (Prestwick) Homes Ltd (the 'Applicant') for funding from the Council for Corton, Ayr related to their planning applications 23/00261/FURM and 23/00345/APP. These proposals are as set out in Heads of Terms (the 'Draft HoTs') submitted by the Applicant who was the current landowner at Corton; and
- (2) at this stage Council was being asked if it approved in principle providing funding of £21.41m to the Corton Landowner and, if so, to authorise officers to negotiate terms with the Applicant. This report was accordingly focused on the principle of the Applicant's proposal rather than detailed terms, which would have to be negotiated.

Councillor Bob Pollock, seconded by Councillor William Grant, moved the recommendations as outlined in the report.

Following a full discussion on the recommendations in the paper and the supporting Appendices and questions from Members responded to by J. Dunne, Brodies LLP and the Chief Governance Officer, a Member requested a roll-call vote and the Chief Governance Officer took the vote For or Against the Motion by calling the roll as follows:-

Iain Campbell	For
Mary Kilpatrick	For
Kenneth Bell	Abstain
Laura Brennan-Whitefield	For
Ian Cavana	For
Alec Clark	For
Ian Cochrane	For
Brian Connolly	For
Chris Cullen	For
Ian Davis	For
Julie Dettbarn	For
Mark Dixon	For
Martin Dowey	For
Stephen Ferry	For
William Grant	For
Hugh Hunter	For
Martin Kilbride	For
Alan Lamont	For
Lee Lyons	For
Craig Mackay	For
Brian McGinley	For
Bob Pollock	For
Cameron Ramsay	For
Philip Saxton	For
Gavin Scott	For
Bob Shields	For
Duncan Townson	For
George Weir	For

Twenty seven Members voted for the Motion and one Member abstained, therefore, the Council

Decided:

- (a) not to approve the provision to the Corton Landowner of £21.41m as requested by the Corton Applicant for the reasons detailed in the report:
 - (i) there was a significant risk that the provision of the funding would be unlawful and prohibited by section 12(1)(b) of the Subsidy Control Act 2022 (SCA) since:
 - (A) there was a significant risk that the provision of financial assistance by the Council for the infrastructure at Corton would constitute a subsidy within the meaning of the SCA because the benefit of the infrastructure is primarily to the Landowner;
 - (B) a subsidy was prohibited by section 12(1)(b) of the SCA unless the Council was satisfied that it was consistent SCA; and
 - (C) the evidence collated by officers and set out in the assessments in Appendices 4 to 10 was insufficient to demonstrate that the subsidy is consistent with the subsidy control principles for the reasons set out in the report and Appendix 8, in particular, because officers had been unable to identify a common interest objective that sought to remedy an identified market failure or social inequity and that required the funding to be provided;
 - (ii) the provision of the funding of £21.41m was not consistent with the Council's duty to make arrangements which secured best value as required by section 1 of the Local Government in Scotland Act 2003 for the reasons set out in the report and Appendix 11;
 - (iii) the provision of grant funding to the Landowner to procure infrastructure works at Corton without ensuring that the Applicant appointed a contractor following a regulated procurement procedure may place the Council in breach of its duty under regulation 14 of the Public Contracts (Scotland) Regulations 2015; and
 - (iv) the provision of the funding to the Applicant to purchase the land at the values requested in the Applicant's Heads of Terms would breach the Council's Acquisition and Disposals Policy and the valuation of the land at the level sought by the Applicant did not represent best value; and
- (b) requests officers to advise the Applicant and the Regulatory Panel that the request for funding was refused and asked the Regulatory Panel to determine the Planning Applications 23/00261/FURM and 23/00345/APP in accordance with the planning considerations.

5. Solar Farms Feasibility Study

There was submitted a report (issued – Members only) of 4 December 2024 by the Director of Housing, Operations and Development providing an update on Asset Management's recently commissioned phase 1 feasibility study for solar generation on South Ayrshire land; and seeking approval for Asset Management to pursue the development and 2nd phase feasibility work on Auchincruive bing, also known as the Glenburn bing in Prestwick; and the Cockhill Farm site, of the A713, Ayr.

Councillor Pollock, seconded by Councillor Kilbride moved an addition to the recommendation in the report as follows:

"The existing recommendations in the report remain and an additional recommendation be added, namely:

In addition to the two sites identified in 2.1.2 of the report, request officers to submit a bid to the Transformation Board to commission further phase 2 consultancy support related into the potential of the 'Greenan Grazing site' (identified in Appendix A) and note that where the bid, together with funding, is approved by the Transformation Board then further work will be commissioned by officers into the feasibility of the Greenan site."

A Member then requested an adjournment to consider this addition to the recommendation.

Adjournment

The time being 11.08 a.m., the Council adjourned.

Resumption of Meeting

The Council resumed at 11.15 a.m.

A full discussion took place and questions were raised by Members and responded to by the Assistant Director – Planning, Development and Regulation and the Service Lead – Asset Management and Community Asset Transfer.

A Member requested a roll-call vote and the Chief Governance Officer took the vote For or Against the Motion by calling the roll as follows:-

Iain Campbell	For
Mary Kilpatrick	For
Kenneth Bell	For
Laura Brennan-Whitefield	For
Ian Cavana	Against
Alec Clark	For
Ian Cochrane	For
Brian Connolly	For
Chris Cullen	For
Ian Davis	For
Julie Dettbarn	For
Mark Dixon	For
Martin Dowey	For
Stephen Ferry	For
William Grant	For
Hugh Hunter	For
Martin Kilbride	For
Alan Lamont	For
Lee Lyons	For
Craig Mackay	For
Brian McGinley	Against
Bob Pollock	For
Cameron Ramsay	Abstain
Philip Saxton	Against
Gavin Scott	For
Bob Shields	For
Duncan Townson	Abstain
George Weir	For

Twenty three Members voted for the Motion, three Members voted against the Motion and two Members abstained, therefore, the Council

Decided:

- (1) to note the findings of the commissioned APSE report 'Potential Solar Farm on Council owned land Phase 1' (as outlined in Appendix A to the report);
- (2) to consider and approve Asset Management's proposal for the Council to develop the Auchincruive Bing site in Glenburn, Prestwick and the Cockhill Farm site for a solar asset (as outlined in the Addendum (confidential) to this report);
- (3) to consider and approve the commissioning of phase 2 consultancy support from APSE for the Auchincruive (Glenburn) Bing and Cockhill sites (as outlined in Appendix B to the report);
- (4) having given approval of (3) above, to approve allocation of budget required for phase 2 consultancy support from APSE and development (£234,000) to be met from the Transformation Fund subject to final approval of the business case by the Transformation Board; and
- (5) that, in addition to the two sites identified in (2) above, to request officers to submit a bid to the Transformation Board to commission further phase 2 consultancy support related to the potential of the 'Greenan Grazing site' (identified in Appendix A to the report) and note that where the bid, together with funding, was approved by the Transformation Board then further work would be commissioned by officers into the feasibility of the Greenan site."

6. Proposed Public Realm and Redevelopment at Y

There was submitted a report (issued – Members only) of 4 December 2024 by the Director of Housing, Operations and Development providing an update on the early work undertaken on the Burns Statue Square Project; and seeking approval for the next steps

Councillor Martin Dowey, seconded by Councillor Bob Pollock, moved the recommendations as outlined in the report.

A full discussion took place and questions were raised by Members and responded to by the Assistant Director – Planning, Development and Regulation and the Service Lead – Asset Management and Community Asset Transfer.

A Member requested a roll-call vote and the Chief Governance Officer took the vote For or Against the Motion by calling the roll as follows:-

Iain Campbell	For
Mary Kilpatrick	For
Kenneth Bell	For
Laura Brennan-Whitefield	For
Ian Cavana	For
Alec Clark	For
Ian Cochrane	For
Brian Connolly	For
Chris Cullen	For
Ian Davis	For
Julie Dettbarn	For
Mark Dixon	For
Martin Dowey	For

Stephen Ferry	For
William Grant	For
Hugh Hunter	For
Martin Kilbride	For
Alan Lamont	For
Lee Lyons	For
Craig Mackay	For
Brian McGinley	For
Bob Pollock	For
Cameron Ramsay	For
Philip Saxton	For
Gavin Scott	For
Bob Shields	For
Duncan Townson	For
George Weir	For

Twenty eight Members voted for the Motion, therefore, the Council unanimously

Decided:

- (1) to note the early work undertaken on the project to establish outline proposals;
- (2) to note the projected costs for the project at £14.9m;
- (3) to agree that Council Officers submit an application to reposition existing Levelling Up Fund (LUF) funding to cover the cost of the project;
- (4) to approve the assignment of £16m from the £22m Ayr Town Centre Regeneration Works budget line in the General Services Capital Programme to allow work to continue whilst discussions were ongoing with UK Government;
- (5) to note the next stage of work, following the outcome of traffic modelling, would involve preparation of a Draft Burns Statue Square Development Plan which would be the subject of public consultation; and
- (6) to note that officers would engage with Elected Members through the Ayr Town Centre Member Officer Group as these proposals were being advanced towards a Draft Development Plan.

7. Consideration of Disclosure of the above Confidential Reports.

Decided:

- (1) not to authorise the disclosure under Standing Order 32.4 of the following report until it had been considered by the Regulatory Panel (Planning):
 - Corton
- (2) not to authorise the disclosure under Standing Order 32.4 of the following report until it had been discussed in terms of GDPR
 - Solar Farms Feasibility Study
- (3) not to authorise the disclosure under Standing Order 32.4 of the following report:
 - Proposed Public Realm and Redevelopment at Y

8. Review of Governance Arrangements Regarding Ward Capital Fund and Shorefront/ Promenade Capital Projects

There was submitted a report ([issued](#)) of 5 December 2024 by the Director of Housing, Operations and Development recommending revised governance arrangements for Place Planning and Community Lead Projects (hereinafter known as 'Ward Capital Projects and Shorefront/ Promenade Capital Projects') to provide for a more simplified and responsive set of arrangements to approve projects whilst ensuring that proper financial, legal and other regulatory diligence was maintained

The Assistant Director – Planning, Development and Regulation introduced the report and advised that extensive discussion had taken place with Members on this matter; that it was proposed that the Director of Housing, Operations and Development's Delegated Powers be amended to enable him to formally approve expenditure from the Ward Capital Fund and Shorefront/Promenade Capital projects up to £100,000; and that the next report on the agenda was "Scheme of Delegation" as this would require to be amended should this report be approved.

Councillor Martin Dowey, seconded by Councillor Alec Clark, moved the recommendations as outlined in the report.

Comments were made and questions raised by Members in relation to:

- (1) the meaning of CAMG's "consideration of Business Case and Equalities Impact and public consultation requirements"; and the Assistant Director – Planning, Development and Regulation advised that part of the terms of the Council's Financial Regulations outlined that all capital spend required to be considered first by CAMG to ensure that the Council undertook due diligence in all spend and secured best value and that, in the main, the CAMG approved what came forward for consideration, however, sometimes due diligence had not been carried out and CAMG was not satisfied that best value had been achieved and these cases were therefore not brought forward for members' consideration. The Member then enquired if all considerations by CAMG on Ward Capital Fund and Shorefront/ Promenade Capital Projects would be brought back to Ward Members for a decision; and the Assistant Director – Planning, Development and Regulation advised that CAMG required to approve all spend. Having heard the Member outline that he was not happy that officers could block proposals without Members being given an opportunity to take a decision, the Chief Financial Officer advised that CAMG was part of the Council's governance process and that Audit Scotland at a recent meeting had outlined that they were happy that CAMG had the final say as this was a diligence process and was public spend, therefore, Members' views would be taken into account, however, individual Members could not take a decision on funding. Having heard the Member enquire if CAMG would only make recommendations and not take decisions, the Chief Financial Officer advised that CAMG made recommendations and ultimately the decision was one for Members to take;
- (2) paragraph 4.2 of the report regarding the amendment to the creation of paragraph HOD90.2 in the Scheme of Delegation, outlining that additional wording should be included to read "in relation to the Ward Capital Fund and Shorefront/ Promenade Capital projects, following consultation with the Ward Councillors in the relevant Ward, **and where there is consensus with the Ward Members**; and consideration by the Capital Asset Management Group, to formally approve expenditure from that fund on works requiring to be undertaken, provided the amount involved does not exceed £100,000"; and the Chief Executive and Director of Housing, Operations and Development agreed to this amendment;

- (3) the £100,000 threshold; and whether the value of the projects had an impact on the Equality Impact Assessment (EIA); and the Assistant Director – Planning, Development and Regulation advised that £100,000 was the figure outlined in the Financial Regulations as the threshold; and that the impact on the EIA would be on protected groups rather than financial spend; and that the more significant the spend, the more impact on the groups;
- (4) if the project was refused by CAMG, would it then go back to Ward Members for consideration; and the Chief Financial Officer advised that CAMG only generally turned a project down when it was not for capital investment purposes, and that if CAMG said no to a suggestion there was something fundamentally wrong, eg if it was revenue expenditure and not capital expenditure;
- (5) that if CAMG turned down a project, Ward Members should be advised why; and
- (6) that any benefits to the public should be highlighted in the EIA as having a positive impact.

The Council

Decided:

- (a) to agree the approval process and governance arrangements for Ward Capital and Shorefront/ Promenade Capital Projects as set out in Appendix 1 of the report; and
- (b) to request the Chief Governance Officer to amend the Council's Scheme of Delegation, to reflect the required changes to delegated powers as set out in paragraph 4.2 of the report subject to the newly created paragraph HOD90.2: "in relation to the Ward Capital Fund and Shorefront/Promenade Capital projects, following consultation with the Ward Councillors in the relevant Ward, and where there is consensus with the Ward Members; and consideration by the Capital Asset Management Group, to formally approve expenditure from that fund on works requiring to be undertaken, provided the amount involved does not exceed £100,000".

9. Scheme of Delegation

There was submitted a report ([issued](#)) of 5 December 2024 by the Chief Governance Officer seek approval to amend the Scheme of Delegation following review.

The Chief Governance Officer introduced the report and advised that the proposed amendments to the Scheme of Delegation were as outlined in Appendix 1 to the report with the additional wording at paragraph HOD90.2 as agreed at item 8, paragraph (b) of this Minute.

Councillor Martin Dowey, seconded by Councillor Bob Pollock, moved the recommendations as outlined in the report.

A question was raised by a Member regarding the report entitled "Amendments to the Scheme for Establishment of Community Councils" which had been considered by Cabinet at its meeting of 29 October 2024, called-in and considered by Audit and Governance Panel at its meeting of 6 November 2024 and re-considered at Cabinet of 26 November 2024 when it had been decided to agree the recommendations of Audit and Governance Panel, namely that " the word "Council" be substituted for the word "Cabinet" where it occurred in the report in relation to any proposed dissolution of a Community Council; and that corresponding changes to the Council's governance documents reflect this change"; and the Member enquired if this report would be brought back to Council for further consideration; and the Chief Governance Officer advised that any proposal to dissolve a Community Council would be submitted to Council for approval, however, this report would not be re-submitted to Council as the decision had been taken by Cabinet to agree the recommendations of the Audit and Governance Panel; and she outlined the call-in procedure.

The Council

Decided: to approve the revised Scheme of Delegation (extract contained in Appendix 1 to the report) with effect from 13 December 2024.

10. **Appointments to Panels**

There was submitted a report ([issued](#)) of 2 December 2024 by the Chief Governance Officer seeking approval to make alterations to the membership of Panels.

The Chief Governance Officer introduced the report.

Councillor Martin Dowey, seconded by Councillor Mary Kilpatrick, moved the recommendations as outlined in the report.

By way of Amendment, Councillor Philip Saxton, seconded by Councillor Brian McGinley, moved that recommendation 2.1.2 of the report be replaced by "the existing Chair of the Service and Partnerships Performance Panel, Councillor Philip Saxton, nominated by the Labour Group, shall remain as Chair of that Panel".

Councillor Saxton referred to the proposal to replace him as Chair of the Service and Partnerships Performance Panel; referred to the Chair of each scrutiny panel previously being members of the opposition; outlined that this change of Chair reduced the fundamental principles of democracy..

Point of Order

Councillor Martin Dowey raised a Point of Order in relation to this matter not concerning officers and Provost agreed.

Councillor Saxton then asked the Leader why he was being replaced as Chair of the Service and Partnerships Performance Panel and advised Councillor Cullen that accepting the Chair came at a price.

Point of Order

Councillor Chris Cullen raised a Point of Order that Councillor Saxton was accusing him of accepting a bribe and sought an apology.

Councillor Saxton outlined that he did not say that, he stated that if a Member received a position of prominence within the Council, a deal was being done. Provost stated that this was an inference that Councillor Cullen had taken something to become Chair when he was entitled to accept this position; and that Councillor Saxton should withdraw his statement. Councillor Saxton reiterated that there must have been a deal. Provost then referred to the previous administration when he was a member of the opposition and had been replaced on a Panel.

Questions were raised and comments made by Members in relation to:

- (1) why Councillor Saxton was being replaced by Councillor Cullen as Chair of the Service and Partnerships Performance Panel as he had carried out the role well; and Councillor Dowey advised that Councillor Cullen would be voting in the interests of the Alba Party and not the Conservative Party; that Councillor Cullen was a member of the Opposition and not a member of the Administration; that the Conservative Group did not do deals; that it was a decision of the Conservative Group to replace Councillor Saxton as Chair; and that this decision was a political one;
- (2) the scrutiny function should be carried out by the opposition parties and previously it was the main opposition parties who were chairs of the scrutiny panels reflecting the balance of the Council and the opposition parties had nominated the Chairs of the scrutiny panels; and Provost outlined that Councillor Cullen was a member of the opposition as an Alba Member;
- (3) that Councillor Saxton had carried out the role well and was not looking to stand down as Chair; and that scrutiny was being taken away from the opposition by a proposal being made by the Administration to remove the Councillor;

Point of Order

Councillor Chris Cullen raised a Point of Order that this was a decision for Council to make, not the administration.

The Chief Governance Officer then advised that, at the start of any administration, discussions took place with the opposition parties, proposals were made in papers after discussion with the opposition and independents and a decision was taken at Council on the members of each Panel and the Chairs of these Panels.

Further comments were then made and questions raised by Members in relation to:

- (4) the scant number of positions on Panels offered to the Conservative Group under the previous administration; and that this administration had been the most collegiate in offering positions to opposition groups;
- (5) that Councillor Cullen had only been in attendance in person at three meetings in the last twelve months;
- (6) that Councillor Saxton had left the last meeting of the former Partnerships Panel during the meeting; and
- (7) that during the previous administration the Conservative Party had refused the offer of a number of positions, including two positions on the Leadership Panel; and requesting a clear explanation as to why Councillor Saxton as a very able Chair was being replaced; and in response Councillor Dowey advised that he was happy to see Councillor Cullen as the new Chair of the Panel.

A Member requested a roll-call vote and the Chief Governance Officer took the vote For or Against the Motion by calling the roll as follows:-

Iain Campbell	Motion
Mary Kilpatrick	Motion
Kenneth Bell	Motion
Laura Brennan-Whitefield	Amendment
Ian Cavana	Amendment
Alec Clark	Motion
Ian Cochrane	Amendment
Brian Connolly	Motion
Chris Cullen	Motion
Ian Davis	Motion
Julie Dettbarn	Amendment
Mark Dixon	Motion
Martin Dowe	Motion
Stephen Ferry	Amendment
William Grant	Abstain
Hugh Hunter	Amendment
Martin Kilbride	Motion
Alan Lamont	Motion
Lee Lyons	Motion
Craig Mackay	Amendment
Brian McGinley	Amendment
Bob Pollock	Motion
Cameron Ramsay	Amendment
Philip Saxton	Amendment
Gavin Scott	Motion
Bob Shields	Motion
Duncan Townson	Amendment
George Weir	Amendment

Fifteen Members voted for the Motion, twelve Members voted for the Amendment and one Member abstained, therefore, the Council

Decided: having considered any other amendments which might be required to membership of Panels,

- (a) to note the change in the representative intimated by the Conservative Group identified at 4.2 of the report, namely that Councillor Kenneth Bell replace Councillor Lee Lyons as a Conservative member of the Licensing Board;
- (b) to appoint Councillor Chris Cullen as the new Chair of the Service and Partnerships Performance Panel; and
- (c) to request that officers make the required amendments to the list of Panels to reflect these changes.

Time of Meeting

The time being 12.30 p.m., Provost, seconded by Councillor Dowey moved that Council agree to continue the meeting beyond 2.00 p.m. as the business of the meeting was not likely to be completed by 2.00 p.m., in accordance with Standing Order No. 6.2.

The Council

Decided: to continue the meeting beyond 2.00 p.m. in accordance with Standing Order No. 6.2.

Adjournment

The time being 12.35 p.m., the Council adjourned.

Resumption of Meeting

The meeting resumed at 1.30 p.m.

Councillor Kenneth Bell did not re-join the meeting.

11. Representation on Outside Bodies

There was submitted a report ([issued](#)) of 2 December 2024 by the Chief Governance Officer seeking approval to make amendments to the list of Outside Bodies.

The Chief Governance Officer introduced the report and advised that when Councillor Hugh Hunter had resigned from the Ayrshire Valuation Joint Board, he had been Chair of that Board.

Councillor Martin Dowey, seconded by Councillor Mary Kilpatrick, moved the recommendations as outlined in the report.

A question was raised by a Member on why the Council was just nominating a Member on KIMO International now; and another Member advised that the previous Leader of the Council had received an invitation to join this Group and had accepted the invitation. The Director of Housing, Operations and Development further advised that Ayrshire Roads Alliance and Neighbourhood Services shared the cost of the membership fees; and that around Girvan Harbour fishermen collected plastic which was placed in skips and removed by Neighbourhood Services.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Council moved to a vote undertaken for or against the Motion. Twenty four Members voted for the Motion, two voted against the Motion and one Member abstained and the Council having considered any other amendments which might be required to representation on Outside Bodies

Decided:

- (1) to add KIMO International to the list of Outside Bodies;
- (2) to confirm Councillor Mark Dixon's appointment as the Council's representative on KIMO International;

- (3) to note the change in the representative nominated by the Conservative Group as outlined in 4.5 of the report, namely Councillor Martin Dowe to replace Councillor Hugh Hunter on the Ayrshire Valuation Joint Board;
- (4) to note the proposal that Councillor Mark Dixon be recommended to the Ayrshire Valuation Joint Board as Chair from the South Ayrshire Council membership of the Board (as outlined in 4.6 of the report);
- (5) to note the change in the representative nominated by the SNP Group identified in 4.8 of the report, namely Councillor Craig Mackay to replace Councillor Ian Cochrane on the Strathclyde Concessionary Travel Scheme Joint Committee; and
- (6) to note the feedback from the Strathclyde Partnership for Transport as outlined in 4.10 of the report namely that Council representation was from Elected Members and no officer representation was required, therefore the Director of Housing, Operations and Development be removed from the membership of Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee.

12. Representation on Working Groups

There was submitted a report ([issued](#)) of 2 December 2024 by the Chief Governance Officer seeking approval to make alterations to the list of Working Groups.

The Chief Governance Officer introduced the report.

Councillor Martin Dowe, seconded by Councillor Mary Kilpatrick, moved the recommendations as outlined in the report.

The Council, having considered any other amendments which might be required to representation on Working Groups,

Decided: to note the change in the representative nominated by the Conservative Group identified in 4.2 of the report, namely that Councillor Bob Pollock replace Councillor Lee Lyons on the First Tier Joint Consultative Committee.

13. Appointments to Convention of Scottish Local Authorities Policy Boards

There was submitted a **report** ([issued](#)) of 29 November 2024 by the Chief Governance Officer seeking Council's approval to make alterations to the list of representatives on the Convention of Scottish Local Authorities (COSLA) Policy Board.

Councillor Martin Dowe, seconded by Councillor Mary Kilpatrick, moved the recommendations as outlined in the report.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Council moved to a vote undertaken for or against the Motion. Twenty two Members voted for the Motion, three voted against the Motion and two Members abstained and the Council, having considered any other amendments which might be required to COSLA Policy Board representation.

Decided: to note the change in the representative nominated by the Conservative Group, namely that Councillor William Grant replace Councillor Stephen Ferry on the COSLA Children and Young People Policy Board.

Councillor Bob Pollock left the meeting at this point.

14. Medium Term Financial Plan 2025-26 to 2029-30

There was submitted a report ([issued](#)) of 29 November 2024 by the Chief Financial Officer seeking approval of the Council's updated Medium Term Financial Plan (MTFP) 2025-26 to 2029-30 and associated Budget Strategy for the 2025-26 budget.

The Chief Financial Officer introduced the report and advised

- (1) that the plan attached as Appendix 1 to the report contained details of the key factors and assumptions taken into account when assessing the financial outlook, a summary of the assessed five year financial outlook, details of the Council's reserves policy and a budget strategy providing options designed to address the estimated cumulative five year budget gap of £40m;
- (2) that, as stated in the key planning assumption 1 on page 5 of the Appendix, the plan assumed a flat cash funding position from the Scottish Government across the five year period of the plan which was effectively a real terms cut in funding; that the recent Scottish Government budget announcement would most likely have a positive impact on the funding gaps projected, especially in 2025/26; that the detailed information and level of funding that the Council would receive for 2025/26 was yet to be provided by the Scottish Government but the up-to-date funding position, once confirmed, would be factored into the ongoing Budget Working Group discussions prior to the Council setting its 2025/26 budget in February 2025;
- (3) that in the budget he planned to include an update of the five year financial outlook which would be presented based on the new information from the Scottish Government; and that, despite the potentially more positive Scottish Government funding position for 2025/26, this should not detract from the overall financial outlook and significant budget gaps estimated in the later years of the plan;
- (4) that the budget strategy contained within the plan outlined seven key strategic options designed to address the estimated gap by firstly generating more income through Council Tax and other fees and charges, limiting cost pressure rises where possible, reducing the capital investment programme to limit future rises and costs and by reducing the Council's cost base through ongoing transformational change programmes and other service proposals; and
- (5) that, in terms of reducing the costs of the Council's cost base, 50% of the Council's gross spend related to staff costs so many reports brought forward for Members' consideration through the Transformation Programme and other service saving proposals would have a significant impact on staff and service provision to the public, therefore, difficult decisions lay ahead despite the Scottish Government settlement to maintain a balanced and legal budget over the next five years.

Councillor Ian Davis, seconded by Councillor Dowey, moved the recommendations as outlined in the report with the addition of a further recommendation, namely:

"2.1.4 that Council notes that bridging budget gaps of this scale to achieve a balanced budget will need to involve the transformation of services, reductions in Council assets and, given that staff costs make up 50% of the gross budget, there is no realistic way that savings of the level required can be achieved without a reduction in overall staffing numbers."

Questions were raised by Members and comments made in relation to:

- (a) this Council being like other Local Authorities in that the Council was facing a challenging financial environment over the coming years; that the savings when updated settlements were factored in were likely to be a sum of just under £40m mentioned in figure 1 of the report to make over the next five years; that additional funding in the Scottish Government budget made a dent, however, the detailed settlement required to be examined; that with how much of the Council budget was ring-fenced, these savings would amount to a substantial percentage of the unprotected budgets; that balancing the budget at this scale required the Council to move at pace and have buy-in from all staff; that this would involve the measures mentioned in the budget strategy section of the paper including transformation of services and reduction of assets and for the Council to consider overall staffing numbers, as staff costs made up around 50% of the gross budget so there was no realistic way that this level of savings could be achieved without examining this area;
- (b) that the Council had been assisted by the funding from the Scottish Government, however, a freeze on non-essential posts would be required to enable budget setting over the next two years; that some Local Authorities were in a worse position and were facing bankruptcy; and that this was probably the most challenging time this Council had ever faced;
- (c) as 2026/27 would be a challenging time, could the Leader confirm if the decision on no compulsory redundancies would stand; and Councillor Dowey advised that the Council faced a challenging time going forward, therefore compulsory redundancies would be on the table, however, this was a decision for Council to take;
- (d) who would decide which posts were non-essential and whether liaison with Trade Unions would take place; and Councillor Dowey advised that officers, in conjunction with Trade Unions would decide which posts were non-essential;
- (e) the 17.5% pension contribution rate for the Strathclyde Pension Scheme (SPF) for 2026/27; and the Chief Financial Officer advised that the SPF set their plans over a three year period and in 2024/25 had decided that they expected Councils to contribute 6.5% for 2024/25, 6/5% for 2025/26 and 17.5% for 2026/27 and thereafter would carry out a triennial valuation when the 17.5% could go up or down;
- (f) concerns regarding the wording of the additional recommendation submitted by Councillor Davis; and Councillor Davis advised that he would be happy to discuss the wording of his additional recommendation;
- (g) the "Transformation Programme" within Appendix 2 of the report and whether there was a figure for the amount realised and how much was being sought; and the Chief Financial Officer advised that this was only now starting to gather pace and he did not have a figure at present so could not say what had been achieved to date;
- (h) page 21 of the report regarding "allocating targets if necessary being based on controllable resource methodology being reported back for Members' consideration in December 2024" and when Members would receive this; and the Chief Financial Officer advised that this had been relevant at the time the report had been written and the position may be different once the funding from the Scottish Government had been announced;

- (i) "Key Planning Assumption 4: Any increase in National Insurance contributions resulting from the planned UK government Changes will be mitigated through additional funding and will not impact on projected budget gaps" and whether there was any further information on how likely this was to happen; and the Chief Financial Officer advised that when the UK budget was announced in November 2024 there was a statement made by the UK Government advising that the public sector element would be mitigated; that, since then negotiations had been ongoing with the UK and Scottish Governments and the assessment the UK Government put on the bill for the public sector in Scotland was around £300m, however, the Scottish Government's view was that this would be around £700m so there was a disparity and this was a key risk to the budget going forward; that the Council's five year plan was based on the assumption the Council would receive funding so this may require to be reassessed;
- (j) "The modelled funding gap of £40.0m represents around 11% of the current 2024-25 net budget (inclusive of HSCP spend). This is a significant level of savings that need to be achieved." and whether the Health and Social Care Partnership would be contributing to this; and the Chief Financial Officer advised that this would be a flat cash settlement, however, any funding received relevant to the HSCP would be passed to them;
- (k) whether there had been feedback from the Scottish Government on teacher numbers as the expenditure in Education Service was £142.4m in 2024-25 or 41% of the Councils overall net budget; and the Chief Financial Officer advised that there had been discussions between the Scottish Government, COSLA and local authorities on teacher numbers and funding was being released by the Scottish Government, however, he would require to see the detail; and that it was down to individual Councils to examine the number of pupils and number of teachers, however, there were caveats attached to the funding; and that the South Ayrshire school rolls were on a downward trend;
- (l) how far school rolls would fall before action would be taken; and the Chief Financial Officer advised that this was outwith his area of expertise how this was managed;
- (m) that staff numbers required to be examined and not be delayed;
- (n) that a workforce plan was in place and this required to be worked through to examine staff numbers;
- (o) that some difficult decisions required to be made to achieve savings; that it was not prudent to predict there may be more funding received going forward; and, in relation to the pension fund, what happened in the future would depend on various factors.

The Council, having considered and approved the MTFP, attached as Appendix 1 to the report,

Decided:

- (i) to note the potential cumulative five-year budget gap based on the assumptions contained in the plan was £40.0m; and
- (ii) to approve the budget strategy as contained in Section 4 of Appendix 1, developed to address the anticipated cumulative budget gap; and

- (iii) that Council note that bridging budget gaps of this scale to achieve a balanced budget would need to involve the transformation of services, reductions in Council assets and, given that staff costs made up 50% of the gross budget, there was no realistic way that savings of the level required could be achieved without a reduction in overall staffing numbers.”

15. South Ayrshire Council Annual Performance Report 2023/2024

There was submitted a report ([issued](#)) of 29 November 2024 by the Depute Chief Executive and Director of Education providing ‘South Ayrshire Council’s - Annual Performance Report 2023/24’.

The Chief Executive referred to the Council's ongoing improvements in relation to Best Value obligations and advised

- (1) that in 2021 and 2023 the Council was encouraged by Audit Scotland to improve in a number of areas and that Audit Scotland had noted that very good progress had been made in all of these areas;
- (2) that in March 2024 Audit Scotland had presented their [thematic audit on workforce innovation](#) to the Audit and Governance Panel which reflected positively on the arrangements put in place by the Council; this specifically referenced strong strategic links between the Council plan, service planning processes and workforce plans; the Council had developed strong data sets and good workforce intelligence;
- (3) the Council and HG&SCP had introduced a number of innovative initiatives to improve skills and capacity of future and existing workforce and the Council had engaged openly with staff groups, trade unions and service changes;
- (4) in September 2024 Audit Scotland had presented the [Audited Annual Accounts](#) to the Audit and Governance Panel and the report had reflected on previous year's recommendations relating to Best Value considerations and noted the Council had made good progress with performance reporting and had adopted a systematic and comprehensive approach;
- (5) that there had been a greater strategic focus on improving the pace of change at the Council; that good progress had been made in completing actions in year one of the new Council Plan; that the Council now had a corporate approach to self-evaluation and was now embedded in the service planning process; that the new transformation board had provided the strategic integration and ownership of the Council's transformation plans and Audit Scotland had recognised the new leadership structure of the Council was driving sustainable change; and the Council would deliver on its Best Value obligations;'
- (6) that he had recently met with Audit Scotland who had confirmed that this Council was seen as an improving Council moving at pace; and that, as mentioned in Appendix 1 of this report, the Council's staff were its greatest asset and these improvements could not have been made without their hard work and dedication;
- (7) that, since taking up his role as Chief Executive in November 2023, he had the pleasure and privilege of meeting many colleagues throughout a range of services and he was always impressed at the resilience and ongoing commitment of staff to improving outcomes for the residents of South Ayrshire who contributed to the Council making a difference every day to the people of South Ayrshire;

- (8) that, he would like to thank all staff for their efforts and hard work and was grateful to the Leader for his acknowledgement and recognition in the foreword of the annual performance report where he confirmed his pride at the commitment, compassion and kindness of employees and recognised that the staff were the Council's biggest strength;
- (9) that the hard work and efforts of employees had placed the Council in a position where it was recognised as an improving Council moving at pace and, in addition to being recognised by Audit Scotland as an improving Council, Council services had been recognised nationally by winning awards;
- (10) that the awards won amplified that South Ayrshire Council and its community partners were seen as public services that delivered for communities in the most trying of times with a clear focus on outcomes and continuous improvement;
- (11) that he would like to thank his Corporate Leadership Team, Service Leads, Co-ordinators and all staff for playing their part in the Council's improving journey; and that this was a good news story as the overall performance taken from national benchmark data showed an improving Council year on year.

The Assistant Director – Corporate Policy, Strategy and Performance introduced the report and advised

- (a) that this annual report was in an updated format which he had worked on to present the data in a concise and engaging way, however, any feedback from members on the layout would be taken on board;
- (b) that this data represented the first year of the new Council Plan and the majority of actions were either completed or on track;
- (c) that the Council Plan actions were reported to the Corporate Leadership Team quarterly with updates scrutinised by the Service and Partnerships Performance Panel in quarters 2 and 4; and updates were available on pentana for information;
- (d) that the Local Government Benchmarking Framework data highlighted that South Ayrshire Council was an improving Council but this data should not be used as a definitive overview of performance but merely as a "can opener" to explore areas for improvement; and
- (e) that the performance team had provided services with individual data packs used as part of the self-evaluation activities and to inform the Council's service improvement plans.

Councillor Martin Dowey, seconded by Councillor Ian Davis, moved the recommendations as outlined in the report.

Comments were made and questions raised by Members in relation to:

- (i) this report making good reading; the Council moving in a positive direction; the transformation team working together towards making the Council a much more viable organisation going forward; and staff doing a lot of good work;
- (ii) the case study of employment and skills being pleasing as it was heartening to see the progression of staff;

- (iii) the exciting and innovative work highlighted in the report which was ongoing in South Ayrshire, the likes of which would not be carried out in other local authorities; congratulating everyone involved in this report and welcoming what work would be undertaken in 2025;
- (iv) that, in terms of managing performance, the corporate responsibility had made a significant difference; that the progress could now be seen and it was linked to the strategic objectives which was a significant improvement; the importance of the CLT working together and officers taking responsibility for their areas; the contribution across integrated areas; and the direction and leadership of the Chief Executive who had provided focus to officers;
- (v) page 4 of the Performance Report where Culture and Leisure was shown on the table as 88% declined in terms of improvement; and the Director of Strategic Change and Communities advised that these were 2022/23 figures as the Local Government Benchmark Framework indicators run behind; that these figures could be impacted negatively by a range of circumstances and the data was based on income generated as opposed to the cost of running services and South Ayrshire Council was the only local authority which run eight golf courses which affected these figures; and that these figures were now out of date; and
- (vi) that 29.9% of the population in South Ayrshire lived in rural areas and it would be pleasing to see rural housing achieving its target; and the Chief Financial Officer advised that this matter had been discussed at Audit and Governance Panel when an explanation had been given that these figures were from 2022/23; that figures can be affected by a one off factor; and that there had been a write-off of capital expenditure which had impacted on the financial side of the indicators. The Assistant Director – Corporate Policy, Strategy and Performance further advised that the Local Government Benchmark Framework targets were useful but not a definitive guide to performance and that questions should be asked of the data and the data explored further which is what this Council had become better at in terms of service improvement and self-evaluation.

The Council, having considered the contents of the report,

Decided: to approve the 'Annual Performance Report 2023/24' attached as Appendix 1 to the report.

Having previously declared an interest in this item, Councillor Hunter left the meeting during consideration of this matter.

16. Outcome of Public Consultation - Heritage Proposals Submitted by Prestwick Civic Pride

There was submitted a joint report ([issued](#)) of 5 December 2024 by the Director of Communities and Transformation and the Director of Housing, Operations and Development

- (1) advising of the outcome of the public consultation on the submissions made by Prestwick Civic Pride (PCP) to the Council, involving a range of potential development projects on Prestwick Promenade and the Freemans Hall, Prestwick and the Salt Pans Houses; and
- (2) seeking approval of the next steps in developing a masterplan to inform the regeneration projects for Prestwick.

The Assistant Director – Planning and Development introduced the report and advised that the report set out the results of the public consultation; that of the three areas consulted on, the promenade improvements had been favoured; that it was recommended that officers take this proposal forward; and that an adjustment to the recommendations in the report was being submitted.

Point of Order

Councillor Duncan Townson raised a Point of Order in relation to the competency of the adjustment and the Chief Governance Officer advised that there was a typographical error in this document whereby there were 2 paragraphs marked 2.1.2 and no 2.1.3.

Councillor Martin Kilbride, seconded by Councillor Martin Dowe moved the recommendations that the Council

- (a) notes the work completed to date in Prestwick which included resurfacing of the former Kidz Play with electrical ducting installed to open up opportunities for future new uses in the area, benching on the promenade and installation of safety rails outside the toilet block;
- (b) requests officers to undertake a scoping exercise for a masterplan to regenerate Prestwick which would include a strategy for the development of the Seafront and to carry out Options Appraisals for each of the projects detailed in Appendix 1 as part of this exercise;
- (c) agrees that a workshop would be held with Ward Members and local community stakeholders to present the strategic purpose, objectives, and priorities of the emerging masterplan;
- (d) requests that a further report be submitted to Council in March outlining the results of the scoping exercise and the workshop with Ward Members and local community stakeholders and presents Options Appraisals for each of the Projects in Appendix 1 and, where required, a timeline for a draft masterplan and the requirements for further public consultation on the proposals; and
- (e) requests officers to record the progress of the recommendations in this paper in the Decision log for each Cabinet.

Having heard Councillor Ian Cochrane advise that he had an amendment to the Motion, the Chief Governance Officer requested an adjournment to consider this amendment.

Adjournment

The time being 2.20 p.m., the Council adjourned for ten minutes

Resumption of Meeting

The Council resumed at 2.30 p.m.

Upon reconvening, Councillor Martin Kilbride and Councillor Martin Dowe as Mover and Seconder of the Motion, agreed to accept the terms of Councillor Ian Cochrane's Amendment to the extent that (b) above should read:

"requests officers to undertake a scoping exercise for a masterplan to regenerate Prestwick on land or properties owned by South Ayrshire Council, which would include a strategy for the development of the Seafront, focussing on the promenade; and to carry out Options Appraisals for each of the projects detailed in Appendix 1 as part of this exercise."

Comments were made and questions raised by Members in relation to:

- (i) work was continuing in Prestwick forming part of the masterplan whilst this consultation was taking place; and
- (ii) part of Councillor Kilbride's Motion at (a) above and whether this was germane as it was not directly related to the purpose of the report; and Councillor Kilbride advised that during the public consultation another food outlet had been requested, however, this had been dealt with prior to the consultation, therefore (a) above was to advise Prestwick residents of works carried out and tied in with the report.

The Council

Decided:

- (I) to note the work completed to date in Prestwick which included resurfacing of the former Kidz Play with electrical ducting installed to open up opportunities for future new uses in the area, benching on the promenade and installation of safety rails outside the toilet block;
- (II) requests officers to undertake a scoping exercise for a masterplan to regenerate Prestwick on land or properties owned by South Ayrshire Council, which would include a strategy for the development of the Seafront, focussing on the promenade; and to carry out Options Appraisals for each of the projects detailed in Appendix 1 as part of this exercise;
- (III) agrees that a workshop would be held with Ward Members and local community stakeholders to present the strategic purpose, objectives, and priorities of the emerging masterplan;
- (IV) requests that a further report be submitted to Council in March outlining the results of the scoping exercise and the workshop with Ward Members and local community stakeholders and presents Options Appraisals for each of the Projects in Appendix 1 and, where required, a timeline for a draft masterplan and the requirements for further public consultation on the proposals; and
- (V) requests officers to record the progress of the recommendations in this paper in the Decision log for each Cabinet.

Councillor Hunter re-joined the meeting at this point.

17. Proposed Ward Capital Projects – Update 2023 to 2025 and Approval of New Capital Projects 2024 to 2026

There was submitted a report (issued) of 5 December 2025 by the Director of Housing, Operations and Development providing an update on implementation of ward capital projects approved by the Council at its meeting of 29 June 2023 and by the Cabinet at its meeting of 26 September 2023 and recommending further capital projects for initiation and implementation during the financial years 2024/25 and 2025/26.

The Director of Housing, Operations and Development introduced the report, advised that the programme was split into different factors for each ward and was the most up-to-date position prior to submission of the report; outlined the programme over the next 18 months; outlined that, as previously noted, resources required to design and deliver these projects was considerable and there was limited capacity available to progress all ward projects simultaneously, therefore, to assist with this, it was proposed to recruit a dedicated resource within Professional Design Services to assist with taking forward some of the larger projects. He further advised that, as some wards had an allocation close to their allocated budget, efforts were made to establish meaningful estimated costs, however, cost variances between estimated and actual costs arose and, if all projects were progressed, there was the possibility of budget overrun or abortive work; that to minimise this financial outcome and to assist with managing workloads, ward members would be asked for their priority projects and regular meetings with ward members would provide updates on projects costs and available budget and this would enable the remaining two years of implementation of these projects to be delivered; and these meetings with ward members would also discuss progress, updated financial information and consider potential future projects.

Councillor Alec Clark, seconded by Councillor Martin Dowey, moved the recommendations as outlined in the report.

Comments were made and questions raised by Members in relation to:

- (1) the considerable amount of work carried out by the Director and his team to allow these projects to progress which was much appreciated; and that 2.1.7 of the recommendations within the report should read:

"notes the arrangements **to all Elected Members** and to put in place to provide regular progress updates to all Elected Members **and Community Councils** on all place projects and to consider the feedback from Community Councils.";
- (2) that the spreadsheet of projects was a moving feast and represented a moment in time;
- (3) it being pleasing to see projects progressing, particularly in Ayr East and requesting that a new roof for Kincaidston Pavilion be added to the list of projects; and the Director of Housing, Operations and Development advised that he would take this on board;
- (4) that this was a new way of working and the focus and diligence of officers in progressing this matter was appreciated;
- (5) the Newton MUGA being over budget and the reasons for this; and the Assistant Director – Housing and Operations advised that this was due to the lighting and electrical work required and that he would provide full details of this to Ward Members; and

- (6) that, as there was uncommitted monies in the Prestwick capital project budget, could projects be progressed more quickly following the options appraisal approved at item 12 of this Minute; and the Director of Housing, Operations and Development advised that he would take this into consideration.

The Council

Decided:

- (a) to agree the capital investment projects identified in Appendix 1 (white background under project description) for initiation and implementation during the financial years 2024/25 and 2025/26;
- (b) to agree that the £2m Promenade budget line be split equally between Girvan, Ayr, Prestwick and Troon Wards;
- (c) to agree that, to ensure ongoing proper financial management, Ward Members provide a list of priority projects to avoid potential budget over-commitment;
- (d) to note that some of the amber projects in Appendix 1 would require public consultation as part of an Integrated Impact Assessment prior to being able to be recommended to Council for approval;
- (e) to note the progress made with the capital investment projects identified in green in Appendix 1;
- (f) to agree that a copy of Appendix 1 containing all potential projects would be forwarded to Community Councils and feedback sought; and
- (g) to note the arrangements to all Elected Members and to put in place to provide regular progress updates to all Elected Members and Community Councils on all place projects and to consider the feedback from Community Councils.

18. Asset Management Plan (Land and Building) 2024

There was submitted a report ([issued](#)) of 3 December 2024 by the Director of Housing, Operations and Development seeking approval of the Council's revised Asset Management Plan (Land and Buildings).

The Service Lead – Asset Management and Community Asset Transfer introduced the report.

Councillor Martin Kilbride, seconded by Councillor Martin Dowey, moved the recommendations as outlined in the report.

Comments were made and questions raised by Members in relation to:

- (1) congratulating the Asset Management Team on receiving a top honour at The Public Finance Awards 2024 where they picked up the coveted 'Excellence in Strategic Investment or Asset Management' award which recognised the Council's proactive work on energy management which began in 2018;

- (2) whether training would be offered to staff on this and other new initiatives; and the Chief Executive advised that staff training on this matter and other matters would complement the Council's strategic approach to continuous improvement and the benefits would align well with the service redesign work ongoing in the Council; and this was being discussed at CLT; and
- (3) commending the Asset Management Team on this document as this was an important area of work and the Plan was fit for purpose and was a valuable document;

The Council

Decided:

- (a) to note the revisions and updates detailed in paragraph 4.4 of the report;
- (b) to approve the 2024 South Ayrshire Council Asset Management Plan (Land and Buildings), attached as Appendix 1 to the report;
- (c) to request that an annual update and review of the Asset Management Plan (Land and Buildings) be provided to Council; and
- (d) to request that a full review and revision as required of the Asset Management Plan (Land and Buildings) be carried out and reported back to Council by the end of December 2027

19. Notices of Motion

- (1) In accordance with Council Standing Order No. 18, a Notice of Motion was submitted by Councillor Craig Mackay and seconded by Councillor George Weir as follows:

"Off-street Disabled Parking

Council notes the response to my Formal Question in March this year that "SAC do not hold details of the number of advisory disabled bays within Council curtilages."

Council recognises that advisory disabled parking bays are not enforceable and are therefore open to abuse.

Council accepts that it was a requirement of the Disabled Parking Places (Scotland) Act 2009 for both on- and off-street advisory bays to be replaced with statutory bays able to be enforced. This requirement has never been fully implemented in South Ayrshire.

Council agrees:

- that provision will be made within the 2025-26 Revenue Budget to audit advisory disabled parking at council premises, including swimming pools, golf courses, schools and other facilities; and to progress a Traffic Regulation Order to regularise these with the Disabled Parking Places (Scotland) Act 2009.
- that a report will be presented to Cabinet with regard to provisions in the same legislation for the council to offer enforcement services (at cost) for disabled parking in car parks attached to private premises."

Councillor Mackay advised that, with the agreement of the seconder, he had submitted additional wording to his Motion as follows:

"Council agrees:

that provision of £5000 will be made within the 2025-26 Revenue Budget to audit advisory disabled parking at council premises, including swimming pools, golf courses, schools and other facilities; and that officers then bring back a report to Cabinet to enable the progression of a Traffic Regulation Order to regularise these with the Disabled Parking Places (Scotland) Act 2009; and

that a report will be presented to Cabinet with regard to provisions in the same legislation for the council to offer enforcement services (at cost) for disabled parking in car parks attached to private premises."

A full debate took place regarding the terms of the Motion and the addition to the Motion and the Council

Decided: to unanimously agree the Notice of Motion as outlined on the agenda and the addition to this Motion as outlined above.

- (2) In accordance with Council Standing Order No. 18, a Notice of Motion was submitted by Councillor Alan Lamont and seconded by Councillor Mary Kilpatrick as follows:

" This Council:

1. Notes:

- The information detailed in the background below.
- The critical role of farmers and family businesses in driving economic growth, providing employment, and ensuring food security in the South Ayrshire and beyond.
- The harm caused by the Labour Government's latest budget includes a so-called family farm tax (20% inheritance tax on the value of family farms and businesses over £1m).
- Increased National Insurance contributions for employers.

2. Believes:

- These measures unfairly target farmers and family businesses, threatening jobs, investment, and livelihoods in the region.

3. Calls upon the UK Government:

- To reverse the Family Farm Tax and the rise in employers National Insurance contributions. - To review the budget and remove measures harming farmers and family businesses.
- To consult stakeholders for fairer, more supportive policies.

This Council stands with the farmers and family businesses of South Ayrshire and demands urgent action to address these issues and asks the Chief Executive to formally write to the UK Government requesting them to undertake the actions set out in paragraph 3 above."

By way of Amendment, Councillor Philip Saxton, seconded by Councillor Brian McGinley moved:

"To continue the Motion to provide the facts on the quantities of data around those affected in South Ayrshire by the inheritance tax proposals and to assess whether Council required to take any further action."

A full debate took place regarding the terms of the Motion and the Amendment.

Following an electronic vote, nine Members voted for the Amendment and seventeen Members for the Motion which was accordingly declared carried; and the Council

Decided: to approve the terms of the Notice of Motion.

20. **Formal Questions.**

In terms of Council Standing Order No. 26.2, there were submitted **Formal Questions** from Councillors Duncan Townson, Laura Brennan-Whitefield, George Weir and Craig Mackay, along with the responses, which were made available to all Members.

Councillor Townson raised a supplementary question as follows: "I have concerns regarding the answer to Part B because Cabinet was appraised during a budget update on 26 November 2024 that there was a potential overspend of £400,000 on the airshow and as a supporter of the airshow I want to ensure we are on track and moving swiftly towards being self sustaining"; and the Director of Communities and Transformation advised that there was a significant amount of invoices associated with the airshow and income coming in following the event which took a number of months to deal with which was further complicated this year as assets had been shared with the airshow in Ireland which took place the following day; that a report would be considered at Service and Partnerships Performance Panel outlining that the airshow had been £240,000 over budget which would be met from vacancy turnover within the directorate so this was of no additional cost to the Council; that the increased costs were due to certain providers dramatically increasing costs and due to the Council's procurement journey, however, lessons had been learned and steps would be taken to drive down the costs for the 2025 airshow.

Councillor George Weir raised a supplementary question in relation to the public engagement on the Golf Development at Belleisle as follows "you advised that the feedback would be reviewed by Pangaea Golf Architecture, would it be reasonable to assume that the Council is also reviewing the feedback" and the Director of Communities and Transformation advised that early engagement had taken place around the design proposals and a full public consultation was still to take place.

Councillor Craig Mackay raised supplementary questions as follows:

- (1) "last week I saw a Council vehicle parked on a dropped kerb, can we set a good example within the Council even if we are unwilling to actively enforce public infringements at this stage"; and the Director of Housing, Operations and Development advised that he would raise this matter with the relevant service; and
- (2) "does the Monitoring Officer agree that the continued lack of any systems to manage casework makes processing enquiries less efficient for both Councillors and Officers, creates challenges keeping track of enquiries and contacts and results in queries going unanswered which reflects badly on the council"; and the Chief Governance Officer advised that she could not agree this reflected badly on the Council, however, she agreed that progress should be made on this matter, she was being guided by ICT and that her officers would also like to see progress on this.

Provost

Provost wished all Councillors and Officers a very Merry Christmas.

The meeting ended at 3.50 p.m.

SOUTH AYRSHIRE COUNCIL (SPECIAL)

Minutes of a hybrid webcast meeting
on 6 February 2025 at 10.00 a.m.

Present in County Buildings: Councillors Iain Campbell (Provost), Kenneth Bell, Laura Brennan-Whitefield, Ian Cavana, Alec Clark, Ian Davis, Brian Connolly, Chris Cullen, Julie Dettbarn, Mark Dixon, Martin Dowey, Stephen Ferry, Martin Kilbride, Mary Kilpatrick, Alan Lamont, Craig Mackay, Brian McGinley, Bob Pollock, Cameron Ramsay, Philip Saxton, Gavin Scott, Bob Shields, Duncan Townson and George Weir.

Present Remotely: Councillors Ian Cochrane, Hugh Hunter and Lee Lyons.

Apology: Councillor William Grant.

Attending in County Buildings: M. Newall, Chief Executive; K. Braidwood, Director of Housing, Operations and Development; J. Bradley, Director of Strategic Change and Communities; C. Caves, Chief Governance Officer; T. Baulk, Chief Financial Officer; C. Cox, Assistant Director – Planning and Development; G. Hunter, Assistant Director – Communities; A. Mutch, Service Lead – Sport, Leisure and Golf; H. Murphy, Acting Service Lead – Destination South Ayrshire; J. McClure, Committee Services Lead Officer; J. Chapman, Committee Services Officer; R. Anderson, Committee Services Assistant; E. Moore, Clerical Assistant; and C. McCallum, Clerical Assistant.

1. Provost.

The Provost

- (1) welcomed everyone to the meeting, outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live; and
- (2) intimated that an apology had been received from Councillor William Grant.

2. Sederunt and Declarations of Interest.

The Chief Executive called the Sederunt for the meeting and having called the roll, confirmed that there were no declarations of interest by Members of the Council in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

3. Naming of Summer Event

There was submitted a [report](#) (issued) of 28 January 2025 by the Director of Communities and Transformation seeking approval to agree the title of the 2025 Summer Event, previously known as The Holy Fair and Summer Family Fest.

The Director of Strategic Change and Communities introduced the report.

Councillor Alec Clark, seconded by Councillor Brian Connolly, moved the recommendations as outlined in the report.

By way of Amendment, Councillor George Weir, seconded by Councillor Julie Dettbarn, moved:

"it is recommended that the Council agrees with the recommendation to name the event Summer fAYRe with Armed Forces Day and Pipes in the Park for this year's event, that public engagement be approved to determine whether the public wish to restore 'Holy Fair' as part of the event's name for future years and a decision on the event name for future years be taken, following the aforementioned public engagement, by the Council group previously established to consider this matter, with addition of the ward Councillors from Ayr."

Questions were raised by Members and comments made in relation to:

- (1) representations being received by Members from members of the public who were unhappy that the name Holy Fair had been dropped and who were reminding the Council of the importance of history and heritage; that this event was associated with Robert Burns; that Members should take the views of the public into account; that, although it was now too late to change the name back to Holy Fair for this year's event, a public consultation should be carried out for the naming of these future events; and that the Ward Councillors should have been invited to the meeting regarding the naming of this event;
- (2) that this event was not just about religion, it was also about having fun; that it had been tradition to call it the Holy Fair; and that the public should be consulted to ascertain if they wished to restore the name Holy Fair;
- (3) that it was a tradition to attend the Holy Fair in the Summer; that this event started with a religious connotation, however, had become a progressively inclusive event; that there was now only one Holy Fair left in Scotland due to the name being removed for the event in Ayr; that it was hoped that, following consultation with the public, the name Holy Fair would be restored; and that the link to Burns should be retained;
- (4) that the Ward Councillors should have been involved in the meetings regarding the naming of this event; that the recommendation in the report did not reflect the mandate given to that group in June 2024; and that the Leaders of all the Groups should have been present when the decision was made;

Point of Order

Councillor Martin Dowe raised a Point of Order that Councillor Duncan Townson, as Leader of the Labour Group had been invited to the Group, however could not be bothered to attend. The Member previously speaking then outlined that this was not a Point of Order and that he was disappointed to have been interrupted when he was speaking; and Councillor Townson advised that he could not attend on that date, had submitted his apologies and asked that Councillor Dowe retract his comment that he could not be bothered to attend. Provost commented that this was a fair comment from Councillor Townson and Councillor Dowe agreed to withdraw his statement.

- (5) that the membership of the Group had been agreed, therefore, a date should have been arranged when all members could attend; the recommendation in the report was around ensuring that the name of the event was inclusive of non-secular members and that this did not appear to have been taken on board; that consultation was important; and that the decision did not appear to have been taken, otherwise why was this report in front of Council. The Director of Communities and Transformation advised that a decision had been taken at the Group to put forward the name "Summer fAYRe with Armed Forces Day and Pipes in the Park" for Members to determine if they wished to progress with this name as there was a requirement for a lead-in time for promotional material and signage;
- (6) that, as a church-goer, he did not see where the church was involved in this fair as there was no religious involvement;
- (7) that minutes of the Group had been requested but no minutes had been taken so there was no note of what form the debate had taken, if every Member attending was in agreement with the suggested name or if any Member wished to retain the name Holy Fair;
- (8) that holy fairs in Scotland were traditionally presbyterian festivals for communion which was not what South Ayrshire's holy fair had been; that this was a name from Burns' time and Members were getting tied up with a name;
- (9) that this festival involved high profile local religious leaders; that it was important to listen to the views of the people of South Ayrshire and a public consultation was a reasonable way forward;
- (10) that Robert Burns wrote about the holy fair but the poem was a savage indictment of the political and religious set-up at that time; that Ayr within the name of the event was to promote tourism within South Ayrshire; that the inclusion of Ward Members at the meetings could have been proposed at the Council meeting when the decision was taken to establish this Group. ; that Councillor Townson could have sent a substitute to these meetings; that advertising as a community event was a positive way forward; and were the numbers of attendees affected when the name of this event changed last year; and the Director of Strategic Change and Communities advised that there was no drone footage of last year's event which was the means of estimating the number of attendees, however, more people attended last year than previous years; and that the proposed renaming of the event was not intended to take away any historical references and was not intended to be offensive but was to attract a wider audience;
- (11) that the decision taken at the Working Group meeting was the right choice at that time, however, numerous Members had now been contacted by members of the public; and Councillors represented the people of South Ayrshire, therefore the amendment was seeking to engage with the public and to include the Ward Members in future discussions;
- (12) that the name Holy Fair caused confusion, therefore, a name was chosen that suggested that this was a family festival;
- (13) in relation to paragraph 4.3 of the report regarding the Council applying for additional funding, would changing the name of the event achieve funding and was funding awarded last year; and the Director of Strategic Change and Communities advised that the incorporation of the Armed Forces Day achieved funding for the Council; that funding had also been granted last year for the "Armed Forces Day and Pipes in the Park"; and that this funding assisted with the running of the event; and

- (14) that the Council supported Burns events, however, there was no mention of Ayr Holy Fair in any Burns poems; the change of name of this event was to broaden and enhance the attraction; and more people than ever attended the event last year as people saw a summer fair as a family day out.

Following an electronic vote, twelve Members voted for the Amendment and fifteen Members for the Motion which was accordingly declared carried; and the Council

Decided: to name the event "*Summer fAYRe with Armed Forces Day and Pipes in the Park*".

Point of Order

A Point of Order was raised by Councillor Julie Dettbarn regarding the voting procedure undertaken for this item; and the Service Lead – Democratic Governance advised that Members had the opportunity to vote for the Motion, for the Amendment or to Abstain and that the Motion was carried which was the recommendation within the report. Councillor Dettbarn advised that it had not been clear how Members should vote and the Service Lead – Democratic Governance outlined the process which was undertaken. Councillor Lyons advised that the vote for those joining remotely was different to those in the County Hall and was confusing. Provost advised that the vote had now concluded and the decision stood.

Point of Order

Councillor Chris Cullen raised a Point of Order that the Amendment should be voted on first and the Service Lead – Democratic Governance advised that the vote had taken place as outlined in Standing Orders and in line with Council practice

4. Review of Capital Estimates: General Services Capital Investment Programme 2024/25 to 2035/36

There was submitted a [report](#) (issued) of 31 January 2025 by the Director of Housing, Operations and Development seeking approval to update the General Services Capital Investment Programme for financial years 2024/25 through to 2035/36, as a result of a combination of (a) re-profiling of budgets between financial years; (b) budget reductions in projects; and (c) budget increases in projects, which would lead to reduced debt charges to the Council and reduce pressure on revenue budgets.

The Director of Housing, Operations and Development introduced the report.

Councillor Ian Davis, seconded by Councillor Martin Dowey , moved the recommendations as outlined in the report.

Comments were made by Members and questions were raised in relation to:

- (1) requesting that this report be deferred to enable an Elected Members' briefing to be carried out;

- (2) why the 2024/25 Capital Funding for "Prestwick Pool - AHU and water storage project - Net Zero Implementation" had increased; why the funding for "Prestwick Regeneration/Heritage works" had increased; why the funding for the Business Plan associated with Belleisle Driving Range had been provided when a Business Case was still awaited and the result of the consultation was not available; and the Chief Financial Officer advised that this matter could be deferred and included as part of the budget setting process on 27 February 2025 should the Director be able to carry out a briefing prior to that meeting, however, this report was before Council to set the scene prior to the budget setting; and that going forward the Council required to remove resources from the Capital Investment Programme and these proposals were put forward for Members' consideration; and the Director of Housing, Operations and Development further advised that he would be happy to carry out a briefing for Members on the reprofiling of the Capital Programme and that it was always prudent to carry out a reprofiling of the Capital Programme during its lifetime;
- (3) that it would have been prudent to incorporate this report into the budget setting process; and the Chief Financial Officer advised that this report was before Members in advance of the budget setting meeting on 27 February 2025 to simplify the process during the budget setting; that this was a mid-year review to identify changes to the programme during the year rather than at the budget setting meeting;
- (4) that this was a very helpful report in terms of identifying the profiling and the potential savings, however, it was prudent to defer this report due to the implications in terms of formulating the budget going forward and it was important to reprofile the Capital Programme, therefore deferring this report would allow Members to understand the implications around the recommendations;
- (5) that Members required more time to analyse these figures as these were large sums of public money, therefore, this report should be deferred;
- (6) that these matters had been discussed at the Budget Working Group and, had all Members attended who had been invited, they would have had a greater understanding of this report; and that reports submitted to meetings of South Ayrshire Council should be read in advance by all Members;
- (7) the reprofiling and how many of the projects did not have business cases; and the Director of Housing, Operations and Development advised that he would require to ascertain this from the Officers who worked with him on these projects, however, he would expect that they all had business cases, however, if any did not, he would manage this;
- (8) that the Citadel did not have a business case which was another reason for deferring this report to enable Members to scrutinise it; and the Director of Housing, Operations and Development advised that there was a business case for the Citadel which would shortly be submitted to a meeting of Cabinet or Council for consideration; and
- (9) that this was an important paper outlining the financial position the Council faced going forward; that the level of rates paid by the Council was substantial and it was important that these levels were reduced; and that Members had a week to scrutinise this paper and question the appropriate officers, therefore deferring this report was not necessary.

Adjournment

The time being 10.55 a.m., the Council adjourned to allow the terms of an Amendment to be put to writing.

Resumption of Meeting

The Council resumed at 11.15 a.m.

By way of Amendment, Councillor Philip Saxton, seconded by Councillor Brian McGinley, moved "that this item be deferred until the next full Council, for inclusion within the budget being set on 27 February 2025 to enable a briefing to be carried out by relevant officers to elected members prior to full Council".

Following an electronic vote, eleven Members voted for the Amendment and sixteen Members for the Motion which was accordingly declared carried; and the Council

Decided: having thanked the Director of Housing, Operations and Development and his officers for their work on this report,

- (a) to approve the adjustments detailed in Appendices 2 and 3 attached to the report;
- (b) to approve the revised General Services Capital Programme 2024/25 to 2035/36 as detailed in Appendix 4 to the report; and
- (c) to note the associated debt charge implications as detailed in Appendix 5 to the report.

5. Formal Questions

In terms of Council Standing Order No. 26.2, there were submitted [Formal Questions](#) from Councillor George Weir, along with the responses, which were made available to all Members.

Councillor Weir raised supplementary questions in relation to:-

- (1) the budget overview aspect in his first question and the anticipated budget being the same for both years, was this assuming no service reduction; and the Director of Communities and Transformation advised that this was budget in relation to the Citadel and it was not anticipated that there would be any changes in 2025/26; and that certain facilities would be under renovation, however, there would be no change to running costs; and
- (2) whether recent storm damage would impact the available services; and the Director of Communities and Transformation advised that it would not.

Exclusion of press and public.

Councillor Martin Dowey, seconded by Councillor Bob Pollock, moved that the remaining items of business on the agenda be considered in private.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Panel moved to a vote undertaken for or against the Motion. Twenty seven Members voted for the Motion and the Council

Decided: to agree to consider the remaining items of business in private.

The Council resolved, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, that the press and public be excluded during consideration of the remaining items of business on the grounds that they involved the likely disclosure of exempt information in terms of paragraphs 8 and 9 of Part 1 of Schedule 7A of the Act.

6. Proposed Extension to Quayzone, Girvan

There was submitted a report (Members Only) of 31 January 2025 by the Director of Housing, Operations and Development seeking approval for the procurement and delivery of an extension to the Quay Zone, Girvan subject to formal written agreement being concluded with the tenants to enter into a Minute of Variation of Lease to include the extension, once completed.

The Assistant Director – Planning and Development introduced the report.

Councillor Alec Clark, seconded by Councillor Martin Kilbride, moved the recommendations as outlined in the report.

The Council, following full discussion and questions,

Decided:

- (1) to approve the procurement and delivery of an extension to the Girvan Quay Zone, with an estimated cost of £1.5m, to be planned and delivered alongside the reinstatement works being undertaken due to storm damage, subject to planning consent and building warrant being obtained and formal written agreement being concluded in terms of paragraph 2.1.2 below; and
- (2) to grant authority to the Chief Governance Officer to conclude a formal written agreement with South Carrick Community Leisure SCIO to enter into a Minute of Variation of the Lease to include the additional area shown outlined red on the plan forming Appendix 1, on the basis of the Heads of Terms contained within the Addendum (confidential) to this report.

7. Ayrshire Growth Deal – the Prestwick Proposition

There was submitted a report (Members only) of 29 January 2025 by the Director of Communities and Transformation seeking approval to take a revised Ayrshire Growth Deal 'Prestwick Proposition' forward through a change management process with related costs.

The Assistant Director – Communities introduced the report.

Councillor Bob Pollock, seconded by Councillor Martin Dowey, moved the recommendations as outlined in the report.

Following a full discussion and questions a Member requested that regular updates on this matter be submitted to the Service and Partnerships Performance Panel and the Chief Executive agreed to this.

A Member requested a roll-call vote and the Chief Governance Officer took the vote For or Against the Motion by calling the roll as follows:-

Iain Campbell	For
Mary Kilpatrick	For
Kenneth Bell	For
Laura Brennan-Whitefield	For
Ian Cavana	For
Alec Clark	For
Ian Cochrane	For
Brian Connolly	For
Chris Cullen	For
Ian Davis	For
Julie Dettbarn	For
Mark Dixon	For
Martin Dowey	For
Stephen Ferry	For
Hugh Hunter	For
Martin Kilbride	For
Alan Lamont	For
Lee Lyons	For
Craig Mackay	For
Brian McGinley	For
Bob Pollock	For
Cameron Ramsay	For
Philip Saxton	For
Gavin Scott	For
Bob Shields	For
Duncan Townson	For
George Weir	For

Twenty seven Members voted for the Motion and, therefore, the Council

Decided:

- (1) to note the intention to support the development of commercial space through the development of business cases focused on the acquisition of strategic land assets and enabling infrastructure activities;
- (2) to approve the commencement of detailed work to support economic analysis, costings for the acquisition of land and development projects with aerospace companies for inclusion in an Outline Business Case (OBC);
- (3) to approve the reallocation of AGD funding to support this increased investment in the Roads Infrastructure and Commercial Build projects referred to above; and
- (4) that regular updates on this matter be submitted to the Services and Partnerships Performance Panel.

8. Closing Remarks.

The Provost thanked all in attendance for their contribution.

The meeting ended at 1.25 p.m.

South Ayrshire Council

**Report by Chief HR Officer
to South Ayrshire Council
of 6 March 2025**

Subject: Flexible Retirement

1. Purpose

- 1.1 The purpose of this report is to seek approval to implement the new Flexible Retirement Policy.

2. Recommendation

- 2.1 It is recommended that the Council approves the re-introduction of the Flexible Retirement Policy (as contained in Appendix 1).**

3. Background

- 3.1 Employees may retire under a variety of circumstances. The Employee Retirement Framework consolidates the various retirement options available and sets out the Council's position on each. It also outlines the discretionary powers afforded to the Council and how these discretions will be exercised in accordance with the Local Government Pension Scheme.

- 3.2 Flexible retirement enables pension fund members aged 55 and over to access their pension benefits while continuing in employment, provided they reduce their working hours by at least 20%. Local authorities must determine whether to adopt this discretion. Flexible retirement applies exclusively to Local Government Employees and does not extend to staff covered by SNCT terms and conditions, whose retirement provisions fall under the Scottish Teachers Superannuation Scheme.

- 3.3 Initially, flexible retirement was introduced on the condition that employees bore any associated strain on fund costs resulting from early retirement. However, in late 2015, Strathclyde Pension Fund advised that future costs must be borne by the Council and could no longer be passed onto employees.

- 3.4 In response to Strathclyde Pension Fund advice, the Leadership Panel approved revisions to the Flexible Retirement provisions in January 2016, restricting approval to cases where:

- (a) There is no financial cost to the Council; and
- (b) The ongoing employment of the individual is deemed business critical; and

(c) The employee reduces their working hours by a minimum of 20%.

3.5 Additionally, all flexible retirement requests require the approval of the Chief Executive.

3.6 As part of this policy review, a benchmarking exercise was conducted to compare retirement options across other Local Authorities.

4. Proposals

4.1 Given the significant financial challenges currently facing the Council, it is imperative to ensure that the workforce is strategically aligned with evolving service delivery requirements and workforce priorities. There is no single or straightforward solution to overcoming these financial pressures. To effectively respond to the shifting financial landscape of local government, organisational structures must remain flexible and adaptable through the application of Service Redesign principles.

4.2 In consultation with trade unions and to support succession planning—particularly in roles where employee skills and expertise are difficult to replace, such as professional, technical, and hard-to-recruit positions—the Council proposes the introduction of a new Flexible Retirement Policy. A summary of the proposed changes, along with trade union feedback and the corresponding HR response, is provided in Appendix 2. While trade unions are generally supportive of this proposal, they have raised concerns regarding the ability of front-line roles to access flexible retirement.

4.3 Teachers currently have access to a phased retirement scheme to facilitate a gradual transition into retirement. The proposed Flexible Retirement Policy aims to offer a comparable opportunity for Local Government Employees.

4.4 To support both succession and financial planning, the proposed policy requires employees to reduce their working hours by a minimum of 50%, with a maximum two-year period from the commencement of flexible retirement to the employee's full retirement date. In exceptional circumstances this period may be extended to a maximum of 4 years.

4.5 Flexible retirement provides services with a strategic tool to achieve financial savings while enabling employees to transition smoothly into retirement. The policy offers a range of options, such as:

- Deleting 50% of the budgeted post and subsequently deleting the remaining budget upon the employee's full retirement.
- Using the budget balance to fund a trainee position, thereby supporting workforce succession planning and strengthening the future skills pipeline, which in turn reduces future recruitment costs.

4.6 Under the Flexible Retirement scheme, employees access their accrued pension benefits at the commencement of their flexible retirement. Actuarial reductions are applied to pension benefits to account for early access. However, as strain on the fund costs have increased, and in some cases, even with actuarial reductions, residual strain costs may remain. These costs cannot be passed on to the employee.

4.7 All applications for Flexible Retirement will be considered on a case-by-case basis. Where strain on the fund costs is identified, applications must be supported by a robust business case. In instances where these costs can be justified, access to the Workforce Change Fund may be available to support the financial implications.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 There may be associated strain on the fund costs that would be considered on a case-by-case basis.

7. Human Resources Implications

7.1 None in terms of staffing levels. The Framework will be applied to all relevant staff and managers will be given support from HR to ensure fair and consistent application.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*


8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There are no risks associated with rejecting the recommendations.

9. Equalities

9.1 An Integrated Impact Assessment has been carried out on the proposals contained in this report, which identifies potential positive and/ or negative impacts and/ or areas that require further consideration. The IIA Summary Report is attached as Appendix 3 which includes information on any mitigating or follow-up action required.

9.2 A copy of the fully completed IIA can be accessed here:  [IIA - Flexible Retirement Policy 140225.xlsm](#).

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, 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 Chief HR Officer 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
Publish the Flexible Retirement Policy	31 March 2025	Chief HR Officer

Background Papers **None**

Person to Contact **Wendy Wesson, Chief HR Officer**
County Buildings, Wellington Square, Ayr, KA7 1DR
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E-mail wendy.wesson@south-ayrshire.gov.uk

Date: **26 February 2025**

Flexible Retirement

Appendix 1

March 2025



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Version Control

Version Number	Effective Date	Details of Revision	Responsible Person	Review Date
1	January 2025	Review of Flexible Retirement Policy and Procedure	L Boyd/L Ponton	
2				
3				

1. Introduction

- 1.1 The Council believes that employees of all ages make a valuable contribution to its success and is fully committed to employing a diverse workforce. It recognises that some employees may elect to remain in the workplace longer. Changes to HMRC and Pension Regulations allow employers the option to allow employees to source their pension benefits whilst remaining in employment in a reduced capacity. Flexible Retirement gives pension fund members greater flexibility and choice, allowing them to transition into retirement. This Policy reflects individual choice as well as the need for the Council to exercise discretion where necessary to ensure business needs are met. It does not provide an **automatic right** to flexible retirement as there will always be circumstances when the Council is unable to accommodate the employee's request.

It is recognised that there is a need to consider requests for flexible retirement to support workforce/succession planning especially in areas where the skills and abilities of the employee would be difficult to replace in professional/technical and hard to recruit roles.

2. Scope

- 2.1 This policy and procedure applies to all employees who are members of the Local Government Pension scheme and who meet the eligibility criteria in section 3 below.

3. General principles

- (a) This Policy represents the procedure to be followed. In terms of entitlement to apply for flexible retirement and access to pension benefits, the conditions of access will be governed by the relevant pension scheme regulations.
- (b) Employees must be aged 55 or over and have at least 2 years local government pension scheme membership.
- (c) Employees requesting flexible retirement will be required to reduce their contracted weekly hours on a permanent basis by a minimum of 50% in one of the following ways:
- a. 50% deletion of post in year 1 and then deletion of balance of hours once employee retires
 - and/or
 - b. 50% used to fund trainee position for professional/technical roles/hard to recruit posts.
- (d) Employer consent must be given to early payment of pension benefits.
- (e) As Flexible Retirement enables the employee to transition in to fully retiring, the retirement must be within 2 years from date of flexible retirement. In exceptional circumstances, an extension to this timescale may be granted (up to a maximum of 4 years).
- (f) Human Resources will request details of estimated benefits for the employee, costs to the Council and any actuarial reduction that may be applied to the employee's benefits from the Strathclyde Pension Office to enable the Service and the employee to make an informed decision of the merits of such a request.
- (g) When considering requests for flexible retirement the general rule is there should be

no cost to the Council or impact on service delivery to minimise financial impact.

- (h) In exceptional circumstances, consideration may be given to a request where there are associated costs. In such instances the costs associated with the request must meet the Council's agreed 3 year payback period and a business case requires to be presented to the Chief Executive for approval.
- (i) As with all employees, the Council reserves the right to refer an employee to Occupational Health for a medical assessment at any time where it is considered necessary or appropriate.
- (j) Any approval given to flexible retirement relates only to the employee's current job and is not transferable. There will be a requirement for the employee to confirm their leaving date as part of the Flexible Retirement agreement.

4. Applications for Flexible retirement

- (a) Employees are personally responsible for considering all implications including financial, relating to their pension position with regard to flexible retirement.
- (b) Applications for flexible retirement and any reduction in contracted hours must be acceptable in terms of the exigencies of the service.
- (c) Employees requesting flexible retirement should submit their application to their relevant Service Lead. A meeting should be convened within 14 days of the request to discuss the proposal. The purpose of the meeting is to consider the feasibility of the request.
- (d) To allow sufficient time to enable provisional pension benefit figures from Strathclyde Pension Fund to be provided and operational matters considered, an application for flexible retirement should be submitted at least **6 months** before the proposed commencement date.
- (e) Employees should note that applications require to go through an approval process where both costs and impact on service delivery will be considered, therefore not every request will be approved. However, there may be an opportunity to re-apply but there can only be one flexible retirement application can be submitted within a 12-month period.

5. Operational Guide

5.1 Responding to the Employee's Request

- (a) When a request is received the Service Lead will discuss the request with the employee and make an initial assessment of the proposed working arrangement on service delivery.
- (b) Where a request can be supported in principle by the Service Lead following the initial assessment, the Service Lead will liaise with their HR Advisor to enable a request to be made to Strathclyde Pension Fund Office for the estimated benefits for the employee and costs to the Service. This may take approximately 4 months.
- (c) When available, the HR Advisor will provide the employee with their benefit estimate along with their Flexible Retirement application form.
- (d) Following receipt of the benefit estimate, the employee should confirm if they wish/do not wish to proceed with their application. Employees are reminded that applications

are considered on the basis of cost to the Council and impact on service delivery, therefore their application may not be approved.

- (e) If the employee wishes to proceed, the HR Advisor will provide an estimate of costs to the Service Lead for discussion with their Principal Accountant and Assistant Director.
- (f) The Assistant Director will consider the business case presented in relation to the request and confirm if they are supportive of the request.
- (g) If the Assistant Director supports the request, the completed application form should be forwarded to the Chief HR Officer to certify that all the necessary supporting documentation is available.
- (h) Once approved, the Service Lead will meet with the employee to advise the outcome of their application. The meeting will be used to agree/confirm the flexible retirement arrangements and provide the pension paperwork for completion.
- (i) The outcome of the meeting will be confirmed to the employee within 14 days and details provided to the HR Advisor to arrange for a new contract of employment to be issued based on the flexible retirement work pattern.
- (j) If after considering the request, a decision is taken to deny the request, this should be discussed with the Chief HR Officer, thereafter the Service Lead must meet with the applicant within 14 days. This will enable the Service Lead to discuss the request with the employee. The employee has a right to be accompanied at the meeting by an appropriate work colleague or trade union representative. The outcome will be confirmed in writing informing the employee of their right of appeal.
- (k) The request **should not** normally be subject to a medical check by Occupational Health unless there are genuine concerns about the employee's ability to continue working under flexible retirement arrangement in their post in which case a referral should be made to HR-PolicyOperations@south-ayrshire.gov.uk requesting an Occupational Health assessment.

5.2 Appeal Meeting

- (a) The employee has a right of appeal against the decision reached by their Assistant Director (within 14 days of notification of the decision). The employee or their representative on their behalf should appeal in writing to Chief HR Officer.
- (b) The Chief HR Officer will arrange for a nominated Chief Officer to hear the appeal within 14 days. The employee has the right to be accompanied by an appropriate work colleague or trade union representative.
- (c) The appeal meeting provides an opportunity for the employee to outline their case. At the end of the meeting a decision may be taken that whilst the employee's stated request cannot be accepted, there may be a compromise solution, the employee should be informed in writing.
- (d) If after the appeal meeting, a decision is taken to accept the employee's request, they should be informed in writing confirming the effective date of the flexible retirement together with a contract detailing the revised working hours.
- (e) Where a decision is taken to reject the appeal, the employee should be informed in writing within 14 days after the date of the meeting.
- (f) Where an appeal is not upheld, the employee has the right to appeal as part of the Grievance Procedures to the Council's Appeals Panel. Appeals should be submitted to the Chief Governance Officer, Legal and Regulatory Services within 14 days from the date of receipt of the Chief Officer decision. A meeting of the Appeals Panel will be called within 28 days of the request for a hearing being received.

6. Reasons for Refusing a Request

- The burden of additional costs to the Council
- An inability to reorganise work among existing employees
- An inability to recruit additional employees
- A detrimental impact on quality
- A detrimental impact on performance
- A detrimental effect on ability to meet customer demand
- Insufficient work available for the periods the employee proposes to work
- Planned structural changes to the business

7. Employee Considerations

- 7.1 Employees should be aware of the following when considering flexible retirement:
- (a) Flexible retirement is a permanent contractual change until date of retirement.
 - (b) Remaining in employment whilst in receipt of pension benefits may result in a higher rate of tax.
 - (b) Employees are agreeing to draw their full pension benefits accrued up to the start date of the flexible retirement (subject to any actuarial reduction). It is not possible to opt to draw only part of these benefits.
 - (c) Employees can rejoin the pension scheme building up new pension benefits based on their reduced salary, these benefits will become payable when fully retiring. Employees can also elect to make AVC contributions should they wish to do so.
 - (d) Employees who do not wish to rejoin the pension scheme will not be entitled to receive any additional LGPS pension when they fully retire and will not be eligible for death in service benefits.
 - (e) Further information can be accessed from www.spfo.org.uk or by telephoning 0345 890 8999.
 - (f) It is recommended that employees seek independent financial advice to ensure they are fully aware of any financial implications with regard to flexible retirement. Details of Independent financial services can be found within the Financial Conduct Authority's Financial Services Register at <https://www.fca.org.uk>.

8. Policy Review

- 8.1 This policy will be reviewed in light of operational experience, legislation and effectiveness. Requests will be monitored to ensure equalities principles apply.

Flexible Retirement
Summary of Amendments – January 2025

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
Current Retirement Framework section 3 – LGE				
Currently we don't offer to employees. However, there are exceptional circumstances as detailed below.	The Council wishes to allow employees to source their pension benefits whilst remaining in employment in a reduced capacity. This is not an automatic right, but employees will be able to request to be considered.			
Eligibility: <ul style="list-style-type: none"> • There is no cost to the Council and • Where there is a business critical reason and • Where there is a reduction of at least 20% 	Eligibility: <ul style="list-style-type: none"> • Employees will be required to reduce their contracted weekly hours on a permanent basis by a minimum of 50% in one of the following ways: <ul style="list-style-type: none"> a. 50% deletion of post in year 1 and then deletion of balance of hours once employee retires. and/or b. 50% used to fund trainee 	PB, BC and CR concerned re trainees – will they be recruited and not just “hand picked” – need to have career grades in place also how do employees progress in the higher graded posts, we need to consider succession planning at higher levels too.	We will have a proper recruitment and selection process for trainees and job evaluated career grades, we will also recruit internally in the first instance unless the skills don't exist internally. We will also consider experience, and not just qualifications, we wish to have a “grow our own” approach where we can.	

	<p>position for professional/technical roles/hard to recruit posts.</p> <ul style="list-style-type: none"> • Retirement must be within 2 years from date of flexible retirement commencing (can be extended to a max of 4 years in exceptional circumstances) • Confirmation of date of leaving as part of Flexible Retirement agreement • General rule that there will be no cost to the Council • In exceptional circumstances, consideration may be given to a request where there are associated costs but these must meet the Council agreed 3 year pay back period 	<p>PB and CR concerned we provide training then trainee leaves SAC for higher salary elsewhere</p> <p>CR concerned what would happen if trainee didn't achieve qualification and also if trainee takes a break from the qualification – contingencies would need to be put in place.</p>	<p>Trainees would be required to sign a learning agreement.</p> <p>Trainee progress would be reviewed on a regular basis to identify at an early stage, that progress is being made as expected. There is the option to extend flexible retirement timescales to 4 years in exceptional circumstances.</p>	
Current Retirement Framework section 3 – Teachers				
There are no changes to the current Teachers Phased Retirement Scheme	There are no changes to the current Teachers Phased Retirement Scheme			

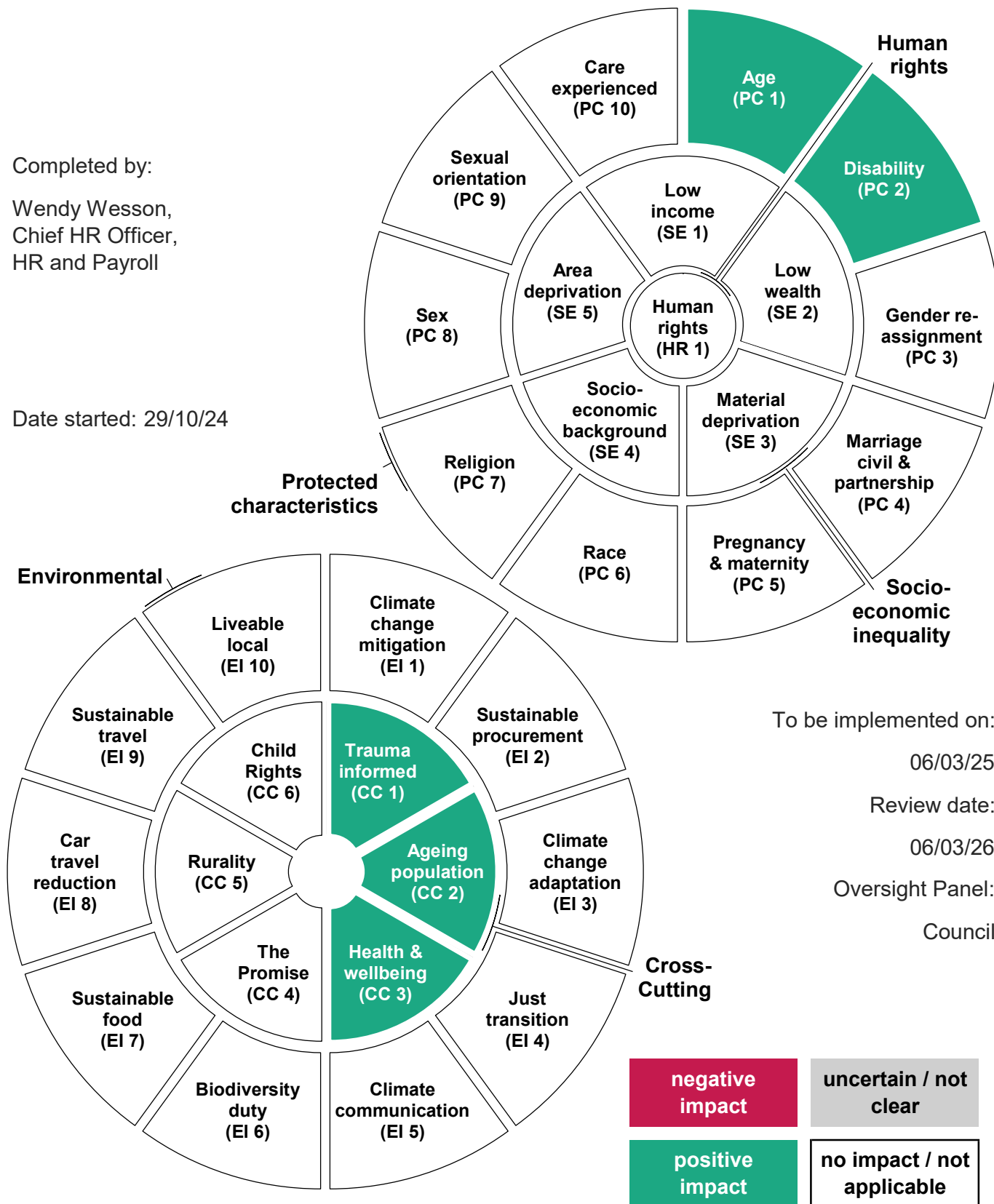
Integrated Impact Assessment Summary Report

Flexible Retirement Policy



Completed by:
Wendy Wesson,
Chief HR Officer,
HR and Payroll

Date started: 29/10/24



To be implemented on: 06/03/25
Review date: 06/03/26
Oversight Panel: Council

Public sector equality duty

Eliminating unlawful discrimination, harassment, and victimisation?

No impact. The introduction of a flexible retirement policy does not eliminate or introduce opportunities for discrimination, harassment and victimisation.

Advancing equality of opportunity?

No impact. The introduction of a flexible retirement policy does not eliminate or advance equality of opportunity.

Fostering good relations?

No impact. The introduction of a flexible retirement policy does not foster or worsen good relations.

Consultation declaration

We confirm consultation has been carried out as part of this process.

South Ayrshire Council

**Report by Chief HR Officer
to South Ayrshire Council
of 6 March 2025**

Subject: Framework for Managing Workforce Change

1. Purpose

1.1 The purpose of this report is to seek approval of revisions to the Framework for Managing Workforce Change.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 approves the removal of the No Compulsory Redundancy Pledge; and

2.1.2 approves the Framework for Managing Workforce Changes (as contained in Appendix 1).

3. Background

3.1 The current Framework for Managing Workforce Change, last reviewed in 2018, incorporated a No Compulsory Redundancy Pledge to reflect the Council's commitment to supporting its workforce during periods of change.

3.2 However, in light of the significant financial challenges currently facing the Council, it is essential to ensure that the workforce is strategically aligned with evolving service delivery and workforce priorities. Through the application of Service Redesign principles, organisational structures must remain adaptable to effectively respond to the shifting financial landscape of local government.

3.3 While every effort will continue to be made to minimise the need for compulsory redundancies, it is increasingly evident that, given the scale and nature of the required changes, the ongoing viability of a No Compulsory Redundancy Pledge is no longer practical.

4. Proposals

4.1 In consultation with trade unions, the Framework for Managing Workforce Change has been reviewed, and it is proposed that the section on the No Compulsory Redundancy Pledge be removed.

- 4.2 The revised policy is designed to address all key drivers of workforce change while providing clearer guidance across its core sections, including the Matching Policy, Redundancy Policy, Redeployment Policy, and TUPE.
- 4.3 The TUPE section has been updated to reflect current legislation, incorporating links to ACAS checklists and additional guidance to ensure compliance and clarity.
- 4.4 The revised Framework has been thoroughly discussed with the joint trade unions, who have provided constructive and valuable feedback. A summary of the specific changes, along with trade union comments and HR response, is attached at Appendix 2. The primary concerns raised by trade unions relate to the proposed removal of the No Compulsory Redundancy Pledge and the replacement of Compensatory Added Years (CAY) with a redundancy payment. The latter will be addressed in a separate report. Trade unions expressed concern that implementing both changes simultaneously would be a significant shift and suggested a staged approach. However, there was general recognition of the financial challenges facing the Council and the rationale for reviewing these policies at this time.
- 4.5 The proposed removal of CAY will be addressed in a separate report, with the recommendation based on reducing financial costs to the Council. In response to trade union concerns regarding the removal of the No Compulsory Redundancy Pledge, officers have reviewed the Redeployment Section of the Framework and introduced an additional provision in the Redundancy Policy—**Alternative Employment**. This provision ensures that employees who receive notice of termination will, where possible, be offered an alternative role that meets the minimum criteria and is the most comparable to their displaced position.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Not applicable.

7. Human Resources Implications

- 7.1 None in terms of staffing levels. The Framework will be applied to all relevant staff and managers will be given support from HR to ensure fair and consistent application.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 Risk Implications of Rejecting the Recommendations

- 8.2.1 There are no risks associated with rejecting the recommendations.

9. Equalities

- 9.1 An Integrated Impact Assessment has been carried out on the proposals contained in this report, which identifies potential positive and/ or negative impacts and/ or areas that require further consideration. The IIA Summary Report is attached as Appendix 3 which includes information on any mitigating or follow-up action required.
- 9.2 A copy of the fully completed IIA can be accessed here: [IIA - Framework for Managing Workforce Change 13.02.25.xlsm](#).

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, 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 Chief HR Officer 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
Update and publish the Framework for Managing Workforce Change	31 March 2025	Chief HR Officer

Background Papers **None**

Person to Contact **Wendy Wesson, Chief HR Officer**
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Date: **26 February 2025**

Framework for Managing Workforce Change

March 2025



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Version Control

Version Number	Effective Date	Details of Revision	Responsible Person	Review Date
1	January 2025	Review of "2018 Managing Change policy and removal of No Compulsory Redundancy pledge	L Boyd	
2				
3				
4				

Section 1

Framework

1.1 Context

The Council has an overarching responsibility to ensure that an appropriate workforce structure is in place to meet the organisational vision, values and performance objectives, and to deliver high quality, cost effective and integrated services to the people of South Ayrshire.

This will require ongoing monitoring and review of the way our business is designed and delivered and, as appropriate, the implementation of alternative delivery models, new working methods, redesigned jobs, increased productivity, new skills and revised working patterns and arrangements.

The Council is committed to maximising employment opportunities, however, workforce changes may be necessary to achieve wider organisational goals and may include reducing overall employee numbers in certain areas; changing job remits (and, if appropriate grades); amending working practices, patterns, work locations, terms and conditions and other similar changes. In such circumstances, the Council will take all reasonably practicable steps to avoid or mitigate any detrimental impact on employees, particularly where this is financial, but it cannot guarantee to do so.

The Council acknowledges the uncertainty such change can create, and this Framework aims to ensure that in such circumstances fair and reasonable processes are applied. This will include full and informative consultation with trade unions and employees on the changing requirements and the options to achieve these. In addition, all appropriate solutions must be developed and explored in order to mitigate any adverse impact of change and in the first instance everything will be done to ensure that a voluntary approach is adopted to the management of change and the redesign of services.

1.2 Scope

This Framework applies to all employees, with the exception of staff covered by SNCT terms and conditions, for whom separate arrangements exist. It outlines how the Council will approach and manage significant changes affecting the workforce as seamlessly and effectively as possible.

By necessity, the Council will have to respond to evolving, and often conflicting, service demands and customer requirements, therefore, it is not possible to prescribe or restrict the circumstances requiring the application of this Framework. However, these are likely to include:

- service redesign;
- minor structural redesign;
- changes in working practices;
- significant relocation of services;
- reduction or cessation of service delivery;
- efficiency savings which result in the deletion of jobs that are occupied; and
- changes to service delivery arrangements which result in another organisation delivering the service.

The Service Redesign toolkit [Service \(Re\)Design - Embedding Design Principles into Service Reviews](#) should be referred to along with this framework when carrying out service redesign and the other associated activities listed above. Please also ensure your HR Advisor and Trade Union representatives are involved in discussions.

The Framework will not apply where:

- the changes relate only to the creation of new jobs within an existing approved structure;
- the changes relate only to line management arrangements within an existing approved structure;
- there is a slight change to work location;

- the changes relate to the deletion of vacant posts where there is no (or only marginal) impact on remaining jobs; or
- there are proposed variations to an employee's, or to a number of employees', job descriptions which are not substantial.

The Job Evaluation/Re-evaluation procedures will be applied as required to the above circumstances. The Council also retains the right to amend or alter a single employee's duties, responsibilities or working practices in accordance with the employee's contract of employment and subject to prior discussion with and provision of reasonable notice of the change to the employee and their representative.

However, as appropriate, the **Redeployment Policy (section 4)** of this Framework will also be used to support employees who, for personal reasons (for example, ill-health, capability, or disability) can no longer continue in their substantive post.

It should be noted that the Redeployment Policy will not apply to cases where an employee moves to another post as a result of the outcome of a disciplinary situation.

1.3 Principles

As referenced in the Service Redesign Toolkit, this Framework reflects an organisational recognition that:

- organisational change and transformation will be a continuous part of the Council's business;
- effective workforce planning is essential to meet future service needs;
- there is a requirement to adopt a more flexible approach to changing job requirements, where employees understand that all jobs may be subject to change;
- job security and employability will be maximised and promoted where practicable, but cannot be guaranteed;
- at the earliest possible stage, a manager who is contemplating a change to service delivery, needs to identify and assess any resulting implications for workforce requirements and plan timescales accordingly, this will require ensuring that all establishment information is accurate and up to date including all vacancies, acting up and temporary arrangements prior to developing detailed Service redesign proposals. Finance and HR colleagues will provide support to ensure that information is accurate and that appropriate decisions can be made in relation to any action required;
- meaningful consultation with employees and Trade Union Representatives will take place, (please refer to section 3.4.1) and meaningful ongoing communication is essential to ensure employees and trade unions are aware of any proposed changes and of the potential implications for working arrangements;
- fair treatment and support will be assured for employees who are displaced or who face redundancy;
- whenever possible, displaced employees will be redeployed to suitable alternative roles;
- employees will be expected to make all reasonable efforts to adjust and adapt to suitable alternative roles;
- transferable skills will be identified and developed where practicable;
- any changes to services will ensure that the necessary skills, knowledge and balance of the workforce are available to maintain service delivery requirements, and
- there must be a positive benefit to the Council in terms of savings and any costs associated with approving employees to leave the organisation must be recovered within the Council's agreed 3 year payback period.

1.4 Definitions

For the purpose of this Framework:

A **Job** – is the description used for a particular remit, for example, a Social Worker or Human Resources Adviser.

An employee's substantive job will be used for the purpose of this policy unless he or she has been in another temporary position for 4 years or more, in which case the **temporary position will be used**.

A **Post** – is the description used for a number of a particular job, for example, 6 part-time posts of Environmental Health Officer, or 10 full-time equivalent posts of Catering Assistant.

Suitable Alternative Employment – this is a different job offered to an employee at risk of redundancy which aligns with the employee's terms and conditions, skills, experience and circumstances. This may be a post on similar terms and conditions or one which minimises any financial detriment.

1.5 How Workforce Changes will be Managed

For the purpose of this framework, the most significant and relevant workforce changes relate to:

- a reduction in the number of posts of a particular kind;
- structural changes involving the deletion of existing jobs and the creation of new jobs;
- changes to job remit, working pattern, location, hours of work, or grade; and
- changes to service delivery arrangements, such as shared services, partnerships, social enterprises, external contracting and other similar measures.

1.5.1 Reduction in the number of posts:

Where it is necessary to reduce a number of posts in a particular job group, but the job remains unchanged (for example, in terms of duties, responsibilities or grade), this will involve selecting employees for redundancy and redeployment of displaced employees.

The Redundancy Policy is outlined at Section 3 below, including the selection criteria.

1.5.2 Structural change:

In some situations, it may be necessary to change structural design within a service area so that jobs are deleted because they no longer reflect service requirements and new jobs are created which do. Where all posts of a particular job type, undertaking a particular remit and within a defined service area are deleted, the postholders may, technically, be redundant.

However, in the first instance, attempts will be made to match employees to the newly created jobs as outlined in the **Matching Policy** at **Section 2** below.

1.5.3 Changes to job remit, working pattern, location, hours of work, or grade:

In some cases, the necessary change relates to an existing post that will continue to exist following the change, albeit with some adjustments, for example, revised duties or responsibilities, working patterns, location, hours of work, grade etc.

The necessary changes will be implemented by varying contracts of employment and will involve full consultation and discussion with individual employees and relevant trade union representatives. Following this consultation process, the employees, for whom the changes are necessary, will be asked to accept the necessary contractual variation. Ultimately, if an employee does not accept the variation required to implement the required change, it will be necessary to terminate the existing contract (with appropriate notice) and issue a new contract which contains the required contractual terms.

Reduction in Working Hours - In many cases, a reduction in working hours will be achieved by varying an existing contract. However, it is accepted that more significant reductions in working hours may constitute redundancy, with associated entitlement to redundancy pay. The test in such cases will be the extent to which the new hours are a reasonable alternative to the original hours. Where the reduction in hours is limited, and all other aspects of the job remain unchanged, the Council may deem an employee's refusal of the alternative post hours to be unreasonable, with the result that it is not appropriate to pay a redundancy payment. Where a reduction in hours has a fundamental impact on the terms and conditions of the employee, then it is likely that this may constitute redundancy, each case will be looked at individually.

Change to Working Location - More generally, the ongoing monitoring and review of Council services will inevitably lead to changes in the way services are designed and delivered. This, in turn, will have implications for the working patterns and arrangements of employees providing those services, with an increasing requirement for flexibility and mobility, for example, home working arrangements and flexible

work locations. Please refer to the Council's Remote Working Policy for information on Council Work Styles. [Remote Working - Health, Safety and Wellbeing - The Core \(south-ayrshire.gov.uk\)](https://www.south-ayrshire.gov.uk). Any such proposals to change the working location of employees will be discussed with the relevant trade union representatives at an early point and prior to any changes being made.

1.5.4 Changes to Service Delivery Arrangements:

As part of its Transformation Agenda, the Council is committed to a rolling programme of Service Redesign which consider the current service delivery arrangements (both in terms of design and performance) and may identify and appraise alternative options for service delivery, such as shared services, partnerships, social enterprises and external contracts.

Most service redesign will result in changes to, for example, workforce numbers, job remits, structural design or working hours and patterns. However, on occasions, they may also result in a change of service provider, which has a potentially significant workforce implications, through the transfer of the work to another organisation and the application of the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) 2006 (as amended). **Section 5** below outlines the Council's **TUPE Guidance**.

1.6 Measures to Avoid or Address Displacement of Employees

In situations where workforce change is likely to result in employee displacement, for example, where the number of posts of a particular job kind is reducing, or where a post is being deleted entirely, the Council will consider measures to avoid employee displacement, such as:

- restricting or freezing recruitment of permanent employees;
- reducing or eliminating overtime;
- freezing or reducing the number of temporary employees;
- reducing or eliminating the use of casual workers;
- ending or limiting the use of agency workers;
- reduction in working hours for some or all employees in a job group;
- seeking volunteers for a reduction in working hours or part-time or flexible working arrangements, that align with the employee's own work/life balance aspirations, with a commensurate reduction in pay and benefits;
- Voluntary Severance /Voluntary Early Retirement.

All such alternative solutions will be dependent upon service requirements, subject to consultation with the affected employees and relevant trade union representatives. Managers will consider the extent to which any alternatives impact on the employee, such as changes which result in increased workload, how an employee skill set links to new or revised roles. Managers will consider what steps it could take to address these issues e.g. additional training.

The necessary changes to contractual terms will be implemented through **variation to contracts**.

Voluntary Severance – Applications for voluntary severance will be sought, either to avoid the need to select employees for redundancy or to free up a post elsewhere in the organisation, unaffected by the change, in order to provide a redeployment opportunity. It should be noted that in registering interest in voluntary severance there is no obligation either on the part of the Council to agree to release the employee on these terms, or on the employee to accept any offer made in this respect.

Voluntary Early Retirement – Applications for voluntary early retirement will be sought from employees who are members of the Strathclyde Pension Scheme and are age 50 or over (with a continuous scheme membership start date on or before 5 April 2006) or age 55 (if continuous scheme membership commenced on or after April 2006). It should be noted that in registering interest in voluntary severance, there is no obligation either on the part of the Council to agree to release the employee on these terms, or on the employee to accept any offer made in this respect.

In the above scenarios where employees are displaced, the Council will make every effort to identify suitable alternative employment as a result of workforce changes as outlined in the **Redundancy Policy** at **Section 3** of this Framework and in the Council's Early Retirement Framework.

1.7 Consultation and Engagement

The Council will fully comply with statutory consultation requirements, for example, in terms of redundancy, TUPE etc. However, recognising that robust consultation and engagement is essential for the effective

management of **all** organisational change, it will ensure employees who are, or are potentially, affected by any proposed change and the relevant trade union representatives, are informed and consulted as soon as practicable in relation to workforce changes covered by this framework. This will include:

- communicating openly and honestly with employees and their representatives;
- giving employees and their representatives clear and up-to-date information;
- ensuring trade union representatives are provided with adequate time to appropriately participate in consultation and represent their members as and when required; and
- allowing employees and their representatives the opportunity to meet and to make suggestions about proposed changes which impact on them.

Where changes to pay and/or other terms and conditions of service or other Council/Trade Union agreements are being contemplated, the Chief HR Officer must be notified. This type of change will require employee and trade union involvement at the earliest opportunity to allow meaningful negotiations to take place.

1.8 Managing Change Approval Criteria

Where changes to the workforce result in costs to the Council, these will only be considered in the following circumstances:

- service redesign,
- a reduction in workforce numbers, as a means of mitigating future redundancy, or
- where a sound business case has been presented by the service and where the cost will be of benefit to the Council.

All the necessary approvals for costs must be adhered to. Managers must liaise with their Finance Team Co-ordinator to confirm costs to ensure that information is accurate and that appropriate decisions can be made in relation to the proposals being taken forward.

1.9 Payback Period

In determining whether it is financially feasible for the Council to approve any costs associated with early departure options, the Council has an agreed 3 year payback period. Any costs which are outwith the agreed payback period, will be deemed as unaffordable by the Council. Only in exceptional circumstances will any payback period in excess of the agreed number of years be approved, and this would be subject to a business case and approval of Cabinet.

The 'total cost of retirement' must include any strain on the fund cost, and redundancy where applicable.

The 'total salary savings' must relate to the **actual** post being removed from the Service's budget. This may not necessarily be the post of the employee leaving the service of the Council, it may be a related post or alternatively part of a post. In circumstances of flexible retirement there remains an ongoing annual salary and this must be taken into account when determining salary costs and savings. Managers must liaise with their Finance Team Co-ordinator to confirm costs.

1.10 Efficiency of the Service

In circumstances where a post has substantially changed through service redesign (but has not been deleted), resulting in the employee's skills no longer being a fit for the role with minimum training (perhaps as a result of merging roles) and where redeployment to another role/service is not suitable, the Council may consider the employment contract ending on the grounds of efficiency of service allowing the employee immediate access to unreduced pension benefits accrued to date of retirement and the Council will meet any strain on the fund cost. Please refer to the Council's Retirement Framework.

Section 2

Matching Policy

2.1 Introduction

There will be situations, most particularly structural reviews, where a number of jobs (which are no longer meeting the needs of the service) are deleted and new, and different, jobs are created (which do so) and it will be necessary to match the employees displaced by the post deletions to the newly created jobs.

In some situations, certain duties and responsibilities may simply cease to exist (where, for example, they are no longer necessary because of changing technology, service demands, legislation, or process design). In other situations, duties may remain and be incorporated into one or more of the new jobs.

Where there are only minor changes to a job, the existing job remit will be varied and there will be no need to delete the post and create a new one. This situation will be dealt with under job evaluation/re-evaluation processes and by varying existing contracts of employment and is not covered by the Matching Policy.

Where all posts of a particular job kind are deleted, but new and different ones are created, it is not necessary to select employees, because all employees in that job are effectively displaced and are technically redundant. The matching process will be used to match displaced employees to the new posts, or alternative employment will be sought elsewhere in the Council prior to progressing the redundancy process.

Where some, but not all, posts of a particular kind are deleted, and the remaining posts continue to operate as before, or with only slight changes, it will be necessary to select the employee(s) to be displaced. This situation is not covered by the matching process and will be dealt with in accordance with the **Redundancy Policy**, using the Redundancy Selection Assessment Form in **Section 3**.

The Chief HR Officer has responsibility for overseeing all matching exercises.

2.2 Process

- 2.2.1 The matching process works by matching employees whose jobs are deleted, to newly created posts, through a comparison of the remits of the deleted and new posts and by identifying the elements which are common to both.
- 2.2.2 In such situations, the Manager who knows the remit of the old jobs and the planned remit of the newly created ones will identify the employees for whom the new job is potentially a suitable match.
- 2.2.3 An employee will be considered for matching purposes where the new job contains any post-specific element of their deleted job, unless they do not hold a particular specific qualification which is an essential requirement of the new post and which cannot be met by previous work experience. If an employee is part qualified and/or is working towards the qualification, the manager will decide if the employee is to be considered for matching.
- 2.2.4 It should be noted that where the only match between existing and new posts relates to generic responsibilities, (such as supervising staff or ensuring compliance with health and safety requirements), these alone will not make an employee eligible for matching.
- 2.2.5 Details of the proposed matching will be shared with the relevant trade unions in advance of employees being advised, to enable trade union representatives to respond to queries from their members about their individual personal circumstances. However, recognising the need for confidentiality in terms of individual employee information, the information shared with the trade unions cannot be circulated to all the employees affected.
- 2.2.6 Managers will respond to queries they receive directly, for example from employees who are not members of a trade union.

2.2.7 Following discussion with trade union representatives, letters will be sent to employees who are displaced as a result of the deletion of their post advising:

- that their post has been deleted and the reason for this;
- of the fact that new posts have been created which might represent suitable alternative employment;
- that a matching process will be undertaken to match displaced employees to newly created posts;
- of the posts which appear potentially to be a suitable match;
- that they should rank the identified potential match posts in order of preference (where there is more than one post identified);
- that the employee should identify additional or alternative posts which they consider to also be potentially a suitable match;
- that it will be for the manager to ultimately determine if additional or alternative posts are potentially a suitable match; and
- that they should indicate if they don't think any of the identified posts are suitable.

Template letter available from HR.

2.2.8 It should be noted that the employee is only **potentially a suitable match**. The new jobs are different and do not directly replicate the deleted ones; if they did, there would have been no requirement to delete the original jobs. Therefore, the Manager must be satisfied that the employee is capable of carrying out the new job and will do so by using established recruitment and selection arrangements. This will be particularly important where the new post has greater responsibility. The same principles will be applied to matching as to normal recruitment – similar selection methods will be used, i.e., matching interview, which will also allow employees to determine if they have the right skills for the job as they can ask questions to clarify the job expectations and appointment based on merit, with the individual(s) who demonstrate the greatest competency being matched to the new post(s).

2.2.9 Where there are more employees for whom the new job is a potentially suitable match than there are available posts, employees will have to go through a competitive selection process. Reflecting the fact that there may be more than one post which is a potentially suitable match for an employee, efforts will be made to accommodate employee preference in terms of the sequence and number of competitive interviews.

Template letter available from HR.

2.2.10 At the point when it is clear that the only alternative employment available to an employee is at a lower grade, the employee will be advised that they are at risk of redundancy.

Template letter available from HR.

2.2.11 Where an employee is not appointed to any of the new jobs which were potentially a suitable match, they will, effectively, be in an at risk of redundancy situation and will be placed on the Council's Redeployment Register. From this point, the Council's Redundancy Policy will apply, for example, in terms of right to time off, redeployment and severance payments. If redeployment is unsuccessful, the employee will be issued with appropriate notice of termination of employment on the grounds of redundancy. During the notice period, every effort will be made to identify other suitable alternative employment.

Template letter available from HR.

2.2.12 Posts not filled through the matching process will be filled through a normal recruitment process unless the post is suitable for general redeployment purposes.

2.3 Consultation

As a minimum, in all situations where matching is necessary, the following will apply.

2.3.1 Collective Consultation

At the earliest opportunity, following the decision to process with the review, trade unions will be provided with details of:

- the reason for the proposals;
- the specific changes that are proposed, including deletion and creation of posts;
- the employee groups who will be affected;
- the proposed matches for the affected employees; and
- the proposed timescales for implementing the changes.

The timescales for this consultation will be undertaken on the basis that:

- consultation will take place when the proposals are still at a formative stage;
- adequate information, on which to respond, will be shared;
- adequate time, within which to respond, will be given; and
- the Council will conscientiously consider the responses to the consultation.

2.3.2 Individual Consultation

In addition to discussion with trade unions, employees affected by the changes will be advised of the proposals as soon as practicable. Managers will arrange to meet the employees (either collectively or individually) and will be accompanied by a representative from the HR Team as appropriate.

Employees will be given the opportunity to be accompanied by a trade union representative or appropriate work colleague at individual meetings with the manager.

At the earliest opportunity and following the start of the TU consultation detailed above, employees will be provided with details of:

- the reason for the proposals;
- the specific changes that are proposed, including deletion and creation of posts;
- the employee groups who will be affected;
- the proposed method of matching employees to new posts; and
- the proposed timescales for implementing the changes.

Employees will also be given the opportunity to raise any concerns, comments or objections to the proposals.

It is essential to note that Employees on family leave, long term sickness absence, career break, or other authorised absence must be consulted. Where possible, this will be through the least intrusive and stressful method of contact, which will be agreed with the employee.

2.4 Complaints About the Outcome of Matching

As outlined above, the Matching process will be initiated where existing posts are deleted and new and different ones are created. At the point at which the Matching process is applied, the decision to delete the original post(s) will already have been taken by the Council, therefore, there is no right to appeal against the decision to delete posts.

Where an employee believes they have been treated unfairly or been discriminated against in the matching process, they should write to the Chief HR Officer within 14 days of being advised of the outcome of the matching process. Complaints will be investigated by an independent Senior Council Officer and a response issued normally within 10 working days from receipt of the complaint.

It should be noted that while an employee can complain about the outcome of a matching process, the complaint can only relate to their own circumstances or outcome. There is no route open to employees to complain about

the inclusion of another employee in a matching process for a particular post, or about any other issues affecting another employee(s).

An employee who is not appointed to an alternative post through the matching or redeployment policies, will have their employment with the Council terminated on the grounds of redundancy at the end of the notice period. The employee will have the right to request a review of the circumstances which led to their redundancy dismissal as outlined in the Redundancy Policy.

Section 3

Redundancy Policy

3.1 Introduction

The Council's primary responsibility is to provide efficient and effective services to its residents, communities and service users, and as outlined previously, this involves the requirement to make necessary workforce changes. Within this context, the Council will make every effort to safeguard employment and avoid job losses.

However, in some situations, a reduction in employee numbers or jobs, which constitute redundancy, will be inevitable. In such circumstances, the Council will handle the process in a fair, consistent, objective and non-discriminatory manner. Employees will be given support and advice during the process and efforts will be made to identify suitable alternative employment.

Earlier sections of this Framework outline the situations where changes in the workforce may lead to a redundancy situation, for example, the reduction in number of a particular job; deletion of posts; change of remit or a significant reduction in hours. In restructuring situations, where a number of jobs are being deleted and a similar number of new jobs created (albeit with different remits and/ or grade), the matching process should be completed before there is any move to activate a redundancy.

The Council will fully comply with its statutory obligations.

In all circumstances, before a post is declared redundant, or employees selected and notified to this effect, the Chief HR Officer will review the situation to confirm whether or not a redundancy situation exists. This policy will only be initiated where there is a genuine redundancy.

3.2 Definition of Redundancy

Redundancy is a dismissal under employment law which is attributable, wholly or mainly, to the fact that:

- the employer has ceased or intends to cease to carry on the business for the purposes for which the employee was employed, or has ceased, or intends to cease, to carry on that business in the place where the employee was employed; or
- the requirements of that business for employees to carry out work of a particular kind, or for employees to carry out work of a particular kind in the place where he/she was so employed, have ceased or diminished or are expected to cease or diminish. In this respect, the reduction in the working hours of all or some employees, but where the overall number of employees remains unchanged, may also constitute redundancy.

Whether or not a redundancy situation exists will be determined by the particular circumstances and each case will be considered individually with due regard to the impact on the employee concerned.

3.3 Avoiding Compulsory Redundancy

As outlined above, when it is established that staffing reductions, which may result in displacement of staff, are necessary, the Council will take steps to avoid or minimise the number of possible redundancies by considering any or all of the following:

- restricting or freezing recruitment of permanent employees;
- reducing or eliminating overtime;
- freezing or reducing the number of temporary employees;
- reducing or eliminating the use of casual workers;
- ending the use of agency workers;
- reducing employees' working hours; and
- seeking applications for voluntary severance.

3.4 Process

- 3.4.1 If the above measures are insufficient to achieve the necessary reductions, redundancies may be unavoidable. In such circumstances, the Council will consult with the appropriate trade unions, as soon as it is known that redundancies will need, or are likely, to be made, even if the employees in question are not members of a trade union.
- 3.4.2 Similarly, if in a structural review, the only available alternative employment (identified through the matching process, outlined at Section 2 above) is reasonably deemed to be unsuitable by the employee, they will be in a redundancy situation and, in conjunction with discussions with the trade unions, the employee shall be notified accordingly.
- 3.4.3 The relevant manager will consult with the relevant trade union as soon as it is known that redundancies will, in all likelihood, be unavoidable, but at the very least within the timescales required by legislation. The manager will also consult with the individual employees who may be affected by, or included in, the redundancies.
- 3.4.5 Employees in posts which are at risk of redundancy will be issued with an 'at risk of redundancy' letter.
Template letter available from HR.
- 3.4.6 Where all posts of a particular job type are being deleted, it will **not be** necessary to select the employees who will be redundant as all will be displaced.
- 3.4.7 Where only some posts of a particular job type are being deleted, it will be necessary to select the employees who will be redundant and this process will be carried out using the Redundancy Selection Assessment Form below.
- 3.4.8 Employees who have been issued with an 'at risk of redundancy' notice but who have not been selected for redundancy or who have been redeployed to suitable alternative employment will receive written confirmation that the notice is withdrawn and will receive details of their new post.
Template letter available from HR.
- 3.4.9 The Chief HR Officer is specifically tasked with coordinating the communication, consultation and selection process in all redundancy situations and for ensuring compliance with the above provisions.

3.5 Selection for Redundancy

- 3.5.1 The Council will apply as precise and objective selection criteria as possible and apply these fairly and consistently using the standard agreed Redundancy Selection Assessment Proforma (Refer page 20) of this policy.

A representative of the Human Resources team will always be involved in the selection process.

The relevant Chief Officer, or nominated manager, will clearly record the outcome of the selection process, using the Redundancy Selection Assessment Form.

Where, at the end of the selection assessment process, the number of employees with the same lowest score is greater than the number of people to be selected, final selection will be determined by a competitive selection process, with the employee(s) with the lowest score in that selection process being declared redundant.

The relevant Chief Officer, or other nominated manager and a representative from the Human Resources team will meet the employees who have been selected for redundancy and clearly outline the reason for their selection.

Template letter available from HR.

In selecting employees for redundancy, the following will not be taken into account:

- pregnancy and all reasons relating to maternity/adoption leave;

- acting as an employee representative or a trade union representative or trade union membership;
- being employed on a part time or fixed term basis;
- a reason relating to any protected characteristic as defined by the Equalities Act 2010;
- pay and working hours related to an employee's statutory rights;
- taking action on health and safety grounds; and
- for making a protected disclosure within the meaning of the Public Interest Disclosure Act 1998.

3.5.2 Pregnancy/Adoption and Redundancy – during the maternity, adoption or shared parental leave protected period, if there are suitable alternative posts, the Council must offer these posts to employees who have this redundancy protection. If no suitable alternative employment is available, an employee will be made redundant during pregnancy, maternity, adoption or shared parental leave, provided the reason for redundancy is unconnected with the pregnancy, maternity, adoption or shared parental leave, and a fair redundancy selection process has been followed.

3.6 Complaints About the Outcome of the Redundancy Selection Process

As outlined above, a redundancy situation will generally be the result of a decision of the Council – for example, to close a facility or end or reduce the provision of a particular service. The existence of a redundancy situation will be a matter of fact and law and there is no right to appeal against the decision which led to the redundancy.

Employees who have been declared redundant on the basis of selection criteria, have the right to see a breakdown of their score and should be given information about their position on the matrix/interview assessment form relative to others in the selection pool, subject to the application of the General Data Protection Regulations (GDPR), the Data Protection Act 2018 and any subsequent forthcoming amendments. **Under no circumstances should employees be given the specific scores or costs of others in the selection pool.**

However, an employee, who believes the selection for redundancy criteria has been unfairly applied or procedures not complied with, will have the right to lodge a complaint. An employee wishing to do so, should write to the Chief HR Officer within 14 days of being advised of the outcome of the selection process. Complaints will be investigated by an independent Senior Council Officer and a response issued normally within 10 working days from receipt of the complaint. Following which, the redundancy complaints procedure will be at an end.

An employee selected for redundancy, who is not appointed to an alternative post through the redeployment process, will have his or her employment with the Council terminated on the grounds of redundancy at the end of the notice period. The employee will have the right to request a review of the circumstances which led to his or her redundancy dismissal as outlined in section 3.13.

3.7 Alternative Employment

3.7.1 An employee who is selected for redundancy will be considered for suitable alternative posts in accordance with the Council's Redeployment Policy outlined at Section 4 below.

3.7.2 The Council wishes to ensure that any employee who is displaced from their substantive post and who wants to remain in the Council's employment, will be given the opportunity to do so.

This additional commitment means that an employee who is at risk of redundancy and who has been served with notice to terminate their employment will, wherever possible, be made an offer of alternative employment for which they meet the minimum criteria and which is the most comparable in terms of the posts available, with the employees existing grade, working hours/pattern, remit, location and terms and conditions however, may not be the same as the job from which the employee has been displaced.

In terms of access to and selection for alternative employment, the displaced employee may have to compete with other employees seeking redeployment for other reasons such as ill-health or capability. In these circumstances, the terms of the Council's Redeployment Policy will apply.

If an employee accepts the alternative job that is offered, redeployment will be in accordance with the Council's Redeployment Policy, including a trial period and the right to preservation of earnings.

If an employee refuses the alternative job that is offered, they will be entitled to leave the Council's employment under the terms described in section 3.8 below.

3.7.3 Withholding a Redundancy payment - The Council reserves the right to withhold redundancy payment in the event that the offer of **suitable alternative employment** is unreasonably rejected by the employee. For example, if an employee rejects the offer of a job which requires the same level of skill and experience and offers the same level of basic pay, similar seniority, status and similar conditions of employment to the post from which they are being made redundant, this may be considered to be unreasonable. Where such action is being considered, the matter will be fully discussed with the employee and their trade union representative before any decision is taken. The Chief HR Officer will make the final decision on the 'suitability' of a post and there will be no further right of appeal.

3.7.4 Alternative Employment - If an employee, who is in a redundancy situation (either through selection or at the end of the matching process) accepts an alternative post, but within an 8 - week period, subsequently and reasonably concludes it is not suitable (for example, where the employee is simply unable to fulfil the post requirements or the alternative post is a loss of status or significant additional responsibility) they will be entitled to leave the Council's employment under the same severance payments as would have applied if they had not accepted the alternative post. Such a situation will be at the employee's request but will need to be evidenced and agreed by a Senior Officer as to whether the request is reasonable; it will be discussed with their trade union representative; and if agreed, it will be treated as voluntary severance/voluntary early retirement. The employee will not be entitled to notice or to pay in lieu of notice or to other redeployment opportunities.

3.8 Financial Issues

3.8.1 Redundancy Payment

- An employee with at least two years continuous service at the date of redundancy will be entitled to a redundancy payment.
- Service with other public organisations detailed in the Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999 will count as continuous local government service for redundancy payment purposes. An employee's continuous service start date for the purpose of calculating statutory redundancy entitlement is detailed in his or her contract of employment and will be confirmed when provisional financial figures relating to the redundancy are provided.
- An employee, who is in a compulsory redundancy situation, will be afforded the same severance terms as are available through the Council's voluntary severance arrangements as detailed in the Council's Retirement Framework.
- Redundancy Payments of up to £30,000 are tax free.

3.8.2 Pension

Early retirement due to redundancy may occur as a direct or indirect consequence of transformational change where a post has been deleted and the employee is displaced.

Where the Council terminates the employment of an employee on the grounds of redundancy (whether voluntary or compulsory) the employee, if they meet pension scheme rules and satisfy the necessary age criteria, is entitled to the early release of pension benefits on the following basis:

Employees aged 50 or over (with continuous scheme membership start date on or before 5 April 2006) or age 55 (if continuous scheme membership commenced on or after 6 April 2006):

- will be entitled to immediate access to an annual pension and lump sum payment with no reduction.
- a redundancy payment up to 30 weeks' normal pay (based on age and length of service).

3.8.3 Employees who do not qualify for Pension

Employees who do not qualify for pension benefits or who have never been a member of the Pension Scheme:

- a redundancy payment of up to 66 week's normal pay (based on age and length of service)

3.8.4 Certificate of Protection (COP)

If a member's rate of contractual pensionable pay is reduced beyond their control during the last 10 years prior to retirement and a Certificate of Protection (COP) is issued by the Council, the COP is applied when calculating the retirement benefits due. The effective date will be the date the reduction starts.

A reduction in the rate of contractual pensionable pay may occur for example

- Where an employee has been redeployed permanently to a lower grade
- As a result of a job evaluation exercise that has re-evaluated a post at a lower grade
- As a result of an employee being redeployed to a lower grade due to ill health.

A certificate will not apply where the rate of pay remains the same but there is a reduction in hours and will not apply where the member's employment on a reduced rate of contractual pensionable pay immediately follows a period in which the member was in receipt of a higher rate of contractual pensionable pay on a temporary basis

If there is more than one occurrence of a compulsory and permanent reduction or restriction in pensionable pay a separate certificate can be issued in respect of each reduction or restriction.

Lapsing of a Certificate of Protection

The certificate lapses at the end of 10 years or, if earlier:

- a) upon the member ceasing to hold the post in respect of which the certificate was issued without becoming entitled to immediate payment of retirement pension in relation to that post employment or to deferred benefits, or
- b) upon the certificate being applied to benefits drawn on flexible retirement.

3.9 Loss of Entitlement to a Redundancy Payment

An employee may lose the entitlement to a redundancy payment if they:

- refuse without good reason an offer of suitable alternative employment;
- decline without good reason an interview with a recruiting manager for a post which is considered by the Council to be suitable; and
- are dismissed for misconduct during a redeployment trial period or notice period.

3.10 Re-Employment of Employee Following Redundancy

The Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999 is a statutory order, which provides an employee with continuity of employment, in terms of redundancy, for a range of bodies, including all Local Authorities in Scotland, England and Wales.

If an employee is under notice of redundancy (i.e. is still employed) and receives an offer of employment with another employer covered by the Modification Order and starts work **within four weeks** of leaving the Council, he or she will lose entitlement to the redundancy payment. Employees are required to disclose the detail of any such offer to the Council.

If an employee has left the Council, claimed a redundancy payment and then begun work with another Modification Order employer **within 4 weeks of leaving**, the redundancy payment will be reclaimed and will have to be repaid.

However, if an employee received an offer of employment after he or she left the Council and/ or starts work after a period of longer than 4 weeks, he or she will be entitled to keep the redundancy payment but his or her continuous local authority service (in terms of the Modification Order) will be deemed to have been broken.

Employees who have accessed their pension, if they are then re-employed with another Modification Order employer should in such circumstances, confirm the financial implications with Strathclyde Pension Fund Office.

3.11 Support for Employees

3.11.1 Time off work to search for alternative employment opportunities

Subject to operational requirements, employees selected for redundancy will be given reasonable time off work during their notice period to look for alternative work, seek retraining opportunities or to attend interviews. The Council will grant an employee a maximum of 2 days with pay and a further 3 days without pay for such purposes, both will be pro-rated for part-time employees.

3.11.2 Advice and assistance

Wherever possible, the Council will provide other advice and assistance to employees selected for redundancy, for example:

- circulating information relating to local job vacancies;
- communicating available training opportunities and business start-up opportunities;
- providing job search training, help with CV preparation and interview training; and
- establishing an advisory contact point for employment benefits/ employment agencies.

3.11.3 Repayment of loans, etc

Any outstanding repayments that the employee is due to pay to the Council will be deducted from the employee's final payment (would this include repayment of training fees).

3.12 Consultation

3.12.1 Collective consultation

The Council will consult in all redundancy situations at the earliest possible opportunity, but at the very least shall consult:

- at least 45 days before the first dismissal takes place, where 100 or more employees are to be made redundant within a period of 90 days or less;
- at least 30 days before the first dismissal takes place, where between 20 and 99 employees are to be made redundant within a period of 90 days or less; and
- at least 14 days before the first dismissal takes place where less than 20 employees are to be made redundant within a period of 90 days or less.

This consultation will be undertaken with a view to avoiding or limiting the effects of the redundancies and to this end the Council will provide relevant trade unions with the following written information:

- the reasons for the proposals;
- the numbers and description of employees which it is proposed to make redundant;
- the total number of employees currently employed in each category who may form the pool for selection for redundancy;
- the proposed method of selecting employees for redundancy;
- the proposed method of carrying out the dismissals including the period over which the dismissals are to take effect; and
- the proposed method of calculating the amount of any redundancy payment.

The timescales for this consultation will be undertaken on the basis that:

- consultation will take place when the proposals are still at a formative stage;
- adequate information, on which to respond, will be shared;
- adequate time, within which to respond, will be given;
- the Council will conscientiously consider the responses of the consultation; and
- no notices to dismiss employees will be issued until the collective consultation process is concluded.

The consultation will be with a view to reaching agreement with trade union representatives and will include discussions about ways of:

- avoiding the dismissals;
- reducing the numbers to be dismissed; and
- mitigating the consequences of dismissals.

Notification of redundancies involving 20 or more employees at any one establishment over a 90-day period must also be sent within the timescales detailed above and via an 'Advance Notification of Redundancies' HR1 form [Redundancy payments: Form HR1 - advance notification of redundancies - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/forms/redundancy-payments-form-hr1-advance-notification-of-redundancies) . A copy of the form will be sent to relevant trade union representatives.

3.12.2 Individual consultation

Individual consultation will take place concurrently with the Collective Consultation process outlined above.

The manager (accompanied by a representative from the HR Team if appropriate) will meet individual employees.

Employees will be given the opportunity to be accompanied by a trade union representative or appropriate work colleague at each stage of this process and at individual meetings with the manager.

The process to be followed will contain the following steps:

- an initial meeting at which the employee will be advised that they are at risk of redundancy and the reasons for this;
- an explanation of the proposed arrangements to select for redundancy and how the overall process will be handled and the timescales for implementing the changes;
- the employee will be given the opportunity to put forward any reasonable alternatives to redundancy and to raise any concerns, comments or objections to the proposals; and
- the employee will be given a letter setting out the above points.

Employees on family leave, long term sickness absence, career break, or other authorised absence must be consulted. Where possible, this will be through the least intrusive and stressful method of contact, which will be agreed with the employee.

3.13 Review of Selection for Redundancy

An employee who is not appointed to an alternative post at the end of the redeployment process will have his or her employment with the Council terminated on the grounds of redundancy at the end of the notice period. In such a situation, the employee may request a review of the circumstances which led to the dismissal and can do so by writing to the Chief Governance Officer within 14 days of being formally notified of the termination of employment.

Such a review will be considered by the Council's Appeals Panel. The purpose of the review will be to assess compliance with the relevant Council policy(ies), for example, Matching, Redundancy or Redeployment.

Template letter available from HR.

It should be noted that **this is a review process, not an appeal**, since the Panel cannot:

- reverse the original decision of the Council, one of its Panels, or an Officer using delegated authority, which resulted in the redundancy situation;
- substitute the decision of a manager (which may also have been reviewed by independent Council officers through the Complaints process) regarding the outcome of an interview process or redundancy selection exercise; or
- amend the outcome of the redeployment process.

If the Appeals Panel concludes the policy(ies) has not been fully complied with, it will refer the matter back to the Chief Governance Officer, highlighting the issues or areas of concern. The Chief Governance Officer will,

in conjunction with the Chief HR Officer and employing service Director, consider and address the issues highlighted by the Appeal Panel.

At the end of this process, the Chief Governance Officer will report back to the Appeals Panel to outline the action that has been taken.

3.14 Employee Wellbeing

It is recognised that organisational change and/or a redundancy situation can be a stressful experience for employees concerned. The Council will offer support to affected employees through their line manager, and HR Advisor and a range of wellbeing resources available within the Council including Occupational Health Services, the Employee Assistance Programme, support through Able Futures Access to Work Mental Health Support, and the SAC Information and Advice Hub, regarding putting in place arrangements to provide redundant employees with information relating to matters such as benefits, employment opportunities and further education. HR can provide support with completion of application forms, retraining and interviewee skills. Time within work will be afforded in support of this.

Redundancy Selection Assessment Form



Name of Employee:	
Job Title:	
Employee No:	
Service Area:	
Date of Assessment:	

Points	0	1	2	3	4	5	6	7	8	9	10	Points
No of days of Sickness absence ¹	11+		6-10		3-5		2		1		0	
Sickness Occurrences	>3	3	2	1	0							
Disciplinary Record	Final Written Warning		Written Warning		Oral Warning				No warnings			
Key Work Objectives	Not Achieved			Achieved in part			Achieved			Exceeded		
Length of Service – completed years	0	1	2	3	4	5	6	7	8 or more			
Total												

Completed By:	
Job Title:	
Date:	
Signature:	

Notes:	
Sickness:	The best year's attendance during the 3 years prior to the date of Assessment should be used. A year is one year back from the assessment date, and so on – for example, if the assessment date is 15 October 2023 then the 3 absence periods are: 15 October 2023 to 16 October 2022, 15 October 2022 to 16 October 2021 and 15 October 2021 to 16 October 2020.
	All absences covered by Equalities Legislation will be discounted and the assessment period extended into the previous year by the length of the discounted period.
Discipline:	Only warnings that are Live at the date of assessment will be considered.
Performance:	Scoring will be based on current PDR and/ or Manager's review of performance at date of assessment. Note – in situations where various managers have completed PDR reviews for the affected 'pool' it may be necessary to review scoring levels and standards to ensure consistency for this purpose and to determine whether the PDR score can be used for selection purposes.
Service:	Continuous service calculated in terms of the Modification Order.

It is our responsibility to keep your information safe. To find out what to expect when the Council collects your personal information, please visit our website- <https://www.south-ayrshire.gov.uk/personal-information/>

Section 4

Redeployment Policy

4.1 Introduction

The Redeployment Policy will be used to support employees who can no longer continue in their substantive post because of

- an organisational change, such as a structural review, or
- changes to personal circumstances, such as ill-health, capability and disability.

It should be noted that the Redeployment Policy will not apply to cases where an employee moves to another post as a result of the outcome of a disciplinary situation.

4.2 Redeployment Register

Human Resources will maintain a Redeployment Register of employees who are eligible for redeployment.

4.2.1 Structural Review

At the earliest point when it becomes clear that an employee is displaced, they will be placed on the Register and, at the very latest, on the date on which notice of termination of the employment is issued. The employee will normally continue to work in their substantive post and will remain on the Register for the duration of the notice period up to a maximum of 12 weeks, during which time, attempts will be made to identify suitable alternative employment.

If the employee is successfully redeployed during the notice period, notice of termination of employment will be withdrawn. However, if it has not been possible to find an alternative post during the notice period, at the end of the notice period, the employee's contract of employment will be terminated.

In the event that the employee is offered a trial period in a post, the notice period will continue to run during the trial period.

In addition, where an employee reports absent from work due to sickness, they will be supported under the terms of the Maximising Attendance Framework, however their notice period will continue to run. In exceptional circumstances, it may be appropriate to halt the notice period, this must be approved by the Chief HR Officer in discussion with employee's service lead.

4.2.2 Ill Health/ Disability/Capability

Where an employee due to ill health, disability or medical condition, can no longer carry out the duties of their substantive post and requires redeployment to an alternative working environment, they may be registered as requiring redeployment at an early stage to afford maximum opportunity to secure alternative employment. Employees will remain on the register for up to a maximum of 12 weeks, however each case will be considered on its own merits and in exceptional circumstance, this may be extended for a short period beyond the end of the notice period where for example, a trial periods requires to be extended. Redeployment should be concluded as quickly as possible taking cognisance of the individual circumstances of the case.

4.2.3 While on the Redeployment Register an employee will normally continue to work in his or her substantive post. However, where this is not possible, for example where the employee is medically incapable of doing so, he or she will be transferred to another appropriate position on a temporary basis for the duration of the redeployment period, during which more longer term temporary or permanent redeployment opportunities will be sought.

4.3 Vacancies

4.3.1 Where an employee(s) is displaced

Before a vacancy is advertised, employees on the Register will be considered against the requirements of the vacant post. Employees will be considered for suitable alternative posts, provided they meet the essential criteria or could satisfy the essential criteria with a reasonable period of training.

Posts, which HR considers to be unsuitable for redeployment, will be advertised in the normal manner and any consequential vacancy will be considered for redeployment purposes.

4.3.2 Where future displacement is possible

In situations where it seems likely that displacement may occur, albeit the specific detail of this is unknown, the Council, through consultation with the trade unions, may, at an early stage and before the final position is known, implement measures to avoid or mitigate any likely displacement. For example, giving employees, who are at risk of displacement or of being detrimentally affected by structural changes restricted access to vacancies. Any such arrangements will be fully discussed with the trade unions at the earliest opportunity and in advance of any notification or communication with the affected employees.

4.4 Key Principles

4.4.1 In the first instance, for all redeployment situations, redeployment opportunities will be sought within the displaced employees own directorate. Employees will also be expected to actively seek alternative employment by reviewing the vacancy list on a weekly basis and applying for posts where they meet the essential requirements for the post and which they deem suitable.

4.4.2 Having met the essential requirements of the vacant post, it is recognised that some training and support for employees who are redeployed to an alternative post may be necessary, this includes interview skills training and will be provided prior to the employee applying for or taking up the new post or during the trial period.

4.4.3 Attempts to redeploy an employee to a post on similar terms and conditions of employment and to minimise any financial detriment are considered to be suitable alternative posts. **In these circumstances, it is not expected that employees refuse an offer of suitable alternative employment made by the Council.**

4.4.4 However, there can be no guarantee that employees will be redeployed into a post at the same grade, hours of work, location, etc. Redeployment to a post on a higher grade is not normally permitted, however, in certain circumstances, where the employee in question is facing compulsory redundancy and where other measures have failed to free up an alternative post at the substantive grade, this will be allowed, subject to the employee meeting the essential job requirements. The Human Resources Team will advise on whether there is scope in this respect.

4.4.5 In circumstances where more than one employee on the Redeployment Register meets the requirements of an available post, recognised selection arrangements will be used, for example, assessment centre or competitive interview. Any complaint about the outcome of such a selection process will be dealt with in accordance with the Council's Recruitment and Selection Policy.

4.4.6 All employees on the Register will be given equal access to suitable available jobs (apart from those employees in the protected category in section 4.5 below); there will be no priority given to a displaced employee for example, a redundant employee versus someone who requires redeployment because of health reasons.

4.4.7 Where redeployment is being considered as part of the Capability process, [Capability policy - The Core](#) due to an employee's lack of skill, aptitude or knowledge, either the manager or the employee may raise the possibility of the employee moving to a different post, either at the same or a lower grade, which is more commensurate with the employee's qualifications, knowledge, skills or abilities. This will obviously be dependent upon a post being available. Such a move will also be dependent upon the employee agreeing to the associated contractual changes in the redeployed post, i.e., there will be no preservation of original substantive post earnings, rather the employee will be placed on the salary and conditions of the redeployed post.

4.5 Pregnancy/Adoption and Redundancy

4.5.1 The period from the beginning of a maternity leave until the end of maternity leave is a protected period. During the maternity, adoption or shared parental leave protected period, if there are suitable alternative posts, the Council must offer these posts to employees who have this redundancy protection. There is

no requirement for protected employees to compete for a suitable alternative post. If no suitable alternative employment is available then the employee will be made redundant during leave period, provided the reason for redundancy is unconnected with the maternity/adoption or shared parental leave.

4.6 Preservation

4.6.1 An employee who is redeployed to an alternative post on a lower grade, **as a result of service restructure, ill health or disability** will be eligible for basic salary preservation for a 12-month period, (which will include any time spent on a trial period), but with no protection of terms and conditions which were specific to the original post. In such circumstances the employee will be placed on the top point of the new salary grade thereby minimising the financial loss.

Salary preservation will be paid for a period of 12 months at 100% of the difference between the basic salary hourly rate of the original higher-graded job and the basic salary hourly rate of the new lower-graded job. Salary preservation will end after twelve months or when the employee's contractual earnings equal or exceed the preserved salary, whichever is earlier.

Preservation will not apply to a reduction in hours where an employee's grade and hourly rate of pay remains the same, for example, moving from a 52-week post to a term time post would not attract preservation.

However, if an employee is redeployed to a lower grade on less hours, preservation would apply based on the new hours of the redeployed post not the original post hours.

Examples:

1. Term time moving to non-term time post on lower grade:

An employee Term Time Level 6 – 35 hours – salary £22,871 p.a., redeployed on health grounds.

Redeployed to a Level 2 clerical post, 52 weeks – 35 hours – salary £19,400 p.a.

Based on above, her salary of £22,871 (her salary for her level 6 post term time (39 weeks) is retained for 12 months - no other preservation applies. They receive no additional payment for the "additional" 13 weeks she is working as there is no preservation of terms and conditions specific to the original post, only basic salary preservation.

2. 52-week 37-hour Night Shift Worker (level 5) moving to Day Shift 37 hours (level 5).

No preservation applies, as terms and conditions specific to the night shift post i.e. night shift allowance is NOT preserved.

3. 52-week Home Carer, 21 hours Level 5 backshift with non-core allowance – to 21-hour, Level 5 Admin post

No preservation applies as outwith core hour (OWC) allowance is not preserved.

4. Home Carer, 21 hours Level 5 (SCP35) redeployed to Customer Emergency Response Operator 35 hours Level 5 (SCP31) + 10% Non-Core Hour Allowance

No preservation of SCP as role/skills different and earnings higher than previous earnings.

5. LGV driver Level 5 with OWC moves to level 4 Refuse Collector with OWC, same hours of work per week

Preservation of difference in earnings between the salary point in level 5 and the top salary point of level 4. OWC in the level 4 post will be paid as a separate allowance.

6. 52-week Home Carer, 21 hours level 5 moves to 17.5 hour level 3 Library Assistant

Preservation will be the difference between the SCP of the level 5 post and the top point of level 3 but will only be for 17.5 hours and not the original 21 hours.

4.6.2 Where an employee's earnings subsequently increase but are still less than the previous contractual pay on which the preserved salary is based, the amount of preservation, will be reduced proportionately,

i.e., the difference between the previous basic salary and the increased new basic salary, will be reduced.

- 4.6.3** In situations where an employee is redeployed to an alternative post which is more than one grade lower than the original post, but is then subsequently appointed to a post which is on a higher grade (but one which is still lower than the original post), the employing Manager will have discretion to appoint the employee to the top point of that grade, which, as far as possible, reinstates the original grade. In considering this matter, the employing manager, in conjunction Human Resources, will consider the similarity of the original and new job and the period that has passed since the employee undertook the original, higher graded, post.
- 4.6.4** An employee who is redeployed to an alternative, lower graded post who is subsequently appointed to a post which is on the original grade, will be placed on the spinal point they were on before the original redeployment.
- 4.6.5** If an employee is redeployed and accepts an alternative post on fewer hours than his or her substantive post, the salary preservation will be modified proportionately to reflect this.
- 4.6.6** The Redeployment Policy does not apply where an employee moves to another post as a result of the outcome of a disciplinary situation, and preservation will not be available to employees where the new post is on a lower grade.
- 4.6.7** Where additional travel costs are incurred due to redeployment, excess travel expenses may be payable in accordance with the Council's Terms and Conditions of Employment, please discuss with Human Resources.

4.7 Trial Period

- 4.7.1** Where an employee is redeployed to a post where there is a difference between their current and new job, they are entitled to a trial period in the new post, normally lasting for 4 weeks. In exceptional circumstances, or where a longer period is necessary to assess suitability, it will be possible to extend the trial period, for example, where an additional period of training is required to enable full assessment of suitability. The 4-week trial period will not normally be extended to cover any time off for sickness or annual leave, however the particular circumstances will be considered on a case-by-case basis.
- 4.7.2** During a trial period only, where there is a difference between an employee's current salary and that of the redeployed post, their basic substantive salary will be preserved and will continue to be paid by the employee's substantive post service area, even where the number of hours being worked during the trial period is less than the employees substantive post.

Where the employee's redeployment is confirmed at the end of the trial period, and preservation of salary is applicable, they will continue to receive preservation of basic salary, **pro rata where required**, for the remainder of the 12-month period, starting from the date the trial period commenced. The amount of preservation will also be adjusted from the beginning of the trial period, to reflect any changes to hours between the employee substantive post and their new redeployed post.

- 4.7.3** Any excess travel expenses incurred during a trial period may be payable in accordance with the Councils Terms and Conditions of Employment.
- 4.7.4** Arrangements will be made to monitor the performance of the employee and review meetings will be held with the employee to discuss progress. Reviews will be carried out during the trial period to ascertain progress and suitability, discuss any problems and identify additional or alternative training or support requirements. Training and support will be provided to the employee to allow a reasonable and proper assessment to be made.
- 4.7.5** Where, during the trial period, an employee's performance falls short of what is required, the concerns will be raised at the earliest opportunity. A review meeting will be arranged to discuss the matter and identify any additional support or training that can be provided. Similarly, an employee is required to highlight any problems he or she experiences during the trial period and identify any additional support and/ or interventions that are required.
- 4.7.6** If at the end of the trial period, despite all help and guidance, an employee is unable to carry out the duties of the alternative post to the required standard, he or she will be deemed unsuitable for the post and advised of this at the final review meeting. The employee will return to his or her substantive post and further redeployment opportunities will be pursued during the remainder of the notice period.

4.7.7 At the end of the trial period, if the employee concludes the post is unsuitable as alternative employment, the Manager will assess the suitability, (based on the alternative post terms and conditions, status, grade, responsibilities), the reasons for the employee's objection, and the employee's commitment and participation during the trial period. This assessment will determine the employee's entitlement to severance payments should dismissal be unavoidable and will be fully discussed with the employee and his or her trade union representative. It is not expected that employees refuse an offer of suitable alternative employment made by the Council.

Section 5

Transfer of Undertakings (TUPE) Guidance

5.1 Introduction

The Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended in 2014, is the main piece of legislation governing the transfer of an undertaking, or part of one, to another. The regulations are designed to protect the rights of employees in a transfer situation, enabling them to enjoy the same terms and conditions, with continuity of employment, as formerly.

5.2 Application of TUPE

The TUPE Regulations protect employees' rights when:

- an organisation, or part of it, transfers from one employer to another;
- a service transfers to a new provider, for example, when another company takes over the contract for office cleaning.
- the regulations apply to the old employer – the employer making the transfer and to the new employer – the employer taking on the transfer.

More detailed Guidance can be found here: [TUPE transfers | Acas](#) along with useful checklist here [TUPE transfer plan checklists | Acas](#).

The following summary covers the main points and includes info from both “old” and “new” employer perspectives, please also seek advice from your HR Advisor.

5.3 Process

The Council is committed to ensuring that:

- all employees who transfer to and from the Council in the circumstances outlined above do so with the protection of TUPE;
- meaningful consultation and communication takes place with employees and trade union representatives, in line with statutory requirements and in a planned and properly managed way;
- employees affected by the change are provided with appropriate advice and assistance;
- employees who are affected and relevant trade union representatives, are aware of proposals and decisions as early as possible; and
- the transfer process is fair to all parties and includes full consultation.

Every TUPE transfer may be different, but the usual process involves the following:

- the old and new employers identify who is affected by the transfer; The Council could be either an old or new employer depending on whether it is transferring employees out (Council would be old employer) or receiving employees (Council would become new employer);
- the old employer provides the new employer with information about the employees who are transferring, for example their age and identity;
- the employees who are transferring, transfer to the new employer along with their employment contracts and length of service.

Employees who are covered by the provisions of TUPE do not have an alternative option of redeployment within the Council or to a redundancy payment as a result of the transfer. Employers can't choose which employees are to transfer, all the employees assigned to the business or part of the business that is transferring, will automatically transfer with it.

5.4 Principles

To transfer under TUPE, an employee must be part of an 'organised grouping of employees'. This is the group of employees carrying out work for the 'client' (the organisation receiving the services).

A group may only have 1 employee and if only part of the job is being transferred, whether TUPE applies will depend on whether the employee is part of an organised grouping of employees that meets the client's needs.

The Council will ensure it provides all information required by a future employer to enable it to continue to pay and manage staff transferred from the Council, under TUPE, and carry out the work required. In that respect the Council will be prepared to complete any due diligence questionnaire provided by the new employer, as well as statutory information as required by the TUPE Regulations.

5.5 Consultation

5.5.1 Collective consultation

Before a TUPE transfer, by law, both the old and new employers must inform and consult with a recognised trade union or employee representatives. Failure to do so might leave either or both the new and old employers liable if a complaint is made to an employment tribunal.

For any transfers on or after 1 July 2024, an employer has failed to inform and consult if there are no recognised trade union or employee representatives and either:

- they have fewer than 50 employees in their organisation and they did not consult with employees directly;
- fewer than 10 employees are transferring and the employer did not consult with employees directly.

If an employment tribunal claim is successful, either employer could have to pay compensation. They could have to pay up to 13 weeks' uncapped gross pay for each affected employee. Employers should get an indemnity from each other before agreeing the transfer. An indemnity is an agreement from the other employer that they will pay for costs if they fail to consult.

5.5.2 In all situations where TUPE is being considered, consultation will commence at the earliest opportunity once the potential for a transfer has been identified.

Both old and new employers must inform the representatives of affected employees in writing about the details of the transfer. By law, the new employer must inform the old employer of any **'measures'**. These are changes that are likely to affect employees transferring in. The old employer must pass this information on to representatives of affected employees.

The information the old and new employer must give representatives **in writing** must include:

- confirmation that the transfer is happening, when it is expected to happen and why;
- the number of agency workers employed, the departments they are working in and the type of work they are doing, if agency workers are used;
- any measures the new employer is expecting which may affect staff transferring in – for example, changes to working hours, job descriptions, salary payment dates or risk of redundancies;
- any legal, economic and social implications.

Legal, economic and social implications might include:

- legal – effect on contracts, statutory rights and collective agreements;
- economic – the new employer's financial worth, pay and benefits, pensions;
- social – changes to start and finish times, changes to team and management structures.

Employers must consult with recognised trade union or employee representatives about measures they're expecting. In a transfer, measures can include:

- redundancies;
- change in location of work;
- changes to pay dates;
- new working patterns, for example hours of work;
- different pension arrangements;
- changes to trade union recognition or collective bargaining.

The old employer must inform their transferring employees about any measures the new employer might make. But they cannot consult on these changes because they have no control over them.

If no measures are expected, there's no legal obligation to consult. However, many changes can count as a measure. Employers should consult unless they are sure employees will not experience any change as a result of the transfer.

5.5.3 The TUPE Regulations do not define a specific timescale for consultation; however, the Council is committed to ensuring that the time provided for the formal consultation stage is long enough for consultation to be meaningful and allow sufficient time for trade union representatives to consider the proposals.

Employers must make sure all employees can access the information. This includes:

- disabled employees who might need reasonable adjustments – for example documents in an accessible format
- employees on sick leave and maternity, adoption, paternity, shared parental, carer's or parental bereavement leave

Employers should also put feedback channels in place to answer questions and address concerns through the process.

5.5.4 Prior to the formal consultation commencing, the Council will notify the trade unions that a transfer is proposed. The following information will be shared with the trade unions:

- that a transfer is to take place;
- the reason for the transfer and when it is expected to take place;
- the implications for the employees;
- the measures that the employer expects to take in relation to the employees;
- the proposed list of transferring employees; and
- the proposed project plan and timeline (including confirmation of the process to be followed to identify the new service provider).

The formal consultation process will include discussions about:

- the financial background for the need to transfer;
- the initial TUPE list of employees to transfer;
- the impact of the proposed changes on employees and service delivery arrangements;
- the proposed timescale for the transfer;
- any measures that are expected relating to the transfer (for example changes to pay dates or pension arrangements) or confirmation that no such measures are planned;
- any anticipated impact on employees who will not transfer but whose jobs will be affected;
- any available, information about the new employer, it's terms and conditions of employment and pension arrangements; and
- the process that will be followed, including when individuals will be informed of their position and the opportunity for individual discussions and the tender/ procurement process to be followed.

5.5.5 As part of the consultation process views will be sought on the impact of the proposed transfer from an equalities perspective. The Council will work with the relevant trade union representatives to identify any potential adverse impact on particular groups within the identified pool and explore options for removing or mitigating this impact, where appropriate.

Employees on maternity or paternity leave, long term sickness absence, career break, adoption leave or other authorised absence will be consulted, using the least intrusive and stressful method of contact, which will be agreed with the employees.

5.5.6 Individual notification

Formal consultation for TUPE purposes will be with trade union representatives. However, the Council will ensure individual employees who are affected by a Transfer will be given as much information as possible, including written confirmation of:

- the fact that a transfer is going to take place;
- the likely date of transfer;
- the reason for the transfer;
- the legal, social or economic implications of the transfer (as far as these can be ascertained), such as a change of pension arrangements; and
- any measures that are expected relating to the transfer (for example changes to pay dates or working patterns) or confirmation that no such measures are planned.

5.7 Employee Liability Information

5.7.1 By law, the old employer must provide the new employer with specific information about the employees transferring. This is known as 'employee liability information' (ELI).

Employee liability information includes:

- their name;
- their age;
- their written statement of employment particulars;
- any collective agreements with a trade union that affect employees' terms and conditions;
- any claims employees have made against the old employer in the last 2 years, or the old employer believes they might make when they transfer.

5.7.2 When the old employer must provide information:

The old employer must give employee liability information to the new employer **at least 28 days before the transfer date**. But it's a good idea to provide this information as early as possible. The information must be accurate, up to date and provided in a secure way.

If any employees decide they do not want to transfer, the old employer must:

- update employee liability information as soon as possible;
- tell the new employer.

5.7.3 Checks before sending information:

The old employer should check if:

- they've included all policies which cover terms and conditions not in employment contracts;
- any recently agreed changes to terms and conditions are included in employment contracts;
- there are any terms and conditions not in writing by checking with a recognised trade union or employee representatives, for example if they were agreed verbally;
- any changes to terms and conditions have been agreed for particular employees, for example flexible working arrangements.

5.7.4 The new employer should check if all employee liability information is provided on time and correct.

The new employer might be able to make a claim to an employment tribunal if:

- the old employer does not give employee liability information to the new employer **at least 28 days before the transfer date**;
- any information is incorrect;
- the old employer fails to inform the new employer of any changes to employee liability information.

If the claim is successful, the new employer could receive compensation. This could be at least £500 for each employee the old employer gave incorrect or no information for.

5.8 Information the new employer must provide:

The new employer must tell the old employer about any 'measures' they're thinking of taking after the transfer. Measures are usually changes to working practices. For example, changes to employees' pay dates or working patterns.

The old employer must inform affected employees about these proposed changes.

5.9 Transferring Employees

On the date of the transfer, employees will automatically transfer to the new employer, along with their:

- length of service;
- employment contract, including their terms and conditions of employment.

This means an employee's start date is the same as it was before the transfer. Their employment contract continues, and they do not get a new one.

5.10 Informing employees about a change of employer:

The new employer must inform the transferred employees in writing that there's been a change of employer.

The new employer should confirm in writing:

- the employer has changed;
- the employee's length of service and contractual rights are the same as before the transfer.

The new employer might want to add these details to employees' written statement of employment particulars.

The new employer should talk with staff soon after they transfer to:

- keep them informed;
- listen to any concerns they have.

This will help to reassure employees and help them settle in, as well as build good working relationships.

5.11 Which terms and conditions transfer:

The new employer should assume all employee terms and conditions transfer unless they get different legal advice.

Employees' terms and conditions of employment might include:

- job title and role;
- pay, including any overtime pay;
- contractual bonuses;
- sick leave and pay;
- holiday leave and pay, including any outstanding holiday pay or any arrangements to carry over holiday from previous leave years;
- allowances;
- insurance-based benefits;
- contractual enhanced redundancy pay;
- any terms agreed through collective agreements between an employer and a trade union;
- any contractual terms from other sources, for example from a staff handbook or an agreement affecting many employees;
- any terms that might not be in an employment contract, for example a lorry driver needing a valid driving licence to work.

The new employer must not breach the terms of the transferring employment contract. If they do, an employee might be able to make a claim to an employment tribunal.

5.12 Pensions

Any pension an employee has built up to the date of the transfer is protected and their pension might transfer to the new employer. This depends on whether they have:

- a personal pension – a pension that employees arrange themselves;
- a workplace pension – a pension arranged by the old employer.

If they have a personal pension which the old employer was contractually obliged to contribute to, their pension rights will automatically transfer to the new employer. The new employer must pay the same amount into the personal pension as before the transfer.

If they have a workplace pension, it's unlikely to transfer to the new employer. This is because it is exempt from TUPE. The new employer does not have to continue the same pension. But they must provide a reasonable alternative scheme, and match employee contributions up to a maximum of 6%.

Early retirement terms might also transfer to the new employer.

5.13 Outstanding holiday and pay:

On the date of the transfer, the new employer becomes responsible for any outstanding wages or unpaid bonuses. The new employer also becomes responsible for:

- any outstanding holiday;
- any arrangements to carry over holiday from previous leave years;
- enhanced or contractual holiday — where employees get more than the legal minimum.

For example, an employee's holiday year starts on 1 January and ends on 31 December. They have 10 days' holiday left when they transfer on 1 October. Their new employer must allow them to take this holiday before the end of their leave year if the employee wants to.

The new employer is responsible for these things even if the old employer did not include them in employment liability information. If employee liability information was missing or inaccurate, the new employer could make a claim to an employment tribunal.

5.14 If employees do not want to work for the new employer:

If any employees want to leave **after transferring** to an organisation, they must tell the employer in writing.

The employer must:

- confirm the notice period and agree a leaving date;
- pay the employee any outstanding wages and holiday they've built up but not yet taken when their employment ends.

The employee will not usually be entitled to:

- any additional payments, for example redundancy;
- claim for unfair dismissal.

They might be able to make a claim to an employment tribunal if they were not informed about the transfer before it happened.

The Council accepts that some employees have the right to object to a transfer under TUPE and so will not transfer. However, in such circumstances their employment will come to an end at the date of transfer and they will be treated as having resigned from the Council, rather than having been dismissed.

5.15 Redundancy

After employees have transferred, the new employer can only make redundancies related to the transfer if there is both:

- a genuine redundancy situation;
- a need to make changes to the workforce for economic, technical or organisational (ETO) reasons.

If the reason for redundancies is not related to the transfer, the employer does not need an ETO reason.

5.16 Changing a contract after TUPE

5.16.1 If the main reason for a contract change is the transfer:

After a TUPE transfer, an employer can only make changes to contracts because of the transfer if one of the following applies:

- they improve employees' terms and conditions – for example increasing their holiday entitlement;
- there is an 'economic, technical or organisational' (ETO) reason involving a change in the workforce – for example the organisation needs restructuring;
- there's a clause in the contract that allows the employer to make the change.

There's no limit on how long TUPE regulations protect employees' terms and conditions.

For example, an employee is transferred to an organisation. 10 years later the employer wants to change their terms and conditions for a reason related to the transfer. By law, the employer can only make the changes if one of the situations above applies.

5.16.2 Economic, technical or organisational (ETO) reasons:

By law, an employer can agree with an employee to change an employment contract if:

- there's an 'economic, technical or organisational' (ETO) reason;
- that reason involves a change in the workforce.

ETO reasons include:

- economic reasons – for example, essential cost-saving requirements;
- technical reasons – for example, using new processes or equipment;
- organisational reasons – for example, making changes to the structure of an organisation.

A change in the workforce could include:

- making redundancies;
- restructuring an organisation;
- job role changes;
- a change in work location.

5.16.3 Improving terms and conditions to match other employees:

Employees who have transferred will probably have different terms and conditions to existing employees. An employer might want to make terms and conditions the same. They can only do this if it improves employees' terms and conditions.

An employer cannot:

- change terms and conditions to something worse than before – unless they have a valid ETO reason involving a change in the workforce;
- say employees will get improved terms and conditions in one area if they accept worse terms and conditions in another area.

Transferring employees do not have an automatic right to improved terms and conditions to match existing employees.

Employers should make sure any differences in terms do not treat particular groups of employees unfairly and if an employer is changing terms and conditions, they must follow the process for changing an employment contract, advice is available from Human Resources.

5.16.4 Changing terms and conditions in collective agreements:

When a TUPE transfer happens, any collective agreements will transfer with the employees. Collective agreements could include terms and conditions like:

- pay
- working hours
- holiday entitlement.

One year after the transfer, an employer can renegotiate terms and conditions in collective agreements. However, this is only if overall it does not make an employee's contract worse.

5.16.5 If the main reason for a contract change is not the transfer:

TUPE regulations do not stop an employer from agreeing contract changes not related to the transfer. There might be valid reasons for agreeing contract changes with employees. For example, if business needs have changed for reasons that do not relate to the transfer.

An employer must agree changes with employees. They must follow the process for changing an employment contract.

This guidance provides an overview of TUPE rules, please discuss any potential transfers with your HR Advisor in the first instance.

Framework for Managing Workforce Change

Summary of Amendments – January 2025

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
Overall policy	Updates to Job Titles, Chief HR Officer and Chief Governance Officer	OK		
Overall Policy	Links to other policies on the Core updated	OK		
Overall Policy	Corrections to type-o's	OK		
Overall Policy	Appropriate checklists, work flows and standard letter templates for issue by HR (to be developed)	OK		
Section 1 - Framework				
Section 1.2	Added Link to Transformation Team Service Redesign Toolkit and to job evaluation/re-evaluation procedure	OK		
Section 1.3	Included reference to Council's agreed 3 year payback period and reference to Finance and HR Colleagues during service redesign process	OK		

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
Section 1.4	Added updated definition for Suitable Alternative Employment	OK		
Section 1.5.1	Clarified wording	OK		
Section 1.5.3	Updated link to Remote Working policy and Council workstyles.	OK		
Section 1.6	Reference to VS VER as measure to avoid compulsory redundancy. Updated definition for VER as per retirement Framework	OK		
Section 1.8	Added Managing Change Approval Criteria	OK		
Section 1.9	Added info re Council's agreed Payback period	OK		
Section 1.10	Updated definition for Efficiency of the Service	OK		
Section 2 – Matching Policy	Overall clarification on wording and updated to job titles for Chief HR Officer and Chief Governance Officer	OK		
Section 2.2	Clarification on definition of matching, part qualified employees,	OK		

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
	and generic responsibilities. Also review of all template letters – letters will be held by HR and issued to managers as appropriate			
Section 2.3	Clarification on timescales for consultation	BC – concerned that TU’s are not consulted early enough in the process, there is still a feeling that TU’s are last resort.	Updated wording in 2.3.1 and 2.3.2 to “earliest opportunity” for collective consultation and individual consultation.	
Section 3 – Redundancy Policy				
Section 3.4	Reference to standard letter templates - letters will be held by HR and issued to managers as appropriate	PB need clearer link to Redundancy selection Criteria	Link added at 3.5.1 and HR will be involved in the selection process	
Section 3.5	Removal of No Compulsory Redundancy Pledge and clarification of Redundancy Selection Criteria and how it will apply to employees on maternity, adoption or shared parental leave	<p>BC and AM, unhappy this has been removed – this is seen by employees as a safeguard that they will still have a job and some kind of income. This along with the removal of 3 CAY is a double whammy.</p> <p>AM – the no compulsory redundancy clause allows the fear factor to be removed in that it allows for the fact that “something will be found for you” as when people are put at risk of redundancy it causes them huge stress. Also need to check that Redundancy selection criteria are equalities proof, e.g., absence due to menopause should not be counted.</p>	<p>There have been very few applications for CAY, if any employee finds themselves displaced, redeployment is always considered first and foremost to allow employees to stay in employment.</p> <p>WW – Removal of 3 CAY is a financial decision, supported by the Council Administration.</p> <p>WW – we have added the option for alternative employment to be offered to an employee who is has been served notice of redundancy before their</p>	TU – have not agreed to removal of 3 CAY

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
		<p>CR – we need a staged approach to redundancy package – take away 3 CAY but keep no compulsory redundancy clause then perhaps remove that at a later stage, it’s too much to expect TU’s to agree to both being removed at the same time, this will have a serious impact of employee morale.</p> <p>HW – concern about a Council wide trawl and if targeted, then how do we justify the areas?</p>	<p>contract is terminated - refer to section 3.7.</p> <p>The removal of 3 CAY is financial but we have considered the redeployment process and will make sure all employees in their redundancy notice period are offered a post which is the most comparable to their current grade in terms of what is available – this is upholding the last and most important part of the previous redundancy pledge without going through a long drawn out process to get there.</p> <p>WW – trawls will be targeted based on service redesign, and this will be on a priority bases. In each area there will be a request for volunteers first so as the service then know what they are dealing with going forward.</p>	
Section 3.6	Clarification of process to deal with complaints about the outcome of redundancy selection process	OK		
Section 3.7.2	Clarified definition on Alternative Employment and when redundancy applies	OK		
Section 3.8.4	Additional wording around Certificate of Protection	OK		

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
Section 3.14	Employee wellbeing section added	OK		
Section 4 – Redeployment Policy				
Section 4.1	Clarification of when redeployment will apply	OK		
Section 4.2	Clarification of redeployment timescales and notice periods	OK		
Section 4.4	Employee responsibilities in Redeployment	OK		
Section 4.4.7	Link added to Capability Policy	OK		
Section 4.5	Added info regarding redeployment and pregnancy/adoption protection	OK		
Section 4.6	Clarification of Preservation and examples	OK		
Section 4.7.2	Clarification of preservation and trial period	OK		
Section 4.7.7	Clarification of unsuccessful trial period and assessment of employee	OK		
Section 5 – TUPE				
Whole Section	Section updated to match current	OK		

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
	legislation with links to ACAS checklists and additional guidance.			

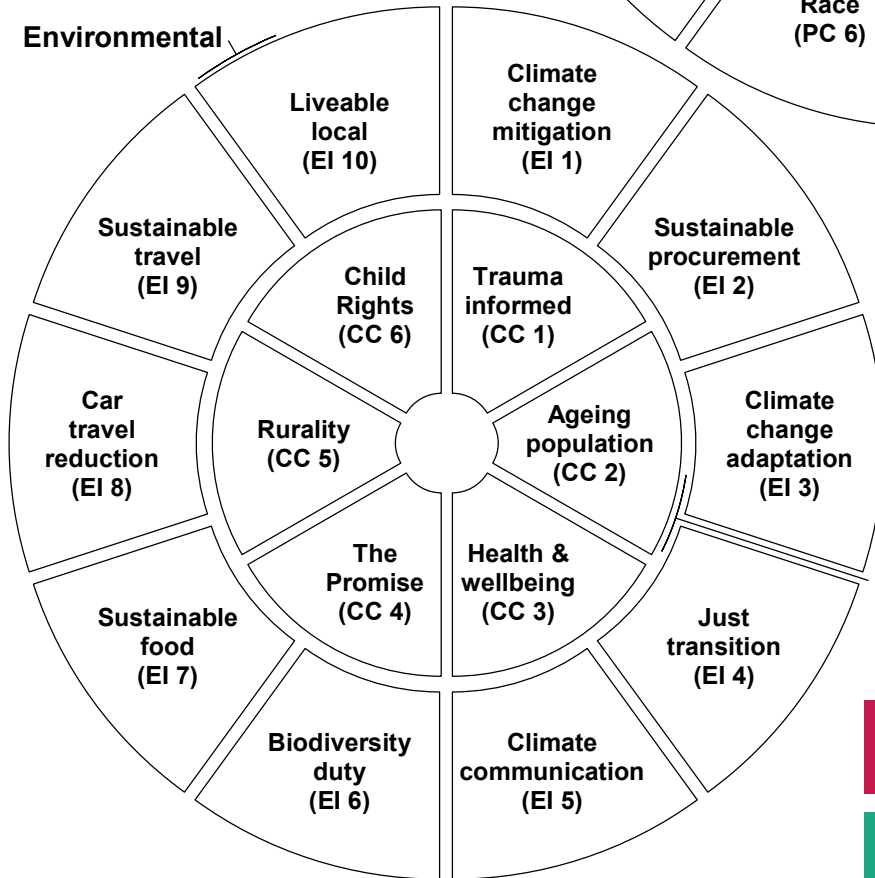
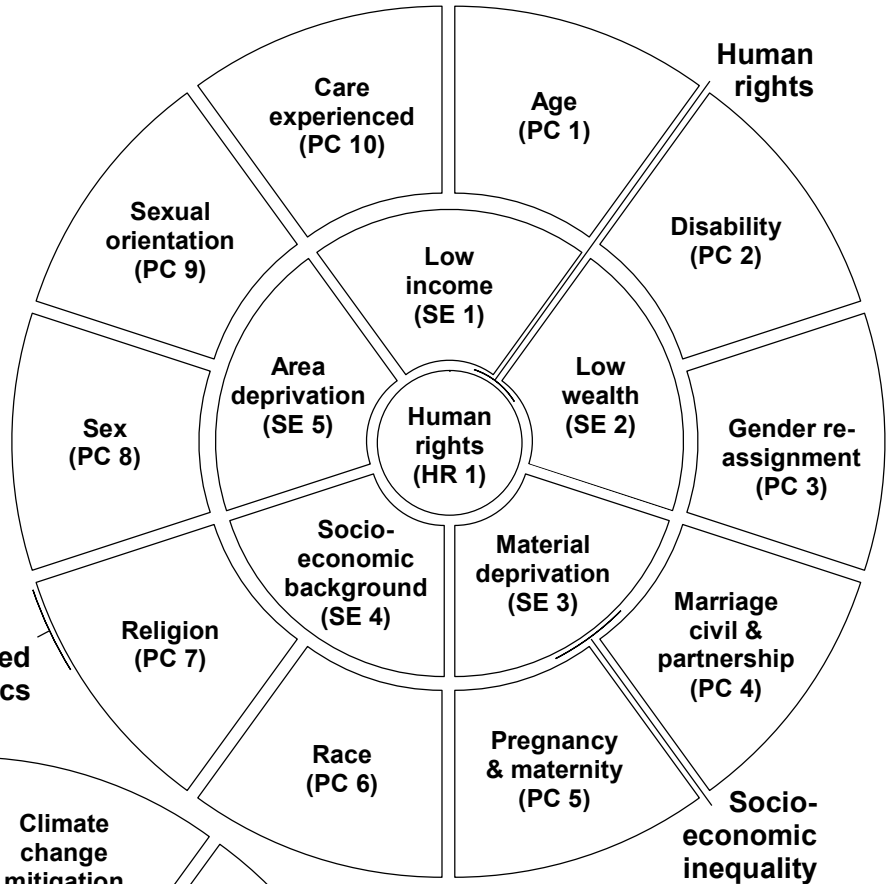
Integrated Impact Assessment Summary Report



Council's Framework for Managing Workforce Change

Completed by:
Wendy Wesson,
Chief HR Officer,
HR and Payroll

Date started: 29/10/24



To be implemented on:
06/03/25
Review date:
06/03/26
Oversight Panel:
Council

negative impact	uncertain / not clear
positive impact	no impact / not applicable

Public sector equality duty

Eliminating unlawful discrimination, harassment, and victimisation?

Positive Impact

The Framework for Managing Workforce Change has been reviewed and updated to ensure there is more clarity on the roles of Trade Unions. This is also reflected in the Service Re-Design toolkit which will be launched in tandem with the framework. The revised framework and the toolkit will ensure that employees are not discriminated and the correct procedures are followed by managers with the support from Trade Unions and Human Resources.

Advancing equality of opportunity?

Positive Impact

The Framework for Managing Workforce Change has been reviewed and updated to ensure there is more clarity on the roles of Trade Unions. This is also reflected in the Service Re-Design toolkit which will be launched in tandem with the framework. The revised framework and the toolkit will ensure there is equality of opportunities for the employees affected.

Fostering good relations?

Positive Impact

The Framework for Managing Workforce Change has been reviewed and updated to ensure there is more clarity on the roles of Trade Unions. This is also reflected in the Service Re-Design toolkit which will be launched in tandem with the framework. The revised framework and the toolkit will therefore ensure that good relations with our Trade Union colleagues are fostered when managing workforce changes.

Consultation declaration

We confirm consultation has been carried out as part of this process.

South Ayrshire Council

**Report by Chief HR Officer
to South Ayrshire Council
of 6 March 2025**

Subject: Employee Retirement Framework

1. Purpose

- 1.1 The purpose of this report is to seek approval for the proposed application of discretionary provisions in respect of Flexible Retirement and Compensatory Added Years plus the consequential change to the Council's Employee Retirement Framework.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 approves the application of discretionary provisions;

2.1.2 approves the consequential revision to the Employee Retirement Framework (as contained in Appendix 1); and

2.1.3 approves the Council's payback period to be extended to three years.

3. Background

- 3.1 Employees may retire under various circumstances. The Employee Retirement Framework consolidates the available retirement options and defines the Council's position on each. It also outlines the discretionary powers granted to the Council and explains how these discretions will be exercised in accordance with the Local Government Pension Scheme (LGPS).

- 3.2 The LGPS provides an optional provision (at the discretion of each individual Council) allowing pension fund members aged 55 and over to access their pension benefits while remaining in employment, provided they reduce their working hours by at least 20%. Local authorities must determine whether to adopt this discretion.

- 3.3 Additionally, the LGPS allows Councils to exercise discretion in awarding Compensatory Added Years (CAY) to employees retiring on the grounds of efficiency or redundancy.

- 3.4 Under the Council's current **Voluntary Early Retirement** scheme, employees who meet the following criteria are eligible to apply:

- Aged **50 or over**, with continuous employment commencing on or before **5 April 2006**, or
- Aged **55 or over**, if employment commenced on or after **6 April 2006**, and
- A minimum of **two years' total membership** in the Strathclyde Pension Fund.

3.5 Eligible employees may choose from the following options:

Option 1: Granted *up to* three additional pensionable years and access to their occupational pension with the Council meeting the Strain on Fund costs. No additional severance payment will be provided and the employee's leaving date will be determined by mutual agreement.

Option 2: Granted access to their occupational pension with no additional pensionable years with the Council meeting the Strain on Fund costs. The employee will receive a severance payment of up to 30 weeks' pay, calculated based on age, service and contractual pay and the employee's leaving date will be determined by mutual agreement.

3.6 The payment of CAY represents an ongoing financial commitment for the Council. When an employee who has retired early on the grounds of efficiency of service or redundancy elects to receive additional pensionable years, these additional years are factored into the calculation of any dependent pension payable in the event of the employee's death. As a result, the total duration and cost of these payments cannot be quantified.

3.7 In contrast, Voluntary Severance payments are a one-off expense, incurred within the financial year in which the payment is made, providing greater cost certainty.

3.8 The Council's annual expenditure on CAY currently stands at £2m.

3.9 As part of this policy review, a benchmarking exercise was conducted to compare retirement options and discretions applied across other Local Authorities.

4. Proposals

4.1 In light of the significant financial challenges currently facing the Council, it is essential to ensure that the workforce is strategically aligned with evolving service delivery needs and organisational priorities. To effectively navigate the changing financial landscape of local government, the Council must maintain flexible and adaptable organisational structures, thereby optimising resources and reducing ongoing costs.

4.2 The revised Framework has been discussed with joint trade unions, who have provided constructive and valuable feedback. A summary of the key changes, along with trade union comments and the HR response, is provided in Appendix 2.

It is proposed that the Council reintroduce Flexible Retirement, with the associated policy presented in a separate report for Members' consideration.

4.3 It is also proposed that the CAY discretion be discontinued and replaced with a severance payment of up to 30 weeks' pay. This change will help reduce ongoing annual expenditure and support long-term financial planning. However, it is important to note that while this approach does not alter previous commitments, it will mitigate future cost increases.

4.4 The Council's current payback period for severance costs, where savings offset expenses, is capped at a maximum of two years. However, the Strathclyde Pension Fund has confirmed that strain on the fund costs has increased by an average of 14% to 18%. As a result, it is anticipated that this rise will lead to severance costs exceeding the current two-year payback period.

Following consultation with the Chief Financial Officer, it is proposed that the Council's payback period be extended to three years to ensure financial sustainability.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 While an increase in strain on the fund costs is anticipated, the removal of CAY will result in one-off severance costs, providing greater cost certainty and supporting long-term financial planning

7. Human Resources Implications

7.1 None in terms of staffing levels. The Framework will be applied to all relevant staff and managers will be given support from HR to ensure fair and consistent application.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There are no risks associated with rejecting the recommendations.

9. Equalities

9.1 An Integrated Impact Assessment has been carried out on the proposals contained in this report, which identifies potential positive and/ or negative impacts and/ or areas that require further consideration. The IIA Summary Report is attached as Appendix 3 which includes information on any mitigating or follow-up action required.

9.2 A copy of the fully completed IIA can be accessed here: [📄 IIA - Employee Retirement Framework 140225.xlsm](#).

10. Sustainable Development Implications

10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 The outcomes of the consultation with Trade Unions have been incorporated into this report.

13.3 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, 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 Chief HR Officer 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
Publish the Employee Retirement Framework	31 March 2025	Chief HR Officer

Background Papers None

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Date: 26 February 2025

Retirement Framework
Summary of Amendments – January 2025

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
LGE Pension Scheme				
Section 2.2	Change to notification of retirement timescale for employees to comply with Pension Scheme timescales	OK		
Section 2.5	Added definition for Actuarial Reduction	OK		
Section 3.3	Additional wording around Certificate of Protection	OK		
Section 3.5.2	Further explanation re Actuarial Reduction included	OK		
Section 3.8	Clarification on the rules for Switching on Rule of 85	OK		
Section 3.9.2	Added info regarding Council Flexible Retirement Policy (see separate policy for detail)	OK		
Section 3.10	Clarified wording for Efficiency of the Service and package available – removed option for CAY	OK		

Section	Change	Trade Union Comment	HR Response	Agreed/Not agreed
Section 3.11	Removal of option of 3 added CAY to VER payment, eligible employees will only have access to annual pension and lump sum and a redundancy payment of up to 30 weeks based on age and length of service	BC – additional 3 years is seen as a sweetener by employees. This will not be popular with employees, may reduce number volunteering	There will be targeted trawls for volunteers rather than a council wide trawl – Most opt for the redundancy package rather than CAY as added years can only be awarded taking the member’s membership up to maximum of 40 years or age 65 whichever is the lesser of the 2 which means many employees are not eligible for the full 3 years	TU – not agreed to removal of 3 CAY
Section 3.13	Information regarding re employment following retirement	OK		
SNCT Pension Scheme				
Section 4.1	Clarified rules on teacher eligibility in line with current regulations	OK		
Section 4.3.3	As above – clarified rules as per current regulations	OK		
Section 4.4	As above – clarified rules as per current regulations and removed reference to Winding Down Scheme which is no longer available	OK		
Section 4.5	Reference to separate LNCT agreement	OK		
Section 4.6	Information regarding re employment following retirement	OK		

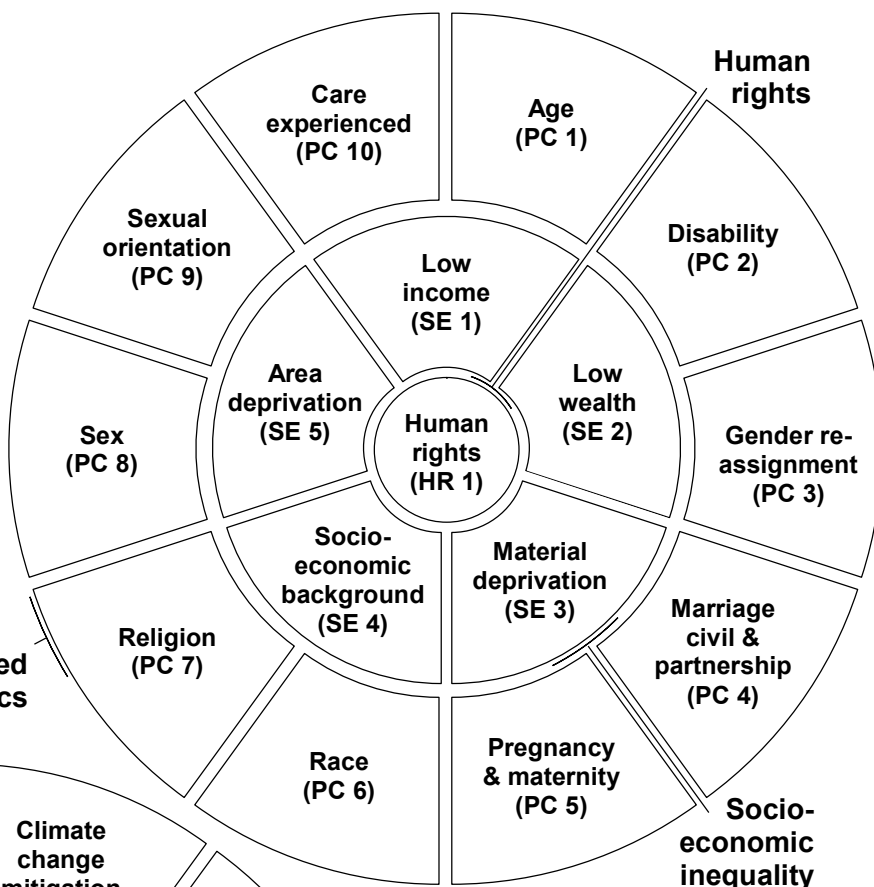
Integrated Impact Assessment Summary Report



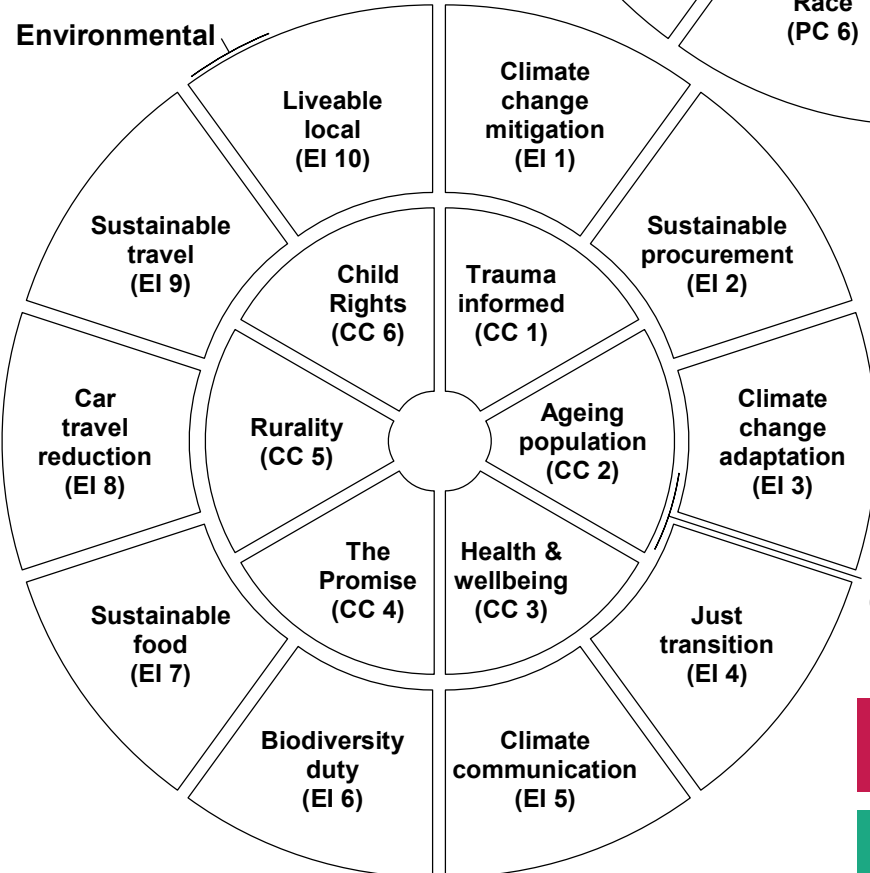
Council's Employee Retirement Framework

Completed by:
Wendy Wesson,
Chief HR Officer,
HR and Payroll

Date started: 29/10/24



Protected characteristics



Environmental

Cross-Cutting

To be implemented on:

06/03/25

Review date:

06/03/26

Oversight Panel:

Council

negative impact	uncertain / not clear
positive impact	no impact / not applicable

Public sector equality duty

Eliminating unlawful discrimination, harassment, and victimisation?

No impact. The changes to the retirement framework do not eliminate or introduce opportunities for discrimination, harassment and victimisation.

Advancing equality of opportunity?

No impact. The changes to the retirement framework do not eliminate or advance equality of opportunity.

Fostering good relations?

No impact. The changes to the retirement framework do not foster or worsen good relations.

Consultation declaration

We confirm consultation has been carried out as part of this process.

South Ayrshire Council

Report by Chief Governance Officer to South Ayrshire Council of 6 March 2025

Subject: Standing Orders Relating to Meetings

1. Purpose

- 1.1 The purpose of this report is to seek approval to amend the Standing Orders Relating to Meetings following review.

2. Recommendation

- 2.1 **It is recommended that the Council approves the revised Standing Orders Relating to Meetings (attached as Appendix 1) with effect from 7 March 2025.**

3. Background

- 3.1 It is a requirement of corporate governance that the Council's Standing Orders Relating to Meetings be kept under review. The last update was approved by Council on 12 October 2023.

4. Proposals

- 4.1 The Standing Orders Relating to Meetings have been updated to reflect:
- 4.1.1 amendments to the management structure approved by the Council on 6 March 2024;
 - 4.1.2 confirmation that ordinary meetings of the Council will now be held on a 6 weekly cycle.
 - 4.1.3 confirmation that special meetings of the Council will not include approval of Minutes, Motions or Formal Questions, which shall be considered at ordinary meetings of the Council;
 - 4.1.4 inclusion of provision for withdrawal of agenda items (new Standing Order 8.2);
 - 4.1.5 removal of C Paragraph items;
 - 4.1.6 confirmation that the vote is between the Motion and the Amendment where an Amendment is proposed and seconded; and

4.1.7 provision that Councillors may, before Provost confirms that a vote is to be taken in accordance with SO 23.2, request a roll call vote in accordance with SO 23.8.

4.2 The proposed amendments are tracked and highlighted in **bold text** in the revised Scheme (attached as Appendix 1).

4.3 Subject to approval, it is proposed that the revised Standing Orders Relating to Meetings are adopted with effect from 7 March 2025.

4.4 Subject to approval, the revised Standing Orders Relating to Meetings, will be published on The Core and the Council's website, and will also be notified to employees by way of the SAC Staff Community Hub.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

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 adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 The risk associated with rejecting the recommendations is that the Council's corporate governance will be less effective.

9. Equalities

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to enabling services through the delivery of sound decision making and governance.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, 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 Chief Governance Officer will ensure that the following steps are taken within the following timescales, with progress reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the steps are completed:

<i>Steps to be taken</i>	<i>By what date</i>	<i>Managed by</i>
Updated Standing Orders Relating to Meetings to be published and notified to employees	14 March 2025	Chief Governance Officer

Background Papers **Report to South Ayrshire Council of 12 October 2023 - [Standing Orders Relating to Meetings](#)**

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Date: 28 February 2025

Standing Orders Relating to Meetings

March 2025



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Standing Orders Relating to Meetings

Section 1

Preliminary Matters

1. Interpretation

- 1.1 These Standing Orders are made under Section 62 and Paragraph 8 of Schedule 7 of the Local Government (Scotland) Act 1973, and, subject to the provisions of that Act, apply to meetings and proceedings of the Council and its Committees (to be known as Cabinet/ Panels).
- 1.2 The Interpretation Act 1978 will apply to the interpretation of these Standing Orders as it applies to the interpretation of an Act of Parliament.
- 1.3 The Local Government (Scotland) Act 2003 permits the holding of and participation in remote meetings.

2. Definitions

- 2.1 In these Standing Orders, unless the context otherwise demands, the following terms will have the undernoted meanings:

<i>Term</i>	<i>Meaning</i>
Casual vacancy	A casual vacancy occurs when an Elected Member ceases to be an Elected Member as a result of, for example, their death, resignation, becoming disqualified or being no longer qualified to remain elected
Chair or Chairperson	The convener or person presiding at a Panel or other Committee, duly appointed by the Council
Clear days	When referring to service of Notices, the term 'clear days' refers to weekdays, excluding weekends, Bank Holidays, local or national holidays and public holidays of the Council, the day the Notice is received and the day on which the meeting is held
Councillor/ Councillors	A member of the Council duly elected at an election or by-election, and who has made and delivered to the Proper Officer of the Council a Declaration of Acceptance of Office in accordance with Section 33A of the 1973 Act
Monitoring Officer	The officer appointed by the Council in terms of Section 5 of the 1989 Act
Monitoring Officer	The officer appointed by the Council in terms of Section 5 of the 1989 Act

Term	Meaning
Signed by	Which shall include electronic signature
The 1973 Act	The Local Government (Scotland) Act, 1973 as amended from time to time
The 1975 Act	The Local Government (Scotland) Act, 1975 as amended from time to time
The 1985 Act	The Local Government (Access to Information) Act, 1985 as amended from time to time
The 1989 Act	The Local Government and Housing Act, 1989 as amended from time to time
The 1992 Act	The Local Government Finance Act, 1992 as amended from time to time
The 1994 Act	The Local Government Etc. (Scotland) Act, 1994 as amended from time to time
The 2000 Act	The Ethical Standards in Public Life Etc (Scotland) Act, 2000 as amended from time to time
The Council	South Ayrshire Council constituted by virtue of and incorporated under the 1994 Act
The Depute Provost	Any Vice-Convenor or Chair of the Council duly appointed as such by a full meeting of the Council in terms of Section 4 (2) of the 1994 Act
The Provost	The Convenor or Chairperson of the Council duly appointed as such by a full meeting of the Council in terms of Section 4 (1) of the 1994 Act
Vice Chair	The person presiding at a Panel or other Committee, in the absence of the Chair, duly appointed by the Council

Standing Orders Relating to Meetings

Section 2

Meetings of the Council - Procedures

3. First Meeting of the Council after Elections

- 3.1 The first meeting of the Council after an ordinary election of Councillors shall be held within twenty one days from the date of the election, on a date to be fixed by the Chief Executive as Returning Officer.
- 3.2 The Returning Officer for that Election or, failing him/ her, the Depute Returning Officer, will preside at the meeting until the Provost is elected following which the Provost will take the chair.
- 3.3 At the first meeting of the Council, the following business shall normally be transacted and elections and appointments made in accordance with the terms of Standing Order 24:
- (1) To note the election of Councillors;
 - (2) To take the sederunt, noting which Councillors have executed the Declaration of Acceptance of Office;
 - (3) To elect the Provost of the Council;
 - (4) If it is resolved to do so, to elect the Depute Provost of the Council;
 - (5) To appoint the Leader of the Council;
 - (6) To appoint the Depute Leader of the Council;
 - (7) To resolve what Panels will be appointed and the terms of reference of each of those Panels;
 - (8) To appoint members and Chairs and Vice-Chairs of all Panels of the Council, with the exception of a lay Chair of the Audit and Governance Panel, the tenure of a lay Chair of the Audit and Governance Panel being governed by specific contractual arrangements;
 - (9) To appoint members of the Licensing Board;
 - (10) To appoint representatives to outside bodies and working groups, in so far as can be competently done at this meeting;
 - (11) To approve the timetable of meetings; and
 - (12) To deal with any other urgent, competent business specified in the notice calling the first meeting of the Council.

3.4 No adjournment of the statutory meeting will take place to a date later than twenty one days from the date of the election.

4. Ordinary Meetings

4.1 Subject to Standing Orders 3 (First Meeting) and 5 (Special Meetings), unless otherwise agreed to by the Council, ordinary meetings of the Council shall be held on an ~~68~~–weekly cycle in accordance with a timetable approved by the Council. Changes to the timetable must be made not later than the preceding ordinary Council meeting.

4.2 Due notice of any alteration to the ordinary meeting, place or time, shall be given in compliance with the provisions of the 1973 Act.

4.3 A Panel shall hold such meetings as the Council may from time to time approve in the timetable of meetings as aforesaid.

4.4 An ordinary meeting may be held on a wholly remote basis by electronic means or in circumstances whereby some Councillors attend in person and others take part via remote means. Attendance by remote means requires to be advised to the Chief Executive or by another Councillor in advance of the meeting and requires to be from a fixed private location.

4.5 No sound, film, videotape, digital or photographic recording of the proceedings of any meeting shall be made without the prior approval of the Council, other than recording of the proceedings of meetings agreed by the Council, either for webcasting or as a back-up for a live webcast, or as an alternative where live webcasting is not possible . (All phones should be switched off or on silent and Councillors should not correspond, whether by email, text, social media or any other electronic means, with any other Councillor or other person during a Council meeting (except as required for the conduct of the meeting). Such restrictions shall not preclude participation in a meeting which takes place over a remote platform.)

5. Special Meetings of the Council

5.1 Special meetings of the Council may be convened under the following circumstances:

- (1) At any time by decision of the Council;
- (2) For consideration of urgent business in accordance with the provisions of Standing Order 5.4;
- (3) To determine planning applications in terms of the Town and Country Planning (Scotland) Act 1997 as amended, if required; and
- (4) By requisition in accordance with the provisions of Standing Order 5.3.

5.2 Those requesting a meeting in accordance with Standing Order 5.1 (2) shall do so by completing the form attached in [Appendix 1](#) specifying the purpose of the business proposed to be transacted at the meeting.

5.3 A Special Meeting may be called at any time by the Provost providing he/ she has received a requisition in writing specifying the business proposed to be transacted at the meeting and signed by at least seven Members of the Council. The date, time

and venue of the meeting will be as determined by the Chief Executive but must be within fourteen days of receipt of the requisition.

- 5.4 The Provost may convene a Special Meeting if it appears to him/ her that there are items of urgent business to be considered. If the office of the Provost is vacant, or if the Provost is unable to act for any reason, the Depute Provost of the Council may at any time call such a meeting. If the Offices of the Provost and Depute Provost are both vacant or they are otherwise unable to act, the Chief Executive may convene such a meeting. **Special Meetings shall not include the approval of Minutes, additional Motions (other than any Motion approved by the Provost in accordance with Standing Order 5.1) and/ or any Formal Questions which shall be considered at the ordinary meetings of the Council.**
- 5.5 If the Provost agrees to convene a meeting, the notice of the meeting will confirm the special purpose for which it is being called and the date, time and venue will be as determined by the Chief Executive but shall be no later than 14 days from receipt of the form requesting the meeting.
- 5.6 The Chief Executive may determine in consultation with the Monitoring Officer and the Chair of a Panel, or in their absence the Vice -Chair, the requirement to convene a special meeting of any Panel. The notice of the meeting will confirm the special purpose for which it is being called and the date, time and venue will be as determined by the Chief Executive.
- 5.7 A Special Meeting may be held on a wholly remote basis by electronic means or in circumstances whereby some participants attend in person and other participants take part by remote means. Attendance by remote means requires to be advised to the Chief Executive in advance of the meeting and requires to be from a fixed private location.

6. Place, Time and Duration of Meetings

- 6.1 All meetings of the Council shall be held within the County Buildings, Ayr at 10.00 am or at such other place or hour as the Council or the Provost or Depute Provost may from time to time direct. Where it is deemed appropriate, the Chief Executive, in consultation with the Provost, may also call for a meeting of the Council to take place on a wholly remote basis by electronic means or in circumstances whereby some Councillors attend the Council Chambers/ County Buildings and others take part via remote means.
- 6.2 In the event of the business of the meeting not being completed within 4 hours, then, unless a motion to continue the meeting for a further specified period has been moved, seconded and voted upon without discussion, the meeting will stand adjourned and the remaining business will be carried forward to the next or another meeting.
- 6.3 Nothing in this Standing Order will prejudice the power of the Provost, at his/ her discretion, to adjourn temporarily any meeting for a brief period, and the Provost shall adjourn the meeting for a period of 20 minutes after approximately 2 hours provided there has been no earlier adjournment. At the expiry of this period, the Provost shall recommence the meeting provided it is quorate.

7. Notice of Meetings

7.1 *Public Notification*

Public notification of meetings shall be given by posting a notice at the County Buildings and on the Council's website at least three clear days before the meeting or, if the meeting is convened at shorter notice, then at the time the meeting is actually convened.

The notice of the meeting shall comprise:

- (1) the date, time and place of the meeting;
- (2) the list of items of business to be transacted; and
- (3) if it is likely that the public is to be excluded during the whole or part of the meeting, notification of that fact.

7.2 *Notice to Councillors*

Notice of meetings shall be given by the Chief Executive to all Councillors in accordance with the provisions of the 1973 Act as amended, by posting or delivering to each Councillor at his or her usual place of residence or at such other address as may be notified to the Chief Executive, or sending by electronic means, at least three clear days before the meeting (or, if the meeting is convened at shorter notice, then at the time the meeting is actually convened), specifying the following:

- (1) the date, time and place of the meeting;
- (2) the list of items of business to be transacted, and
- (3) if it is likely that the public is to be excluded during the whole or part of the meeting, notification of that fact.

7.3 The validity of any meeting of the Council shall not be affected by the failure of any Member to receive notice of a meeting.

8. The Agenda

8.1 Each item of business to be transacted at a meeting will be noted on the agenda which will be approved by the Chief Executive or the ~~Head of Legal and Regulatory Services~~ **Chief Governance Officer**. No other item of business will be considered at the meeting unless in accordance with Standing Order 13.1 (12) (Urgency).

8.2 Any item of business to be transacted at a meeting, and on the agenda for that meeting, may be withdrawn prior to the meeting, with the approval of the Chief Executive or the Chief Governance Officer and the Provost/ Chair of the meeting. Councillors shall be notified of the withdrawal of the business item as soon as practicable thereafter.

8.23 Copies of the agenda and any accompanying reports will be open for inspection by members of the public at the Chief office of the Council at County Buildings and on the Council's website, at least three clear days before the meeting, except:

- (1) where the meeting is convened at shorter notice, in which case the agenda and reports will be available for public inspection from the time the meeting is convened;
- (2) where an item is added to an agenda, copies of which are open for inspection by the public, copies of the item (or of the revised agenda), and copies of any report for the meeting relating to the item, will be open for inspection from the time the item is added to the agenda; and
- (3) there may be excluded from the copies of reports the whole or part of any report which relates only to items during consideration of which, in the opinion of the ~~Head of Legal and Regulatory Services~~ **Chief Governance Officer**, the meeting is likely not to be open to the public.

9. Cancellation of Meetings

- 9.1 The Provost may cancel any scheduled meeting because of lack of business or unavailability of Councillors due to illness or other reasons as are thought appropriate. Cancellation will be intimated as soon as possible by email to Councillors and on the Council's website.

10. Public Access to Meetings

- 10.1 All meetings of the Council will be open to the public, except that:

- (1) Whenever it is likely at any meeting, in view of the nature of the business to be transacted or the nature of the proceedings, that there will be a disclosure of exempt information (see [Appendix 2](#)), the public may, by resolution of the meeting (under Standing Order 21.1 (6)), be excluded from the meeting while the particular matter is being considered.
- (2) Whenever it is likely at any meeting, in view of the nature of the business to be transacted or the nature of the proceedings, that confidential information (see [Appendix 2](#)) will be disclosed in breach of an obligation of confidence, the public shall be excluded from the meeting while the particular matter is being considered.
- (3) The Provost has power to exclude any members of the public from a meeting in order to suppress or prevent disorderly conduct or other misbehaviour which is impeding or likely to impede the work or proceedings of the Council.

- 10.2 No members of the public will be permitted to speak or to take any part in the proceedings of a meeting of the Council except when addressing a meeting of the Service and Partnerships Performance Panel under the procedures for Petitions (Standing Order 31), or in accordance with other procedures for hearings etc (such as at the Regulatory Panel).

11. Non-Attendance of Councillors

- 11.1 If a member of the Council is unable to attend a meeting for whatever reason he/ she may tender his/ her apologies either by intimating them to the Chief Executive in advance of the meeting or by another Councillor doing so prior to the commencement of business and these apologies only shall be incorporated in the minute of meeting. A Member may be regarded as being present at a meeting if

he/ she is able to participate from a remote location by a communication link, and shall be counted for the purposes of deciding if a quorum is present.

- 11.2 Subject to the provisions of Section 35 of the 1973 Act and Section 19 of the 2000 Act, if a Councillor fails throughout a period of six consecutive months to attend any meeting of the Council, the Chief Executive will, unless such Councillor has been granted leave of absence by the Council, inform the Council who will consider whether the failure to attend was due to some reason approved by them and, if they are not satisfied as to the cause of such failure, that Councillor will cease to be a member of the Council.
- 11.3 Subject to the provisions of the 1973 Act and the 2000 Act, the Council may grant a leave of absence to any Councillor who, for a reason approved by Council, is unable to attend any meeting of the Council for a continuous period of six months.
- 11.4 Attendance at any Panel of the Council or any Joint Committee, Joint Board or other body to which any function of the Council has been delegated or any meeting of any body of persons at which the Councillor is authorised to represent the Council is deemed to be attendance at a meeting of the Council for the purposes of this Standing Order.

12. Quorum

- 12.1 No business will be transacted at any meeting of the Council unless at least one quarter of the whole number of members of the Council (that is to say seven Councillors) are present to form a quorum. For the avoidance of doubt, 'present' shall include the participation of Councillors via a remote meeting platform.
- 12.2 If within ten minutes after the time appointed for the commencement of a meeting of the Council, a quorum is not present, the meeting will stand adjourned to such date and time as may be fixed, and the minute of the meeting will disclose this fact.
- 12.3 If, at any time after a meeting has commenced, the number of Councillors present falls below the quorum, the Provost will suspend the proceedings. If, after the lapse of five minutes, the Provost finds that the quorum has not been achieved, (s)he will adjourn the meeting to such other date and time as may be fixed, and any business not considered at the adjourned meeting will be postponed to and considered at the reconvened meeting.
- 12.4 The quorum for Panels shall be determined from time to time but shall not be less than one-fourth of the membership. Subject to the above and Standing Order 35.2 (10) (the Cabinet when it meets as the Education Authority), the quorum for Panels shall be three. In the case of the Audit and Governance Panel, three Councillors shall be required to constitute a quorum. In the case of the Cabinet, three Portfolio Holders are required to constitute a quorum.

13. Order and Conduct of Business at Meetings

- 13.1 The order of business at every meeting of the Council (other than the first meeting of the Council held in accordance with Standing Order 3 above) shall be:
- (1) The Provost, or, in his/ her absence, the Depute Provost, shall take the chair; if both are absent the Council shall appoint a Convener for the time being from the Councillors present and that Councillor shall act as Chair during the absence from the meeting of the Provost or Depute Provost;

- (2) The sederunt shall be taken;
- (3) Any apologies shall be tendered;
- (4) Any Declaration of Interest shall be intimated;
- (5) Presentations;
- (6) Minutes of the previous meeting or meetings of the Council submitted for approval and signed by the Provost as a correct record;
- (7) The minutes of the Cabinet and each other Panel of the Council as appropriate intimated for noting as a correct record and/ or for the Council to approve the decision ~~(if a paragraph is marked with a 'C') the Minutes will be held to be approved unless an objection is made by a member to any paragraph when it is submitted for approval when the process in Standing Order 13.2 shall be followed or otherwise any recommendations made to it by such Panels;~~
- (8) Any items referred to the Council for determination by the Cabinet any of its other Panels;
- (9) Business remaining from the last meeting (if any);
- (10) New Business in the form of reports from the Chief Executive or relevant Chief Officer as listed in the agenda;
- (11) Notices of motion submitted in accordance with Standing Order 18 (in the order in which they have been received) so far as specified in the agenda;
- (12) Any business not specified in the agenda and brought before the meeting as a matter of urgency and of which notice has not been given as provided at Standing Order 18 (Notice of Motion) provided that (i) notice of motion in respect of such business shall have been given by the mover thereof after item (4) of the order of business above, and (ii) the Provost shall be of the opinion that the matter should be considered at the meeting as a matter of urgency; and
- (13) Formal questions submitted in accordance with Standing Order 26.

~~13.2 When an objection is made, it will be noted by the Chief Executive and considered after disposal of the unopposed minutes. The mover and seconder of a paragraph marked 'C' may speak in support of the minutes either when submitting it for consideration or, if there is an objection to it, when the objection is debated,~~

13.23 The Council may agree at any meeting to vary the order of business so as to give precedence to business of special urgency or for reasons of convenience.

13.34 At the last meeting of Council prior to election, no new Business, motions or questions may be brought before the meeting. All Minutes of the previous meeting or meetings of the Council shall be submitted for approval and signed by the Provost as a correct record.

14. Minutes

- 14.1 Minutes of Council and Panel meetings will be compiled and kept by the ~~Head of Legal and Regulatory Services~~**Chief Governance Officer**.
- 14.2 Minutes of Council meetings will be submitted to the next ordinary Council meeting for approval as a correct record. Minutes of Panel meetings will be submitted to the next appropriate Ordinary Panel meeting for approval as a correct record and then intimated to the next Ordinary Council meeting for noting and for approval by Council of any items which require Council approval in terms of these Standing Orders and/ or the Scheme of Delegation.
- 14.3 There will be no discussion of minutes except as to their accuracy. Any question of accuracy must be raised by motion and voted on without discussion. No written notice of motion is required.
- 14.4 The Provost shall move the Council minutes submitted for approval and will sign the Council minutes once they are approved. The relevant Panel Chair shall move any item referred to Council from a Panel for final decision in accordance with Standing Orders and the Scheme of Delegation. The relevant Panel Chair at a Panel meeting shall move the Panel minutes submitted for approval and will sign the Panel minutes once they are approved.
- 14.5 In the absence of the Provost or other Councillor who presided at the Council or Panel meeting in question, any other Councillors who were present may move the minutes for approval. In every case the motion to approve must be seconded by another Councillor who was present at the meeting in question.
- 14.6 Notwithstanding the foregoing provisions, where appropriate, having regard to the timing of meetings and the business required to be conducted, the Chief Executive may determine that Panel minutes be submitted to the next Ordinary Council for approval rather than to the next Ordinary Panel meeting. After approval by Council, the minutes in question shall then be submitted to the next Ordinary Panel meeting for noting.
- 14.7 A Council or Panel meeting which has had its minutes properly signed will be deemed to have been held, and all Councillors present at the meeting will be deemed to have been duly qualified under statute until the contrary is proved.

15. Duties and Powers of the Provost/ Depute Provost

- 15.1 Without prejudice to the provisions of Standing Order 3 (First Meeting), the Provost will preside at all meetings of the Council. In his/ her absence, the Depute Provost will preside at the Council meeting and, in the absence of both, the Chief Executive will preside over the meeting until the Council appoints a Convener for that meeting.
- 15.2 Without prejudice to the whole other provision of these Standing Orders, the Provost shall have power:
- (1) To decide on all matters of decorum, order, competency and relevancy;
 - (2) To determine all matters of procedure for which no provision is made within these Standing Orders;

- (3) To decide between two or more Councillors rising or wishing to speak by calling on the Councillors whom he/ she first observed to do so;
- (4) To order the exclusion of any members of the public to prevent or suppress disorderly conduct or other misbehaviour;
- (5) In ruling that certain language is unacceptable, to seek withdrawal of a remark, an apology or any other action required, in the opinion of the Provost, to allow the meeting to proceed properly;
- (6) To rule upon the acceptability of behaviour during the course of the meeting;
- (7) In the event of disorder arising, to adjourn the meeting to a time and date as he/ she shall fix then or later, and his/ her leaving the chair in such circumstances shall without further procedure have the effect of a formal adjournment of the meeting;
- (8) To exercise both a deliberative and a casting vote unless otherwise provided by statute;
- (9) To seek advice from the Chief Executive or the ~~Head of Legal and Regulatory Services~~ **Chief Governance Officer** in respect of any of the foregoing powers; and
- (10) To exercise the powers set out in Standing Order 16.7 below.

15.3 The Provost shall have the duty:

- (1) To ensure that Standing Orders are observed;
- (2) To ensure that a fair opportunity is given to all Councillors to express their views on any item of business;
- (3) To preserve order within the meeting; and
- (4) To sign the minutes of the previous meeting, adjusted in accordance with any amendments adopted by the Council.

15.4 The decision of the Provost on all matters within his/ her powers shall be final and shall not be open to question or discussion.

16. Councillors' Conduct at Meetings

16.1 All Councillors must comply with the requirements of The Councillors' Code of Conduct and associated regulations and guidance as issued by the Standards Commission for Scotland from time to time.

16.2 Deference shall at all times be paid to the authority of the Provost. When he/ she begins to speak, any Councillors addressing the meeting shall give way; he/ she shall be heard without interruption, and no Councillors shall speak until the Provost has finished speaking. Councillors shall intimate to the Provost their requirement to leave a meeting, whether they have joined in person or remotely, and this shall be recorded in the minutes of the meeting.

- 16.3 All Councillors must respect the Provost, colleagues, Council employees and any members of the public present during meetings or other formal proceedings of the Council.
- 16.4 Councillors are accountable for their own individual conduct in meetings of the Council at all times irrespective of the conduct of others. Abusive or offensive language shall not be acceptable. Councillors shall have regard at all times to the requirements of equalities legislation.
- 16.5 All Councillors must comply with rulings from the Provost in the conduct of business of the Council. This includes rulings on the proper and timely conduct of meetings, the acceptability of language used and the fairness and sufficiency of debate. Councillors present at the meeting share the responsibility for the proper and expeditious discharge of business and the role of the Provost requires to be supported and respected.
- 16.6 No behaviour disruptive to a meeting shall be acceptable and where appropriate, the sanctions specified in Standing Order 21.1 (1) (Suspension of a Councillor) will be invoked.
- 16.7 In the event of persistent misconduct of a Councillor by disregarding the ruling of the Provost, or behaving improperly or offensively or using unbecoming language, or wilfully obstructing the business of the meeting, the Provost may take any of the following courses either separately or in sequence:
- (1) direct the Councillor to refrain from speaking during the remainder of the debate on the matter under discussion;
 - (2) adjourn the meeting for such period as seems expedient to the Provost; and
 - (3) in the event of general disturbance which in the opinion of the Provost renders the due and orderly despatch of business impossible, the Provost may, in addition to any other power vested in him/ her, without the question being put, suspend the meeting for such period of time that he/ she considers expedient.

17. Declaration of Interests of Councillors

- 17.1 The Councillors' Code of Conduct makes provision in Section 5 for the circumstances in which a Councillor who is present at a meeting must declare an interest in relation to any contract, proposed contract or other matter to be considered at that meeting. An interest may be financial or non-financial, registerable under the Code or non-registerable and may relate to a Councillor's personal interests or to the interests of other persons.
- 17.2 Councillors are required to declare an interest in accordance with the requirements of the Councillors' Code of Conduct, having regard to the general exclusions, the specific exclusions and the objective test, namely, whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice a Councillor's discussion or decision making in their role as Councillor.
- 17.3 Any declaration of interest should be made as soon as practicable after the start of a meeting where that interest arises. Any declaration of interest should identify the

item or items of business to which it relates and state clearly the specific nature of the interest.

- 17.4 A Councillor who has declared an interest must withdraw from the meeting room, or remote meeting platform (as applicable), until discussion and voting on the relevant item of business is concluded, (except in circumstances where the Code specifies there is no need to withdraw).
- 17.5 The minutes of the meeting shall record the name of any Councillor who has declared an interest, the nature of the interest and whether or not the Councillor remained in the meeting, took part in the debate or voted.

18. Notices of Motion Intended for Consideration at Next Meeting

- 18.1 Every notice of motion must be in writing and signed by the Councillor giving the notice and seconded in writing and signed by another Councillor. Every motion must be relevant to some matter in relation to which the Council has functions or which affects the area of the Council.
- 18.2 Every such notice must be delivered to the Chief Executive at his or her office not later than 12.00 noon on the day five clear days before the date of the next meeting of the Council, otherwise it will not appear on the agenda for such meeting. The motion may be delivered by hand, post or email. (For example, if the Council meets on Thursday, then any motions for this meeting would require to be delivered to the Chief Executive at her/ his office by 12.00 noon on the Wednesday of the preceding week (5 clear days).)
- 18.3 If any motion raises an issue affecting the operational policy or finances of the Council which has not been the subject of a report to the Cabinet, the motion may (if approved after discussion) be referred to the Cabinet for consideration.
- 18.4 All motions considered valid by the Chief Executive in accordance with the terms of Standing Order 18.8 and of which notice has been duly given will be included in the agenda for the next meeting in the order in which they were received by the Chief Executive, who will record both the date and time of receipt of the original notice.
- 18.5 If more than one such motion, in the opinion of the Chief Executive, having consulted with the Provost, deals with the same subject matter, only the motion first lodged will be considered.
- 18.6 If a motion, notice of which is specified in the agenda, is not moved either by the Councillor who has given the notice or by some other Councillor on his/ her behalf when it arises on the agenda, it will, unless postponed by leave of the meeting, be considered as abandoned and may not be moved without fresh notice.
- 18.7 Notwithstanding Standing Order 18.2 above, the Provost may accept a notice of motion delivered to the Chief Executive not later than 12.00 noon on the day prior to the day of the meeting if the Provost is satisfied by reason of special circumstances that the motion should be considered as a matter of urgency.
- 18.8 A notice of motion or amendment shall not be deemed competent for inclusion or consideration on the Agenda if, in the opinion of the Monitoring Officer, the motion or amendment is:

- Likely to be illegal, defamatory or in breach of Data Protection Principles;
- Likely to give rise to a contravention by the Council of any enactment or rule of law or any code of practice made or approved by or under any enactment;
- Contrary to Standing Orders;
- The same or similar to a motion determined by Council in the previous 6 months;
- Likely to incur expenditure , the source of which has not been identified;
- Proposing use of Council's reserves as a source of funding for the purpose of the motion or amendment without the prior advice and agreement of the Chief Financial Officer having being obtained;
- In respect of a matter which requires to be assessed for any equalities impact ;
- Imprecise as to the outcome sought; and
- Incompetent in any other respect.

19. Motions and Amendments - General

- 19.1 In relation to items of business on the agenda, the Provost will ask the Council Administration if they wish to propose a motion (except in relation to 13.1 (11) Motions, when the proposer of the motion shall be given the first opportunity to propose the motion, which failing, any Member may propose the motion). If a member of the Council Administration does not propose a motion, any Member may propose a motion. Any such motion must be immediately seconded. The proposer of any motion or amendment may speak to their motion or amendment when proposing it, otherwise shall be allowed to speak to it during debate.
- 19.2 The Provost may require that any motion or amendment shall be reduced to writing and the time taken to do so shall be such period as is required to be determined at the discretion of the Provost. A copy shall be passed to the Clerk who shall circulate it to each Councillor. The Provost may require any motion or amendment to be read out prior to it being put to the meeting. Wherever possible, Members should make all efforts to discuss motions and amendments with the Monitoring Officer in advance of the meeting and submit them in writing to the Clerk rather than tabling these on the day of the meeting.
- 19.3 Subject to Standing Order 19.4, motions or amendments made but not seconded will not be discussed or recorded in the minutes.
- 19.4 When a motion or amendment has been moved but not seconded, the mover may require his or her dissent in respect of a decision taken on the item of business to which the motion or amendment relates to be entered in the minute, and such dissent shall be so recorded by the insertion of a note that the Councillor concerned asked that his/ her dissent be recorded together with the motion or amendment which failed to find a seconder.
- 19.5 Any motion or amendment which seeks to add to, take from or otherwise alter or amend the annual budgets previously approved by Council (relating to the Revenue Budget, the General Services Capital Programme, the Housing Revenue Account, Setting of Council Rents, the Housing Investment Programme and Common Good Accounts) shall require to detail the cost of the proposal(s) being advanced or the

savings proposed to be achieved and the consequential impacts (including, without limitation to the foregoing generality, equalities impacts) of that cost or those savings on the budget as previously approved by Council.

- 19.6 A motion or amendment once moved and seconded shall not be altered or withdrawn without the consent of the mover and seconder.
- 19.7 An amendment must be relevant to the motion, should be either to leave out words, and/ or insert and/ or add others but should not have the effect of introducing new and unrelated subject matter into the motion before Council. The Provost shall have the authority to rule out of order any amendment, which he/ she may consider irrelevant, or substantially the same as the motion or another amendment.
- 19.8 No Councillor shall move or second more than one motion or amendment upon a particular issue although a Councillor who has moved or seconded a motion or amendment shall not be precluded from moving or seconding a fresh amendment if the original motion or amendment is withdrawn.
- 19.9 Except where the Provost notes that those Councillors at the meeting are in general agreement with regard to any unopposed motion, each motion and amendment will be put to the vote in accordance with Standing Order 23 below.

20. Debate and Speeches

- 20.1 Except with the consent of the Provost, the original mover of a motion (but not an amendment) shall speak for no more than ten minutes and, thereafter, no Councillor shall speak to a motion or amendment or in reply for more than five minutes. A Councillor who seconds a motion or an amendment may, when seconding, reserve the right to speak at a later point in the debate.
- 20.2 A Councillor may either sit or stand when speaking, and shall address the Provost.
- 20.3 Subject to Standing Order 20.4, a Councillor must direct his or her speech to the question under discussion and may only speak once during the debate on an item of business to either: move an amendment or motion, or to second or speak to an amendment or motion moved by another Councillor.
- 20.4 The exceptions to Standing Order 20.3 are:
- (1) to exercise a right of reply (under Standing Order 20.9);
 - (2) on a point of order;
 - (3) questions; and
 - (4) by way of personal explanation.
- 20.5 Any Member may ask a question at any meeting of the Council concerning any item of business arising upon the agenda of any senior officer present at the meeting or the relevant portfolio holder provided such questions are relevant to the item of business under consideration.
- 20.6 Questions seeking clarity on the terms of any motion or amendment shall be made to the mover, seconder or the relevant Portfolio Holder. . Clarification can also be sought from any senior officer present at the meeting. The Councillors or officer to whom the question is addressed shall be given the opportunity of replying in writing.

- 20.7 On a point of personal explanation, a Councillor who has previously spoken on an item of business may, with consent of the Provost, speak in personal explanation of some material part of a former speech by him/ her which may appear to have been misunderstood, or as to some statement or act wrongly attributed to him/ her. The Councillor must confine his/ her remarks strictly to that point and must not refer to other matters nor endeavour to elaborate a former speech by new arguments, or a reply to other Councillors.
- 20.8 A Question of Order shall relate only to an alleged breach of a Standing Order. Any Member indicating a desire to raise a question of order shall state at the outset the number or terms of the Standing Order considered to be infringed and the way in which the Member raising it considers that it has been broken. A Councillor shall cease speaking when a point of order is raised until the point in question has been decided by the Provost who shall be sole and final judge as to the competency and validity of the point of order. No Member other than the Member who raised the Question of Order will speak to that question, except with the permission of the Provost.
- 20.9 After a Question of Order is decided, the Member who was addressing the meeting at the time when it was raised will be entitled to proceed with the discussion, giving effect to the Provost's ruling.
- 20.10 The mover of a motion shall have a right of reply at the close of the debate in the motion, immediately before it is put to the vote. The mover of an amendment has no right of reply to the debate on that amendment. The mover of a motion shall, in his/ her reply, strictly confine himself/ herself to answering previous speakers, and shall not introduce any new matter.
- 20.11 After the reply is concluded, the discussion shall be held to be closed, after which no Councillors shall be permitted to offer an opinion or to ask a question or otherwise interrupt proceedings or to speak, except with regard to the manner of taking a vote and the question under discussion shall be put by the Provost.

21. Procedural Motions

- 21.1 The following motions are permitted during discussion of another motion. They will be moved, seconded and put to a simple vote of 'Agree' or 'Disagree' without discussion and shall take precedence over the motion under discussion.

(1) ***Suspension of a Councillor***

In the event of any Councillors at any Council meeting disregarding the authority of the Provost, or being guilty of obstruction or offensive conduct or conduct likely to disrupt the orderly execution of the business of the meeting, a motion may be moved and seconded to suspend such Councillors for the remainder of the meeting. The motion shall be put to the meeting without discussion. Should the motion be carried, such Councillors shall thereupon retire from the meeting. A Council Officer shall act upon any orders he/ she may receive from the Provost in pursuance of such decision.

(2) ***Move to Vote***

At the close of any speech, any Councillor who has not yet spoken on the question before the meeting, may move 'That the question be now put'. If

this is seconded, then the Provost, if he/ she is of opinion that the subject has been sufficiently discussed, shall, without further debate, put this to a vote. If it is carried, the mover of the original motion shall have the right to reply, in accordance with Standing Order 20.8.

(3) ***Adjournment of Meeting***

A motion for the adjournment of the meeting may be put at the conclusion of any speech by any Councillor. It should be moved and seconded without a speech, and shall at once be put by the Provost in the form of 'Adjourn' or 'Not Adjourn'. A second motion for the adjournment of the meeting shall not be made within a period of half-an-hour, unless it be moved by the Provost, when it shall be dealt with as above.

(4) ***Proceed to Next Business***

It shall be competent for any Councillor at the close of any speech to move without comment that the Council proceeds to the next business and if the motion is seconded it shall at once be put to a simple vote. When a motion is carried that the Council proceeds to the next business, the motion under discussion shall be considered as abandoned.

(5) ***Suspension of Standing Orders***

Any one or more of the Standing Orders (other than Standing Order 22 (Rescinding/ Revocation of Previous Decision/ Resolution) and Standing Order 33 (Standing Orders), in any case of urgency as determined by the Provost or upon a motion being made, may be suspended at any meeting of the Council provided that two thirds of the members of the Council present and entitled to vote (and an absolute majority of the members of the Council) shall so decide. It shall not be competent for the Council to suspend any Standing Order which gives effect to any provision of Schedule 7 to the Local Government (Scotland) Act 1973 (Arrangements for Meetings and Proceedings of Local Authorities) or any other statutory provision. For the avoidance of doubt, no Panel of the Council shall have power under this Standing Order or otherwise to suspend any Standing Order.

(6) ***Press and Public***

Any Councillor may move to exclude or re-admit the press and public under Section 50A (4) of the 1973 Act. If this be seconded then the Provost shall, without further debate, put this to a simple vote.

22. Rescinding/ Revocation of Previous Decision/ Resolution

- 22.1 Except where required by statute, no decision of the Council may be reconsidered and no item of business the same or substantially the same as one previously determined by the Council (as ruled by the Provost) may be discussed by the Council or any Panel of the Council (but without prejudice to the call-in process under Standing Order 35.4 and the requirement to amend the Scheme of Delegation in accordance with 35.1 (3)) within six months of the date of the making of the previous decision or determination of the item, except when two-thirds of the Councillors present and voting at a meeting of the Council (and an absolute majority of the whole Council - ie 15 Councillors) agree otherwise, or where the Provost rules that there has been a material change of circumstances which shall include where there has been a change in the law or the decision is unable to be implemented for

reasons outwith the control of the Council or the failure to reconsider may result in a potential loss of life or substantial economic loss to the Council. The Provost shall explain the reason for the ruling and the reason shall be minuted. For the avoidance of doubt, no Panel of the Council shall have power to vote to reconsider an item of business as aforesaid. Requests for changes within a six month period to the membership of the Cabinet and other Panels, Committees and Sub-Committees, and representatives of the Council on Joint Committees, Joint Boards and other external bodies and organisations are not considered to be the same or substantially the same.

23. Voting

- 23.1 Without prejudice to Standing Order 19.9, each motion and amendment will be put to the vote in accordance with this Standing Order 23.
- 23.2 Unless dispensed with by the Provost, the terms of the motion and any amendment(s) will be read out to the meeting. **Members may, in accordance with Standing Order 23.8, request a roll call vote before voting commences.**
- 23.3 After the Provost has announced the issue on which a vote is to be taken and voting has commenced, no Councillor will be permitted to offer an opinion, ask a question or otherwise interrupt the proceedings, until the result of the vote is declared.
- 23.4 When a motion only, or a motion and one amendment only, are before the meeting, a vote shall be taken 'for' and 'against' the motion, or, as the case may be, between the motion and amendment, ~~with the amendment being taken first.~~
- 23.5 When a motion and two or more amendments are before the meeting, the amendment last proposed, (except when one of the amendments implies negation as herein after provided) shall be put against that amendment immediately preceding, and then the one which is carried shall be put against the next preceding, and so on until there remains only one amendment, between which amendment and the original motion the vote shall be taken.
- 23.6 Where a Councillor desires to move an amendment which is the direct negative of the motion this shall be first put to the vote against the motion. If this amendment, (the direct negative) is carried the motion and any other amendment(s) shall fall and shall not be put to the meeting; if the amendment being the direct negative is not carried, the motion and remaining amendment(s) shall be put to the vote in accordance with the preceding Standing Order.
- 23.7 At each stage, the result of the vote on the basis of a simple majority of those present and voting will be announced.
- 23.8 All votes on procedural motions will be taken by electronic voting or by a show of hands. Voting otherwise will be by electronic voting or by a show of hands, except in the following circumstances:
- (1) subject to Standing Order 23.8 (2), ~~if~~ any Councillor present and voting ~~may so request,~~ **the Provost to agree a roll call vote before the Provost asks Members to proceed to the vote. The Clerk Chief Governance Officer** will call out the names of all the Councillors and will record in the minutes of the meeting the names of those:
- voting for or against the motion or amendment; or

- abstaining from voting, or
- absent from the meeting when the vote was taken.

(2) on a motion put forward, seconded, and carried without discussion, by a majority of Councillors at the meeting, voting will be by ballot which will be undertaken by the Clerk to ensure the secrecy of the vote. No written notice of motion is required.

Where the meeting is being held via a remote meeting platform, unless there is an agreed electronic voting system in use which allows for a secret ballot, such a ballot may not be feasible, and voting shall be by roll call vote.

23.9 All votes on procedure (Standing Orders 21 and 22) shall be taken electronically or by a show of hands.

23.10 In the case of an equality of votes, the Provost or Depute Provost or other Councillor presiding, will have a second or casting vote and may exercise it at his/ her discretion (except as otherwise provided by statute and except as detailed in Standing Order 24 – Voting on Appointments).

23.11 In all other cases, only those Councillors who have been in attendance during the whole or main part of the discussion on the agenda item giving rise to the vote will be entitled to participate in that vote, with brief periods of absence during consideration of the business under discussion being disregarded for these purposes.

24. Voting on Appointments

24.1 In the case of any election or appointment to office where only one vacancy requires to be filled and only two candidates are nominated, a vote shall be taken as between them and the one receiving the majority of votes shall be declared duly elected.

24.2 If more than two candidates are nominated, a vote shall first be taken as between all the candidates nominated, each Councillor being entitled to vote for only one candidate. If, after this vote has been taken, any candidate obtains an absolute majority of the votes of the Councillors present and voting, such candidate shall be declared duly elected. If no candidate has such a majority the name of the candidate having the fewest number of votes shall be struck out of the list of candidates.

24.3 Further voting shall take place and follow this procedure until one of the candidates obtains an absolute majority of the votes of the Councillors present and voting, when he/ she shall be declared duly elected or appointed, or until the candidates are reduced to two, when a final vote shall be taken and the candidate who receives the majority of votes shall be declared duly elected or appointed.

24.4 If there should be an equality of votes for two or more candidates, the candidate to be elected will be decided by lot, which will be conducted by the Clerk.

24.5 In the case of appointments where more than one vacancy requires to be filled and the number of candidates nominated exceeds the number of vacancies, voting shall take place as follows: each Councillor shall be entitled to vote for one candidate for each vacancy and the candidates receiving the highest number of votes shall be

appointed to the number of vacancies to be filled, provided that in each case the votes cast for the candidate exceeds the total votes cast for the remaining candidates (ie - an absolute majority).

- 24.6 Where no clear result emerges from the first voting either because one or more of the candidates receiving the highest number of votes has not secured an overall majority or because of an equality of voting for two or more of the candidates, the candidate having the lowest number of votes shall be removed from the list.
- 24.7 The voting shall be then repeated until the requisite majority is received for the number of candidates corresponding to the number of vacancies. In the event of a final equality of votes the candidates selected by lot shall be declared duly appointed.

25. Third Party Interests – Requirement for Attendance to Vote

- 25.1 For the purposes of clarification, where voting takes place on an agenda item where third party interests are directly affected - for example, where a planning application is being considered, or where appointments are being made in accordance with Standing Order 24, only those Councillors who have been present during the whole of the discussion will be entitled to participate in the vote.

26. Formal Written Questions

- 26.1 Except as provided for in Standing Order 20.5, or on a point of order, it shall not be competent for any Councillor to ask a question at any **ordinary** meeting of the Council unless the terms of the question have been intimated in writing and delivered or emailed to the Chief Executive by no later than 12.00 noon on the day three clear days before the date of the **ordinary** meeting. (For example, if the Council meets on Thursday, then any Formal Written Questions for this meeting require to be delivered to the Chief Executive at his/ her office by 12.00 noon on the previous Friday (3 clear days).)

Questions may be directed to the Leader of the Council, any Cabinet Member, the Chair of any Committee, the Leaders of the Opposition or Council representatives on Outside Bodies. Such questions must relate to the functions of such office holder or member.

- 26.2 Written answers to each written question submitted under Standing Order 26.1 will be tabled at the **ordinary Council meeting of the Council**. Written questions and answers will be reproduced and numbered in the order in which they have been received and will be made available to the Councillors at question time as specified on the agenda.
- 26.3 No discussion is competent on questions submitted as aforesaid or answers provided.
- 26.4 Arising from each answer given, one supplementary question, for clarification of the answer given, may be put by the Councillor who asked the original question and the supplementary question will be answered by the Provost or by such Councillors or such officer as the Provost may direct, provided always that the Councillors or officer to whom the supplementary question is addressed shall be given the opportunity of replying in writing. If the Provost rules a question out of order, the question will not be answered.

- 26.5 Question time shall be limited to thirty minutes, including the time taken to read the responses to the questions.
- 26.6 Written questions and any written answers will be recorded in the minute.
- 26.7 In this Standing Order, the expression 'written question' includes a series of written questions asked by the same Councillor all dealing with one subject or with subjects, which, in the opinion of the Provost, are so closely related as to be regarded as one subject.
- 27. Provision not required.**

Standing Orders Relating to Meetings

Section 3

Miscellaneous Matters

28. The Provost and Depute Provost

28.1 *Term of Office of the Provost*

The duration of the term of office of the Provost and Depute Provost (the Convener and Vice-Convener of the Council) shall extend until the next ordinary election of the Council, except that the Council may remove from office the Provost and/ or Depute Provost by a majority of the Councillors present and voting thereon at any meeting of the Council, providing the item of business is specified in the notice calling the meeting. The Council may proceed immediately to fill the resultant vacancy/ vacancies.

28.2 On a casual vacancy arising in the offices of the Provost or Depute Provost, an election to fill the vacancy shall be held as soon as practicable at a meeting of the Council, provided that the notice for the meeting shall specify the filling of the vacancy as an item of business.

28.3 *Term of Office of Leader, Chairs, etc*

The duration of the term of office of the Leader and Depute Leader of the Council and of all Chairs and Vice-Chairs of Panels, other than a lay Chair of the Audit and Governance Panel whose tenure and removal shall be governed by specific contractual arrangements, shall extend until the next ordinary election of the Council, except that the Council may remove from office any such post-holder by following the procedure set out in Standing Order 28.1.

28.4 *Chair of Audit and Governance Panel*

The Chair of the Audit and Governance Panel may be (i) a Councillor who is not a member of the current administration party(ies) or (ii) a lay person appointed following a public recruitment exercise as directed by the Council from time to time. A lay chair will hold office for a period to be agreed by the Council and may not be removed by following the process in Standing Order 28.1 as their tenure is governed by specific contractual conditions. For the avoidance of doubt, a lay Chair, once appointed, shall have full voting rights as a Panel member and the duties and powers as set out in Standing Order 15 shall apply, including exercising both a deliberative vote and a casting vote.

28.5 Where any Member has been appointed or nominated to a Panel or the Integration Joint Board or Outside Body by virtue of their position being reserved for a member of a specified Political Group, then any replacement may be nominated by the Group to the Chief Executive. In the case of a reservation for an Independent Member, any replacement may be agreed collectively by the Independent Members and thereafter notified to the Chief Executive. The Chief Executive will advise all Members in writing of these changes and report them to the next Ordinary Meeting of Council for noting. Where a nomination is not received by the Chief Executive within 6 weeks of a vacancy occurring for such a reserved position, then the Chief

Executive will present a report to the next Ordinary meeting of Council for determination.

29. Appointment of Chief Officers

- 29.1 The appointment of the Chief Executive and Chief Officers of the Council shall be undertaken by the Chief Officers' Appointments/ Appraisal Panel in accordance with current HR policies. All appointments made below Chief Officer level shall be made by the relevant Chief Officers in accordance with the Scheme of Delegation.
- 29.2 In the case of any appointment to office where only one vacancy requires to be filled and only two candidates are nominated, a vote shall be taken as between them and the one receiving the majority of votes shall be declared duly appointed.
- 29.3 If more than two candidates are nominated, a vote shall first be taken as between all the candidates nominated, each Councillor being entitled to vote for only one candidate. If, after this vote has been taken, any candidate obtains an absolute majority of the votes of the Councillors present and voting, such candidate shall be declared duly appointed. If no candidate has such a majority the name of the candidate having the fewest number of votes shall be struck out of the list of candidates.
- 29.4 Further voting shall take place and follow this procedure until one of the candidates obtains an absolute majority of the votes of the Councillors present and voting, when he/ she shall be declared duly appointed, or until the candidates are reduced to two, when a final vote shall be taken and the candidate who receives the majority of votes shall be declared duly appointed.

30. Common Seal

- 30.1 The Common Seal of the Council shall be kept by the Chief Executive who shall be responsible for its safe custody.
- 30.2 The Chief Executive may authorise the ~~Head of Legal and Regulatory Services~~ **Chief Governance Officer** as Proper Officer of the Council to affix the Common Seal to any document which requires to be sealed in order to give effect to a decision of the Council.

31. Petitions

- 31.1 Petitions from members of the public addressed to the Council shall be considered by the Service and Partnerships Performance Panel in accordance with the Council's Petitions Protocol.
- 31.2 Every application for the reception of a petition must be in writing, and delivered or emailed to the Chief Executive, or submitted online in accordance with the specified procedure, by no later than 12.00 noon on the day twenty clear days before the meeting of the Panel at which it may be considered.
- 31.3 The Chief Executive, in consultation with the Chair of the Service and Partnerships Performance Panel, may allow the late submission of a petition in cases of urgency.

32. Disclosure of Information

- 32.1 Information, whether contained in a document or otherwise, which is confidential information within the meaning of Section 50A (2) of the 1973 Act, must not be disclosed to the press or any other person by any Councillor or officer.
- 32.2 The full or any part of a document marked 'Not for Publication by virtue of the appropriate Paragraph of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973' must not be disclosed to the press or any other person unless and until the document has been made available to the public or the press under Section 50B of the 1973 Act.
- 32.3 No information regarding proceedings of the Council or a Panel from which the public have been excluded shall be disclosed to the press or any other person unless and until such disclosure has been authorised by the Council or Panel or the information has been made available to the public or the press under Section 50B of the 1973 Act.
- 32.4 The Council (in respect of all matters) or Cabinet (in respect of matters within the remit of the Cabinet only) may authorise disclosure of the whole or part of any document falling under Standing Order 32.2, by a simple majority of the Councillors present and voting at any meeting. Where so determined by the Council or Cabinet as aforesaid, the ~~Head of Legal and Regulatory Services~~**Chief Governance Officer** shall arrange to make public a redacted version of any report which has been considered after exclusion of the public in accordance with Standing Order 10.1 (1), so as to provide a fair and coherent record of proceedings without disclosing the exempt information.
- 32.5 Where a decision of Cabinet is 'called in' in accordance with Standing Order 35.4, any decision taken by the Cabinet under Standing Order 32.4 to authorise disclosure of the whole or part of a document to which the 'called in' decision relates shall not take effect until the conclusion of the call-in process.

33. Standing Orders

- 33.1 The ruling of the Provost or other person presiding concerning the interpretation or application of these Standing Orders shall not be challenged at any meeting of the Council.
- 33.2 A meeting of the Council may only consider changes to these Standing Orders if notice of the intention to vary or revise these Standing Orders is included in the Notice for the meeting; subject to such notice being given, these Standing Orders may be varied or revised at a meeting of the Council by a simple majority of the Councillors present and voting.

34. Contract Standing Orders and Financial Regulations

- 34.1 The Council shall make Contract Standing Orders and Financial Regulations for the regulation of the making by it or on its behalf of contracts and for the proper planning, execution and control of its financial affairs and such Standing Orders and Regulations will form part of these Standing Orders and will be read with them and with any Scheme of Delegation made by the Council.
- 34.2 Contract Standing Orders and Financial Regulations made by the Council in terms of this Standing Order will apply to Panels, Councillors, officers and certain agents

of the Council as appropriate, (the question of whether any person or body is an 'agent' of the Council being determined by the ~~Head of Legal and Regulatory Services~~**Chief Governance Officer** whose ruling will be final).

- 35X With the agreement of the Group Leaders and Independent Members and if required to enable effective decision making (or otherwise) in an emergency, the Chief Executive has power to amend the Standing Orders Relating to Meetings, the Scheme of Delegation, the Standing Orders Relating to Contracts or the Financial Regulations. Where agreement cannot be reached to do so, then the Chief Executive shall request the Provost to call a Special Meeting in accordance with Standing Order 5.4 to allow the Council to determine the matter in accordance with Standing Order 33.2.

Standing Orders Relating to Meetings

Section 4

Panels

35. Scheme of Delegation and Appointment of Panels, etc

35.1 *General*

- (1) This section of the Standing Orders must be read in conjunction with the Council's Scheme of Delegation.
- (2) The Council will prepare and adopt a Scheme of Delegation providing for (a) the delegation of discharge of its functions to Panels and officers and (b) the allocation of terms of reference to those Panels. For the avoidance of doubt, there will be no delegation of powers to individual Councillors.
- (3) Subject to any legal requirement, the Council can amend its Scheme of Delegation and the constitution, membership and functions of Panels and its delegations to officers, as and when it considers necessary.
- (4) Panels must follow any instructions or decisions the Council makes on matters of policy.
- (5) Standing Orders 3, 18, 21.1 (5), 24, and 26 shall not apply to meetings of Panels. Meetings of Panels will be conducted in accordance with Standing Orders 1, 2, 4 to 17, 19 to 23 (but not 21.1 (5)), 25, 32, 33 and 35, subject to the following amendments:
 - all references to 'Provost' and 'Depute Provost' will be read as 'Chair' and 'Vice-Chair' respectively;
 - the quorum for any meeting will be as set out in Standing Order 12;
 - at any meeting of the Regulatory Panel, the Chair may extend the period for transaction of business if (s)he considers that it will enable the Panel to complete its business; and
 - the time limit for meetings will not apply to the Appeals Panel, the Chief Officers' Appointments/ Appraisal Panel or the Education Appeals Panel.
- (6) The Chair of any of the Scrutiny Panels may, in the interests of securing open debate, dispense in regard to any item on the agenda with the requirements relating to rules of debate, procedural motions and points of order and may announce to the meeting that (s)he is so dispensing, and may recall the dispensation should the requirements of good order and expeditious dispatch of business require it. The aim of the Scrutiny Panels is for the Chair to conduct the meeting in a manner which will encourage interest and participation and without unnecessary formality such as would inhibit or discourage involvement.

- (7) A Councillor may attend any Panel meetings, even when not appointed to them, but cannot participate or vote. Where the Councillor is not a member of the Panel, (s)he should sit in the public gallery so that it is clear to the public that the Councillor is not part of the body taking the decisions. They may attend all parts of the meeting, whether or not the Panel has excluded the press and public, with the following exceptions:
- Councillors who are not appointed as members of the Appeals Panel, Chief Officers' Appointments/ Appraisal Panel or Education Appeals Panel may not attend any part of these meetings; and
 - Councillors who are not appointed as members of the Regulatory Panel (Licensing) may only attend, and be issued with papers in relation to, those parts of the meeting which are open to the public.
- (8) Where a Councillor has a right to attend a Panel under Standing Order 35.1 (7), (s)he may speak at the meeting only if required to do so by the Chair of the Panel in question.

35.2 **Cabinet**

- (1) The Council will establish a Panel to be known as the Cabinet to discharge the functions set out in the Scheme of Delegation.
- (2) The Cabinet may choose not to discharge a particular function, but to make a recommendation on the matter to the Council. The Cabinet may also make recommendations to the Council with regard to functions that the Council has reserved to itself.
- (3) The Cabinet will be appointed by Council and will comprise up to nine Councillors (excluding the members from the Opposition Party(ies) referred to in Paragraph 5 below).
- (4) The Provost will not serve on the Cabinet.
- (5) In appointing Councillors to the Cabinet, the Council will allocate Portfolios as set out in the Scheme of Delegation. In addition to Portfolio Holders, the Council may appoint two members from the Opposition Party(ies) who may attend and take part in and vote at all Cabinet meetings but shall not be allocated a portfolio area of responsibility.
- (6) The Leader of the Council will be the Chair of the Cabinet and the Deputy Leader of the Council will be the Vice-Chair of the Cabinet and will chair the Cabinet in the absence of the Chair.
- (7) Subject to sub-paragraph (5), the Council may allocate Cabinet members as it considers appropriate to cover Portfolio responsibilities.
- (8) Political Groups not represented on the Cabinet as Portfolio Holders may nominate Councillors to act as shadow spokespersons in relation to any of the Portfolios referred to in Standing Order 35.2 (5).

- (9) The Cabinet will meet on a four-weekly basis. Agendas for meetings of the Cabinet will be issued to all Councillors.
- (10) At every second meeting of the Cabinet, in addition to discharging ordinary business, the Cabinet will discharge education functions on the Council's behalf, at which point, the membership of the Cabinet will include:
- three representatives of religious bodies appointed under Section 124 of the Local Government (Scotland) Act 1973. These members of the Panel will be counted for the purpose of establishing a quorum and will have the same voting rights as Councillors. They will not be able to appoint substitutes; and
 - one teacher elected by teaching staff employed by the Council, one parent representative elected by Parent Council Chairs across all schools in South Ayrshire and one senior pupil representative elected by Pupil Councils across all schools in South Ayrshire. These members of the Panel will not be entitled to vote or appoint substitutes.
- (11) No business will be carried out at a meeting of the Cabinet unless at least three Portfolio Holders are present excepting that when the Cabinet meets to discharge education functions on the Council's behalf, the quorum will be four (including at least three Portfolio Holders), always provided that at least one-half of the Cabinet's voting membership must comprise Councillors at all times.
- (12) The Chief Executive will issue a decision notice detailing decisions taken by the Cabinet to all Councillors by 5.00 pm on the day on which the Cabinet meets.
- (13) No action will be taken on decisions taken by the Cabinet , until a notice detailing those items:
- called-in;
 - referred to Council; and
 - which can be actioned with immediate effect;

has been issued by the Chief Executive to all Councillors. This notice will be issued by 5.00 pm on the day two days following the day on which the Cabinet meets.

35.3 **Scrutiny Panels - General**

- (1) The Council will establish two Panels to discharge functions relating to governance and scrutiny of decisions, performance and improvement activity, with remits as set out in the Scheme of Delegation. These Panels will be named:
- Audit and Governance Panel (which will operate as the Audit Committee of the Council); and

- Service and Partnerships Performance Panel.

These Panels will be collectively referred to as ‘Scrutiny Panels’.

- (2) Each of the Scrutiny Panels shall meet on an ~~an~~ **84** weekly cycle **as required** in accordance with a timetable for meetings to be set by Council. The Audit and Governance Panel shall meet, in addition, in the week following any meeting of the Cabinet if required for the purposes only of considering a call-in from the Cabinet, if the Panel would not otherwise have been scheduled to meet in that week.
- (3) No member of the Cabinet may be a member of either of the Scrutiny Panels.
- (4) The Council will appoint a Chair and a Vice-chair of each Scrutiny Panel. The Chair of the Audit and Governance Panel may be a lay person appointed following a public recruitment exercise as directed by the Council from time to time.
- (5) No substitution will be permitted.
- (6) Scrutiny Panels may invite individuals and/ or representatives of organisations with expertise or interest in aspects of their remit, either to attend and/ or contribute to meetings, as regular participants or for a specific topic. These individuals/ representatives will not be counted for the purposes of establishing a quorum, will not be entitled to vote and will not be able to appoint substitutes.
- (7) Scrutiny Panels may request Portfolio Holders, other Councillors and members of outside organisations to attend meetings and/ or give evidence and advice.
- (8) Agendas for Scrutiny Panels will be issued to all Councillors.
- (9) The Council may amend the membership and remits of Scrutiny Panels as it sees fit.
- (10) Scrutiny Panels will meet in public on the days, at the times and in the places fixed by the Chair and subject always to Standing Order 10.
- (11) Each Scrutiny Panel shall agree an annual work programme and this shall form the basis for agenda items.
- (12) Each Scrutiny Panel shall operate an action log as a standing agenda item.
- (13) Standing Order 31 shall apply in relation to Public Petitions received.

35.4 ***The ‘Call-In’ Process***

As the Council operates an ‘executive model’ of decision making, provision is required for decisions of the Cabinet to be ‘called in’ for further scrutiny except for decisions relating to the Community Asset Transfer process that follow a separate process to comply with Part 5 of the Community Empowerment (Scotland) Act 2015

as detailed in Standing Order 35.10. Call-ins shall be considered and dealt with by the Audit and Governance Panel in accordance with the following provisions:

- (1) Requisitions calling-in decisions of the Cabinet must be signed either (a) by four Councillors or (b) by a majority of the membership of the Audit and Governance Panel and be delivered to the Chief Executive by no later than 4.00 pm on the day two days following the day on which the Cabinet has met.
- (2) A requisition calling in a decision must be in the form contained in [Appendix 3](#). Any alterations must either be initialled by all Councillors who signed the requisition or must be otherwise evidenced in writing. The 'reasons' section should be completed with sufficient detail as to allow members of the Audit and Governance Panel and officers to appreciate the cause for concern prompting the call-in. (This may be by reference to a part or parts of the report or decision, or by describing an issue which may not have been adequately addressed, or by requesting the provision of additional information which should be specified). The 'outcomes' section may be completed with sufficient detail as to allow the Audit and Governance Panel and officers to appreciate the alternative recommendation(s) that is (are) sought.
- (3) Where a call-in requisition contains any questions, or requests for further or additional information, officers, in consultation with the relevant Portfolio holder, shall, where possible, provide written responses to be intimated to all Councillors in advance of the Panel meeting. Receipt of responses to questions shall not itself preclude further scrutiny of the item called-in for the reason set out in this form.
- (4) Decisions that are called-in will be placed on the agenda for the next meeting of the Audit and Governance Panel (which will generally be in the week following the Cabinet).
- (5) The Audit and Governance Panel shall invite at least one of the Members who has requested the call-in to attend the Panel to explain the request. The Panel will also invite a representative from the Cabinet to present their views on the call-in request and invite any senior officer to provide information on the report presented to the Cabinet. If none of the Members who have made the request attend the Audit and Governance Panel, the Panel may determine not to scrutinise the decision.
- (6) The relevant Portfolio Holder will be requested to attend and will attend (unless there are reasonable reasons as to why they are unable to do so) Audit and Governance Panel meetings to answer questions on matters called-in.
- (7) No member of the Audit and Governance Panel who has signed a call-in request may take part in any voting which follows after members of the Panel have completed their deliberations on the call-in request.
- (8) Decisions called-in will be dealt with as follows:
 - where the Audit and Governance Panel agrees on a majority vote with the decision of the Cabinet, it can be implemented without further delay;

- where the Audit and Governance Panel does not agree on a majority vote with the decision of the Cabinet, it will be referred back to the Cabinet with recommendations from the Audit and Governance Panel for alternative action proposed. The Convener or another member of the Audit and Governance Panel nominated by the Convener will have the right to attend the Cabinet and speak in support of its recommendation on that matter;
 - the scrutiny meeting can continue discussion to the next meeting of the Audit and Governance Panel if additional information would assist in the decision-making process. If no decision is taken at that next meeting, the matter will be referred back to the Cabinet; and
 - where there continues to be a failure to agree after a referral back to the Cabinet, the matter will be referred to the Council for determination. The decision of the full Council shall be final and binding.
- (9) For the avoidance of doubt, where any item was considered by the Cabinet with the public excluded (in accordance with Standing Order 10.1 (1) or (2)), then the public shall also be excluded during consideration of the item at the Audit and Governance Panel, and Standing Order 32.5 shall apply.
- (10) Following a meeting of the Audit and Governance Panel at which a call-in has been considered, the Chief Executive will issue a decision notice within two clear days.

35.5 ***Scrutiny Reviews***

- (1) The Service and Partnerships Performance Panel will have the power to undertake Scrutiny Reviews in accordance with this Standing Order and the Scrutiny Handbook
- (2) The Service and Partnerships Performance Panel will prepare an annual programme of up to three scrutiny reviews proposed to be undertaken by the Panel which will be based on performance reports considered by the Panel and shall be undertaken in accordance with the Scrutiny Handbook.
- (3) The Service and Partnerships Performance Panel, in determining the scope and remit of a Scrutiny Review, will have regard to the following:
- each Scrutiny Review will require to have a clear scope and remit based on performance and improvement objectives and targets;
 - the Panel may appoint a sub group of their members to undertake a Scrutiny Review and may specify a minimum and a maximum membership of the sub group (and may include co-opted members of the Cabinet, depending on the nature of the topic to be scrutinised);

- the Panel will have the power to call expert witnesses and/ or call other professionals or representatives of interest groups for advice in respect of any Scrutiny Review undertaken;
- final Scrutiny Review reports will be referred to Cabinet or Council, as appropriate, for consideration of any recommendations and decision if required; and
- any member of a the Panel who wishes to prepare a minority report in relation to a Scrutiny Review must advise the Chief Executive and the Chair of the Panel in writing before the majority report is submitted to Council/ the Cabinet. The Councillor then has until the next available meeting to prepare his/ her report. The Scrutiny Panel report and the Minority report will be included on the agenda for the next appropriate Council/ Cabinet meeting.

35.6 **General Scrutiny Role**

- (1) Each Scrutiny Panel shall exercise a general scrutiny role in relation to matters within its specified remit, to monitor and challenge service performance, promote best value, and support continuous improvement in service delivery, the achievement of value for money and effective resource management.
- (2) Each Scrutiny Panel may present reports to Council/ Cabinet, as appropriate.

35.7 **Ad hoc Scrutiny**

- (1) Both the Council and the Cabinet shall have the power to request any one of the Scrutiny Panels referred to in Standing Order 35.3 (1) to undertake ad hoc scrutiny work in keeping with the remit of the Panel in terms of the Scheme of Delegation.
- (2) In addition to the annual programme of Scrutiny Reviews approved by Council in terms of Standing Order 35.5, the Council will have discretion to set up ad hoc Scrutiny Panels to undertake specific scrutiny reviews. The Cabinet can make recommendations to Council on areas for ad hoc scrutiny. These Panels will be drawn from amongst the membership of the full Council. Final reports will be considered by Council who may also agree arrangements for the consideration of any interim reports.

35.8 **Other Panels**

- (1) The following Committees (known as Panels) and Sub-Committees will also be appointed by the Council with the functions set out in the Council's Scheme of Delegation:
 - Regulatory;
 - Appeals;
 - Chief Officers' Appointments/ Appraisal;
 - Education Appeals;

- Local Review Body;
 - South Ayrshire Integration Joint Board; and
 - Ayrshire Shared Service Joint Committee.
- (2) Without prejudice to these Standing Orders the Council may, where appropriate from time to time, adopt and publish separate procedures applicable to the Panels referred to in Standing Order 35.8 (1).
- (3) The Council may also, subject to statute, from time to time adopt and publish separate procedures applicable to the Licensing Board referred to in Standing Order 3.3 (9).
- (4) Without prejudice to these Standing Orders, the South Ayrshire Integration Joint Board referred to in Standing Order 35.8 (1) above will conduct its business in accordance with the Standing Orders relating to meetings of that Board and the Ayrshire Shared Service Joint Committee referred to in Standing Order 35.8 (1) above will conduct its business in accordance with Standing Orders to be adopted by it in accordance with the Minute of Agreement setting up the Joint Committee.

35.9 ***Councillor/ Officer Working Groups***

- (1) The Council and the Cabinet may establish such Councillor/ Officer Working Groups as it considers appropriate and determine the membership, Convener and quorum. Representatives from community groups/ partner agencies may also be invited to attend meetings of the Working Group but will not be part of the decision making process.
- (2) A working group is not a Committee or Sub-Committee of the Council and will therefore meet in private .They do not have any delegated powers to implement its findings and the provisions of Standing Orders will therefore not apply to these Groups.
- (3) Agendas and reports for consideration at Working Groups will be issued by electronic means to all members no later than two clear days prior to the start of the meeting They will in accordance with their remit prepare a report for consideration by Council or the Cabinet.

35.10 ***Community Asset Transfer Process***

- (1) Decisions referred to the Audit and Governance Panel for review relating to the Community Asset Transfer process shall be dealt with as follows:
- where the Audit and Governance Panel agrees on a majority vote with the decision of the Cabinet, it can be implemented without further delay;
 - where the Audit and Governance Panel does not agree on a majority vote with the decision of the Cabinet, it will be referred back to the Cabinet with recommendations from the Audit and Governance Panel for alternative action proposed;

- the application can be continued to the next meeting of the Audit and Governance Panel if additional information would assist in the decision-making process. If no decision is taken at that next meeting, the matter will be referred back to the Cabinet; and
 - where there continues to be a failure to agree after a referral back to the Cabinet, the matter will be referred to the Council for determination.
- (2) For the avoidance of doubt, where any item was considered by the Cabinet with the public excluded (in accordance with Standing Order 10.1 (1) or (2)), then the public shall also be excluded during consideration of the item at the Audit and Governance Panel and/ or Council (where appropriate), and Standing Order 32.5 shall apply.
- (3) The applicant will be advised of the outcome of the review by the Audit and Governance Panel within two days of the matter being determined in accordance with the procedure set down in this paragraph.
- (4) Decisions referred to the Audit and Governance Panel or the Cabinet and/ or the Council for review relating to the Community Asset Transfer will follow the process set out in the Community Asset Transfer Procedure Notice.

REQUEST TO THE PROVOST TO CALL A SPECIAL MEETING OF THE COUNCIL
(under Standing Order No. 5.1)

Please state the reasons for requesting a Special Meeting of the Council including the business proposed to be transacted

Please indicate whether this matter is reserved to the Council under the Scheme of Delegation

If not, please outline why the matter is not being submitted to the relevant Panel

Please specify any time constraints for the matter to be considered

Please state any special requirements for the meeting

Name:

Designation:

Directorate:

Time Received:	Date Received:	Signed by: Provost
----------------	----------------	----------------------------------

Standing Order 10
Exempt Information

The agenda will be divided into the following parts:

- Part 1 - Unrestricted Items: permitting full public inspection.
- Part 2 - Exempt Items: see Standing Order 10.1 (1).
- Part 3 - Confidential Items: see Standing Order 10.1 (2).

What is meant by 'exempt information' is set out in Section 50J and Schedule 7A of the 1973 Act. The following categories of information are defined as being 'exempt':

- (1) Information relating to a particular employee, former employee or applicant to become an employee of, or a particular office holder, former office holder or applicant to become an office holder under, the Council;
- (2) Information relating to any particular occupier or former occupier of, or applicant for, accommodation provided by or at the expense of the authority;
- (3) Information relating to any particular applicant for, or recipient or former recipient of, any service provided by the Council;
- (4) Information relating to any particular applicant for, or recipient or former recipient of, any financial assistance provided by the Council;
- (5) Information relating to the adoption, care, fostering or education of any particular child or relating to the supervision or residence of any particular child in accordance with a supervision requirement of that child made under the Children Act 1995;
- (6) Information relating to the financial or business affairs of any particular person (other than the Council);
- (7) Information relating to anything done or to be done in respect of any particular person for the purposes of any matter referred to in Section 27 (1) of the Social Work (Scotland) Act 1968 (providing reports on and supervision of certain persons);
- (8) The amount of any expenditure proposed to be incurred by the Council under any particular contract for the acquisition of property or the supply of goods or services;
- (9) Any terms proposed or to be proposed by or to the Council in the course of negotiations for a contract for the acquisition or disposal of any property or the supply of goods or services;
- (10) The identity of the Council (as well as any other person, by virtue of item (vi) above) as the person offering any particular tender for a contract for the supply of goods or services;
- (11) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising

between the authority or a Minister of the Crown and employees of, or office holders under, the Council;

- (12) Any instructions to Counsel and any opinion of Counsel (whether or not in connection with any proceedings) and any advice received, information obtained or action to be taken in connection with:
- any legal proceedings by or against the Council, or
 - the determination of any matter affecting the Council, (whether, in either case, proceedings have been commenced or are in contemplation);
- (13) Information which, if disclosed to the public, would reveal that the Council proposes:
- to give under any enactment a notice under or by virtue of which requirements are imposed on a person, or
 - to make an order or direction under any enactment;
- (14) Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime; and
- (15) The identity of a protected informant.

What is meant by 'confidential information' is set out in Section 50A (3) of the 1973 Act. The following categories of information are defined as being 'confidential':

- (1) Information furnished to the Council by a Government department upon terms (however expressed) which forbid the disclosure of the information to the public, and
- (2) Information the disclosure of which to the public is prohibited by or under any enactment or by the order of a court.

Every report which includes confidential or exempt information will be marked, respectively:

'Not for publication by virtue of the confidential nature of the information as defined in Section 50A (3) of the Local Government (Scotland) Act 1973',

or

'Not for publication by virtue of the exempt nature of the information as defined in paragraph of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973'.

Audit and Governance Panel Call-In Requisition

We, the undersigned, require that the following decision of the Cabinet be called-in to the next meeting of the Audit and Governance Panel.

Date of Cabinet	
Item No.	
Report Title	

	Signature	Print Name
Councillors responsible for call-in		
Councillors supporting call-in (three required)		
1.		
2.		
3.		

Date: _____

Reasons and Desired Outcome

In order to improve information for Councillors, to assist officers in briefing the Panel and to improve the quality of Scrutiny, we confirm that the item is being called-in for the following reason(s).

Councillors are reminded that the 'reasons' section should be completed with sufficient detail as to allow members of the Audit and Governance Panel and officers to appreciate the cause for concern prompting the call-in. (This may be by reference to a part or parts of the Report or Decision or by describing an issue which may not have been adequately addressed or by requesting the provision of additional information which should be specified).

Where a call-in requisition contains any questions, or requests for further or additional information, officers, in consultation with the relevant Portfolio holder, shall, where possible, provide written responses to be intimated to all Councillors in advance of the Panel. Receipt of responses to questions shall not itself preclude further scrutiny of the item called-in for the reason set out in this form.

The 'outcomes' section should also be completed with sufficient detail which allows the Audit and Governance Panel and officers to appreciate the alternative recommendation(s) that is (are) sought.

Reasons for Call-In
Desired Outcome

Officers to be in attendance

--

Note

Call-ins must be delivered to the Chief Executive no later than 4.00 pm on the day (usually Thursday) two days following the day (usually Tuesday) on which the Cabinet has met.

Time received	Date received	Received by

South Ayrshire Council

**Report by Chief Governance Officer
to South Ayrshire Council
of 6 March 2025**

Subject: Appointments to Panels

1. Purpose

- 1.1 The purpose of this report is to seek approval to make alterations to the membership of Panels.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 notes the change in the representative intimated by the Labour Group identified at 4.2 as a Labour member of the Service and Partnerships Performance Panel;

2.1.2 requests that officers make the required amendments to the list of Panels to reflect these changes; and

2.1.3 considers any other amendments which might be required to membership of Panels.

3. Background

- 3.1 In terms of para 11.1 of the Council's Scheme of Delegation, amendment of the membership of the Cabinet and other Panels, Committees and Sub-Committees is reserved to Council.

4. Proposals

- 4.1 At a special meeting on 26 May 2022, the Council approved a number of appointments.

Service and Partnerships Performance Panel

- 4.2 The Labour Group has intimated that Councillor Philip Saxton will stand down as a member of the Service and Partnerships Performance Panel, and requests that Councillor Brian McGinley is appointed as a Labour member on the Panel.

- 4.3 Members may wish to consider any other amendments which might be required to membership of Panels.

5/

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

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 adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There are no risks associated with rejecting the recommendations.

9. Equalities

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Martin Dowe, Portfolio Holder for Corporate and Strategic, 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 Chief Governance Officer 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
Publish details of membership of Panels	14 February 2025	Service Lead – Democratic Governance

Background Papers **Report to South Ayrshire Council (Special) of 26 May 2022 – [Appointments to Panel](#)**

[Scheme of Delegation](#)

Person to Contact **Catriona Caves, Chief Governance Officer**
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612556
E-mail catriona.caves@south-ayrshire.gov.uk

Date: 25 February 2025

South Ayrshire Council

**Report by Chief Governance Officer
to South Ayrshire Council
of 6 March 2025**

Subject: Revised Schedule of Meetings

1. Purpose

1.1 The purpose of this report is to seek approval of revisions to the timetables of Council and Panel meetings for the period April 2025 to June 2026.

2. Recommendation

2.1 **It is recommended that the Council approves revisions to the timetables of Council and Panel meetings for the period April 2025 to June 2026 as detailed in [Appendix 1](#).**

3. Background

3.1 The Council is required to set a timetable of meetings for itself and its Panels.

3.2 The timetable of Council and Panel meetings for the period August 2024 to June 2025 was approved by Council on 29 June 2023; and the timetable for the period August 2025 to June 2026 was approved by Council on 21 June 2024.

3.3 Recommended practice is that a separate Council meeting be set aside in February each year for the budget setting exercise.

4. Proposals

4.1 Members are asked to approve the inclusion of additional Council meetings in the timetables of meetings and rescheduling of other meetings. The proposed amendments are marked/ tracked in **bold text** in [Appendix 1](#), and include rescheduling of some other Panel dates to accommodate the additional Council meetings, and a change of date for the Cabinet meeting in April 2025 (originally noted as Wednesday 30 April in error).

4.2 A separate Council meeting in February each year would continue to be set aside for the budget setting exercise and financial papers.

5. Legal and Procurement Implications

5.1 The contents of this report are in compliance with the provision of the Local Government (Scotland) Act 1973, as amended.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Minimal costs for attending meetings, etc, can be met from existing budget.

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 adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 In the absence of an approved timetable, the Council will be unable to undertake its business efficiently.

9. Equalities

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, 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 Chief Governance Officer 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:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Publish the updated meeting timetables	14 March 2025	Service Lead – Democratic Governance

Background Papers **Report to South Ayrshire Council of 29 June 2023 – [Schedule of Meetings](#)**

Report to South Ayrshire Council of 21 June 2024 – [Schedule of Meetings](#)

[Scheme of Delegation](#)

Person to Contact **Catriona Caves, Chief Governance Officer
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612556
E-mail catriona.caves@south-ayrshire.gov.uk**

Date: 27 February 2025

Proposed Revisions to Schedules of Meetings

April 2025 to June 2026

2025			
Week 6			
Tuesday 29 April Wednesday 30 April	10.00 am	Cabinet (Education)	
Wednesday 30 April Thursday 1 May	10.00 am	Regulatory Panel - Licensing	
Thursday 1 May	10.00 am	South Ayrshire Council	
Week 5			
Tuesday 16 September	10.00 am	Service and Partnerships Performance Panel	
Thursday 18 September Wednesday 17 September	10.00 am	Licensing Board	
Thursday 18 September	10.00 am	South Ayrshire Council	
Week 8			
Tuesday 7 October	10.00 am	Appeals Panel	
Wednesday 8 October Thursday 9 October	10.00 am	Regulatory Panel - Planning	
Thursday 9 October	10.00 am	South Ayrshire Council	
Week 3			
Tuesday 4 November	2.00 pm	Local Review Body	
Wednesday 5 November	10.00 am	Audit and Governance Panel	
Thursday 6 November	10.00 am	South Ayrshire Council	

2026			
Week 6			
Tuesday 17 February	10.00 am	Cabinet (Education)	
Wednesday 18 February Thursday 19 February	10.00 am	Regulatory Panel - Licensing	
Thursday 19 February	10.00 am	South Ayrshire Council	

Week 8			
Tuesday 3 March	10.00 am	Appeals Panel	
Wednesday 4 March Thursday 5 March	10.00 am	Regulatory Panel - Planning	
Thursday 5 March	10.00 am	South Ayrshire Council	

Week 3			
Tuesday 24 March	2.00 pm	Local Review Body	
Wednesday 25 March	10.00 am	Audit and Governance Panel	
Thursday 26 March	10.00 am	South Ayrshire Council	

Week 8			
Tuesday 12 May Wednesday 13 May	10.00 am	Appeals Panel	
Wednesday 13 May Thursday 14 May	10.00 am	Regulatory Panel - Planning	
Thursday 14 May	10.00 am	South Ayrshire Council	

South Ayrshire Council

**Report by Chief Financial Officer
to South Ayrshire Council
of 6 March 2025**

Subject: Procurement Strategy Update 2025/26

1. Purpose

- 1.1 The purpose of this report is to seek approval of minor updates to the Council's Procurement Strategy covering 2025 - 2026.

2. Recommendation

- 2.1 It is recommended that the Council approves the updated Procurement Strategy for 2025 - 2026 attached as Appendix 1.**

3. Background

- 3.1 The Council's Procurement Strategy was first published in 2011, with the last revision taking place and approved by Cabinet on 14 February 2024. The 2024 revision aligned the Procurement Strategy with the South Ayrshire Council Plan and with procurement legislative reform.

- 3.2 A public body, which expects to have procurement expenditure of £5 million or more in the next financial year, must, before the start of that year, either publish a strategy, where one does not exist, or review an existing strategy making such revisions to it as the body considers appropriate and publish its revised strategy.

- 3.3 Any Scottish Procurement Policy notes (SPPNs) which have been published since 2024 have been taken into account within this strategy. Only minor updates are required to the Procurement Strategy to ensure a continued integrated approach and achievement of Best Value in the delivery of services. As well as updates to references to recent policy documents such as Standing Orders relating to Contracts these updates also include amendments as below:

- Improvements noted in terms of Local Supplier Spend and engagement;
- Improvements regarding the process for administering community benefits;
- Improvement in engaging with community groups; and
- Improvements in supplier payment performance since the introduction of Oracle Fusion.

4. Proposals

- 4.1 Section 19 of the Procurement Reform (Scotland) Act 2014 requires a public body to notify the Scottish Ministers once it has published a new or updated strategy. Public bodies are now required to review the Procurement Strategy annually. It is proposed that any revisions required, following the next annual review and any consultations which inform it, will be brought back to Council for approval, prior to the end of the 2025/26 financial year.
- 4.2 It is proposed that the Council approves the Procurement Strategy 2025/26 (see Appendix 1, amendments tracked in **bold text**) and agrees that it is sent to the Scottish Government in March 2025 and published on the Council's website.

5. Legal and Procurement Implications

- 5.1 Legal implications arising from this report are that the Council must prepare an annual procurement strategy that complies with Section 19 of the 2014 Act which states a public body must notify the Scottish Ministers once it has published a new or updated strategy.
- 5.2 Procurement Implications arising from this report are that the Council's Procurement Service have prepared the Council's Procurement Strategy 2025/26 and are satisfied that the updated procurement strategy meets all of the requirements of [Section 15 of the Procurement Reform \(Scotland\) Act 2014](#).

6. Financial Implications

- 6.1 Not applicable.

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 adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 Rejecting the recommendation may limit the Council's ability to achieve Best Value, impact on the reputation of the Council and/ or may give rise to breach of statute, legal challenge or Council liability.

9. Equalities

- 9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document

otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to Priority 2 of the Council Plan: Live, Work, Learn/ Work and economy (Outcome 2).

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with 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 Chief Financial Officer 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 Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Publication of Procurement Strategy 2025/26	13 March 2025	Service Lead - Procurement

Background Papers **None**

Person to Contact **David Alexander, Service Lead - Procurement**
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Date: 25 February 2025

Procurement Strategy



Contents

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Section 1 – Introduction

This Procurement Strategy sets out the Procurement Vision and objectives of South Ayrshire Council for financial year 2025-2026.

The Procurement Reform (Scotland) Act 2014 requires that any public organisation which has an estimated regulated spend of £5 million or more (excluding VAT) in a financial year develops and reviews its procurement strategy annually before the start of the next financial year.

The Council's Key Procurement Objectives reflect both national and local policies and our aim is to build on the centralised procurement model, already in place within the Council, through our dedication to continuous improvement and a focus on:

- procurement capability development;
- maximising efficiencies through procurement;
- development of collaborative opportunities; and
- fulfilment of sustainable procurement duties.

This focus will directly impact on our ambition to improve the community we serve, by ensuring that sustainability in our procurement remains a priority and that all procurement activities contribute to the carrying out of the Council's functions and realisation of its purposes, while achieving Best Value and complying with statutory and regulatory duties.

The achievement of Best Value is reliant on a clear Procurement Strategy, aligned to the delivery of services which promotes an integrated approach across the organisation.

In order to deliver the required outcomes of this Strategy there remains a need to constantly look for improvements to our ways of working and ensure that close partnerships exist within the Council and beyond.

Commitment and communication of this Strategy are key steps on the road to embracing best practice, achieving procurement effectiveness and delivering improved outcomes for the residents and wider community of South Ayrshire.

This strategy has been informed by the Scottish Government statutory guidance, will be subject to an annual review.

Section 2 – Procurement Vision

This Procurement Strategy has been prepared in alignment with the Council Plan objectives to support the Council's ambitions and to highlight the commitment to continuous improvement in procurement, the following Procurement Vision has been established:

Procurement Vision

'To continue to grow the Procurement Service's influence across the Council, realising our ambitions for a centralised procurement model, while maintaining an excellent procurement service, as set out in our Strategy, which contributes to the transformation of South Ayrshire within available resources.'

Section 3 - Strategy Rationale and Context

The purpose of the Procurement Strategy is to set out the procurement vision for the Council, and with this, provide an understanding of The Procurement Service's aims and objectives and how these will be achieved.

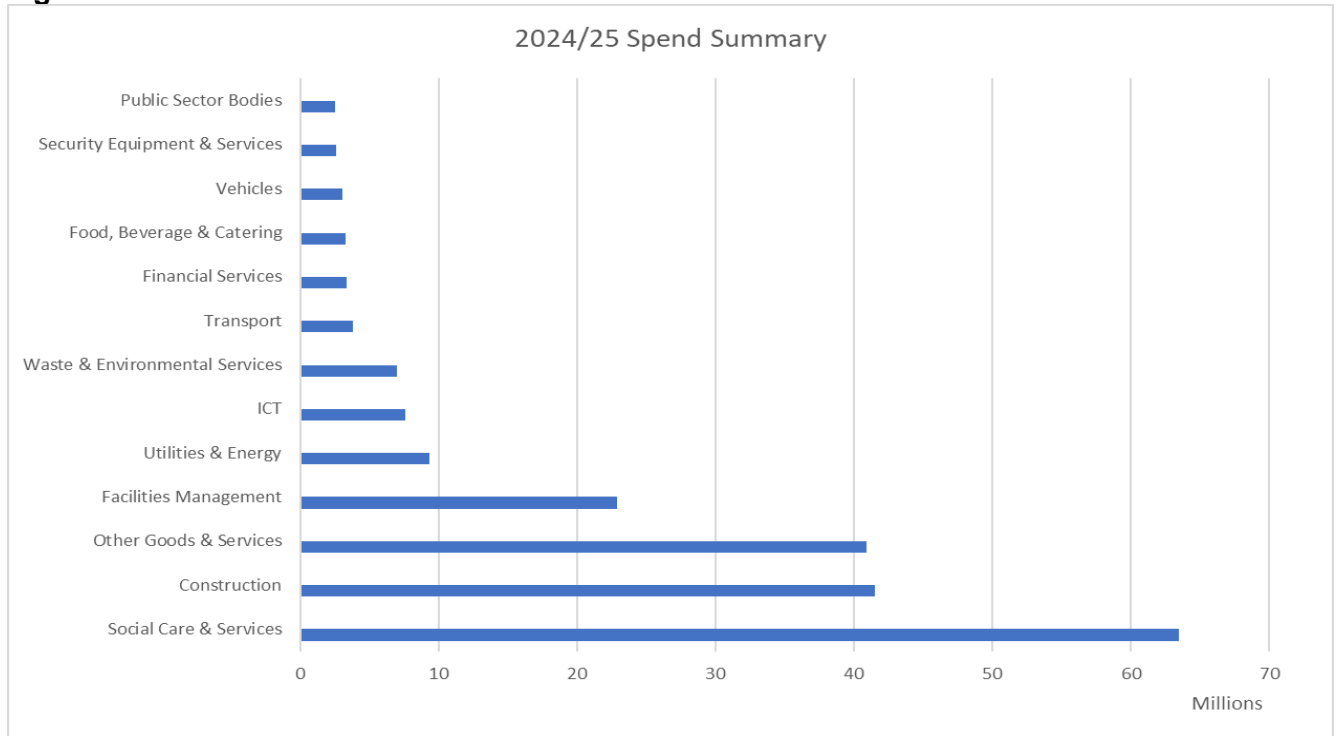
The Strategy enables the Council to understand how procurement contributes towards the Council's vision and provides focus and direction for procurement activities, ensuring a long-term perspective is in place within a framework of policies, procedures, standards, collaboration and improvement planning.

The Council's previous Procurement Strategy and this revision are closely aligned with the overarching objectives of the Council and the requirements of the Scottish Government, delivering many improvements over the period it covered. These improvements included:

- ~~An increase in regard to local SME spend~~
- Increased Local supplier ~~engagement via locally hosted Procurement~~
~~eventsspend percentage in 23/24~~
- Increased number of local suppliers bidding and being awarded new contracts
- ~~Implementation of a new integrated Purchase to Pay system (Oracle Fusion)~~
~~increase in supplier payment performance from the previous year~~

South Ayrshire's supplier spend across goods, services and works in 2023/24 was £226M. A summary of the top categories is shown in Fig1:

Fig1



This spend was split between 2,235 different suppliers from all across the UK:

Fig2

Area	Number of Suppliers
Scotland	1,431
South East England	147
London	110
North West England	100
Yorkshire	87
West Midlands	78
East of England	76
East Midlands	74
South West	73
North East	25
Wales	20
Northern Ireland	14
Total	2,235

73% of contracts awarded in 2023/34 were actively influenced by a procurement professional and this strategy sets out the aims and objectives which will result in continuous improvement within the Procurement service.

Section 4 - Strategic Aims and Objectives

In order to support delivery of the Council's Plan, the Procurement Strategy includes 4 Key Objectives:

1. Procurement Capability Development;
2. Maximising Efficiencies Through Procurement;
3. Development of Collaborative Opportunities; and
4. Fulfilment of Sustainable Procurement Duties.

These Key Objectives are expanded on below with an explanation of how these will be met and the outcomes expected from achievement of these ambitions.

Key Objective 1 - Procurement Capability Development

Ambitions

- To use the knowledge and skills of our staff, in order to embed a more strategic and commercial approach into all of the Council's functions and purposes.
- To ensure that all procurement activities are undertaken in a consistent, robust, transparent and accountable manner, in accordance with all relevant governance.
- To keep the Council up to date with the latest developments in the wider procurement environment and maintain an awareness of current cross-functional procurement practices.

How ambitions will be met

Wider staff training will be delivered via on-line courses which will focus on giving staff a better understanding of the Council's Standing Orders for contracts as well as day to day procurement processes such as ordering and invoicing. ~~By delivering appropriate training to staff where required, while nurturing and developing opportunities for integration and partnership between The Procurement Service and other Services.~~

~~To implement~~ Procurement staff will keep up to date in terms of their knowledge and understanding of the statutory and legislative requirements derived from The Procurement Reform (Scotland) Act 2014 and The Public Contracts (Scotland) Regulations 2015.

By working together with the Council's Legal Services in adapting our internal procedures, processes and documentation to reflect any changes in procurement legislation.

By working collaboratively with Scottish Procurement, Scotland Excel, the Crown Commercial Service and other local authorities or Public Sector organisations, to share knowledge and benchmark our performance.

Ensure that procurement activities reflect and support the Council's core values, corporate aims and objectives.

Outcomes expected

Added value in all new procurement exercises and additional benefits through better management of existing contracts.

Compliance with statutory and regulatory requirements and mitigation of the risk of legal challenge.

The Procurement Service are able to offer innovative procurement solutions and South Ayrshire Council is recognised as a leading authority in Public Sector Procurement.

Key Objective 2 - Maximising Efficiencies Through Procurement
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Ambitions

To ensure that appropriate contracts are in place for all of the Council's requirements and that these deliver Best Value.

To facilitate the modernisation of business processes across the Council through the review, implementation and development of electronic procurement solutions.

To utilise Management Information (MI) effectively ensuring that procurement operates according to our core set of indicators and measures for best practice.

To support Services in the identification and delivery of cost savings.

To realise financial and efficiency savings in the successful procurement of contracts, through proactive Contract and Supplier Management.

How ambitions will be met

Through the continued proactive integration and influence of The Procurement Service, throughout all Directorates and Services, allowing for a strategic analysis of all relevant considerations to be made, when client requirements are met and contracts are put in place or renewed.

Through the use of new and existing electronic procurement systems in both the advertisement of opportunities and throughout the purchase process in the delivery of services.

Through the maintenance and publication of information, from various performance management systems, to monitor progress against targets on efficiency, capability, collaboration, compliance and savings.

Through the ongoing development of contract strategies in advance of procurement activities, to identify where savings can be made through:

- the early engagement of all stakeholders to aid in the re-design of services and the investigation into more innovative sourcing solutions and effective commercial evaluation models with a focus on process efficiency and cost reduction,
- consulting with Services on defining the criteria required to be able to determine the most economically advantageous tender, using an appropriate combination of cost and quality elements,
- the identification and benchmarking of relevant collaborative agreements to determine the Best Value procurement route,
- **lessons learned from previous procurement exercises and lessons learned shared from other authorities.**

Through continual engagement with contracted suppliers and a formalised system of monitoring performance against contractual requirements, to ensure the successful delivery of services and allow for a focus on the development of initiatives and innovations to help improve the procurement of these services in the future.

Outcomes expected

Compliance with the Council's Standing Orders Relating to Contracts and Procurement Journey resulting in a reduction in non-contracted or 'maverick' spend.

Achievement of targeted procurement cost savings.

Measurable and demonstrable improvements in the correct use of the electronic procurement systems available to the Council.

Delivery of Contract and Supplier Management driven value-added services.

<h2>Key Objective 3 - Development of Collaborative Opportunities</h2>
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Ambitions

To support Inclusive Growth by working more closely with 'anchor' organisations within Ayrshire such as East Ayrshire Council, North Ayrshire Council, NHS, Police Scotland, Fire Scotland, Scottish Enterprise, Colleges and third sector businesses by harnessing our spending power in terms of buying from local and or socially progressive businesses within the supply chain.

Engage and liaise with these organisations regarding the wider Community Wealth Building (CWB) pledges including employment opportunities, use of land and property assets, support and encourage environmentally sustainable supply chains etc. to benefit the local economy.

To actively participate in all appropriate collaborations and proactively support other local authorities, procurement organisations and wider Public Sector partners.

To actively support local businesses to take advantage of procurement, and to support the local economy.

To expand on established customer feedback mechanisms and increase customer satisfaction in procurement activities.

To improve on the level and methods of communication with all internal and external stakeholders.

To continue to contribute to the development of national Contract and Supplier Management processes.

How ambitions will be met

Through early identification of opportunities to aggregate spend and requirements, an increase in cooperation with neighbouring authorities and a proactive involvement with national procurement groups and forums.

Through an increase in engagement with Services, local suppliers, residents and community groups during the development stage of projects, ensuring that all opinion and feedback is recorded and considered during contract execution.

By continually reviewing what, how and when we report on our procurement activities to Services, corporate management, elected members, suppliers and the wider public, while ensuring that all necessary information is published to help support Procurement Strategy objectives.

Through continued engagement with the Scottish Government and Scotland Excel, the Centre of Procurement Expertise for Scotland's local government sector, to develop tools and processes for national collaboration on Contract and Supplier Management.

Outcomes expected

Achievement of mutually beneficial results with our collaborative partners including economies of scale, a reduction in administration and the sharing of procurement best practices and innovations.

Continuous improvement in the Council's procurement processes and practices, influenced by the impartial, independent advice and feedback received.

A procurement strategy that is fully aligned with the Council's overall ambition and vision that can be implemented as intended.

Increased opportunities for collaborative Contract and Supplier Management.

Key Objective 4 – Fulfilment of Sustainable Procurement Duties

Ambitions

Focus on sustainable procurement including the more innovative use of Community Benefits Clauses (CBCs), Community Wealth Building and targeting supplier's corporate social responsibility policies.

To achieve improved standards of sustainable procurement throughout the Council, in accordance with the duties set out within the Procurement Reform (Scotland Act) 2014.

An increased focus, with support from colleagues in Community Wealth Building, on the support provided to improve access to procurement opportunities for SMEs, including local businesses, Third Sector Bodies and Supported Businesses.

To work in partnership with all Services, in line with the Council Plan, to ensure that we improve the way that we work as a Council in delivering services which benefit the area and communities we operate in, with a focus on reducing inequality.

How ambitions will be met

Embed sustainability in all regulated procurement activity, including consideration of Fair Work First Principles, Payment of the Living Wage, Health and Wellbeing, Ethically Traded Goods and Services.

Through Procurement's influence over Services to suggest how bespoke and relevant Community Benefits can be achieved in all procurement exercises over £50,000 for goods and services contracts and over £2,000,000 for works contracts, while ensuring that any regulated procurement with a value equal to or greater than £4,000,000 includes Community Benefit requirements.

An increased focus, with the support of colleagues in Community Engagement, on the recording and management of Community Benefits delivered using our Community Benefits register to promote and publicise benefits received as a result of procurement activity. The use of voluntary Community Benefits will also form part of ongoing Contract and Supplier Management processes.

Through early consideration, either at contract strategy stage or through our knowledge of forthcoming collaborative opportunities (local or national), on how SMEs, local businesses, Third Sector Bodies and Supported Businesses can be made aware of public procurement activity, while promoting established business support initiatives such as the Supplier Development Programme.

Outcomes expected

Compliance with the Sustainable Procurement Duty of the Procurement Reform (Scotland) Act 2014, which requires that the Council, before it buys anything, must think about how it can improve the social, environmental and economic wellbeing of the area in which it operates, with a particular focus on reducing inequality.

Measurable and demonstrable social, economic and environmental benefits to South Ayrshire communities from the effect of sustainable procurement activity.

Increased awareness and ability for SMEs, Third Sector Bodies and Supported Businesses to take advantage of business opportunities within South Ayrshire or the wider Public Sector.

Section 5 –Procedures, Policies and Procurement Tools

The delivery of this Procurement Strategy will ensure that the Council's regulated procurements adhere to the mandatory requirements as set out in Section 15(5) of the Procurement Reform (Scotland) Act 2014.

In adhering to these mandatory requirements, the Council relies on the following Procedures, Policies and Procurement Tools being in place to support its procurement activities:

Procedures

As a contracting authority, South Ayrshire Council is responsible for establishing arrangements for ensuring the proper conduct of organisational business, including conformance to standards of good governance and accountability with regard to procurement.

To ensure Procurement Strategy Key Objectives are delivered effectively, there will remain a continuing need to recognise the requirement for and execution of an appropriate Council governance framework.

The presence of this framework will enable Key Objectives to be achieved through a decision making process which ensures required authorisation and appropriate delegations and approvals are in place.

In adhering to this governance framework, the Council ensures that, in line with this Procurement Strategy, **Key Objective 1 - Procurement Capability Development**, its regulated procurements are carried out in compliance with its duty to treat relevant economic operators equally and without discrimination and that these procurements will be undertaken in compliance with its duty to act in a transparent and proportionate manner.

In maintaining this governance framework, the Council will ensure that a continuing focus remains in relation to updating, and appropriately applying the following procedural governance documents.

Standing Orders Relating to Contracts

The Council's Standing Orders Relating to Contracts set out how contracts for all goods, services and works will be made by the Council and are reviewed annually.

South Ayrshire Council Standing Orders Relating to Contracts:

[Standing Orders Relating to Contracts \(south-ayrshire.gov.uk\)](http://south-ayrshire.gov.uk)

The purpose of these Standing Orders is to ensure that contracts are appropriate for their purpose, provide the right balance between price and quality, and are procured in an open way that demonstrates probity and compliance with the Council's policies.

All Council employees are instructed to always treat tenderers equally and without discrimination and act in a transparent and proportionate manner.

The Standing Orders also set out the Council's obligations in ensuring that the suppliers and service providers it contracts with comply with all statutory requirements in respect of ensuring equal opportunity in employment, under the provisions of the Equality Act 2010 and with all

current Health and Safety legislation and approved Codes of Practice (e.g. Health and Safety at Work Act), as may be applicable to the contract. Promotion of this compliance is in line with the requirements of the Procurement Reform (Scotland Act) 2014.

Financial Regulations

The Council's Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs.

They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting procedures and professional good practice.

The Council's Financial Regulations apply to every member and employee of the Council or anyone acting on its behalf. All members and employees have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides Best Value.

South Ayrshire Council Financial Regulations:

[Financial Regulations \(south-ayrshire.gov.uk\)](http://south-ayrshire.gov.uk)

Scheme of Delegation

The Scheme of Delegation is intended to facilitate the effective undertaking of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, in order to ensure an efficient running of day to day operations and to allow the Council to carry out its functions and achieve its Strategic Objectives.

The Council's approach to delegation has been influenced by its commitment to facilitate community participation in the decision making process and to delegate to Chief Officers. The result is that the Council has reserved very few powers to itself and has agreed extensive delegations to officers.

South Ayrshire Council Scheme of Delegation:

[Scheme of Delegation \(south-ayrshire.gov.uk\)](http://south-ayrshire.gov.uk)

Policies

The Council has clear Strategic Objectives set out within the Council Plan and a strong focus on monitoring and reporting performance.

To further ensure that the Council's regulated procurements contribute to the carrying out of its functions and the achievement of its purposes, this Procurement Strategy, in line with its Key Objectives, will be delivered in accordance with the Council Plan and a set of national and local policies and strategies. These are embedded within existing procurement processes with outcomes measured against the Council's core set of indicators and measures for best practice:

Statutory Guidance

Sustainable Procurement Duty - The Council's approach to sustainable procurement, coupled with the sustainability tools at the Council's disposal, outlined below, are rooted within the procurement process to promote a commitment to sustainability and achievement of Best Value for the Council.

In an ongoing effort to embed sustainability issues in procurement exercises, three strands of sustainability are explored at the contract strategy stage; environmental, social and economic factors along with a consideration on how the Council can facilitate the involvement of SMEs, third sector bodies and supported businesses in procurement exercises, as well as a promotion of innovation in the design and delivery of services.

This approach is in line with the Council's Procurement Strategy **Key Objective 4; Development of Collaborative Opportunities and Fulfilment of Sustainable Procurement Duties** and ensures that the Council complies with its Sustainable Procurement Duties, which is a mandatory requirement under the Procurement Reform (Scotland Act) 2014.

Community Benefit Requirements – The Council will adhere to all statutory guidance and legislation on the use of Community Benefits, ensuring that all regulated procurements ~~with a value greater than or equal to £4,000,000~~ include Community Benefits clauses. The Council's Procurement Strategy **Key Objective 4; Fulfilment of Sustainable Procurement Duties**, outlines when Community Benefits should be considered, the aim of including these in procurement exercises and how they will be implemented and monitored.

The Council will also ensure that suppliers fulfil their community benefit pledges by monitoring progress towards delivering these benefits during the lifetime of each supplier's contract.

Consulting and Engaging with Stakeholders – The Council continues to consult and engage with those affected by our procurement activities through the development of contract strategies, in advance of the procurement exercise and through our focus on identifying opportunities for collaborative Contract and Supplier Management. In line with the Council's Procurement Strategy **Key Objective 3; Development of Collaborative Opportunities** - Engagement with Services, suppliers, local businesses, tenants and community groups during the development stage of projects, while ensuring that all opinion and feedback is recorded and considered when resulting agreements are implemented and executed, ensures continuous improvement in the delivery of services and allows the Council to understand the needs of the area we serve and understand the impact of our procurement activity.

Fair Work Practices & Payment of a Living Wage – The Council will comply with the Statutory Guidance on the Selection of Tenderers and Award of Contracts – Addressing Fair Work Practices, including the Living Wage, in Procurement, in line with the Procurement Strategy's **Key Objective 1, Procurement Capability Development**. The Council follows the lead of the Scottish Government by promoting the payment of the Living Wage to persons involved in fulfilling procurement requirements by considering, where relevant and proportionate, when Fair Working Practices should be addressed in contracting opportunities.

Our consideration of Fair Work will allow us to explore practices in respect of recruitment, retention and the types of employment contracts in use. This also aligns to the aspiration to run our construction contracts in a manner that is consistent with the Construction Charter,

and we will work with the relevant services, Professional Design Services, Asset Management and Special Property projects, to advance this agenda. We also acknowledge existing national agreements in place in the construction sector and will strive to work only with contractors exhibiting high standards in respect of workforce practices.

Procurement of Fairly and Ethically Traded Goods and Services – In line with the Council’s Procurement Strategy **Key Objective 4; Fulfilment of Sustainable Procurement Duties** and where ethically traded goods and services are available, the Council will work with all relevant stakeholders and take a Best Value approach when applying fair and ethically trading principles in procurement activities. South Ayrshire Council also works closely with Fairtrade partnerships to promote Fairtrade products and explore the differences that choices on the procurement of these ethically traded goods can make to the lives of others.

Community Health and Wellbeing and Animal Welfare in the Procurement of Food – The Council recognises the requirement to find practical ways to supply healthy, fresh, seasonal, and sustainably grown food which represents Best Value whilst improving the health, wellbeing and education of communities in our area. Through The Procurement Service’s collaboration with our internal stakeholders and with Scotland Excel, the Centre of Procurement Expertise for Scotland’s local government sector, we will work to put in place affordable contracts which meet the nutritional requirements for food, for all users of our catering services, whilst promoting the highest standards of animal welfare, in accordance with all statutory guidance and legislation.

Procurement Tools

Key tools that the Council has embedded into the procurement process, which help contribute to compliance with the mandatory requirements under the Procurement Reform (Scotland) Act 2014, are detailed below.

These tools are considered at the contract strategy stage of any contract, influencing the procurement where relevant and proportionate and, along with the procedures and policies outlined above, ensures that the Council’s regulated procurements deliver value for money.

Procurement Guidance Tools

The Scottish Government’s Procurement Journey - supports all levels of procurement activity and helps to manage the expectations of stakeholders and facilitate best practice and consistency across the Scottish Public Sector.

South Ayrshire Council Procurement Journey – The Council’s version of the Scottish Government Procurement Journey with additional guidance on lower value procurements.

Sustainability Tools

The Council shall comply with the Sustainable Procurement Duty To ensure compliance with this duty, the Council will consider the environmental, social and economic issues relating to all regulated procurement activity. All regulated procurements are subject to the development of a commodity strategy and sustainable options are deliberated and summarised e.g. how the procurement activity can facilitate involvement of SME’s, third sector, charity and voluntary organisations, inclusion of community benefits, promotion of innovative techniques and technologies, environmentally friendly products etc.

<http://www.gov.scot/Topics/Government/Procurement/policy/corporate-responsibility/Sustainability/ScottishProcess/SustainableProcurementTools/SustainabilityTest>

Community Benefit Tools

The Scottish Government's Community Benefits in Public Procurement policy assists Procurement Officers in our on-going ambition to embed Community Benefits into the procurement process where relevant and proportionate.

The Council have developed a consistent method of engaging with Community Groups to collate potential projects that could be delivered via Community Benefits. These requests are visible to any supplier bidding for a Council contract and can be selected as part of their community benefit return.

In addition, the Council has an established method of evaluation and recording Community Benefits in contracts. The Procurement service will also review the processes around communicating good news stories and acknowledging suppliers who deliver successful benefits to communities within South Ayrshire.

Contract and Supplier Management Tools

In order to manage suppliers and complete scorecards on a regular basis Procurement make use of the Public Contracts Scotland Tender Contract and supplier management module – Contracts are classified as either; Transactional, Operational or Strategic.

The Council has an established process regarding Contract and Supplier Management (CSM) which provides a consistent approach to CSM across services to further engage with suppliers to drive efficiencies and compliance in contracts.

Preliminary Market Consultation notice

Where specific open challenges exist, and in order to promote innovation and see what the market can provide, Procurement will look to utilise the new Preliminary Market Consultation (PMC) tool available on Public Contracts Scotland wherever applicable.

Section 6 – Considerations and Future Developments

Considerations

Contracts Register

The main consideration affecting the delivery of this Procurement Strategy is the current Work Plan for The Procurement Service during the next financial year (2025-2026) and the available resource allocated to this.

The Contracts Register is a record of all regulated procurement activity undertaken by the Council. Along with consideration of any new ad-hoc or reactive projects in development, from the expiry dates recorded for each agreement on the Contracts Register, The Procurement Service are able to understand the forthcoming requirement for contract renewal.

South Ayrshire Council Contracts Register:

[Corporate Procurement - South Ayrshire Council \(south-ayrshire.gov.uk\)](https://www.south-ayrshire.gov.uk)

The contracts register will be subject to a review with a goal to automate the processes used to populate it. The result will be more frequent daily/weekly updates which will be displayed on the register shown on the Councils public web site. This ensures that anyone viewing the information will be seeing the most up to date version possible as opposed to a monthly update as it currently stands.

Contract Delivery

The Procurement Service's [Annual Report](#) provides more detailed information on anticipated regulated procurements required in 2025-2026, excluding reactive supplies, services or works. It also provides more detailed information on each individual regulated procurement completed during the period that the previous Procurement Strategy covered, financial year 2023-24.

However, it should be noted that along with the regulated procurement exercises completed, the Procurement Service also delivers additional contract awards for requirements below the regulated GPA Procurement thresholds for goods, services and works.

Contract and Supplier Management (CSM)

Coupled to these requirements for contract development and renewal is the on-going need for the contract and supplier management of current contracts categorised as either Strategic, Operational or Transactional.

The Procurement Service have worked to integrate the Contract and Supplier management process into existing processes across all services including the Health and Social Care Partnership.

Details of CSM activity can be found with the latest Procurement Annual Report.

Future Developments

Community Benefit Process

Part of the Contract and Supplier Management process includes monitoring Community Benefit pledges through the lifetime of a contract. The Community Benefit process will be reviewed as part of this strategy to improve the communications in terms of benefits fulfilled as well as promoting the importance of community benefits to each supplier working with South Ayrshire Council.

Purchase to Pay system development

Following the implementation of ORACLE Fusion in 2023, which integrates the Purchase to Pay functionality with the Financial Ledger and HR/Payroll functions, Procurement intends to utilise functions available via this new system to improve the purchasing process.

With Electronic Punch Out ordering, there is reduced risk of invoice mismatching. This is because the ordering process takes place through Oracle Fusion which is then directly linked through to a supplier's website and online marketplace. Implementation of this methodology will allow The Procurement Service to add or remove products to Oracle Fusion without the need for the revision and uploading of static, Excel e-Catalogues. By establishing appropriate, electronic product and service catalogues in Oracle Fusion, The Procurement Service can ensure that the correct products are bought from the correct suppliers at agreed prices. **In 2025 the Procurement team will implement all electronic punch out catalogues that are possible to improve the ordering process.**

In improving maintenance of live supplier records The Procurement Service can control levels of 'maverick' non-contracted spend by insisting that only suppliers with formal contracts in place can be used above relevant procurement thresholds.

Purchase orders are mandatory for all goods, services and works which are not deemed exempt. All Non purchase order invoices will be monitored via ORACLE fusion and communications will be sent back to service areas to ensure purchase orders are always raised when required.

These projects are aligned to **Key Objectives 1 and 2** of the Procurement Strategy, **Procurement Capability Development** and **Maximising Efficiencies Through Procurement** and contributes to the modernisation of business processes across the Council, through the implementation and development of electronic procurement solutions.

Section 7 – Monitoring, Reviewing and Reporting on the Strategy

A variety of internal and external measures will be used to monitor, review and report on the targeted outcomes of each Key Objective outlined in this Procurement Strategy.

Council Plan

This Procurement Strategy has been developed to reflect improvement actions set out within the Council Plan. Performance is collated quarterly for some statistics i.e., number of contracts awarded that contained a community benefit clause or the number of contracts which had a CSM balanced scorecard issued and annually for others like % of local spend.

Progress is updated through the Council's Performance Management system, Pentana and scrutinised by the Council's Service & Partnerships Performance Panel.

The Procurement team also collect monthly Key Performance Indicators. These KPIs are clearly linked to the Key Objectives outlined in this Procurement Strategy and monitoring them continually ensures that they remain in alignment, with any shortfalls or negative trends reported and acted upon. This includes but is not limited to monthly contract awards, number of invoices received per month, number of "Quick Quotes" published and number of local SME's invited to quote.

Annual Report

Duties under The [Procurement Reform \(Scotland\) Act 2014](#) require the Council to develop and review this Procurement Strategy annually. In addition to this mandatory Procurement Strategy and to meet regulatory requirements, the Council must also prepare and publish an [Annual Procurement Report](#) disclosing how its procurement activity has complied with its published procurement strategy.

The [Procurement Reform \(Scotland\) 2014 Act](#) lists the minimum requirements that an Annual Procurement Report should contain and advises that the report must include;

- A summary of the regulated procurements for the financial year and of the regulated procurements the authority expects to commence in the next two financial years;
- A review of whether procurements have complied with the contracting authority's procurement strategy;
- A summary of any community benefit requirements imposed as part of a regulated procurement and any steps taken to facilitate the involvement of supported businesses in regulated procurements.

Section 8 – Spend / Finance

Financial Context

In line with this Procurement Strategy **Key Objective 2 - Maximising Efficiencies Through Procurement**, The Procurement Service's assistance in maximising the impact of the Council's funding is a priority, to ensure that every pound spent makes a difference to the people and communities of South Ayrshire.

Procurement Savings

Procurement will consider more effective commercial evaluation models within the tender process to encourage innovation, benefits and savings. Procurement will also work in partnership with Service Departments to identify Purchase to Pay improvements, efficiencies and potential cost savings.

Annual Spend

The Council's annual procurement spend in **2023/24 was around £226m** and comprises purchases of a wide variety of goods, services and works.

Tables 1 and 2 below outline this expenditure, split by Council Directorate and by commodity.

Prompt Payment

In line with this Procurement Strategy's **Key Objective 4 - Fulfilment of Sustainable Procurement Duties** and under the requirements of the Procurement Reform (Scotland Act) 2014, the Council has an obligation to employ fair trade and ethical sourcing practices including fair pricing policies and a commitment to prompt payment of suppliers.

Prompt payment clauses requiring a 30 day payment term are included within the Council's standard terms and conditions for goods and services and the Council also publishes details of its annual prompt payment performance. ~~In 2022/23 94.45% of invoices received in were paid on time.~~ Procurement, in 2025, are implementing improvements in terms of payments by introducing an Early Payment Discount scheme which will increase the speed of payment to suppliers in return for a nominal discount on invoice value.

Section 9 – Glossary

Term or abbreviation	Explanation
Best Value	The duty of Best Value in Public Services places a statutory duty on local authorities to: Make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance, have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.
Commodity	Taxonomy (classification) for the entire Council, to give the Council the ability to accurately describe the primary business activities of their suppliers.
Community Benefits	Community Benefits are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social-economic and or environmental. Benefits.
Contract and Supplier Management (CSM)	Contract and Supplier Management is the management of post award activities and can be divided into three areas: service delivery management; relationship management; and contract administration.
Flexible Framework Self-Assessment Tool (FFSAT)	The tool will help organisations to assess where their current level of performance lies and the actions required improving their performance. The SSAP recommends that organisations carry out initial and periodic self-assessments against the FFAT. This enables measurement against various aspects of sustainable procurement.
Light Touch Regime (LTR)	A set of principles for the commissioning of Care and Support services which acknowledges a balance between human rights, outcomes for the individual, best value and procurement regulations
Pentana	An electronic Performance Management System which helps to ensure that objectives are delivered in line within the standards and timescales anticipated.
Procurement and Commercial Improvement Programme	Procurement and Commercial Improvement Programme (PCIP) is part of the Scottish Governments public procurement reform agenda and guides how local authorities undertake procurement of goods and services
Punch Out	A Punch Out system is a method for a buying organisation to order directly from a supplier's website from within the buyer's own procurement application or hosted e-procurement system (e.g. Oracle).

Term or abbreviation	Explanation
Quick Quote	Quick Quote is an online request for quotation facility used on Public Contracts Scotland (the single electronic portal where suppliers can bid for public service contracts). It is used to obtain competitive quotes for low value/low risk procurement exercises or procurement mini competitions within framework agreements from suppliers who are registered on the website.
SAC	South Ayrshire Council
Scheme of Delegation	South Ayrshire Councils Scheme of Delegation details the decision making structure and operational requirements of the Council.
Scotland Excel	The Centre of Procurement Expertise for Scotland's local government sector.
Self Directed Support Services (SDS)	Self-Directed Support empowers people to direct their own care and support and to make informed choices about how their support is provided. Regardless of the care setting, services can be tailored to become more suited to individuals' choices and preferences.
SDP	Supplier Development Programme. The SDP is a partnership of Local Authorities, the Scottish Government and other public bodies working together to offer business support in all aspects of tendering. SDP assists businesses to become tender ready for public procurement and all of their support is free of charge. www.sdpScotland.co.uk
SME's	Small and medium-sized enterprises (SMEs) are businesses whose personnel numbers fall below certain limits
Standing Orders	Standing Orders are the written rules which regulate the proceedings of the Council.
Sustainable Procurement	A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits, not only for the organisation but also to society, the economy and the environment.
RPA	A Request for Procurement Action, sent to The Procurement Service confirming that budget is available to undertake a procurement exercise, authorised by the relevant Principal Accountant and Head of Service.
Work Plan	A list of upcoming procurement activity including re-tenders, extensions, and new activity.

Section 10 – Strategy Ownership and Contact Details

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South Ayrshire Council

**Report by Chief Financial Officer
to South Ayrshire Council
of 6 March 2025**

Subject: Treasury Management and Investment Strategy 2025/26

1. Purpose

1.1 The purpose of this report is to request that Members consider the proposed Treasury Management and Investment Strategy for financial year 2025/26.

2. Recommendation

2.1 **It is recommended that the Council approves the draft Treasury Management and Investment Strategy for 2025/26 (attached as Appendix 1).**

3. Background

3.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management function is to ensure this cash flow is adequately planned, meets expenditure commitments but also to invest surplus monies in low-risk counterparties (organisations with which the Council has a financial relationship in terms of borrowings or investments), providing adequate liquidity initially before considering optimising investment return.

3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash will involve arranging long or short-term loans or using longer term cash flow surpluses. In addition, in certain interest rate environments, debt previously drawn may be restructured to meet Council risk or cost objectives.

3.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

3.4 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects.

3.5 The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

3.6 Whilst any loans to third parties, commercial investment initiatives or other non-financial investments will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

3.7 CIPFA defines treasury management as:

‘The management of the local authority’s borrowing, investments and cashflows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’

4. Proposals

4.1 The purpose of the Treasury Management and Investment Strategy is to detail the planned activities for the treasury service in the forthcoming financial year. The draft proposed Strategy for 2025/26 is attached at Appendix 1.

4.2 The Strategy sets out the basis for decision making in relation to managing the Council’s cash flow position to ensure appropriate investment returns are achieved and ensuring that appropriate funding for budgeted capital investment plans during 2025/26 are in place and to ensure the relevant borrowings are in line with loan charge budgets.

4.3 The overall objectives for the Council’s Treasury Management and Investment Strategy are:

4.3.1 ***For Borrowings the objective is:***

- to minimise the revenue cost of borrowings;
- to manage the Council’s cash flow;
- to manage the borrowing repayment profile;
- to assess interest rate movements, and borrow/invest accordingly;
- to monitor and review the level of variable rate loans held in order to take advantage of interest rate movements; and
- to identify and evaluate opportunities for debt rescheduling.

4.3.2 ***For Temporary Investments the objective is:***

- to protect capital security of the invested funds; and
- to obtain the best market return available commensurate with protection of security and liquidity.

Temporary investments will continue to be managed using the following priorities in order of importance:

- security of capital;
- liquidity; and
- yield.

4.4 **Reporting Requirements** - The reporting of Treasury Management to Members in 2025/26 is proposed to be as follows:

4.4.1 **A Treasury Management and Investment Strategy Report (this report)** - This first, and most important, report covers:

- the capital plans (including prudential indicators);
- the Treasury Management Strategy (how the investments and borrowings are to be managed) including treasury indicators; and
- an Investment Strategy (the parameters on how investments are to be managed).

This report is presented to full Council for approval.

4.4.2 **A Quarter 1 Treasury Report** – This provides details of the actual prudential and treasury indicators for the first quarter of 2025-26.

This report is presented to the Audit and Governance Panel for scrutiny.

4.4.3 **A Mid-Year Treasury Management Report** – This will update Members on the progress of the strategy, including loan charges, prudential indicators, and any proposed change to the strategy or whether any policies require revision.

This report is presented to the Audit and Governance Panel for scrutiny and then to full Council for approval.

4.4.4 **A Quarter 3 Treasury Report** – This provides details of the actual prudential and treasury indicators for the third quarter of 2025-26.

This report is presented to the Audit and Governance Panel for scrutiny.

4.4.5 **An Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

This report is presented to the Audit and Governance Panel for scrutiny and then to full Council for approval.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6/

6. Financial Implications

6.1 There are no resources implications arising from this report other than those resulting from the delivery of the proposed Strategy as contained in Appendix 1.

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 adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Should the recommendations be rejected, then the Council will not be in compliance with the CIPFA Code of Practice on Treasury Management.

9. Equalities

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

14/

14. Next Steps for Decision Tracking Purposes

- 14.1 If the recommendations above are approved by Members, the Chief Financial Officer 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 Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
The approved strategy will be incorporated into the 2025/26 treasury and investment planning and management process	1 April 2025	Chief Financial Officer

Background Papers **2021 revised CIPFA Treasury Management Code and Prudential Code**

CIPFA Code of Practice for Treasury Management in the Public Services

CIPFA The Prudential Code for Capital Finance in Local Authorities

The Local Government Investments (Scotland) Regulations 2010

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016

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Date: 25 February 2025

Treasury Management And Investment Strategy 2025/26

March 2025



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Introduction

2021 revised CIPFA (Chartered Institute of Public Finance and Accountancy) Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised Codes on 20th December 2021 and has stated that revisions needed to be included in the reporting framework from the 2023/24 financial year onwards. This Authority, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and related reports during the financial year, which are taken to Full Council for approval.

The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose."

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code requires the following: -

1. **A liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
2. **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
4. A **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management.
5. **Reporting to members is to be undertaken quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against

all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported to Audit and Governance Panel.

6. **Environmental, social and governance (ESG)** issues to be addressed within the authority's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are: -

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
2. An authority must not borrow to invest for the primary purpose of commercial return;
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (like the current Treasury Management Practices).

The Annual Investment Strategy should include: -

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;
2. An assessment of affordability, prudence, and proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);
3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);
6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return;

As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report. South Ayrshire Council do not now have any commercial investments and do not plan to do so within the next 3 years of this report.

CIPFA defines treasury management as:

'The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

The background for the requirements strategy is set out in the in the undernoted legislation:

All treasury management reports written during the financial year of 2024/25 will need to consider the under-noted:

1. CIPFA (Chartered Institute of Public Finance and Accountancy) Treasury Management Codes of Practice and Guidance notes 2023/24;
2. 2021 revised CIPFA Treasury Management Code and Prudential Code
3. CIPFA Prudential Code for Capital Finance in Local Authorities revised 2017;
4. CIPFA Prudential Code for Capital Finance in Local Authorities - Guidance Notes for practitioners 2018;
5. Finance Circular 7/2016, which covered Loans Fund Accounting and the revised requirements around loans fund repayments;
6. Statutory investment regulations; and
7. Statutory guidance for annual loan repayments.

South Ayrshire Council's Treasury Management and Investment Strategy for 2025/26 is set out in the following Sections 1 to 4 plus Annex A and B.

Treasury Management and Investment Strategy 2025/26

Section 1 - Capital Plans and Prudential Indicators 2023/24 to 2027/28

The Council's capital expenditure plans and delivery are the key drivers of treasury management activity. The capital expenditure plans are reflected in prudential indicators, which are designed to assist in providing Members with an overview of the Council's capital plans.

- 1.1 **Capital Expenditure** - This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of the budget cycle.

Members are asked to approve the capital expenditure forecasts:

Capital Expenditure	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Services	53,677	45,399	86,237	69,085	58,266
HRA	45,685	49,189	58,057	30,901	36,544
Total	99,362	94,588	144,294	99,986	94,810
Financed by:					
Government Grant/Other	(23,910)	(15,978)	(17,795)	(11,916)	(9,200)
Capital Receipts/Other	(15,791)	(14,736)	(24,007)	(8,746)	(34,044)
Net financing need for the year – (Borrowing)	59,661	63,874	102,492	79,324	51,566

The table above takes in to account the 2023/24 actual and 2024/25 projections for spend and any programme decisions that impact on future years. The table also summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources.

Any shortfall of resources results in a funding requirement (borrowing).

Other Long-Term Liabilities (OLTL) - The above summarised capital plan excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The CIPFA LAASAC Local Authority Accounting Code Board has deferred implementation of IFRS16 in relation to Right of Use leased assets until 1st April 2024, the 2024/25 financial year, the current financial year.

This template has now been altered to deal with bringing Right of Use leased assets onto the balance sheet to comply with the requirement for closing of the accounts for 2024/25.

1.2 ***Borrowing and Capital Financing Requirement***

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Authority's indebtedness and so its underlying borrowing need.

Any capital expenditure, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as prudent annual repayments from revenue need to be made which reflect the useful life of capital assets that are financed by borrowing.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases and Right of Use (ROU) assets). Whilst these schemes increase the CFR and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council does not require borrowing separately for these schemes.

The table below shows the projected and estimated movement in the CFR based on current capital expenditure plans.

Capital Financing Requirement	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Services	430,725	453,779	507,453	553,534	566,775
HRA	103,762	132,586	168,229	188,223	212,588
CFR	534,487	586,365	675,682	741,757	779,363
Other Long-Term Liabilities	(88,023)	(85,207)	(80,617)	(76,164)	(71,791)
Underlying Borrowing Need	446,464	501,158	595,065	665,593	707,572
Movement in underlying borrowing need	53,803	54,694	93,907	70,528	41,979
Movement in underlying borrowing need represented by					
Net financing need for the year	59,661	64,817	119,627	93,324	60,665
PPP Adjustment	2,077	2,026	1,993	1,895	1,856

In Year Slippage	0	(3,145)	(17,944)	(13,998)	(9,100)
Less scheduled debt amortisation	(7,935)	(9,004)	(9,769)	(10,693)	(11,442)
Movement in underlying borrowing need.	53,803	54,694	93,907	70,528	41,979

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 1.1 and the details above demonstrate the scope of this activity and, by approving these figures; consider the scale proportionate to the Authority's remaining activity.

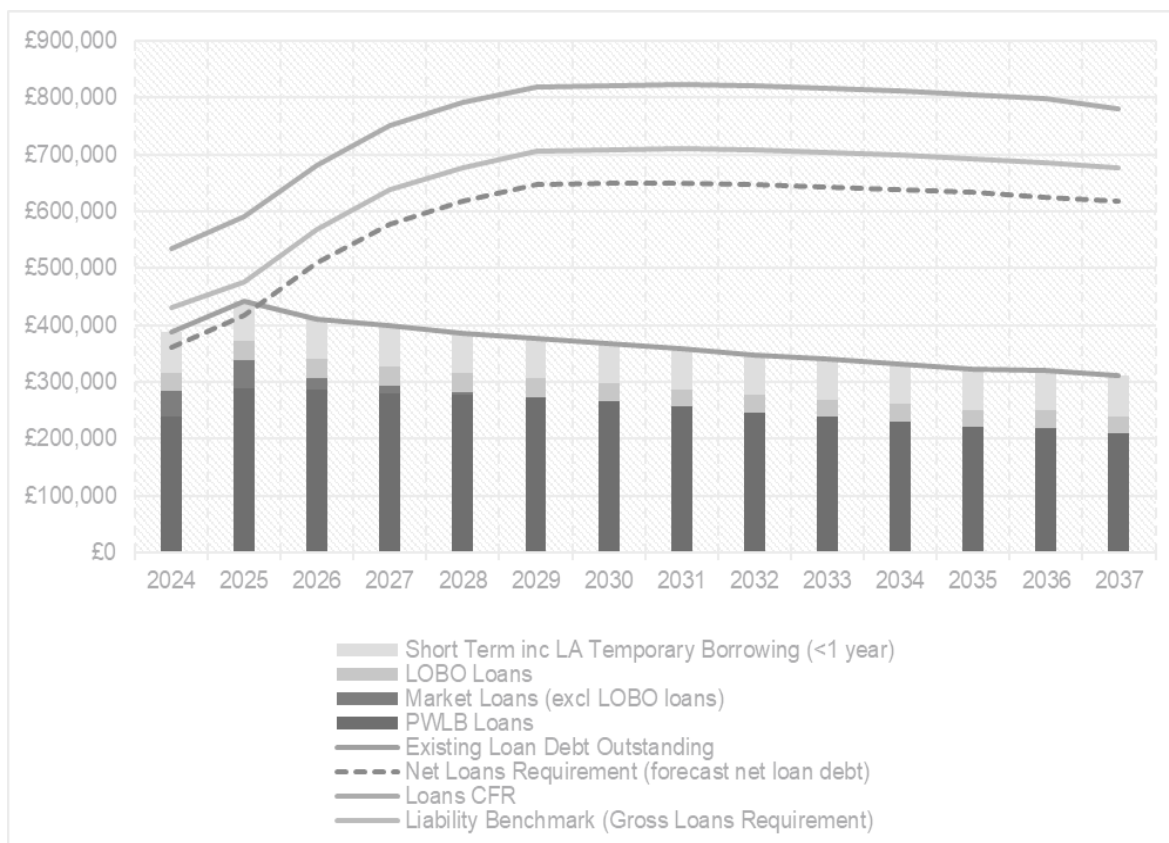
1.3 **Liability Benchmark**

The Authority is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

CIPFA notes on page 13 of the 2021 TM Code: "The liability benchmark should be analysed as part of the annual treasury management strategy, and any substantial mismatches between actual loan debt outstanding and the liability benchmark should be explained. Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement). The treasury strategy should explain how the treasury risks inherent in these mismatched positions will be managed."

There are four components to the LB:-

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments. (Note only approved prudential borrowing is included).
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance. The graph below shows the projected movement in the liability benchmark.



This chart shows that South Ayrshire have a significant borrowing requirement over the coming years, as highlighted by the middle-dashed line, which is a risk. However, this borrowing is being monitored to determine timescales and interest rate risk factors and borrowing will only be taken if required.

1.4 Capital Affordability Indicators

The previous section covers the overall capital and borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

1.4.1 Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream of the Council.

	2023/24 Actual %	2024/25 Projected %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
General Services	5.23	6.46	6.71	7.09	7.59
HRA	12.36	20.13	28.18	31.87	35.23
Total Net Revenue Stream to Total Financing Costs	5.95	7.76	8.65	9.29	10.02

1.4.2 HRA Debt Ratios

£'000	2023/24 Actual £'000	2024/25 Projected £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
HRA debt	103,762	132,586	168,229	188,223	212,588
HRA revenues	34,608	36,537	34,995	37,363	38,916
Ratio of debt to revenues	2.99	3.63	4.81	5.04	5.46

£'000	2023/24 Actual £'000	2024/25 Projected £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
HRA debt	103,762	132,586	168,229	188,223	212,588
Number of HRA dwellings	8,126	8,255	8,463	8,523	8,583
Debt per dwelling	£12,769	£16,061	£19,878	£22,084	£24,768

1.4.3 Significant investment is planned in the next few years in the HRA major component replacement programme and the new build programme which has increased the debt per dwelling figure in the table above.

1.4.4 All of the above indicators at 1.4 are designed to indicate the financing costs of the Council's investment plans against its revenues and that of the HRA. The Code does not provide target figures and states that these indicators are not comparable between authorities given the wide-ranging variations in Council's historic debt and borrowing and investment plans.

Section 2 - Treasury Management

The capital expenditure plans set out in Section 1 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the management of the cash flow and, where capital plans require, the arrangement of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

2.1 Current Portfolio Position

The Council's treasury portfolio position as at 31 March 2024, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

External Debt	2023/24 Actual £'000	2024/25 Projected £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Opening Debt on 1 April	355,385	387,660	442,935	537,039	607,643
Long Term Debt Maturities	(93,725)	(85,225)	(31,896)	(12,396)	(12,296)
New External Debt	126,000	140,500	126,000	83,000	55,000
External Debt	387,660	442,935	537,039	607,643	650,347
Other long-term liabilities (PPP + Finance Leases)	88,023	85,207	80,619	76,167	71,790
Actual Debt on 31 March	475,683	528,142	617,658	683,810	722,137
The Capital Financing Requirement	534,487	586,365	675,682	741,757	779,363
Under / (Over) Borrowing	58,804	58,223	58,024	57,947	57,226

External Debt	387,660	442,935	537,039	607,643	650,347
Cash Investments	(26,355)	(25,000)	(25,000)	(25,000)	(25,000)
Net External Debt	361,305	417,935	512,039	582,643	625,347

Within the prudential indicators, there are several key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.

The Chief Financial Officer reports that the Council complied with this prudential indicator in the current year. This view considers current commitments, existing plans, and the proposals in the budget report.

2.2 *Treasury Indicators: Limits to Borrowing Activity*

2.2.1 **The Operational Boundary** - this is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the Council's under/over borrowed position.

<i>Operational Boundary</i>	<i>2024/25 £'000</i>	<i>2025/26 £'000</i>	<i>2026/27 £'000</i>	<i>2027/28 £'000</i>
Debt	455,000	540,000	610,000	655,000
Other long-term liabilities	145,000	150,000	140,000	135,000
Total	600,000	690,000	750,000	790,000

2.2.2 **The Authorised Limit for External Borrowing** - a further key prudential indicator represents a control on the maximum level of external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35(1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

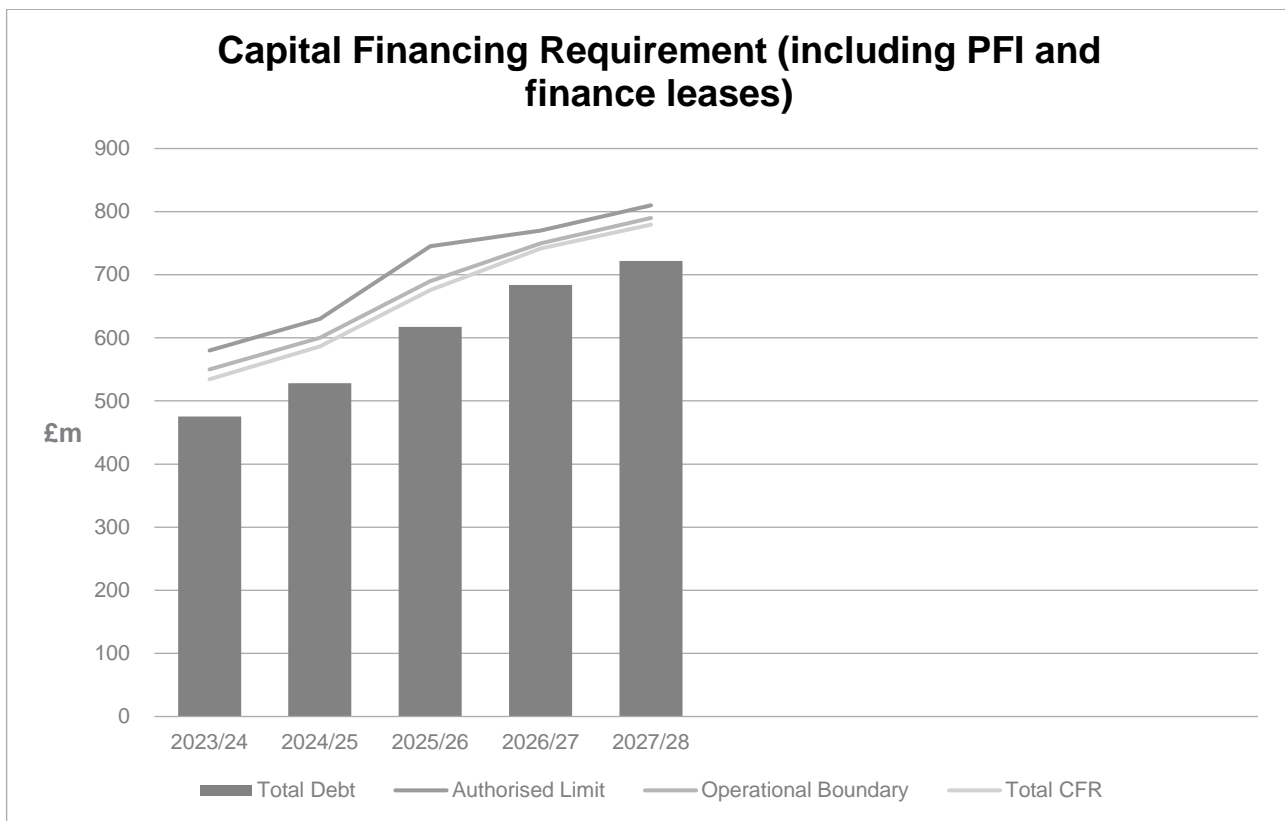
<i>Authorised limit</i>	<i>2024/25 £'000</i>	<i>2025/26 £'000</i>	<i>2026/27 £'000</i>	<i>2027/28 £'000</i>
Debt	470,000	570,000	630,000	670,000
Other long-term liabilities	160,000	175,000	140,000	140,000
Total	630,000	745,000	770,000	810,000

2.2.3 The under-noted graph shows the relationship between the 4 main components of capital financing:

- a) Authorised Limit (Debt);
- b) Operational Boundary (Debt);
- c) Capital Financing Requirement; and
- d) Actual External Debt

The graph below shows the increasing trend in the substantial capital investment plans of the Council in the medium term and therefore increasing debt and capital financing requirements going forward.

Both the authorised debt and operational boundary indicators include a margin for the balance of other financing arrangements such as PPP schemes.



2.3 *Economic Commentary*

During the period of October to December (Quarter 3), the main impact on the economy’s performance has been the negative market sentiment in respect of the fallout from the Chancellor’s Budget on 30 October.

With reference to the 30th October Budget, it is MUFG’s view (formerly Link group) that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the Consumer price Index (CPI) measure of inflation hitting 2.5% y/y by the end of 2024 and staying higher until at least 2026. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back below 2% in 2027. Nonetheless, since the Budget, the October inflation news has shown the CPI measure of inflation bouncing up to 2.3% y/y with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The Retail Price Index (RPI) measure has also increased significantly to 3.4% y/y.

How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real Gross Domestic Product (GDP) to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government’s policies lead to a material rise in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises in the June 2025 Spending Review (pushed back from the end of March), and a moderate GDP performance.

Regarding having a sufficiently large pool of flexible and healthy workers, the initial outlook does not look bright. Research from Capital Economics has pointed to an increase of some 500,000 construction workers being needed to provide any chance of the Government hitting its target of 300,000 new homes being built in each of the next five years (234,000 net additional dwellings in England in 2022/23). But the last time such an increase was needed, and construction employment is currently at a nine-year low, it took 12 years to get there (1996 to 2008). Also note, as of October 2024, job vacancies in the construction sector were still higher than at any time in the 20 years preceding the pandemic.

Currently, it also seems likely that net inward migration is set to fall, so there is likely to be a smaller pool of migrant workers available who, in the past, have filled the requirement for construction worker demand. The Government plans to heavily promote training schemes, particularly to the one million 16- to 24-year-olds who are neither in education nor work. But it is arguable as to whether the employee shortfall can be made up from this source in the requisite time, even if more do enter the workforce.

In addition, there may be a near-term boost to inflation caused by a wave of public sector cash chasing the same construction providers over the course of the next year or so, whilst wages remain higher than the Bank currently forecasts because of general labour shortages, including in social care where Government accepts there is a 150,000 shortfall at present.

Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% y/y (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy. Indeed, over the next six months, the market is currently only pricing in Bank Rate reductions in February and May but further cuts, thereafter, are highly likely to be even more data dependent.

Regarding borrowing, the market may be uneasy throughout 2025 with the level of government borrowing and demands a higher return for holding debt issuance. In the UK, we do not need to go back too far to recall the negative market reaction to the Truss/Kwarteng budget of 2022. But long-term borrowing rates have already gradually moved back to those levels since their recent low point in the middle of September 2024. Of course, the UK is not alone in this respect. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too. In addition, the uncertain outcome to German elections means there is plenty of bond investor concern to be seen.

Staying with the US, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could

impact PWLB rates whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.

In the past month, the US Core CPI measure of inflation has indicated that inflation is still a concern (3.3% y/y, 0.3% m/m), as has the November Producer Prices Data (up 3.0 y/y v a market estimate of 2.6% y/y, 0.4% m/m v an estimate of 0.2% m/m) albeit probably insufficient to deter the FOMC from cutting US rates a further 0.25% at its December meeting. However, with Trump's inauguration as President being held on 20 January, further rate reductions and their timing will very much be determined by his policy announcements and their implications for both inflation and Treasury issuance.

Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. More recently, however, 10-year gilt yields have spiked back up to 4.35%.

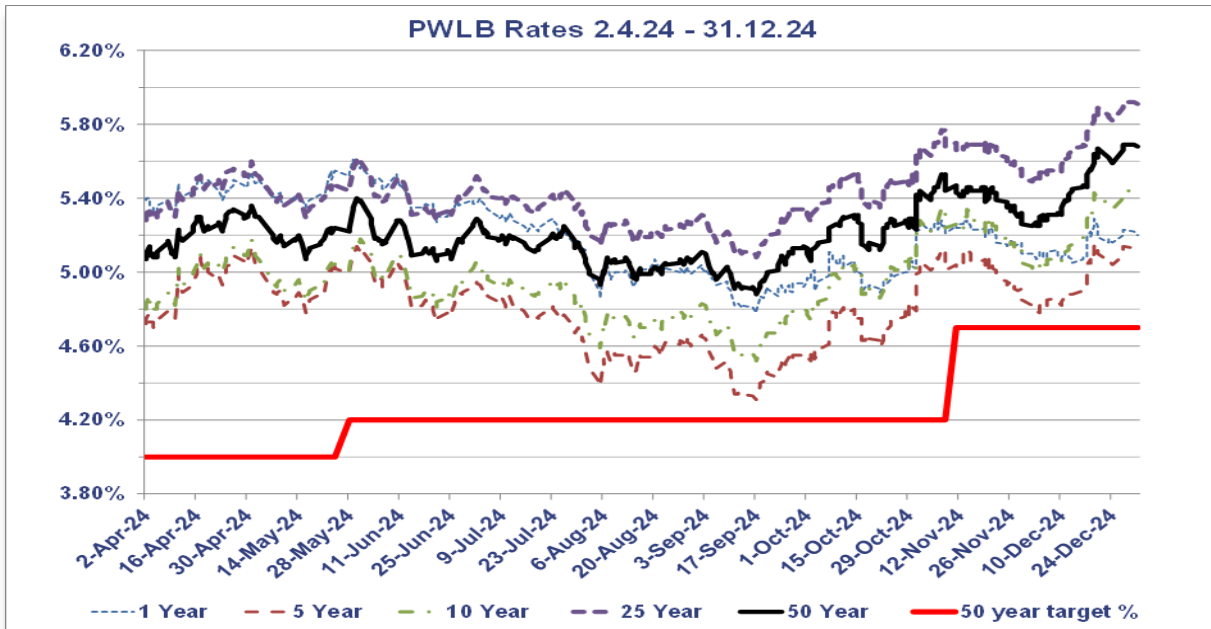
The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8.304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% y/y. The catalyst for any further rally (or not) is likely to be the breadth of AI's impact on business growth and performance.

MPC meetings: 9 May, 20 June, 1 August, 19 September, 7 November 2024, 6 February 2025

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the Federal Open Market Committee (FOMC), but rates were held at the same level.
- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the reduction but the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.
- On 6 February Bank Rate was cut by 0.25% to 4.50%.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

PWLB RATES 02.04.24 - 31.12.24 (note: 01.04.24 was a bank holiday)



2.4 Prospects for Interest Rates

The Council has appointed MUFG Corporate Markets Treasury Ltd formerly Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. MUFG provided the following forecasts on 19 February 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

MUFG Corporate Markets Interest Rate View 10.02.25													
	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28
BANK RATE	4.50	4.25	4.25	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.50	4.30	4.30	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.50	3.50	3.50
6 month ave earnings	4.40	4.20	4.20	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.40	4.20	4.20	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.60
5 yr PWLB	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.40	4.30	4.20	4.20	4.10	4.00
10 yr PWLB	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.70	4.60	4.50	4.50	4.40	4.40
25 yr PWLB	5.80	5.70	5.60	5.50	5.40	5.30	5.20	5.10	5.00	5.00	4.90	4.90	4.80
50 yr PWLB	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.70	4.60	4.60	4.50

Additional notes by MUFG on this forecast table: -

- The last interest rate forecast update was undertaken on 11 November, in the wake of the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November.
- Since then, there has been some general unease over the Chancellor's spending policies, the impact of various tariff policies from President Trump on global inflation, whilst in February the Bank of England has provided forecasts for the CPI measure of inflation to jump to 3.7% in Q3 2025 before falling below the 2% inflation target – although in three years' time.
- Also in February, the Bank of England's Monetary Policy Committee voted 7-2 to cut Bank Rate from 4.75% to 4.5%. The vote was a split vote, with seven members

voting for the 25bps cut and two members voting for a 50bps cut. Governor of the Bank of England confirmed any further easing in monetary policy would reflect a gradual and careful approach.

- In addition, the Bank set out a markedly dismal backdrop for the economy, with GDP expected to grow only 0.75% in 2025 before improving to 1.5% in 2026 and 2027 respectively.
- Overall, although January proved particularly volatile from a gilt market perspective, MUFG's forecast has remained resilient. The MPC did cut its Bank Rate to 4.5% as forecast, the 5-year PWLB Certainty Rate is at our previous forecast level for Q1 2025, whilst the 10-, 25- and 50-years' PWLB Certainty Rates are only slightly higher than our previous Q1 2025 forecast.
- Accordingly, they have not felt it necessary to make any material changes to their forecast. There may be a further rate cut in May but then a wait before further rate cuts are made towards the end of 2025 and into 2026.
- Additionally, with there being a fair degree of uncertainty over how tariff policies will evolve not just in the US, but globally, MUFG have lifted PWLB forecasts by some 20-30bps in some areas. They will also take note of what the Chancellor says when considering the Office for Budget Responsibility's forecast updates on 26 March, and the budgetary headroom that remains.
- MUFG's revised PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps).

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB borrowing	Current borrowing rates as at 10.02.25 p.m.	Target borrowing rate now (end of Q4 2026)	Target borrowing rate previous (end of Q4 2026)
	%	%	%
5 years	4.90	4.40	4.20
10 years	5.28	4.70	4.40
25 years	5.79	5.10	4.80
50 years	5.49	4.80	4.60

Borrowing advice: The long-term (beyond 10 years) forecast for Bank Rate stands at 3.25%. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at

the shorter end of the curve and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

The suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now %	Previously %
2024/25 (residual)	4.50	4.60
2025/26	4.10	4.10
2026/27	3.60	3.70
2027/28	3.50	3.50
2028/29	3.50	3.50
Years 6-10	3.50	3.50
Years 10+	3.50	3.50

MUFG will continue to monitor economic and market developments as they unfold. Typically, they formally review their forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider that position on an ad hoc basis as required.

The interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. They will continue to monitor events and will update their forecasts as and when appropriate.

2.5 ***Borrowing Strategy***

At the time of writing this report, the Council is estimated to have an under-borrowed position at the end of 2024/25 of £58,222m, (around 11.62% of the total underlying borrowing requirement). This would mean that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external loan debt and means that an element of internal resources, cash and revenue surpluses have been used to finance capital expenditure. This strategy is prudent even although investment returns are on the increase, counterparty risk is still an issue that needs to be considered. Given the under-borrowed position is 11.62% of the borrowing requirement it removes an element of interest rate risk.

During **2025/26** it is estimated that the Council and HRA will have additional borrowing requirements of **£143,429m**.

The strategy is to fund most of this requirement from long term external borrowing of **£126m** whilst reducing the under-borrowed position to around 9.75% of the borrowing requirement. Although a reduction on the current year position, this remains a prudent strategy in the current interest rate environment and also allows flexibility in taking a pragmatic approach in terms of the pace of the major capital spend in 2025/26.

The treasury team are monitoring longer term interest rate forecasts on a regular basis to assess timing of longer term borrowing; whilst still minimising the cost of carrying any new borrowing prior to the loans actually being required.

Whilst the under-borrowed position remains a minimal risk, the significant borrowing requirements in 2025/26 and the level of temporary borrowing will require close monitoring.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

The estimates of borrowing required are set out in the under-noted table:

<i>New Borrowing (Year)</i>	<i>General Services £'000</i>	<i>HRA £'000</i>	<i>Total £'000</i>
2024/25	29,823	33,084	62,907
2025/26	72,246	44,234	116,480
2026/27	54,335	21,044	75,379
2027/28	17,516	29,151	46,667
2028/27	7,995	31,024	39,019
Total 5 Yr Borrowing	181,915	158,537	340,452

It is emphasised that a pragmatic approach will be taken when considering the timing of this borrowing externally in the light of prevailing interest rates, the overall treasury strategy, cost of carry, and in particular the out-turn of capital expenditure as the projects are delivered in 2025/26 and 2026/27:

- If it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions on new borrowing will be reported to Members within the mid-year Treasury Report or the end of year out-turn report.

2.5.1 Treasury Management Limits on Activity

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing.

Maturity Structure of Fixed Interest Rate Borrowing		
	Lower	Upper
Under 12 months	0.00%	27%
1 – 2 years	0.00%	25%
2 – 5 years	0.00%	50%
5 – 10 years	0.00%	75%
10 years and above	0.00%	88%

2.6 **Statutory Repayment of Loans Fund Advances**

The Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

A variety of options are provided to Councils and method C below will be the prudent repayment option adopted by the Council.

- **Statutory method**
- **Depreciation method** – annual repayment of loans fund advances will follow standard depreciation accounting procedures;
- **Asset life method** – loans fund advances will be repaid with reference to the life of an asset using either the equal instalment or annuity method;
- **Funding / Income profile method** – loans fund advances will be repaid by reference to an associated income stream.

2.6.1 The Authority is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Authority makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

A variety of options are provided to authorities so long as a prudent provision is made each year. The Authority is recommended to approve the following policy on the repayment of loans fund advances: -

For loans fund advances made before 1 April 2016, the policy will be to maintain the practice of previous years and apply the **Statutory Method**, with all loans fund advances being repaid in equal instalments of principal/ by the annuity method.

For loans fund advances made after 1 April 2016, the policy for the repayment of loans advances will be the:-

Asset life method – loans fund advances will be repaid with reference to the life of an asset using either the equal instalment or annuity method.

The annuity rate applied to the loans fund repayments is based on historic interest rates and is currently 5%.

Loans Fund Advances to General Fund

Loans Fund	Actual 2023/24 £'000	Est 2024/25 £'000	Est 2025/26 £'000	Est 2026/27 £'000	Est 2027/28 £'000
Opening Balance	289,526	314,765	336,700	392,968	441,606
Add advances	31,500	28,332	62,676	55,587	23,226
Less repayments	(6,261)	(6,397)	(6,408)	(6,949)	(7,468)
Closing Balance	314,765	336,700	392,968	441,606	457,364

Loans Fund Advances to HRA

Loans Fund	Actual 2023/24 £'000	Est 2024/25 £'000	Est 2025/26 £'000	Est 2026/27 £'000	Est 2027/28 £'000
Opening Balance	76,839	103,326	132,149	167,793	187,787
Add advances	28,161	31,430	39,005	23,738	28,339
Less repayments	(1,674)	(2,607)	(3,361)	(3,744)	(3,974)
Closing Balance	103,326	132,149	167,793	187,787	212,152

2.7 *Policy on Borrowing in Advance of Need*

The Council will not borrow more than, or in advance of its needs, purely to profit from the investment of the extra sum borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 20% of the expected increase in borrowing need (CFR) over the three-year planning period; and
- Would not look to borrow more than 12 months in advance of need.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting arrangements.

2.8 *Debt Rescheduling*

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a significant difference between premature redemption rates and new borrowing rates.

The reasons for any rescheduling to take place will include:

1. the generation of cash savings and / or discounted cash flow savings;
2. helping to fulfil the treasury strategy; and
3. enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

If rescheduling is to be undertaken, it will be reported to the Cabinet at the earliest meeting following its action.

2.8.1 **New financial institutions as a source of borrowing and / or types of borrowing**

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

1. Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
2. Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a ‘cost of carry’ or to achieve refinancing certainty over the next few years).
3. Municipal Bonds Agency (still a viable alternative depending on market circumstances prevailing at the time).

Our advisors MUFG will keep us informed as to the relative merits of each of these alternative funding sources. All rescheduling will be reported to Members in the mid-year or year-end treasury reports.

2.8.2 **Approved Sources of Long and Short-term Borrowing**

The list below details the available sources of both long and short term Borrowing borrowing. The sources that South Ayrshire can undertake are noted by Y.

On Balance Sheet	Fixed	Variable
PWLB	Y	Y
Municipal Bond Agency	Y	Y
Local Authorities	Y	Y
Banks	Y	Y
Pension Funds	Y	Y
Insurance Companies	Y	Y
UK (United Kingdom) Infrastructure Bank	Y	Y
Market (long-term)	Y	Y
Market (temporary)	Y	Y
Market (LOBO's)	Y	Y
Stock Issues	Y	Y
Local Temporary	Y	Y
Local Bonds	Y	Y
Local Authority Bills	Y	Y
Overdraft	Y	Y
Negotiable Bonds	N	N
Internal (capital receipts & revenue balances)	Y	Y
Commercial Paper	Y	N
Medium Term Notes	Y	N
Finance Leases	Y	Y

Section 3 – Annual Investment Strategy

3.1 *Investment Policy*

The Council's investment policy implements the requirements of the following: -

- Local Government Investments (Scotland) Regulations 2010, (and accompanying Finance Circular 5/2010),
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate maintain a degree of liquidity to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options

The above regulations and guidance place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable credit criteria are applied to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as 'credit default swaps' and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. The Council has defined the list of types of investment instruments that are permitted investments authorised for use in Annex A. Annex B expands on the risks involved in each type of investment and the mitigating controls.

Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

Non-specified investments are those with less high credit quality, may be for periods more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 3.2.
6. Transaction limits are set for each type of investment in appendix 3.2.
7. The Council will set a limit for its investments which are invested for longer than 365 days, (see paragraph 3.4).
8. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 3.3).
9. The Council has engaged external consultants, (see paragraph 4.3), to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
10. All investments will be denominated in sterling.

As a result of the change in accounting standards for 2022/23 under IFRS 9, the council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

The Council will pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, Regular monitoring of investment performance will be carried out during the year.

3.2 **Credit Worthiness Policy**

3.2.1 The Council applies the credit worthiness service provided by MUFG. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of Credit Default Swap (CDS) spreads for which the product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments.

The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Dark Pink 5 years for Ultra short, dated bond funds with a credit score of 1.25
- Light Pink 5 years for Ultra short, dated bond funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (UK (United Kingdom) part nationalised banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No Colour not used

3.2.2 The under-noted table sets out the monetary limits that will be applied to each counterparty within each colour on the creditworthiness matrix.

Applying the criteria in the under-noted table has been derived from the Council's current investment activities in terms of funds available for investment, and cash flow requirements. This policy also provides a clearly defined policy on investment activity limits.

	Colour Code (Based on credit information)	Limit per Counterparty	Maximum Maturity Period
Banks/ Building Societies	Yellow	£25m	5 Years
Banks – (UK Part Nationalised)	Blue	£25m	1 Year
Banks/ Building Societies	Purple	£20m	2 Years
Banks/ Building Societies	Orange	£15m	1 Years
Banks/ Building Societies	Red	£10m	6 months
Banks/ Building Societies	Green	£5m	100 days
Banks/ Building Societies	No Colour	£0	0 days
Council's Corporate Bankers	Orange	£50m	1 Year
Debt Management Account – UK Treasury	AA+	unlimited	6 months
Local / Public Authorities	N/A	£10m	2 Years
Housing Associations	Colour Bands	£5m	As per colour band
Money Market Funds CNAV	AAA	£20m	Liquid
Money Market Funds LVNAV	AAA	£10m	Liquid
Money Market Funds VNAV	AAA	£10m	Liquid
Ultra-short, dated bond funds with a credit score of 1.25	Dark Pink/ AAA	£10m	Liquid
Ultra-short, dated bond funds with a credit score of 1.25	Light Pink/ AAA	£10m	Liquid

The MUFG creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria South Ayrshire uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the complete range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. South Ayrshire is alerted to changes to ratings of all three agencies through its use of the MUFG creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting South Ayrshire's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings South Ayrshire will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data daily via its Passport website, provided exclusively to it by MUFG. Extreme market movements may result in downgrade of an institution or removal from the South Ayrshire's lending list.

Sole reliance will not be placed on the use of this external service. In addition, South Ayrshire will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

3.3 **Country Limits – Credit Worthiness**

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. MUFG monitor CDS prices as part of their creditworthiness service to local authorities and South Ayrshire has access to this information via its MUFG-provided Passport portal.

Other limits

Due care will be taken to consider the exposure of South Ayrshire's total investment portfolio to non-financial investments, countries, groups, and sectors.

1. **Non-financial investment limit.** South Ayrshire has determined that it will limit the maximum total exposure to non-financial investments, (e.g. property and third-party loans).
2. **Country limit.** South Ayrshire has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-**. The list of countries that qualify using this credit criteria as at the date of this report are shown below. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (shown is the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the MUFG credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar

AA-

- Belgium
- France
- Qatar
- U.K.

3.4 **Investment Strategy**

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods.

The current shape of the yield curve suggests that the risks are relatively balanced between Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2024, but the CPI measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

Accordingly, while most cash balances are required to manage the downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Bank Rate and Investment Returns Expectations -

The current forecast shown in paragraph 2.4, includes a forecast for Bank Rate to gradually reduce throughout 2025.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2024/25 (residual)	4.60%
2025/26	4.10%
2026/27	3.70%
2027/28	3.50%
2028/29	3.50%
Years 6 to 10	3.50%
Years 10+	3.50%

As there are so many variables now, caution must be exercised in respect of all interest rate forecasts.

Investment Treasury Indicator and Limit - total principal funds invested for greater than 365 days. These limits are set regarding the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Maximum principal sums invested > 365 days (about 12 months)			
	2023/24 £m	2024/25 £m	2025/26 £m
Principal sums invested > 365 days (about 12 months)	£10m	£10m	£10m

For its cash flow generated balances, the Council will seek to utilise its business reserve accounts, notice accounts, money market funds and short-dated deposits to benefit from the compounding of interest.

3.5 **Investment – Cash Liquidity**

A key responsibility of the Treasury function is to ensure the Council maintains adequate liquidity of cash to ensure its payment obligations can be fully always met. This liquidity of cash is required on a daily basis to meet the cash flow requirements of payments to employees, suppliers, agencies, re-payment of loan interest and benefits etc.

The Council does not currently utilise an overdraft facility from its bankers, Bank of Scotland as liquidity cash is available using investment accounts. Additionally, the Council has access to short term loan funding from the money markets when required.

Liquidity - in respect of this area the Council seeks to maintain:

- Bank overdraft - £0.00m; and
- Liquidity cash available of £15m.

3.6 **End of Year Investment Report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report. This report will be submitted to the Council's Audit and Governance Panel and South Ayrshire Council Leadership Panel prior to 30 September following the end of each financial year (or as soon as practicable depending on Council meeting dates).

Section 4 – Governance Arrangements

4.1 *Financial Regulations*

The Financial Regulations set out the responsibilities of the Council and the Audit and Governance Panel in respect of treasury matters as follows:

4.1.1 Council

1. Approval of treasury strategy report.

Cabinet

1. budget consideration and approval
2. approval of the division of responsibilities
3. approval of the quarterly performance indicators
4. approval of mid-year and annual report; and
5. Approving the selection of external service providers and agreeing terms of appointment.

Audit and Governance Panel

1. Reviewing the treasury management policy and procedures and making recommendations to the responsible body; and
2. Scrutiny of the mid-year and annual report.
3. Scrutiny of the quarterly performance indicators

4.2 *Role of the Section 95 Officer – Chief Financial Officer*

The S95 (responsible) officer has authority through the Scheme of Delegation and the Financial Regulations for the day-to-day execution and administration of treasury management decisions in line with the Council's Strategy and Treasury Management Practices. This includes:

- recommending clauses, treasury management policy for approval, reviewing the same regularly and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a longer-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable, and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans, and financial guarantees ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above; and
- creation of Treasury Management Practices which specifically deal with how non-treasury investments will be carried out and managed, to include the following:
 1. *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 2. *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
 3. *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
 4. *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
 5. *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

4.3 **Policy on the Use of External Service Providers**

South Ayrshire uses MUFG Corporate Markets Treasury Limited as its external treasury management advisors.

South Ayrshire recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not

placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. South Ayrshire will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

4.4 **Training**

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance, and decision making.

As a minimum, South Ayrshire will carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/ Council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management,’ which is available from the CIPFA website to download.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained by Senior Finance Officer. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by Senior Finance Officer.

Permitted Investments

The Council approves the following forms of investment instrument for use as permitted investments as set out in **Table 1-6** (page 36 to 38).

Treasury risks

All the investment instruments in Table 1 are subject to the following risks:

- **Credit and counter-party risk:** this is the risk of failure by counterparty (bank or building society) to meet its contractual obligations to the organisation particularly because of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have the highest, relative, level of creditworthiness.
- **Liquidity risk:** this is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk as credit risk can never be zero, in this document, liquidity risk has been treated as whether instant access to cash can be obtained from each form of investment instrument. However, it must be pointed out that while some forms of investment e.g., Gilts, CDs, corporate bonds can usually be sold immediately if the need arises, there are two caveats: a. Cash may not be available until a settlement date up to three days after the sale b. there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer. The column in tables 1 / 2 headed as 'market risk' will show each investment instrument as being instant access, sale T+3 = transaction date plus 3 business days before you get cash, or term – i.e., money is locked in until an agreed maturity date.
- **Market risk:** this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash-rich local authorities may want exposure to market risk, e.g., those investing in investment instruments to obtain a long-term increase in value.
- **Interest rate risk:** this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report. All types of investment instrument have interest rate risk except for the following forms of instrument which are at variable rate of interest (and the linkage for variations is also shown):
- **Legal and regulatory risk:** this is the risk that the organisation itself, or an organisation powers or regulatory requirements, and that the organisation suffers losses accordingly.

Controls on treasury risks

- **Credit and counter-party risk:** this authority has set minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to be considered for investment purposes.
- **Liquidity risk:** the Council has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.
- **Market risk:** this Council does not purchase investment instruments which are subject to market risk in terms of fluctuation in their value.
- **Interest rate risk:** the Council manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximize investment earnings consistent with control of risk or alternatively, seeks to minimise expenditure on interest costs on borrowing.
- **Legal and regulatory risk:** the Council will not undertake any investment until it has ensured it has all necessary powers and complied with all regulations.

Unlimited investments

Regulation 24 states that an investment can be shown as being 'unlimited' in terms of the maximum amount or percentage of the total portfolio that can be put into that type of investment.

The Council has given the following types of investment an unlimited category:

- **Debt Management Agency Deposit Facility.** This is considered the lowest risk investment form available to local authorities as it is operated by the Debt Management Office, part of H.M. Treasury, i.e., the UK Government's sovereign rating stands behind the DMADF. It is also a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts.
- **High credit worthiness banks and building societies.** See Section 3.2 relating to creditworthiness. While an unlimited amount of the investment portfolio may be put into banks and building societies with high credit worthiness, the Council will ensure diversification of its portfolio ensuring that no more than 50% of the total portfolio can be placed with any one institution or group at any one time.

Objectives of each type of investment instrument

Regulation 25 requires an explanation of the objectives of every type of investment instrument which an authority approves as being 'permitted'. (Part 1 section 17 also requires authorities to explain any special circumstances that have led them to a particular approach.

1. Deposits

The following forms of 'investments' are more accurately called deposits as cash is deposited in an account until an agreed maturity date or is held at call.

1. **Debt Management Agency Deposit Facility** - This offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with the Government. It is also easy to use as it is a deposit account and

avoids the complications of buying and holding Government issued treasury bills or gilts. As it is low risk it also earns low rates of interest. However, it is very useful for authorities whose overriding priority is the avoidance of risk. The longest period for a term deposit with the DMADF is 6 months.

2. **Term deposits with high credit worthiness banks and building societies -** See paragraph 3.2 for an explanation of this authority's definition of high credit worthiness. This is the most widely used form of investing used by local authorities. It offers a much higher rate of return than the DMADF (dependent on term). The Council will ensure diversification of its portfolio of deposits, ensuring that no more than 50% of the total portfolio can be placed with any one institution or group. In addition, longer-term deposits offer an opportunity to increase investment returns by locking in high rates ahead of an expected fall in the level of interest rates. At other times, longer-term rates can offer good value when the markets incorrectly assess the speed and timing of interest rate increases. This form of investing therefore, offers a lot of flexibility and higher earnings than the DMADF. Where it is restricted is that once a longer-term investment is made, that cash is locked in until the maturity date.
 3. **Call accounts with high credit worthiness banks and building societies.** The objectives are as for 1b. But there is instant access to recalling cash deposited. This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. Some use of call accounts is highly desirable to ensure that the authority has ready access to cash when needed to pay bills.
 4. **Fixed term deposits with variable rate and variable maturities (structured deposits).** This line encompasses ALL types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are no longer available. In view of this area's fluidity, this is a generic title for all structured deposits to provide Councils greater flexibility to adopt new instruments as and when they are brought to the market.
 5. **Collateralised deposits.** These are deposits placed with a bank which offers collateral backing based on specific assets. Examples seen in the past have included local authority LOBOs, where such deposits are effectively lending to a local authority as that is the ultimate security.
- **Deposits with Counterparties currently in receipt of Government Support/ Ownership**

These banks offer another dimension of creditworthiness in terms of Government backing through either partial or full direct ownership. The view of the Council is that such backing makes these banks attractive institutions with whom to place deposits, and that will remain our view if the UK sovereign rating were to be downgraded in the coming year.

1. **Term deposits with high credit worthiness banks which are fully or semi nationalised.** As for 1b. but Government full, (or substantial partial), ownership, implies that the Government stands behind this bank and will be deeply committed to providing whatever support that may be required to ensure the continuity of that bank. This authority considers that this indicates a low and acceptable level of residual risk.

2. **Fixed term deposits with variable rate and variable maturities (structured deposits).** This line encompasses ALL types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are no longer available. In view of this area's fluidity, this is a generic title for all structured deposits to provide Councils greater flexibility to adopt new instruments as and when they are brought to the market.
- **Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs)**
 1. **Government liquidity funds.** These are the same as money market funds (see below) but only invest in government debt issuance with highly rated governments. Due to the higher quality of underlying investments, they offer a lower rate of return than MMFs. However, their net return is typically on a par with the DMADF, but with instant access.
 2. **Money Market Funds (MMFs).** MMFs are AAA rated and are widely diversified, using many forms of money market securities including types which this authority does not currently have the expertise or capabilities to hold directly. However, due to the high level of expertise of the fund managers and the huge amounts of money invested in MMFs, and the fact that the weighted average maturity (WAM) cannot exceed 60 days (about 2 months), MMFs offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities. They are particularly advantageous in falling interest rate environments as their 60-day WAM means they have locked in investments earning higher rates of interest than are currently available in the market. MMFs also help an authority to diversify its own portfolio as e.g., a £2m investment placed directly with HSBC is a 100% risk exposure to HSBC whereas £2m invested in an MMF may end up with say £10,000 being invested with HSBC through the MMF. For authorities particularly concerned with risk exposure to banks, MMFs offer an effective way of minimising risk exposure while still getting much better rates of return than available through the DMADF.
 3. **Ultra-short, dated bond funds.** These funds are like MMFs, can still be AAA rated but have variable net asset values (VNAV) as opposed to a traditional MMF which has a Constant Net Asset Value (CNAV). They aim to achieve a higher yield and to do this either take more credit risk or invest out for longer periods of time, which means they are more volatile. These funds can have WAM's and Weighted Average Life (WAL's) of 90 – 365 days (about 12 months) or even longer. Their primary objective is yield and capital preservation is second. They therefore have a higher risk than MMFs and correspondingly have the potential to earn higher returns than MMFs.
 4. **Gilt funds.** These are funds which invest only in U.K (United Kingdom). Government gilts. They offer a lower rate of return than bond funds but are highly rated both as a fund and through investing only in highly rated government securities. They offer a higher rate of return than investing in the DMADF, but they do have exposure to movements in the market prices of assets held.

5. **Bond funds.** These can invest in both government and corporate bonds. This therefore entails a higher level of risk exposure than gilt funds and the aim is to achieve a higher rate of return than normally available from gilt funds by trading in non-government bonds.

4. **Securities Issued or Guaranteed by Governments**

The following types of investments are where an authority directly purchases a particular investment instrument, a security – i.e., it has a market price when purchased and that value can change during the period the instrument is held until it matures or is sold. The annual earnings on a security are called a yield – i.e., it is normally the interest paid by the issuer divided by the price you paid to purchase the security unless a security is initially issued at a discount – for example, treasury bills.

1. **Treasury bills.** These are short term bills (up to 18 months (about 1 and a half years) but usually 9 months or less, although none have ever been issued for this maturity) issued by the Government and so are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF, and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales could incur a net cost during the period of ownership.
2. **Gilts.** These are longer term debt issuance by the UK Government and are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF, and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales may incur a net cost. Market movements between purchase and sale may also adversely impact proceeds. The advantage over Treasury bills is that they generally offer higher yields the longer it is to maturity (for most periods) if the yield curve is positive.
3. **Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government** e.g., National Rail. This is like gilt due to the explicit Government guarantee.
4. **Sovereign bond issues (other than the UK govt) denominated in Sterling.** As for gilts but issued by other nations. Use limited to issues of nations with at least the same sovereign rating as for the UK.
5. **Bonds issued by Multi-Lateral Development Banks (MLDBs).** These are like c. and d. above but are issued by MLDBs which are typically guaranteed by a group of sovereign states e.g. European Bank for Reconstruction and Development.

5 **Securities issued by Corporate Organisations**

The following types of investments are where an authority directly purchases a particular investment instrument, a security – i.e., it has a market price when purchased and that value can change during the period the instrument is held until it is sold. The annual earnings on a security are called a yield – i.e., is the interest paid by the issuer divided by the price you paid to purchase the security. These are like the previous category but corporate organisation's can have a wide variety of credit

worthiness so it is essential for local authorities to only select the organisation's with the highest levels of credit worthiness. Corporate securities are generally a higher risk than government debt issuance and so earn higher yields.

1. **Certificates of deposit (CDs).** These are shorter term securities issued by deposit taking institutions (mainly financial institutions). They are negotiable instruments, so can be sold ahead of maturity and purchased after being issued. However, that liquidity can come at a price where the yield could be marginally less than placing a deposit with the same bank as the issuing bank.
2. **Commercial paper.** This is like CDs but is issued by commercial organisations or other entities. Maturity periods are up to 365 days (about 12 months) but commonly 90 days (about 3 months).
3. **Corporate bonds.** These are (long term) bonds (usually bearing a fixed interest rate) issued by a financial institution, company, or other non-government issuer to raise capital for the institution as an alternative to issuing shares or borrowing from banks. They are generally seen to be of a lower creditworthiness than government issued debt and so usually offer higher rates of yield.
4. **Floating rate notes.** These are bonds on which the rate of interest is established periodically with reference to short-term interest rates.

6. Other

Property Fund - This is a collective investment fund specialising in property. Rather than owning a single property with all the risk exposure that means to one property in one location rising or falling in value, maintenance costs, tenants paying their rent / lease etc., a collective fund offers the advantage of diversified investment over a wide portfolio of different properties. This can be attractive for authorities who want exposure to the potential for the property sector to rise in value. However, timing is critical to entering or leaving this sector at the optimum times of the property cycle of rising and falling values. Typically, the minimum investment time horizon for considering such funds is 3-5 years.

Deposits

Table 1	Liquidity risk	Market risk	Max % of total investment	Max. maturity
Debt Management Agency Deposit Facility	Term	no	100%	6 months
Term deposits – local / public authorities	Term	no	100%	2 years
Call accounts – banks and building societies	Instant	no	100%	N/A
Term deposits – banks and building societies	Term	no	100%	See Credit Policy (colour code)
Fixed term deposits with variable rate and variable maturities: Structured deposits.	Term	no	10%	See Credit Policy (colour code)

**Deposits with Counterparties Currently in Receipt of Government Support/
Ownership**

Table 2	Liquidity risk	Market risk	Max % of total investment	Max. maturity period
UK Part Nationalised Banks	Term	no	100%	See Credit Policy (colour code)
Banks nationalised by high credit rated (sovereign rating) countries – non-UK	Term	no	100%	See Credit Policy (colour code)
Fixed term deposits with variable rate and variable maturities: Structured deposits	Term	Yes	10%	See Credit Policy (colour code)

Collective Investment schemes structured as Open-Ended Investment Companies (OEIC's)

Table 3	Liquidity risk	Market risk	Max % of total investment	Max. maturity period
Government Liquidity Funds	Instant	See Section 3	20%	See credit policy
Money Market Funds (CNAV)	Instant	See Section 3	100%	See credit policy
Money Market Funds LVNAV	Instant	See Section 3	50%	See credit policy
Money Market Funds VNAV	Instant	See Section 3	50%	See credit policy
Ultra-short, dated bond funds with a credit score of 1.25	T+1 – T+5	See Section 3	50%	See credit policy
Ultra-short, dated bond funds with a credit score of 1.50	T+1 – T+5	See Section 3	50%	See credit policy
Bond Funds	Min T+2	See Section 3	50%	See credit policy
Gilt Funds	Min T+2	See Section 3	50%	See credit policy

Securities issued or guaranteed by governments

Table 4	Minimum Credit Criteria	Liquidity risk	Market Risk
Treasury Bills	UK sovereign	Sale T+1	Yes
UK Government Gilts	UK Sovereign	Sale T+1	Yes
Bond issuance issued by a financial institution which is guaranteed by UK Government e.g. Network Rail	UK Sovereign	Sale T+3	Yes
Sovereign Bond issues (other than UK Government)	AAA	Sale T+1	Yes
Bonds issued by multi-lateral development banks	AAA	Sale T+1	Yes

Securities issued by corporate organisations

Table 5	Liquidity risk	Market risk	Max % of total investment
Certificates of deposit issued by banks and building societies	Sale T+1	yes	20%
Commercial Paper	Sale T+1	yes	20%
Floating Rate Notes	Sale T+0	yes	20%
Corporate bonds	T +3	Yes	20%

Other

Table 6	Liquidity risk	Market risk	Max % of total investment	Max. maturity period
Property Funds	Variable	Yes	20%	3-5 Yrs.

Accounting Treatment of Investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

**Treasury Management Practice – Credit and Counterparty Risk Management
South Ayrshire Council and Common Good Funds Permitted Investments, Associated Controls**

<i>Type of Investment</i>	<i>Treasury Risks</i>	<i>Mitigating Controls</i>	<i>Council Limits</i>	<i>Common Good Limits</i>
Cash type instruments				
<ul style="list-style-type: none"> Deposits with the Debt Management Account Facility (UK Government) (Very low risk) 	<p>This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.</p>	<p>Little mitigating controls required. As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.</p>	<p>Unlimited (maximum 6 months)</p>	<p>Unlimited (maximum 6 months)</p>
<ul style="list-style-type: none"> Deposits with other local authorities or public bodies (Very low risk) 	<p>These are considered quasi-UK Government debt and as such counterparty risk is very low, and there is no risk to value. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty, and penalties can apply.</p> <p>Deposits with other non-local authority bodies will be restricted to the overall credit rating criteria.</p>	<p>Little mitigating controls required for local authority deposits, as this is a quasi-UK Government investment.</p> <p>Non- local authority deposits will follow the approved credit rating criteria.</p>	<p>£20m per counterparty – 2 Years</p>	<p>£20m per counterparty – 2 Years</p>
<ul style="list-style-type: none"> Money Market Funds (MMFs) (Low to Very low risk) 	<p>Pooled cash investment vehicle which provides very low counterparty, liquidity, and market</p>	<p>Funds will only be used where the MMFs have an 'AAA' rated status from Fitch, Moody's or Standard and Poor's.</p>	<p>£20m</p>	<p>£20m</p>

<i>Type of Investment</i>	<i>Treasury Risks</i>	<i>Mitigating Controls</i>	<i>Council Limits</i>	<i>Common Good Limits</i>
	risk. These will primarily be used as liquidity instruments.			
<ul style="list-style-type: none"> Ultra-short, dated bond funds (low risk) 	Pooled cash investment vehicle which provides very low counterparty, liquidity, and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the MMFs have an 'AAA' rated status from Fitch, Moody's or Standard and Poor's.	£10m	£10m
<ul style="list-style-type: none"> Call account deposit accounts with financial institutions (banks and building societies) (Low risk depending on credit rating) 	<p>These tend to be low risk investments but will exhibit higher risks than categories (a), (b) and (c) above.</p> <p>Whilst there is no risk to value with these types of investments, liquidity is high, and investments can be returned at short notice.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. The selection defaults to the lowest available credit rating to provide additional risk control measures.</p> <p>On daily investment dealing with these criteria will be further strengthened by additional market intelligence.</p>	See credit policy	See credit policy
<ul style="list-style-type: none"> Term deposits with financial institutions (banks and building societies) (Low to medium risk depending on period and credit rating) 	<p>These tend to be low risk investments but will exhibit higher risks than categories (a), (b) and (c) above.</p> <p>Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the</p>	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. The selection defaults to the lowest available credit rating to provide additional risk control measures.	See credit policy	See credit policy

<i>Type of Investment</i>	<i>Treasury Risks</i>	<i>Mitigating Controls</i>	<i>Council Limits</i>	<i>Common Good Limits</i>
	agreement of the counterparty, and penalties may apply.	On daily investment dealing with these criteria will be further strengthened by additional market intelligence.		
<ul style="list-style-type: none"> Government Gilts and Treasury Bills (Very low risk) 	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates (no loss if these are held to maturity).	Little counterparty mitigating controls are required, as this is a UK Government investment. The potential for capital loss will be reduced by limiting the maximum monetary and time exposures.	See credit policy	See credit policy
<ul style="list-style-type: none"> Certificates of deposits with financial institutions (Low risk) 	These are short dated marketable securities issued by financial institutions and as such counterparty risk is low but will exhibit higher risks than categories (a), (b) and (c) above. There is a risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. The selection defaults to the lowest available credit rating to provide additional risk control measures. On daily investment dealing with these criteria will be further strengthened by additional market intelligence.	See credit policy	See credit policy
<ul style="list-style-type: none"> Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates etc.) 	These tend to be medium to low risk investments but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and	See credit policy	See credit policy

<i>Type of Investment</i>	<i>Treasury Risks</i>	<i>Mitigating Controls</i>	<i>Council Limits</i>	<i>Common Good Limits</i>
(Low to medium risk depending on period and credit rating)	of investments, liquidity is very low, and investments can only be broken with the agreement of the counterparty (penalties may apply).	Poor's. The selection defaults to the lowest available credit rating to provide additional risk control measures. On daily investment dealing with these criteria will be further strengthened by additional market intelligence.		
<ul style="list-style-type: none"> Corporate bonds (Medium to high risk depending on period and credit rating) 	These are marketable securities issued by financial and corporate institutions. Counterparty risk will vary and there is risk of the value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Corporate bonds will be restricted to those meeting the base criteria. Day-to-day investment dealing with these criteria will be further strengthened using additional market intelligence.	See credit policy	See credit policy

Other types of Investment

<i>Type of Investment</i>	<i>Credit Criteria</i>	<i>Liquidity Risk</i>	<i>Market Risk</i>	<i>Mitigating Controls</i>	<i>Council Limits</i>
Common Good	Not applicable	Not applicable	No	Any Common Good, loan or investment would be subject to a separate panel report and the approval of Members before progressing. Each loan would therefore be assessed on a case-by-case basis and be supported by the rationale behind the investment and likelihood of any loss.	Term – 20 years - unlimited

Type of Investment	Credit Criteria	Liquidity Risk	Market Risk	Mitigating Controls	Council Limits
Registered Social Landlord	Not applicable	Not applicable	No	Any RSL loan or investment would be subject to a separate panel report and the approval of Members before progressing. Each loan would therefore be assessed on a case-by-case basis and be supported by the rationale behind the investment and likelihood of any loss.	Term – 20 years - unlimited
Third Party	Not applicable	Not applicable	No	Any third-party loan or investment would be subject to a separate panel report and the approval of Members before progressing. Each loan would therefore be assessed on a case-by-case basis and be supported by the rationale behind the investment and likelihood of any loss.	Term – 5 years - £1m
Third Party (Soft Loans)	Not applicable	Not applicable	No	Any third-party loan or investment on a soft loan basis (below market rates) would be subject to a separate panel report and the approval of Members before progressing. Each loan would therefore be assessed on a case-by-case basis and be supported by the rationale behind the investment and likelihood of any loss.	Term – 5 years - £1m
hub SW/ SFT Project Investment	Not applicable	Minimum 25 years term	No	Investment is subject to a separate panel report and the approval of Members before progressing. The investment would therefore be assessed on a case basis and be supported by the rationale behind the investment and the likelihood of any loss.	Term – 25 years - £1m

The Monitoring of Investment Counterparties - The status of counterparties will be monitored regularly. The Council receives credit rating and market information from MUFG Corporate Markets Treasury Limited, including when ratings change, and counterparties are checked promptly.

On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Financial Officer, and if required new counterparties which meet the criteria will be added to the list.

South Ayrshire Council

**Report by Chief Financial Officer
to South Ayrshire Council
of 6 March 2025**

Subject: Treasury Management and Investment Strategy Mid-Year Report 2024/25

1. Purpose

1.1 The purpose of this report is to provide Members with a mid-year treasury management update for the financial year 2024/25.

2. Recommendation

2.1 It is recommended that the Council approves the contents of this report.

3. Background

Treasury Management

3.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned to meet expenditure commitments but also to invest surplus monies in low-risk counterparties (organisations with which the Council has a financial relationship in terms of borrowings or investments), providing adequate liquidity initially before considering optimising investment return.

3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash will involve arranging long or short-term loans or using longer term cash flow surpluses. In addition, in certain interest rate environments debt previously drawn may be restructured to meet Council risk or cost objectives.

3.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

3.4 The Audit and Governance Panel of 4 December 2024 considered the Treasury Management and Investment Strategy Mid-Year Report 2024/25 (attached at [Appendix 1](#)) and agreed that it be remitted to the Council for approval.

4. Proposals

4.1 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and provides an update on activity in [Appendix 1](#) and [Appendix 2](#) on the following:

4.1.1 [Appendix 1](#) – *Economic Update and Interest rates*

Section	Description
1	Economics and Interest Rates
2	Interest Rates Forecast

4.1.2 [Appendix 2](#) – *Treasury Activity*

Section	Description
1.1 to 1.2	The Council's Capital Expenditure plans and Capital Financing Requirement (CFR);
2.1	Borrowing Strategy for 2024/25
3.1 to 3.2	Review of Investment Strategy and Performance
4.1	Review of compliance with Treasury and Prudential Limits for 2024/25
5.1	Borrowing in advance; and
6.1	Debt Re-scheduling.
7.1 to 7.3	Other

4.2 The Council is requested to approve the contents of this report in accordance with the requirements of the CIPFA Code.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 *General Services*

6.1.1 **Interest on Revenue Balances** - the Council budgeted for investment income of £2.130m in 2024/25, based on an estimate of the average revenue balances held during the year. Budgeted at achieving an assumed interest rate return of 5.50% on these balances.

At September 2024 (Qtr2) the full year budgeted income is projected at £2.205m, a surplus of £0.075m.

6.1.2 **Capital Financing Costs** - the budget for loan charges in 2024/25 is £17.610m, comprising £6.457m for loan principal, £10.978m for interest costs and £0.174m for loans fund expenses.

The current projection for loans charges to the General Fund is an overspend of £1.334m in interest and expenses. This is offset by the projected surplus of income of £0.075m bringing an overall overspend of £1.259m.

This overspend is currently being reviewed in conjunction with the capital programme and will be monitored closely.

6.2 ***Housing Revenue Account (HRA)***

6.2.1 **Interest on Revenue Balances** - the HRA budgeted for investment income of £0.240m in 2024/25, based on an estimate of the average revenue balances held during the year. Budgeted at achieving an assumed interest rate return of 5.50% on these balances.

At September 2024 (Qtr2) the full year estimate for investment income earned is £0.342m resulting in a surplus of £0.102m.

6.2.2 **Capital Financing Costs** - the budget for HRA loan charges in 2024/25 is £7.277m, comprising £2.443m for loan principal, £4.762m for interest costs and £0.071m for loans fund expenses.

The current projection for HRA loan charges is an underspend of £0.276m in interest and expenses. In addition, the projected surplus of income of £0.102m results in an overall underspend of £0.378m.

The projected surplus will be monitored closely.

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 adopting the recommendations.

8.2 ***Risk Implications of Rejecting the Recommendations***

8.2.1 Should the recommendations be rejected, then the Council will not be in compliance with the CIPFA Code of Practice on Treasury Management.

9. **Equalities**

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 3](#).

10. **Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document

otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers **CIPFA Code of Practice for Treasury Management in the Public Services**

Report to South Ayrshire Council of 6 March 2024 – [Treasury and Investment Strategy 2024/25](#)

Report to Audit and Governance Panel of 4 December 2024 - [Treasury Management and Investment Strategy Mid-Year Report 2024/25](#)

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Date: 25 February 2025

Economic Update and Interest Rates

1. Economics and Interest Rates

- The third quarter of 2024 (July to September) saw:
 - Gross Domestic Product (GDP) growth slowed in July following downwardly revised Q2 figures (0.5% q/q)
 - A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
 - CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
 - Core CPI inflation increasing from 3.3% in July to 3.6% in August;
 - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
 - 10-year gilt yields falling to 4.0% in September.

- The lack of growth in the economy in June and July suggests a slight slowdown in GDP growth as opposed to a return to recession. In addition, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months.

This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services Purchasing Managers' Index (PMI) balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an increase in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.

- The 1.0% m/m increase in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the Office for National Statistics (ONS) reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Capital Economics company suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
- The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to calm. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
- Other labour market indicators also point to a less restrictive labour market. The 59,000 fall in the alternative Pay As You Earn (PAYE) measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three

months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.

- Consumer Price Index (CPI) inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.
- The Bank of England initiated the phase of lowering rates in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the European Central Bank (ECB) more than the US Federal Reserve, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members chose to vote to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank of England if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.
- The treasury forecast from Link Advisory Services has been updated after the MPC on 7th November and is reflected in Section 2.
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the US Federal Reserve rate cut on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently.

MPC meetings

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the Federal Open Market Committee (FOMC), but there was no change.
- On 7 November, the Bank of England's Monetary Policy Committee (MPC) voted 8-1 to cut the bank base rate to 4.75%. Going forward, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.

2. Interest Rates Forecast

The Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

Our latest forecast on 11 November sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View 11.11.24													
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Treasury Activity

1.1 The Council's Capital Expenditure Plans and Capital Financing Requirement (CFR)

- (1) The following section provides the information relating to the 2024/25 capital position and prudential indicators.
- The Council's capital expenditure plans.
 - How these plans are being financed.
 - The impact of the capital expenditure plans on the prudential indicators and the underlying need to borrow.
 - Compliance with the limits in place for borrowing activity.
- (2) The tables below draw together the main movement in terms of the capital expenditure plans compared to the original plan, highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements for capital expenditure. The borrowing element of Table 1 for both General Services and HRA below revises the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR).

Table 1

	2024/25 Original Estimate £'000	2024/25 Latest Estimate £'000
Prudential Indicator – General Services		
Capital Expenditure	102,570	61,105
General Services - Financed By		
General and Specific Grant	8,360	9,997
Capital Receipts/Other	32,426	4,815
Borrowing	61,784	46,293
	102,570	61,105
Prudential Indicator – HRA		
Capital Expenditure	64,389	58,275
HRA - Financed By		

	2024/25 Original Estimate £'000	2024/25 Latest Estimate £'000
Borrowing	61,546	46,583
CFCR, Draw on surplus	1,798	1,798
Other Receipts/ Grants	1,045	9,894
	64,389	58,275

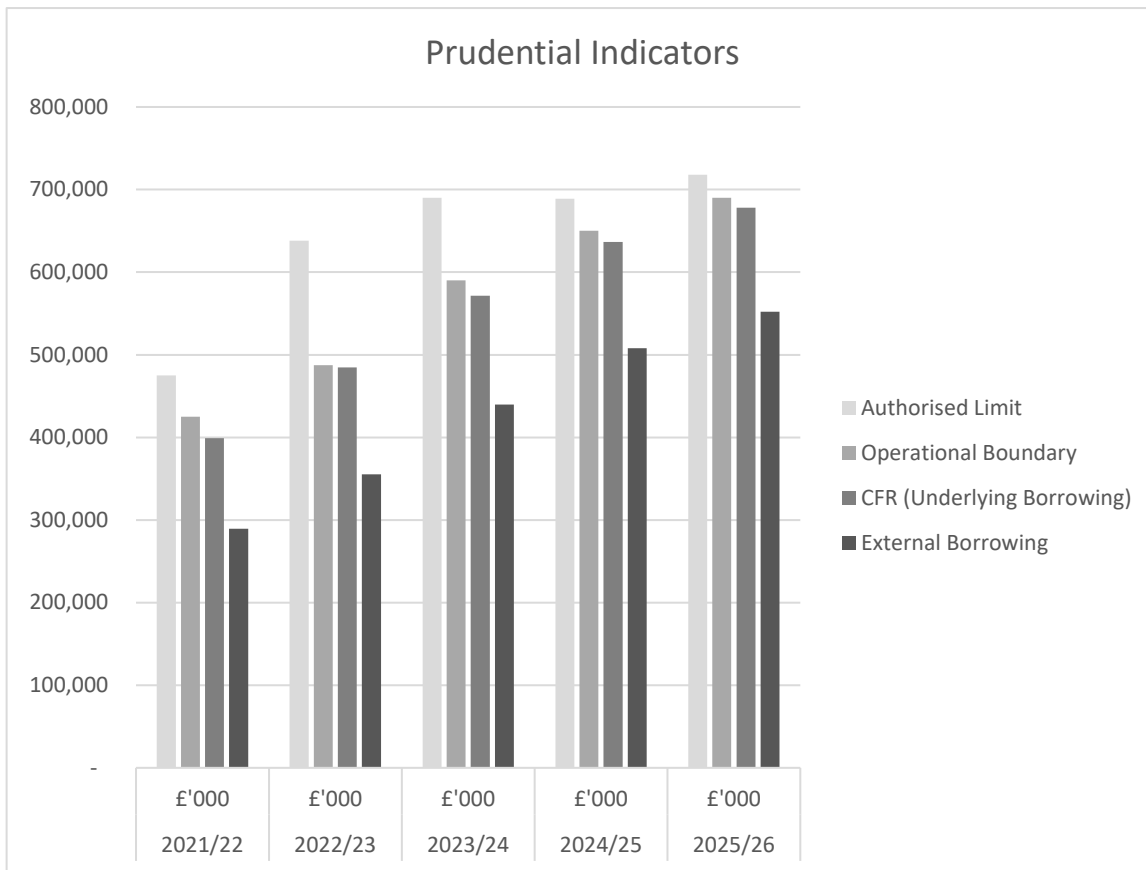
1.2 **Capital Financing Requirement, Debt Position and Operational Boundary Indicators**

- (1) Table 2 shows the CFR, which is the underlying need to incur borrowing for a capital purpose.

Table 2

Prudential Indicator – CFR	2024/25 Original Estimate £'000	2024/25 Updated Estimate £'000
Capital Financing Requirement – GS	481,816	466,352
Capital Financing Requirement – HRA	171,136	145,409
Total Capital Financing Requirement	652,952	611,761

(2) **Prudential Indicators Chart**



The chart shown at (2) above shows estimated key prudential indicators in graph format:

1. **External Borrowing** – shows significant increase in the next two years as the Council utilises borrowing to fund capital investment
2. **Capital Financing Requirement** – shows increases in CFR in line with external debt. The Council ended 2023/24 in an under borrowed position (CFR compared with external debt) of £58.801m. The current strategy will be to reflect an under-borrowed position in the short/medium term as reflected in the graph.
3. **Operational Boundary** – this indicator is higher than external debt and CFR as it includes provision for other long term financing liabilities such as PPP and Finance leases, and short term cash flow variations.
4. **Authorised Limit** – the limit which cannot be exceeded in terms of the Council’s debt position. This indicator is higher than the operational limit as provision is made for other cash flow variation and potential borrowing in advance.

Table 3/

Table 3

<i>Prudential Indicators – Debt</i>	<i>2024/25 Original £'000</i>	<i>2024/25 Updated £'000</i>
Authorised Limit	705,000	658,683
Operational Limit	660,000	602,721
External Debt	527,674	468,674

2.1 **Borrowing Strategy 2024/25 (Update)**

- (1) The Council's capital financing requirement (CFR) estimate for 2024/25 has been revised to £611.761m based on the revised capital spend projections, as shown at 1.2, Appendix (2) Table 1. The CFR denotes the Council's underlying need to borrow for capital purposes. To fund the CFR the Council may borrow from the PWLB or the market (external borrowing) or fund from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions and availability of internal cash resources.
- (2) The original borrowing requirement for 2024/25 was set at £121m but has been revised to £92.876m. This drop is attributed to increased cost of supplies and re-profiling of capital projects. This has resulted in movement in the current year of the capital programme
- (3) This has resulted in revising the external borrowing requirement from the original £160.0m to £95.0m.
- (4) The current strategy is to consider medium term external borrowing in Qtr3 of £10.0m and Qtr. 4 of £10.0m of medium to long borrowing, with further PWLB or medium term at the end of Qtr 4. To date in Qtr. 1 and 2 £5.0m long term borrowing has been taken from PWLB securing a lower interest rate being offered. A further £5.0m of medium to long term borrowing was secured in Qtr. 1 from the other local authority market, again taking advantage of lower interest rates being offered.

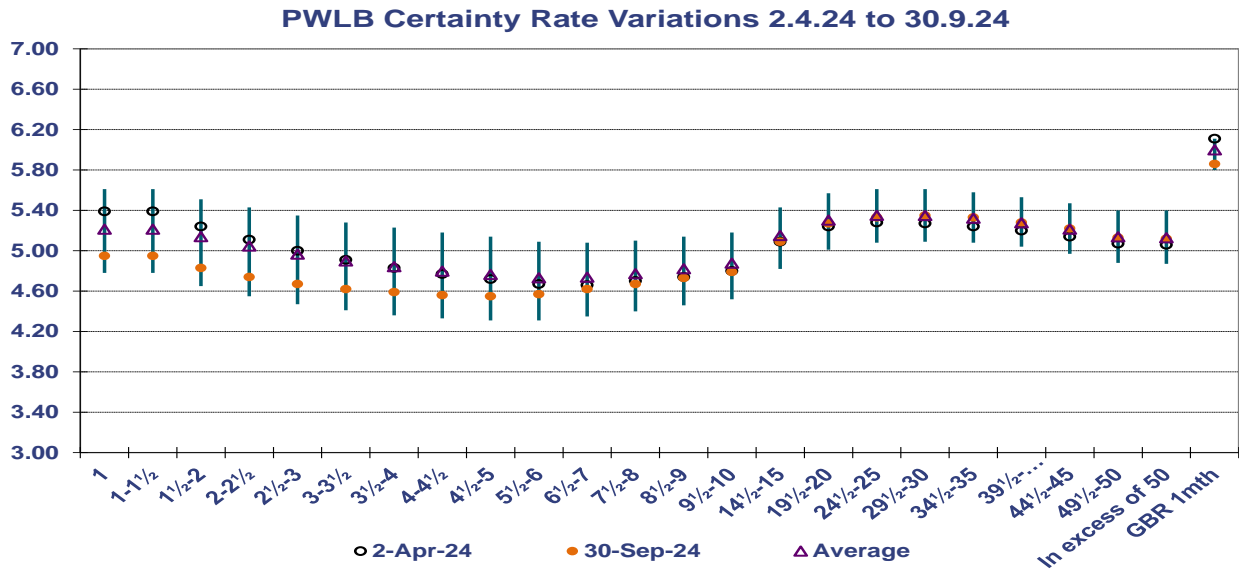
A pragmatic approach however is being taken in terms of the timing of new long term external borrowing given the current market uncertainties due to a number of factors such as the overall economic climate and interest rate fluctuations along with the pace of the spend in the Council's capital programme.

- (5) The table at 2.2.1 below shows the high and low rates available from the PWLB during the period April 24 – Sept 24.

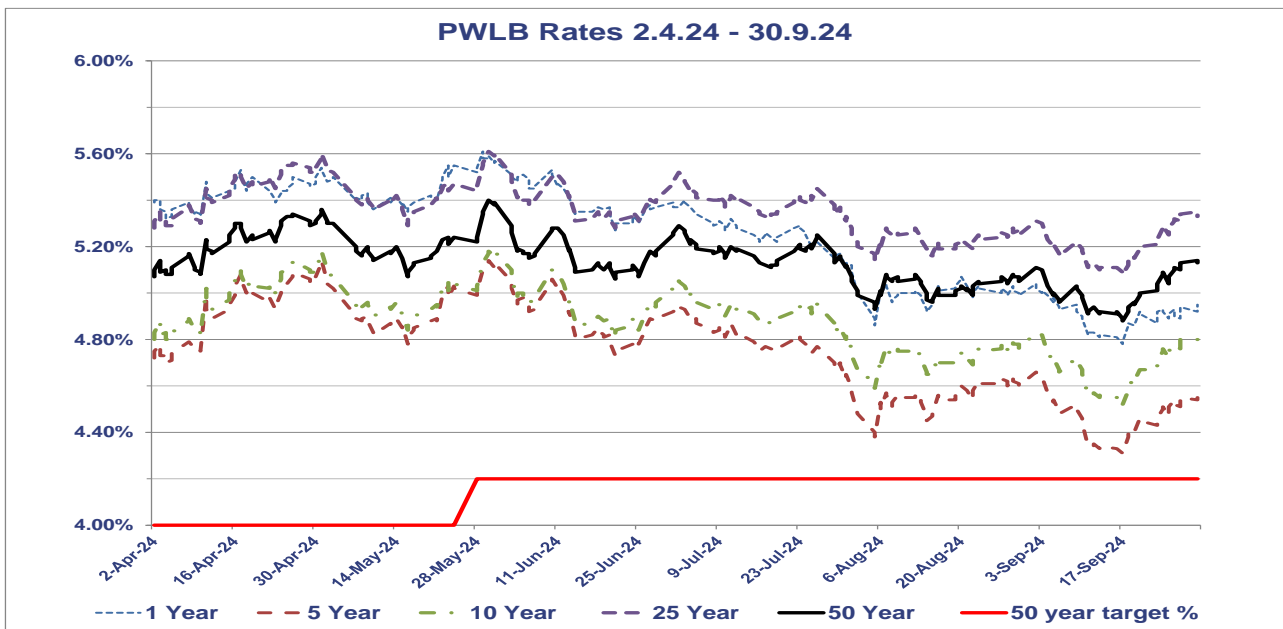
2.2 The current PWLB rates are set as margins over gilt yields as follows: -

1. **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
2. **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
3. **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

2.2.1 PWLB certainty rates 1 April 2024 to 30 September 2024



2.2.2 PWLB Interest Rates – Apr 24 – Sep 24



3.1 Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 6 March 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council’s investment priorities as being:

- security of capital;
- liquidity; and
- yield

- (2) The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness.

3.2 **Investment Performance 2024/25**

- (1) The Council's average level of funds available for investment purposes in the first half of the year 2024/25 was **£19.6m**. These funds are available on a temporary basis and are dependent on a number of factors including cash flows, reserve balances, borrowing strategy, etc. As these funds are linked to Council reserves earmarked for specific purposes, they are not available to spend on additional services and represent the current 'cash' position.
- (2) LIBOR and LIBID rates ceased from the end of 2021. LIBOR has been replaced with a rate based on SONIA (Sterling Overnight Index Average). On advice received from the Council's consultants, Link Group, the replacement benchmark to be used is the 90-day backward SONIA compounded rate.

Below table shows the rates for the first half of 2024/25.

	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.20	5.21	5.20	5.17	5.08
High Date	02/04/2024	03/05/2024	27/06/2024	17/04/2024	31/05/2024	30/05/2024
Low	5.00	4.95	4.90	4.79	4.58	4.17
Low Date	01/08/2024	01/08/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
Average	5.17	5.12	5.11	5.06	4.96	4.75
Spread	0.25	0.25	0.31	0.41	0.58	0.91

- (3) The Council's average performance rate for Quarter ended 30th September 2024 was **5.31%**. This is on a par with the 90-day benchmark return as above. Investments will continue to be monitored in the current climate of changing interest rates.
- (4) The Chief Financial Officer confirms that the approved investment strategy was not breached in the first half of the financial year 2023/24.
- (5) The Council continues to lend to other local authorities where appropriate, in order to diversify its investment portfolio and to provide the highest level of security in delivering the objectives of security, liquidity and yield in its investment portfolio. Interest rates in the recent climate are very volatile and after a long period of extremely low rates, they have risen and remain fairly high. This makes borrowing more expensive but on the counter side the council is achieving a greater rate of interest on investments than previously forecast, because of this some forward planning has been undertaken to try and secure the best rates available. Also, to ensure some form of liquidity, advantage has been taken of good return on investment rates using Money Market Funds (MMF).

The following table summarises the Council's investments as of 30 September 2024.

Table 6

Counterparty	Type	Principal £'000	Interest Rate	Maturity	Colour Code (Based on credit information)
Bank of Scotland	Liquidity	12,450	4.95%	N/A	Orange
MMF VNAV – Federated Cash Plus	Liquidity	30	4.10%	N/A	
Money Market Fund – Federated (Prime Rate Class3)	Liquidity	400	5.02%	N/A	AAA
Money Market Fund - Aberdeen Liquidity Fund - Sterling Fund Class L-1	Liquidity	5,000	5.005%	N/A	
Lancashire County Council	Maturity	5,000	5.75%	05/01/2025	Red
Total Investment		22,878			

4.1 Review of Compliance with Treasury and Prudential Limits for 2024/25

1. The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

Table 7 below shows that the 2024/25 year end projected total debt position of £473,674 is below the projected CFR of £613,472 which indicates that external borrowing is only being used for capital purpose.

Table 7/

Table 7

	2023/24 Actual £'000	2024/25 Borrowing as @ 30/9/24 £'000	2024/25 Projection £'000
Long Term Borrowing – PWLB	239,459	239,182	317,474
Long Term Borrowing - LOBO	33,200	33,200	33,200
Long Term Borrowing - Market	44,000	44,000	49,000
Short Term Borrowing – Market	71,000	83,000	69,000
External Debt	387,659	399,382	473,674
Other Long-Term Liabilities	88,023	84,047	84,047
Total Debt	475,682	483,429	552,721
Capital Financing Requirement (CFR)	534,483	611,761	611,761
(Under) Over borrowed	(58,801)	(128,332)	(59,040)

2. A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government in Scotland Act 2003.

Table 8 below shows the authorised limit amended from the original 2024/25 indicator.

Table 8

Prudential Indicator – Authorised Limit for External Debt	2024/25 Original Indicator £'000	2024/25 Revised Indicator £'000
Borrowing	515,000	520,660
Other Long-Term Liabilities	145,000	138,023
Authorised Limit	660,000	658,683

3. **Liability Benchmark**

The third prudential indicator for 2024/25 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

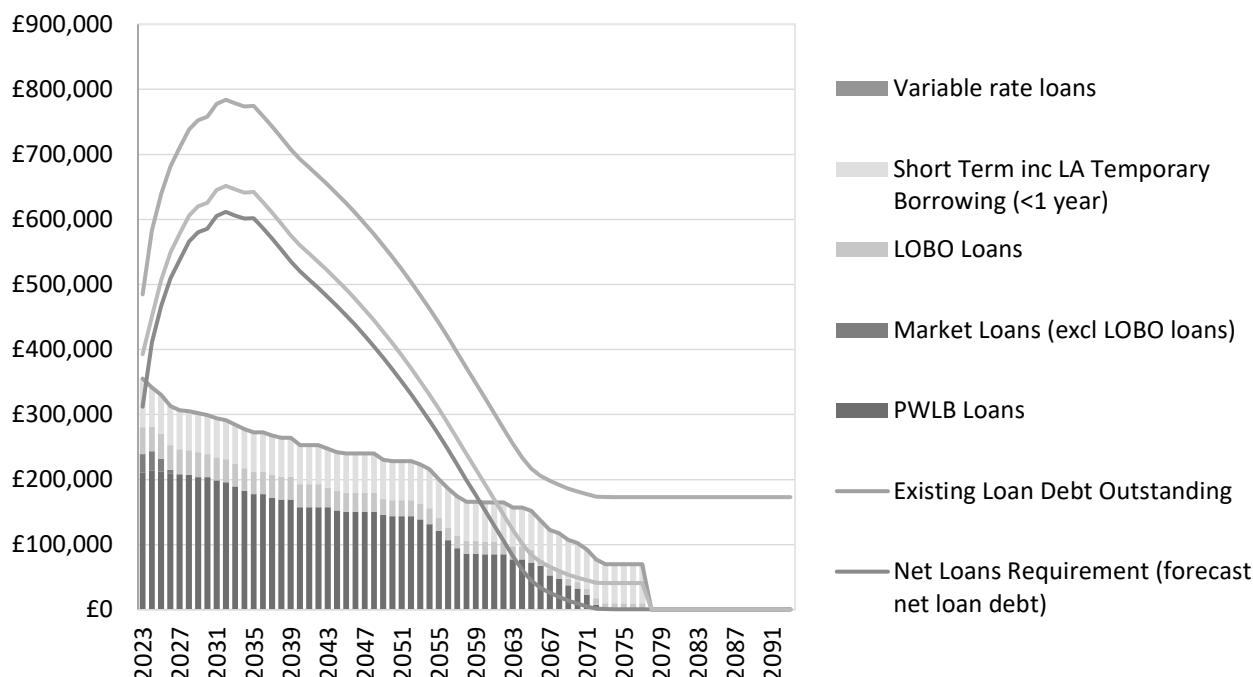
CIPFA notes on page 13 of the 2021 TM Code: “The liability benchmark should be analysed as part of the annual treasury management strategy, and any substantial mismatches between actual loan debt outstanding and the liability benchmark should be explained. Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement). The treasury strategy should explain how the treasury risks inherent in these mismatched positions will be managed.”

There are four components to the LB:

- 1’ **Existing loan debt outstanding:** the Authority’s existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments. (Note only approved prudential borrowing is included).
3. **Net loans requirement:** this will show the Authority’s gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

The graph below shows the projected movement in the liability benchmark.

Liability Benchmark



5.1 *Borrowing in Advance of Need*

The Local Government Investment Regulations (Scotland) 2010 requires the Council to set out its strategy and approach to borrowing in advance of need, which is defined as any borrowing undertaken which will result in the total external debt exceeding the CFR for the following twelve-month period. The Council has not borrowed in advance of need during the six months to 30 September 2024.

6.1 *Debt Rescheduling*

Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. However, now that the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

7.1. Other Current Issues

7.1.1 Sources of Borrowing – regarding ESG (Environmental, Social and Governance)

While the prime considerations when investing surplus funds are security liquidity and yield, it is recognised that consideration must be given to other factors such as climate change, environmental, social, and good governance (ESG), to support a policy of sustainability. For these considerations to work effectively any policy should be derived on a corporate level, at which point the finance team can implement for treasury investing. Most highly rated lenders will have an ESG policy in place, which can be reviewed periodically and form part of the counterparty selection process for treasury investments. We currently have investments with Standard Chartered Fixed Term ESG deposit accounts. The same interest rate is offered for both non-ESG and ESG accounts allowing investment at the same return but also in line with policy.

7.1.2 Changes to Accounting Standards for Leasing Arrangements

The change to accounting standards to IFRS16 for leasing arrangements requires that all leasing contracts are held on the balance sheet. This is the change from the previous accounting standard IAS17. This will mean that the Capital Financing Requirement figures (CFR) and the Operational Boundaries will increase to reflect the change in accounting policy.

The work to prepare for the transition for the reporting of this in the year end accounts 24/25 is making good progress. A separate report is being prepared to provide detailed information on the effect of these changes and should be at Audit and Governance Panel

South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: [Equality Impact Assessment including Fairer Scotland Duty](#)

Further guidance is available here: [Assessing impact and the Public Sector Equality Duty: a guide for public authorities \(Scotland\)](#)

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. See information here: [Interim Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018.

1. Policy details

Policy Title	Treasury Management and Investment Strategy Mid-year Report 2024/25
Lead Officer (Name/Position/Email)	Kate Copland, Senior Finance Officer, Treasury/ Capital – kate.copland@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-
Sex – gender identity (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children's Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage? (Fairer Scotland Duty). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

5. Summary Assessment

<p>Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)</p>	<p>— YES</p> <p>NO</p>
<p>Rationale for decision:</p> <p>The strategy outlines the approach to be taken in managing the Council’s cash flow and capital funding arrangements and is a mechanism for ensuring that budget targets are achieved: a full EQIA is, therefore, not required</p>	
<p>Signed : Tim Baulk Chief Financial Officer</p> <p>Date: 8 November 2024</p>	

South Ayrshire Council

**Joint Report by Director of Housing, Operations and Development
and Chief Financial Officer
to South Ayrshire Council
of 6 March 2025**

**Subject: Housing Revenue Account (HRA) - Revenue Budget
 2025/26 and Capital Budget 2025/26 to 2029/30**

1. Purpose

1.1 The purpose of this report is to request approval of the proposed Housing Revenue Account (HRA) Revenue Budget for 2025/26 and the proposed 5-year Capital Budget for 2025/26 – 2029/30.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 notes the decision taken by South Ayrshire Council on 17 January 2024 which approved a 4.5% increase each year for the 3 year period from 2024/25 – 2026/27 for council house rents, and for other rents and charges recovered through the HRA (including:- lock-up rents, garage site rents, garden maintenance charges, communal heating and amenity charges). Tenants have already been notified of their 2025/26 rental charge in accordance with the statutory requirements; and

2.1.2 approves the proposed 2025/26 HRA Revenue Budget outlined in section 4.3 of this report and [Appendix 1](#) and the proposed 5 year capital budget as outlined in section 4.4 of this report and [Appendix 2](#).

3. Background

3.1 Following a previous process of consultation with tenants, South Ayrshire Council of 17 January 2024 approved a 4.5% increase each year for the 3 year period from 2024/25 – 2026/27 for council house rents, and for other rents and charges recovered through the HRA (including:- lock-up rents, garage site rents, garden maintenance charges, communal heating and amenity charges).

3.2 The budgetary position of the HRA revenue and capital budgets are reported to Cabinet throughout the year, in the budget management and capital programme monitoring reports. The figures contained in this report reflect decisions and any budget revisions approved by Cabinet.

4. Proposals

4.1 The HRA monitoring report for the period to 30 November 2024 (period 8) was reported to and approved by Cabinet on 21 January 2025 .

4.2 The audited HRA accumulated surplus brought forward from 2023/24 was £2,520m. A continuation of the previously agreed approach to maintain a £2m minimum uncommitted reserve has been applied. Therefore, based on current period 8 projections it leaves the sum of £1.230m uncommitted. The current commitments will be updated as part of the year end accounts process, to reflect the actual outturn position for 2024/25. Following review of the 2024/25 final outturn position for the HRA, consideration will be given to the allocation of any sums above the minimum uncommitted reserve. Proposals will be submitted to Cabinet for approval as part of the Period 12 budget monitoring report.

4.3 ***Proposed 2025/26 HRA Revenue Budget***

4.3.1 The approved 2024/25 and proposed 2025/26 HRA revenue budget are outlined in [Appendix 1](#). The assumed income in the proposed base budget for 2025/26 reflects the previously approved rent increase of 4.5%, (which has already been notified to tenants in accordance with statutory requirements) and also includes for the following:

- payroll costs that reflect the proposed Council pay award;
- current bad debt provision at 2% of rents receivable in the year;
- increased property costs including repairs and maintenance costs, compliance activities and insurance payments taking account of revised/increased stock numbers;
- debt charges are based on planned capital investment detailed in section 4.4 and as outlined in [Appendix 2](#);
- housing and lock-up stock numbers, and future planned lock-up demolitions previously approved by Council;
- the base budget for maintenance costs has been increased, taking account of increased materials costs. The required uplifts to schedule of rates and an assumed annual inflationary increase has been applied per annum for all other expenditure for the life of the business plan;
- a level of revenue contribution to help fund the housing capital programme – Capital Funded from Current Revenue (CFCR); and
- the previously approved rent increase of 4.5% up to and including 2026/27 and then an assumed minimum rent increase of 3.0% from 2027/28 and each year thereafter for the life of the HRA business plan.

4.3.2 Any future reprofiling of the revenue budget will be reported through the budget monitoring reports to Cabinet.

4.4 ***Proposed Housing Capital Budget 2025/26 – 2029/30***

4.4.1 The Housing Capital Programme is presented on a rolling five-year planning cycle to provide greater certainty over future capital investment

activity and to allow for better year on year planning and engagement with tenants. The table at [Appendix 2](#) outlines the proposed housing capital investment programme for the period 2025/26 – 2029/30, indicating a proposed cumulative spend of £193.189m over the next five-year period. Progress against the housing capital investment programme is reported to Cabinet periodically throughout the year. Each year an updated budget will be presented to Council as part of the HRA budget setting process.

4.4.2 The proposed housing capital budget for the period 2025/26 – 2029/30 includes for the following:

- reflects the budget and adjustments approved for the Housing Capital Programme 2024/25; Monitoring Report as at 31 December 2024, as approved by Cabinet on 18 February 2025;
- an internal modernisation cycle of 15/30 years as previously agreed with tenants, allowing around 2800 properties to be included in projects for full and partial modernisation work over the course of the next 5 years;
- ongoing financial provision for safety and compliance work for tenant and resident safety (replacing smoke alarms, heat and carbon monoxide detectors, fixed electrical work and dealing with asbestos materials);
- financial provision over the next 5 years to continue the programme of window replacement to renew windows in remaining properties where existing windows are over 25 years old;
- taking account of updated and refreshed stock condition data, an increased financial provision has been made to continue the 'fabric first' approach to replace roof coverings, upgrade or replace external wall finishes, install external wall insulation or upgrade/replace cavity wall insulation to improve the energy efficiency of properties and support work towards meeting net zero in properties that are recognised as being harder to treat in terms of thermal efficiency;
- proposed expenditure on new build housing is aligned with the Council's agreed SHIP, and then an assumption of 30 new build units each year thereafter for the life of the plan;
- buy-back of properties at a rate of 30 each year from 2025/26 – 2027/28 and 25 each year for 2028/29 – 2029/30, followed by 20 each year thereafter for the life of the plan; and
- the debt affordability level not exceeding 35% as previously agreed with tenants.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report. Professional Design Services will liaise with Procurement on any contractual requirements needed for the delivery of the housing capital programme.

6. Financial Implications

- 6.1 The proposals within this report ensure that the HRA Business Plan is fundable and sustainable over 40 years, taking account of considered risks and the current levels of proposed investment.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 Adopting the recommendations will confirm the levels of proposed capital spend over the next 5 year period. Given the mixed tenure nature of the housing stock, the delivery of the housing capital programme involves an element of engagement with owners regarding upgrade work and the availability of scheme of assistance grant funding to offer support to owners. There are established procedures in place to manage the owner engagement process, but the engagement process takes time and can impact on the programming and delivery of work. This risk has been identified and assessed in line with the Council's risk management process. It will be managed within existing operational activities and reference to the status of mitigations will be available through the Housing, Operations and Development Directorate Risk Register.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 Rejecting the recommendations would have a detrimental impact on the HRA budget and would affect the ability to deliver the housing service and secure the funding required for investment to maintain and improve the Council's housing stock to meet the requirements of the Scottish Housing Quality Standard, improving energy efficiency and undertaking work towards net zero. This would have a negative impact on the achievement or contribution towards Priority 2 of the Council Plan: Live, Work, Learn, and the outcome 'everyone has access to a variety of housing types and sizes and a home that is affordable, energy efficient and adaptable to changing needs'.
- 8.2.2 Rejecting the recommendations would impact on the reputation of the Council, as previous commitments to tenants would not be able to be fulfilled.

9. Equalities

- 9.1 The budget proposals in this report reflect the previous decision taken by Council on rent setting. An Equalities Impact Assessment (EQIA), (including the Fairer Scotland Duty in respect of any Strategic decision), was carried out on the proposals contained in the report at that time and identified potential positive and negative equality impacts and any required mitigating actions. This Equalities Impact Assessment still applies and is available in the previous [report](#).

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report. However, following updates to the HRA Business Plan, options on rent increases formed the basis of previous consultation with tenants around rent setting.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Priority 2 of the Council Plan: Live, Work, Learn - Everyone has access to a variety of housing types and sizes and a home that is affordable, energy efficient and adaptable to changing needs.

13. Results of Consultation

- 13.1 As part of the rent setting consultation process, previous consultation took place with the Tenants Monitoring Group. Three meetings were held with the Group on 9 November, 14 November and 17 November 2023. Tenants were provided with a presentation on the HRA Business Plan considerations and assumptions used to inform the options for consultation. The Group was also consulted on the proposed content of the Rent Setting Newsletter and the approach for tenant consultation. Comments and feedback received from the Group influenced the final content of the newsletter and the Council's consultation approach.

- 13.2 The rent setting consultation was open to all Council tenants who received a Rent Setting Newsletter and voting form. The consultation period was open from 24 November – 20 December 2023 inclusive. Tenants voted on their preferred option for future rent setting either online or by postal vote, along with providing their feedback on their two preferred ways to contact the Housing Service. A total of 397 valid votes were registered as part of the rent setting consultation and the consultation responses were considered by the meeting of South Ayrshire Council on 17 January 2024 when approving rent setting. The proposed budget outlined in this report is set within the parameters of the previously approved rent increase of 4.5% for the 3 year period 2024/25 – 2026/27.

- 13.3 Consultation has taken place with Councillor Martin Kilbride, Portfolio Holder for Buildings, Housing and Environment, and Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, 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 and the Chief Financial Officer 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:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
To set up appropriate accounting budgets for 2024/25 to reflect Council decision	1 April 2025	Chief Financial Officer

Background Papers **Report to South Ayrshire Council of 17 January 2024 - [Setting of Council House Rents and Other Rents and Charges \(2024/25 – 2026/27\) and Proposed Housing Revenue Account \(HRA\) Revenue Budget 2024/25 and Capital Budget \(2024/25 – 2028/29\)](#)**

Report to Cabinet of 21 January 2025 - [Budget Management – Revenue Budgetary Control 2024/25 – Position as at 30 November 2024](#)

Report to Cabinet of 18 February 2025 - [Housing Capital Programme 2024/25: Monitoring Report as at 31 December 2024](#)

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Date: 27 February 2025

Approved 2024/25 and Proposed 2025/26 HRA Revenue Budget

<i>Approved Budget 2024/25 £m</i>	<i>Subjective Analysis</i>	<i>Proposed Budget 2025/26 £m</i>
5.595	Employee costs	5.169
14.418	Property costs	16.988
0.334	Supplies and services	0.341
0.072	Transport costs	0.073
1.523	Administration costs	2.306
1.837	Support service costs	1.899
0.030	Third party payments	0.033
0.117	Transfer payments	0.119
7.038	Financing costs	8.616
5.397	CFCR	3.226
36.361	Gross Expenditure	38.770
36.361	Income	38.770
0	Net Expenditure	0

Proposed Housing Capital Budget 2025/26 – 2029/30

Activity	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m
Major Component Replacements – Allocated	11.468	3.881	3.841	3.841	3.841
Major Component Replacements – Unallocated	6.282	7.500	7.500	7.500	7.500
Contingencies	0.269	0.269	0.269	0.269	0.269
Demolitions	1.053	0.067	0	0	0
Structural and Environmental	12.802	6.454	6.454	6.454	6.454
Sheltered Housing Environmental Improvements	0.215	0	0	0	0
Fees	0.230	0.230	0.230	0.230	0.230
Footpaths	0.100	0.050	0.050	0.050	0.050
Window Replacement Programme	5.994	3.939	3.939	3.939	3.939
Environmental Improvements	2.051	0.361	0.361	0.361	0.361
Housing Asset Management System	0.225	0	0	0	0
Buy back properties	2.650	2.400	2.400	2.000	2.000
New builds	14.717	5.750	11.500	18.400	0
Total Expenditure	58.056	30.901	36.544	43.044	24.644

This capital programme would be funded as follows:

<i>Income Source</i>	<i>2025/26</i>	<i>2026/27</i>	<i>2027/28</i>	<i>2028/29</i>	<i>2029/30</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
CFCR	3.226	3.273	3.550	3.614	3.529
Borrowing	47.570	23.712	31.794	33.880	12.835
Scottish Government Funding	7.260	3.916	1.200	5.550	8.280
<i>Total Income</i>	<i>58.056</i>	<i>30.901</i>	<i>36.544</i>	<i>43.044</i>	<i>24.644</i>

South Ayrshire Council

**Report by Director of Housing, Operations and Development
to South Ayrshire Council
of 6 March 2025**

Subject: Development Plan Scheme 2025 and LDP2 Delivery Programme 2025

1. Purpose

- 1.1 The purpose of this report is to seek approval to publish and consult on the Development Plan Scheme 2025 for Local Development Plan 3 and to publish to the updated Delivery Programme 2025 for Local Development Plan 2.

2. Recommendation

2.1 It is recommended that the Council:

- 2.1.1 approves the Development Plan Scheme 2025 (Appendix 1) for publication, and consultation, including the proposed Participation Scheme for public and stakeholder consultation; and**
- 2.1.2 approves the Delivery Programme 2025 for Local Development Plan 2 (Appendix 2).**

3. Background

- 3.1 Planning legislation requires a Development Plan Scheme to be published annually. The Development Plan Scheme 2025, set out in Appendix 1, is the second to be published under the new development planning regime introduced by the Planning (Scotland) Act 2019, and highlights the key stages and timetable for the preparation of LDP3. It also contains a Participation Statement, which explains how, when and who the Council will engage and consult with throughout the development of the Plan, including local communities, the wider public, key stakeholders, public and private organisations. As with the previous (December 2023) DPS there will be an opportunity for public feedback on whether people feel the range of participation proposals and methods within the DPS are appropriate and sufficient.
- 3.2 The DPS also acts as an ongoing project management tool to help co-ordinate and manage the LDP process, and the timescales set out.
- 3.3 The preparation of a Delivery Programme for the Local Development Plan is a requirement under Section 21 of the Town and Country Planning (Scotland) Act 1997, as amended, and the Town and Country Planning (Development Planning) (Scotland) Regulations 2023. Delivery Programmes are a feature of the new style Local Development Plan system and replace the former action programmes. A letter from the Chief Planner of 24 June 2024 requires planning authorities to review

their action programme for the constituted local development plan and update it and publish it as a Delivery Programme by 31 March 2025.

- 3.4 A Delivery Programme is a document setting out how the Council proposes to implement its adopted Local Development Plan. It highlights the actions, including key infrastructure and other projects that will be required to deliver each of the policies, proposals and housing sites allocated in the Local Development Plan. The programme must also identify who/which organisation is to carry out each action and the timescale for the conclusion of each action.
- 3.5 The South Ayrshire Local Development Plan 2 (LDP2) was adopted in August 2022 and as the LDP2 is an 'old style' local development plan, the structure of the Delivery Programme will largely follow that of the previous LDP2 Action Programme 2022.

4. Proposals

Development Plan Scheme (DPS)

- 4.1 As set out in the proposed Development Plan Scheme (Appendix 1), the Evidence Report is the first main stage in the plan process, and this work on this is currently underway. This is an extensive evidence-gathering exercise on wide range of factors covering social, economic, environmental, demographic and infrastructure data. This will be used to inform the policy direction for the next stage of the Plan-making process. The initial 'call for evidence' and topic paper stage is now underway to assess what evidence the Council currently holds in relation to NPF4 policies to identify 'gaps' in existing evidence that will need to be addressed in the final Evidence Report. It will also provide an early indication of where the LDP3 will need to develop local or bespoke policies, that may supplement or depart from NPF4. The views of stakeholders including other Council services, developers, key agencies and community groups are being sought for this initial evidence checking stage.
- 4.2 The timescales for the LDP3 process set out in the updated Development Plan Scheme, have moved backwards from the previous DPS (December 2023), due to a combination of ongoing staffing vacancies within the Planning Strategy team and redirection of officers to other priority work over this period. The DPS anticipates that the new LDP will be adopted just over 5 years after commencement of the process, by Spring 2029. This is a delay from the previous DPS timescale of around 18 months, taking into account the currently reduced staffing levels. The LDP timetable will however be kept under review and updated as necessary each year with in the annual Development Plan Scheme.

Community and Stakeholder Engagement

- 4.3 The Planning Strategy team is developing a tailored engagement strategy with the Thriving Communities team to inform actions at each stage of LDP3 preparation and to co-ordinate engagement work with other Council services, particularly Thriving Communities, who have been conducting similar place-based conversations with communities. This collaboration will aim to optimise community engagement and avoid duplication of work and 'consultation fatigue' from the public. Planning authorities are required to engage with groups that are traditionally hard to reach, including gypsy- traveller communities, young people and older people. The Planning Service will utilise a range of methods to engage with these groups throughout the LDP process, which it is hoped will lead to the creation a more

inclusive and community-focussed Plan. A draft engagement strategy for the preparation of LDP3 will be developed by Spring 2025.

4.4 Further key stages in the LDP3 process include:

- submission of the Evidence Report to the Gatecheck process, which is an assessment by a Scottish Government Reporter of whether the planning authority has provided sufficient information to prepare an LDP.
- Preparation, consultation and modifications on a Proposed Plan, which sets out the Council's intended policies and proposals for South Ayrshire in a place-based document. It will identify where new development should take place and where it should not and will articulate the ambitions and priorities for the future development of the plan area, including housing land requirements, business, tourism and environmental objectives. It will need to follow the key themes set out in NPF4 and will largely follow the policy framework of NPF4.
- Publication of the LDP3 Delivery Programme, which sets out how the Council will implement the new LDP. It is an important part of the Plan-making process and will help in the project management of Plan outcomes, helping to focus development planning resources on delivery as well as plan-making.
- LDP Examination of the Proposed Plan, again through a Scottish Government Reporter, for independent consideration of any issues raised during the formal consultation on the Proposed Plan that have not been resolved through modifications.

LDP2 Delivery Programme

4.5 Under legislative provisions, delivery programmes must include:

- a list of actions required to deliver each of the policies and proposals contained in the Local Development Plan and an explanation as to how those actions are to be taken,
- the timescale for the conclusion of each such action, and
- the sequencing of, and timescale for, the delivery of housing sites allocated by the local development plan.

4.6 As indicated in section 3, the new LDP2 Delivery Programme 2025 largely replicates the structure and format of the previous action programme (2022) and updates the timescales and actions for implementing and delivering the policies and sites contained in LDP2 (Appendix 2).

5. Legal and Procurement Implications

5.1 There are no additional legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Fees are payable to the Scottish Government's Planning and Environmental Appeals Division (DPEA) for the entering the Gate Check and Local Development Plan Examination processes. Although the exact costs are not yet known, they are

estimated to be approximately £30,000 each for the Gate Check and LDP Examination. The Gate Check is expected to take place in 2026.

7. Human Resources Implications

- 7.1 The range of work set out in the Development Plan Scheme will be largely met within the existing resources of the Planning Strategy Team. The assistance of resources within Thriving Communities will also be required in undertaking the engagement strategy and liaising with communities on the development of their Local Place Plans.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 There is a risk that if the recommendations are rejected that the Council will not be able to finalise and publish the updated Development Plan Scheme and Delivery Programme as required by the Scottish Government. This could impede the Council's ability to meet strategic objectives including those related to economic and housing growth, lead to poorer communication about, and delays to, the Council's programme for making the next Local Development Plan and opportunities for stakeholders to be involved in the process.

9. Equalities

- 9.1 The proposals in this report have not been assessed through the Integrated Impact Assessment process as they do not in themselves set out new policies, strategies or projects, but instead relate to anticipated processes, timescales and, in the case of the LDP2 Delivery Programme, the implementation of the adopted Local Development Plan, which has itself previously been subject to a detailed Equalities Impact Assessment.

10. Sustainable Development Implications

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** – SEA will be undertaken at later stages of the Local Development Plan process to scope out issues and consider the environmental impacts of all policies and proposals.

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 The matters referred to in this report contribute to Commitments 4 of the Council Plan: South Ayrshire Works/ Make the most of the local economy; and A Better Place to Live/ Enhanced environment through social, cultural and economic activities.

13. Results of Consultation

- 13.1 No formal consultation has yet taken place, but informal engagement and formal stages for representation will be carried out as indicated in Appendix 1 Development Plan Scheme. Members of the LDP3 Member-Office Working Group (MOWG) were updated on the context and next stages for the Local Development Plan/Development Plan Scheme in February 2025.
- 13.2 Consultation has taken place with 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
Publication and consultation on the Development Plan Scheme	March 2025	Service Lead - Planning and Building Standards
Publication of the LDP2 Delivery Programme	March 2025	Service Lead - Planning and Building Standards
Report to Council on proposed LDP3 engagement strategy	June 2025	Assistant Director – Planning, Development and Regulation
Continuation of evidence gathering process for LDP3 Evidence Report	March 2025	Service Lead - Planning and Building Standards

Background Papers [Scottish Government Local Development Planning Guidance](#)
[The Town and Country Planning \(Development Planning\) \(Scotland\) Regulations 2023.](#)
[Development planning - action and delivery programmes: letter to planning authorities – June 2024](#)

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Date: 25 February 2025

Development Plan Scheme

published March 2025



Draft Development Plan Scheme - March 2025

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Introduction

Every Planning Authority must produce a Development Plan Scheme, at least annually, as required by section 20B of the Planning (Scotland) Act 1997, as amended by the Planning (Scotland) Act 2019 and the Town and Country Planning (Development Planning) (Scotland) Regulations 2023. The Development Plan Scheme is an important communications tool. It is key to supporting deliverable and people-focussed plans by letting stakeholders know when and how they can get involved in the preparation of the next Local Development Plan and keep them informed of progress.

The Development Plan Scheme

The principal purposes of the South Ayrshire Council Development Plan Scheme (DPS) are to:-

- Set out an updated timetable for producing the South Ayrshire Local Development Plan 3 (LDP3);
- Outline what is involved at each stage of preparing the Local Development Plan; and
- Explain when and how stakeholders can engage in the process and influence the content of the Development Plan
- Seek views on the Participation Statement

The previous Development Plan Scheme was published in December 2023, ahead of commencement of work on the LDP3, and set out an initial timetable for the production of the next Local Development Plan, based on the Regulations and Guidance that were published shortly before the DPS in 2023. This updated DPS for 2025 includes revised information on the timetable and process for preparing LDP3, now that work is underway.

LDP3 will be the first new-style Plan for South Ayrshire developed under the new development planning regime set out in the Planning (Scotland) Act 2019 and 2023 Regulations.

What is a Local Development Plan?

Local Development Plans (LDP) are spatial land use documents which guide the future use of land in our cities, towns and rural areas by setting out where development should happen and where it should not. LDPs provide an overall, joined up approach to managing development that can set out ambitious but realistic long-term visions for the area they cover. They indicate where development should and should not happen and provide the policy framework against which all planning applications must be assessed, thereby providing confidence for investors and communities alike.

The Planning (Scotland) Act 2019 has brought numerous reforms to Scotland's development plan system, which are in the process of being implemented. A significant milestone in this was the adoption of National Planning Framework 4 (NPF4) by Scottish Ministers on 13 February 2023. NPF4 replaced NPF3 and Scottish Planning Policy, incorporating an updated Scottish Planning Policy, containing detailed national policy on a number of topics.

The new style plans are expected to be place-based with a greater emphasis on maps, site briefs and masterplans, with minimal policy wording. It is envisaged that the policies and proposals within the LDP will be focused on places and locations, working within the context provided by NPF4.

Under the new local development planning system introduced by the Planning (Scotland) Act 2019 (see diagram 1 below), the statutory "development plan" for South Ayrshire currently comprises two documents:-

- The adopted National Planning Framework 4 (February 2023) (produced by Scottish Government); and
- The adopted South Ayrshire Local Development Plan 2 (August 2022)

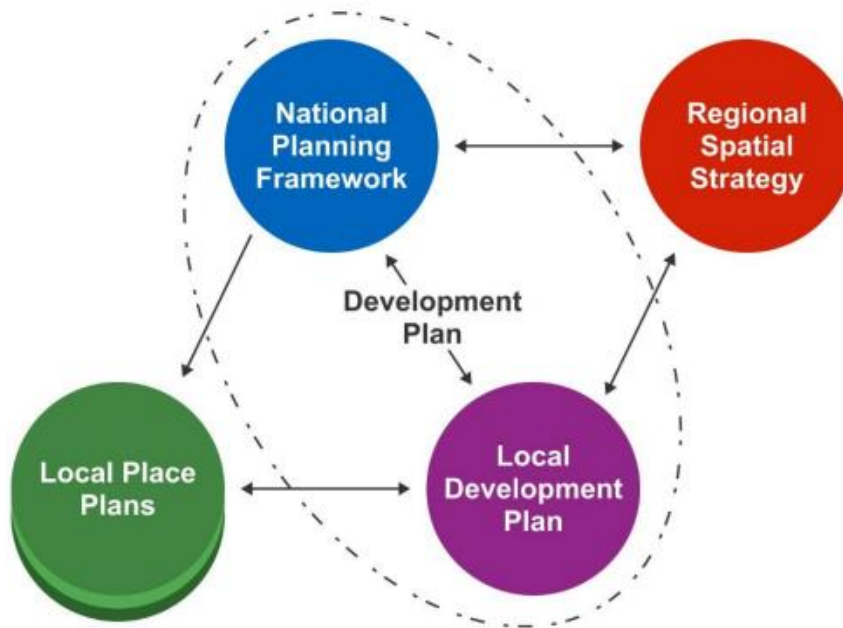


Diagram 1 - showing the new development planning system.

The current Local Development Plan 2

The South Ayrshire Local Development Plan 2 (LDP2) was adopted in August, 2022 and replaced the Local Development Plan 2014 and the Town Centre and Retail Local Development Plan (2017) as the Council's development plan. LDP2 provides policies and proposals to help guide development and to ensure that the right development takes place in the right location. LDP2 is supported by supplementary guidance, planning guidance, technical papers and land use audits which provide background information and an evidence base to the policies and strategies contained in the Plan.

New Local Development Plan Arrangement

Under the new development planning system introduced by the Planning (Scotland) Act 2019, the process for preparing Local Development Plans has changed, as outlined below.

New local development planning process: the new system introduces three distinct parts to LDP preparation:-

1. Evidence involving the gathering of data and information to inform the production of the new LDP,
2. Plan preparation to produce the new LDP for adoption, and
3. Delivery of the adopted LDP.

Further details for each stage, including timescales, are set out in the timeline (Page 7)

The main elements of reform affecting development plans are the adoption of the National Planning Framework 4 (NPF4) which sets out the national spatial strategy for Scotland (upto 2045) and plans for development and investment in infrastructure, identifies national developments and other strategically important opportunities in Scotland. NPF4 was adopted in February 2023. NPF4 contains both spatial and thematic planning policies in the same document and sets out the national policy position for land use planning. It will be used to determine planning applications. As NPF4 contains planning policy, new LDPs will be place-based documents with emphasis on maps, site briefs and masterplans, with minimal policy wording.

Supplementary Guidance

Statutory supplementary guidance will no longer form part of the Development Plan following the adoption of any new LDP under the new system. Instead, any planning guidance published in

association with the development plan will be non-statutory guidance (i.e. not a part of the development plan).

The transitional arrangements set out in the Chief Planner's Letter published on 8th February 2023, however, allowed for Local Authorities to continue to prepare and adopt statutory supplementary guidance associated with LDPs until 31 March 2025. Supplementary Guidance adopted under those provisions is to be treated as forming part of the development plan for the area to which the LDP relates.

The previous Development Plan Scheme (2023) advised that a number "Supplementary Guidance" documents would be provided ahead of the March 2023 deadline. However, due to the new provisions of National Planning Framework 4 (NPF4), and a number of in-house factors including staff absence and staff vacancies, it has not been possible to develop the full range of Supplementary Guidance previously set out. Only the 'Housing Site Design Briefs Part 1' has been adopted as Supplementary Guidance for LDP2. Instead, a review will be now undertaken of existing and planned guidance, to see where it would be of benefit to prepare non-statutory planning guidance. While this would not form part of the development plan, such guidance documents may still provide useful advice and form material considerations in determining planning applications.

Other Plans and Strategies

The Planning (Scotland) Act 2019 introduced the requirement for a number of other plan and strategy documents to inform and improve the planning system in Scotland. These are:

Regional Spatial Strategy - all planning authorities, either individually or acting together as a regional grouping, are required to prepare a Regional Spatial Strategy (RSS). Although not part of the statutory development plan, planning authorities must have regard to adopted RSSs when preparing local development plans. South Ayrshire Council worked with North Ayrshire and East Ayrshire Councils to publish a joint Indicative Regional Spatial Strategy (IRSS) for Ayrshire in 2020, which was used to inform the development of NPF4.

An officer working group has been established between the 3 authorities to develop an Ayrshire Regional Spatial Strategy, however we are currently awaiting publication of guidance from Scottish Government to inform the process, format and scope for an RSS.

Local Place Plans - community-led plans setting out proposals for the development and use of land. Communities will have the opportunity to prepare Local Place Plans (LPPs), setting out their proposals for the development and use of land in their local area, and so providing a new opportunity for communities to feed into the LDP preparation process at the outset of the process. Although not part of the statutory development plan, planning authorities must have regard for registered LPPs in the preparation of local development plans. While the Council cannot prepare LPPs, we are required by legislation to provide information on the assistance available for local communities in preparing an LPP for their area. While the regulations set out the legislative process, they leave scope for different approaches to consultation and production of an LPP. For each LPP to be taken into account in the LDP process, the LPP should be submitted and validated in advance of the finalisation of the Evidence Report and in advance of the Gate Check.

The Council issued an invitation to local communities to prepare a Local Place Plan in early 2024 and held an information session in May 2024 where further details were provided about the process. An online information resource, with guidance on preparing LPPs, has been set up on the Council's LDP3 Hub webpages. We will keep a register of validated Local Place Plans in South Ayrshire and make information about them available online.

Scottish Government guidance to communities and planning authorities on the preparation, submission and registration of Local Place Plans is contained in Circular 1/2022: : [Planning Circular 1/2022: Local Place Plans](#)

Open Space Strategy – planning authorities are required to prepare a strategy setting out a strategic framework of policies and proposals for the development, maintenance and use of green infrastructure, including open spaces and green networks. The strategy is to contain an audit of existing open space provision and an assessment of current and future requirements.

Play Sufficiency Assessment – planning authorities are required to assess the sufficiency of play opportunities for children in preparing the Evidence Report for the Local Development Plan.

Forestry and Woodland Strategy – planning authorities are to prepare a strategy which identifies woodlands of high nature conservation, and sets policies and proposals for the development of forestry and woodland, and the protection, enhancement and expansion of woodlands. The Council will consult on its Forestry and Woodland Strategy.

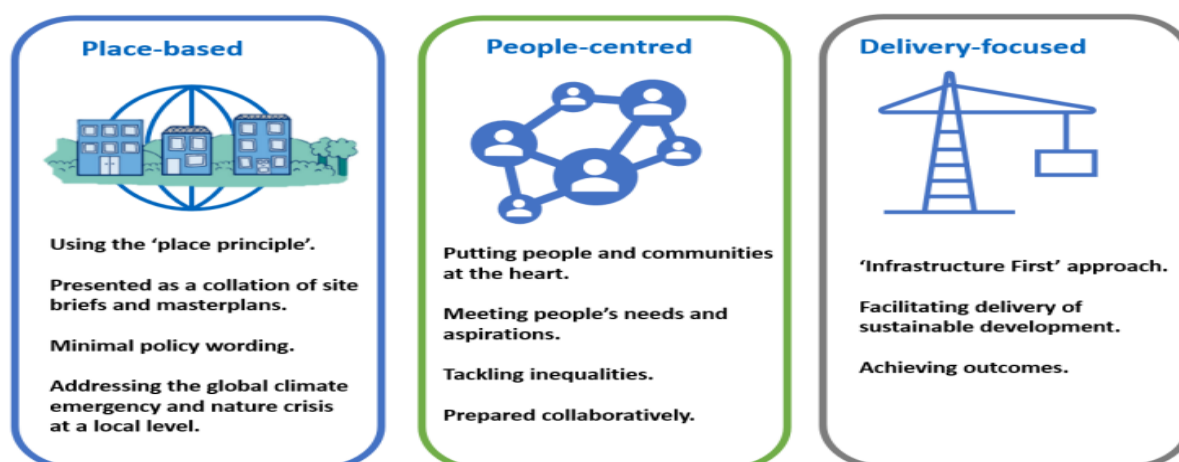
Preparation for Local Development Plan 3

The Council will prepare its next Local Development Plan (LDP3) under the new local development planning arrangements introduced by The Town and Country Planning (Scotland) Act 1997 and the Town and Country Planning (Development Planning) (Scotland) Regulations 2023 and associated guidance.

There are several different assessments which must be undertaken to support the preparation of LDP3. They are an integral part of the plan making process and should inform, and be informed by, the plan as it is being prepared. The various impact assessments are listed below.

- Strategic Environmental Assessment (SEA)
- Equalities Impact Assessment (EQIA)
- Public Sector Equality Duty Assessment
- Fairer Scotland Duty Assessment
- Habitat Regulations Appraisal (HRA)
- Integrated Impact Assessment (replacing the previous EQIA)

LDP3 should consider the ambitions and outcomes for our region, looking ahead to 20 years in the future. It should be developed through collaboration and based on robust evidence so that it is deliverable. The LDP should be place-based, people-centred and delivery focused with the inclusion of a clear Spatial Strategy shown in a collection of maps, site briefs and masterplans. Plans should be relevant and easily understood by the people with an interest in their place.



The Scottish Government expects every planning authority in Scotland to have adopted a new local development plan within five years of the regulations coming into force, i.e. by May 2028. The previous DPS indicated adoption of LDP3 by the end of 2027, however due to ongoing resourcing pressures the updated timeline has moved back by about 18 months so that the date for adoption of LDP3 is now proposed for May 2029.

LDP Process

Evidence Report – the purpose of the Evidence Report is to bring together a range of information which has been gathered about South Ayrshire, in order to inform the Local Development Plan. The aim is to gather evidence to clearly inform and support the quality and effectiveness of the Local Development Plan by front-loading the work and use the evidence to inform the plan. The content of the Evidence Report should be informed and influenced by the people and places that are likely to be

affected by LDP3, including through Local Place Plans. The Evidence Report should provide a summary and an analysis of what the evidence means for the LDP, however, it is not expected that the Evidence Report will contain all the detail of the evidence. The views of stakeholders are to be sought when preparing the Evidence Report.

‘Call for Evidence’ - As a first step to producing the Evidence Report the Council is preparing a range of ‘topic papers’ based on each of the NPF4 policy areas, in order to check the adequacy of evidence that the Council currently holds and to indicate likely areas for further assessment and evidence gathering. The ‘Call for Evidence’ stage will seek engagement with stakeholders, business and communities to assess the published topic papers and suggest any further evidence that they think the Council should be collecting or taking into account to inform the LDP3. However specific sites proposals will not be accepted at this stage. Following this initial consultation, further evidence gathering will take place to produce the final Evidence Report.

Following approval by the full Council, the Evidence Report is then sent to Scottish Ministers.

Gatecheck – Prior to preparing the Proposed Plan, the Evidence Report will be assessed by a Planning & Environmental Appeals Division (DPEA) Reporter. This is known as the Gatecheck. The Reporter can decide whether there is sufficient information and the planning authority can move to prepare its Proposed Plan, or the Reporter may consider there is not sufficient information and provide recommendations for improving the Evidence Report. The Gatecheck also provides an opportunity for the Reporter to consider and attempt to resolve disputes that may exist about the evidence submitted.

Call for Ideas - An invitation will be made by the Council to seek ideas and suggestion of sites to be put forward by the public and stakeholders, informed by the Evidence Report. The contents of Local Place Plans will also be considered at this stage of the development plan process.

Preparation of the Proposed Plan – following successful clearance of the Gatecheck stage, the Proposed Plan will identify where new development should take place and where it should not and can convey the ambitions and priorities for future development for South Ayrshire. The preparation of the proposed Plan is to be informed by community engagement and a wide range of other policy and strategy documents. The Scottish Government guidance sets out requirements in relation to the form and content of the Proposed Plan. The Proposed Plan is published for consultation, after which the Plan can be modified.

Consultation on the Proposed Plan - Representations received to the public consultation on the Proposed Plan will be used to finalise the Proposed Plan. Once approved by the full Council the Proposed Plan will be sent to the Scottish Ministers for Examination.

Consultation on the Environmental Report will be undertaken alongside the Proposed Plan.

Examination – following the submission of the Proposed Plan, the Scottish Ministers will appoint a Reporter from the DPEA to consider the issues raised in any unresolved representations and the consultation and involvement of the public in the preparation of the Plan. Following the Examination, the Reporter will prepare a report setting out reasons for their conclusions and recommendations, including proposed modifications proposed.

Adoption – adoption is the final stage in the preparation of the Plan and occurs after the Council has received and considered the Examination report and any recommendations and modifications it proposes. A Delivery Programme should accompany the adoption of LDP3.

Delivery Programme

The Council is required to prepare a Delivery Programme to set out how they propose to deliver the actions set out in the LDP3 policies and sites.

The Delivery Programme that accompanies LDP3 will set out how the Council proposes to implement the Plan. It will include a list of actions to deliver the proposals in LDP3 in accordance with the policies in the same Plan; and a timescale for the conclusion of each action. Regular monitoring of LDP3 will determine how successfully LDP3 is being delivered. Monitoring will help identify and mediate any issues that occur and, depending on the circumstances, consider the status of housing sites including whether they are still deliverable or if they should be de-allocated.

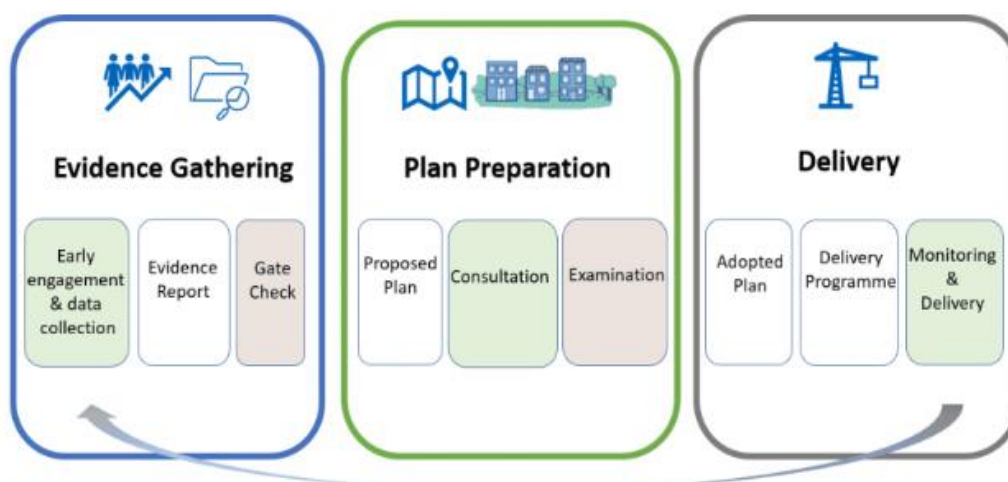
The Delivery Programme is prepared in parallel with the preparation of the Local Development Plan and is reviewed and updated at least every 2 years. The Delivery Programme must set out:

- A list of actions required to deliver policies and proposals contained in the LDP;
- An explanation as to how those actions are to be undertaken;
- The timescale for the conclusion of each action; and
- The expected sequencing of, and timescales for, delivery of housing on sites allocated by the LDP.

As LDP3 is still being prepared, a Delivery Programme relating to the adopted Plan, LDP2, is being published alongside this Development Plan Scheme, in accordance with Scottish Government requirements.

LDP3 Timeline

There are 3 key stages in the preparation of the new LDP.



The table below sets out the indicative timescales for the preparation of Local Development Plan 3. The timetable may change, however, alterations to the timetable will be conveyed through future Development Plan Schemes (DPS).

As this is a new process, the timescales are a best estimate, and are aimed at ensuring the LDP Review is complete within 5 years of the Scottish Government’s LDP Guidance being published i.e. May 2028. Future Development Plan Schemes will include any updates to the programming.

Development Plan Schemes are required to use Quarters in the DPS for timetabling in order to identify the Quarter (Q) in which the planning authority expects to publish certain elements of the Local Development Plan process. (**Quarter 1 April-June; Quarter 2 July-September; Quarter 3 October-December; and Quarter 4 January-March**) (see section 66 page 21 of Development Plan Guidance May 2023)

South Ayrshire Local Development Plan 3 Timetable

Plan Preparation Stage	Publication Date
Publish Development Plan Scheme	December 2023 Q3 (2023)

Evidence Report	Revised Date
Initial Topic Papers - review of existing evidence against NPF4 policies, identify need for additional evidence and assess likely need for LDP3 to develop local policies or depart from NPF4.	March 2024 – September 2025
Main evidence gathering and preparation of Evidence. Engage with public and groups on evidence	September 2025- June 2026 (Q2 2025/26 – Q1 2026/27)
Finalise and Publish Evidence Report and SEA Scoping Report	June 2026 – September 2026 (Q1 -Q2 2025/26)

Gatecheck	Revised Date
Examination of the Evidence Report (DPEA suggest 3 month turnaround)	September 2026- December 2026 (Q2 2026 – Q3 2026)

Proposed Plan	Revised Date
Call for Ideas	June 2026 – September 2026 (Q1 -Q2 2025/26)
Plan Preparation	June 2026 – November 2027 (Q1 2026 – Q3 2027)
Publish and consult on Proposed Plan and the Environmental Report	November 2027 – March 2028 (Q3 2027 – Q4 27/28)
SCOTTISH GOVERNMENT DEADLINE FOR ADOPTION OF NEW STYLE LDPs	19th May 2028
Assess representations. Consider any changes and progress to examination stage	March 2028 -October 2028 (Q1 2028 – Q2 2028)

Examination	Revised Date
Examination of Proposed LDP3 and Environmental Report	October 2028 – February 2029 (Q3 2028 – Q4 2028/29)
Consider Examination recommendations. Publish any changes. Resend modified Proposed LDP3 to Scottish Ministers	February 2029 – April 2029 (Q4 2028/29 – Q1 2029)

Adoption	Revised Date
Publish and Publicise Adopted LDP3 and Environmental Report	June 2029 (Q1 2029)

Changes in Timetable since the previous DPS (Dec 2023)

Paragraph 22(2) of The Town and Country Planning (Development Planning)(Scotland) Regulations 2023 states that if the timetable within the DPS differs from the timetable in the previous DPS, the new DPS must identify the changes to the timetable and set out the reasons for the changes to the timetable.

The date for submission of the Evidence Report has been put back from Q3 2024 (the date identified in DPS) to Q1 2026. The changes since DPS 2023 reflect a reassessment of the original timeline due to a number of in-house factors including staff absence and staff vacancies as well as the implications of the Town and Country Planning (Development Planning)(Scotland) Regulations 2023 and Guidance published in 2023.

The publication of the Proposed Plan for public consultation has been put back approximately 18 months to Q3 2027 – Q4 2027/28, with a 12-week period to make representations. It is intended to adopt LDP3 in May 2029.

What has happened with PLDP3 over the last year?

South Ayrshire Council has been gathering evidence for the Evidence Report preparation stage. An initial 'Call for Evidence' will seek the views of stakeholders and communities on a series of topic papers the Council are producing, based on NPF4 policy areas, in order to assess the adequacy of evidence the Council currently holds in relation to each policy/topic and what further evidence needs to be collected.

South Ayrshire Council has established a list of individuals seeking self-build housing. This is housing where a person commissions or is personally involved in the design and construction of a dwelling that is intended to be the individual's main residence.

The Self-Build Register may be found on the Council's website and accessed through the following link –

<https://self-build-register-southayrshire.hub.arcgis.com/>

Following the issue in January 2024 an invitation to known community bodies to prepare Local Place Plans (LPP), South Ayrshire Council has provided guidance to communities in their production of the documents. This has been done through holding an information session with Community Councils, provision of a dedicated LPP guidance webpage, setting out information on LPPs, answering queries and requests, and attending meetings with community bodies on LPPs.

Programme for Impact Assessments to support Preparation of LDP3

A number of different assessments must be undertaken to support the preparation of LDP3. These are:

- Strategic Environmental Assessment.
- Habitats Regulations Appraisal.
- Integrated Impact Assessment (including Fairer Scotland Duty Assessment and the Public Sector Equality Duty Assessment);

The Strategic Environmental Assessment (or SEA) of LDP3 will look at policies or programmes and will seek to identify whether or not the policy or programme is likely to have significant environmental effects. The aim of the SEA process is to help avoid significant negative effects and maximise beneficial effects of the LDP3.

A SEA scoping report and baseline environmental information will accompany the Evidence Report. The Scoping Report will be prepared in conjunction with the relevant Statutory Authorities, the SEA Gateway (SEPA, NatureScot and Historic Environment Scotland).

An Environmental Report (ER) will be prepared at LDP3 Proposed Plan stage to review the policies and allocations of the Proposed Plan (including an assessment of reasonable alternatives to any proposed policies and allocations in the Proposed Plan). The ER will be published alongside the Proposed Plan for consultation. If the Council decide to make modifications to the Proposed Plan, the ER will be

reviewed to assess the impact of the changes on the environment. The ER will be submitted to the DPEA alongside other relevant documents for any Examination into unresolved objections to the Proposed Plan. If modifications to the Proposed Plan are required, the ER will be revised.

A Habitats Regulations Assessment will be carried out at Proposed Plan stage once any development site allocations and policies are identified. This will involve screening to determine whether the Proposed Plan is likely to have significant effects on the defined habitat sites (i.e. identified protected European nature conservation sites). Where the potential for such effects cannot be excluded, an appropriate assessment of the implications will be carried out. This assessment will be revised if required depending on the nature of any modifications made to the plan.

The Equalities Impact Assessment, Public Sector Equality Duty Assessment and Fairer Scotland Duty Assessment will be considered by South Ayrshire Council under an approach known as Integrated Impact Assessment.

Scoping for the Integrated Impact Assessment (IIA) will take place at Evidence Report stage. The assessment will be undertaken at the LDP3 Proposed Plan stage when policies and allocations are known. The IIA will be revised to take into account any changes resulting from modifications to the Proposed Plan before and after the Examination of the Proposed Plan.

Why should I get involved in the preparation of the next local Development Plan 'LDP3'?

LDP3 will have an impact upon many people's lives within South Ayrshire. It is the principal document that guides where development should and should not take place, and will promote and facilitate developments that support and enhance the communities, economy and environment of South Ayrshire.

Participating in the preparation of the LDP is a chance to help shape your future surroundings. It is important therefore that everyone who wants to engage in the Plan process is able to do so. If you want to have a say in how the area develops over the next 10 years then the preparation of LDP3 is your opportunity to do so. In order to ensure we have heard from the widest range of people, and to ensure that the Plan reflects their input, the LDP process seeks to 'front-load' its engagement.

How will we involve people at each stage of the LDP3?

There are three main ways in which we will seek to involve stakeholders and the public in the preparation of LDP3:

- **Inform** –Throughout the process, we provide information on the progress made and make people aware of the next stages in the process, and how and when they can be involved.
- **Engage** – In the early stages of the process, we engage with a wide range of stakeholders, communities and the general public in order to identify the main issues to be addressed in the next Plan. This is the principal opportunity to influence the shape and direction of the Plan.
- **Consult** – We will consult all stakeholders and the public on the policies, strategies and proposals set out in the published Proposed Plan. At other points in the process, we also will seek stakeholders' views on specific issues and options which have been identified for discussion or consultation.

The above-mentioned types of involvement reflect the main stages of the plan. As the Plan progresses and ideas and principles become established, different levels of involvement become more appropriate. To help stakeholders get involved in the most appropriate ways, at the most appropriate stages, we have prepared a '**Participation Statement**'.

Participation Statement

The Participation Statement sets out when, how and why you should get involved in the various stages of preparing LDP3. The responses received to the previous DPS have been taken into account and are included in this Participation Statement and have enabled us to tailor our approach and make sure people can get involved and engage in the various plan preparation and consultation stages. The experience of preparing previous LDPs has helped us learn how to improve the way we include the public and reach a wide range of people. We are proposing to have a mix of in person and digital platform consultation and engagement events and meetings.

Consultation and Engagement

The 2019 Planning (Scotland) Act has set a clear direction to improve engagement and help people in communities find a way to influence how their neighbourhood and the place they live will change for the better in the future. When preparing LDP3 we will share information and focus on early and meaningful consultation. We want to do the best we can to encourage people to take part and have their opinions and ideas heard so we will use the methods that have been shown to work and are now considered best practice for engaging with people. Everyone will have an opportunity to get involved and comment throughout the LDP3 in the various stages outlined above, including having a say on how you would like to be involved. Once the Proposed LDP3 has been published, there will be limited opportunity for further engagement, so it is important to get involved during the earlier stages of the process to ensure your voice is heard. We will keep you updated on when events are happening by publicising them on our website, through Council social media and using updates to those who have registered in contact database and through the DPS Participation Statement.

How will we consult?

South Ayrshire Council is committed to encouraging participation from as wide a range of stakeholders as possible in all Local Development Plan related activities, such as masterplans, development briefs and other guidance published throughout the lifetime of the Plan. This Participation Statement outlines in general terms how communities and stakeholders will be engaged and have the opportunity to engage, shape and inform the Local Development Plan and associated documents. The Planning Service will work closely with the Council's Thriving Communities team throughout the LDP process to ensure that a wide and diverse range of community voices are heard, and that engagement is co-ordinated to avoid duplication and 'consultation fatigue'.

The Council aims to ensure that;

- All engagement events are inclusive, open and transparent, this will be reflected in the venues we use, the documents we produce and our methods of engagement;
- Representations are fully considered and help to shape our approach and that feedback is provided to all representations received;
- We take the extra step to engage with as wide an audience as possible, reflecting the diverse nature of our community,
- Particular steps will be taken by the council including methods on reaching under-represented groups, promote inclusive participation at all stages of LDP process and ensure views effect and influence LDP creation.

Who we will consult

- The public in general
- Community groups, organisations and their representatives, including Community Councils
- groups such as Disabled people, Children and Young people, Gypsies and Travellers -
- Stakeholders and key agencies such as SEPA, Transport Scotland, Historic Environment Scotland, Scottish Forestry and Nature Scot;
- Private sector such as business interests, landowners, land managers, developers/housebuilders (including Housing Associations and Homes for Scotland)
- Other agencies/organisations and infrastructure providers
- Infrastructure and service providers including health board; public transport providers; telecommunications and electricity network companies
- Scottish Government

- Voluntary organisations
- Minority groups
- Relevant amenity bodies
- Council's wider services
- Central Scotland Green Network (CSGN)
- Key Agencies as designated by the Scottish Government
- Key Agency Groups such as SportScotland

Proposed methods for information sharing, engagement and consultation for the preparation of LDP3 may include:

Activity	Details of engagement methods may include the following:-
Publicity	Press Notice Press Releases Social Media Planning Hub Information and updates on Council website Targeted e-mails to stakeholders and interested groups, including key agencies and Scottish Ministers, CSGN, adjoining local authorities and Community Councils. Targeted communication with hard to reach groups including children and young people; older people; disabled people. Gypsies and Travellers and ethnic minority groups Neighbour Notification Mailings List
Circulation/Distribution of documents	Planning Hub Council Offices Libraries
Consultation Tools	Survey(s) On-line In-person events Place Standard Tool including Place Standard Tool for Children and Young People SP=EED Engagement Guide Community Engagement through Local Action Plans
Events	Targeted meetings with landowners, developers, business sectors and key agencies Events/Exhibitions Drop-in sessions and workshops in various locations across the Council area;
Additional activities	Use of existing consultations for Council Place Plans Engaging with under-represented groups; Engagement with Children and Young People Creative approaches to place making, including use of the Place Standard Tool; Notifying neighbouring properties to sites that are being considered for inclusion within the plan;

The next steps of LDP3 preparation and how engagement will occur are listed below and further details are provided in the table.

- Call for Evidence
- DPEA Gate Check of South Ayrshire Council Evidence Report.
- Call for Ideas.
- Engagement for preparation of Proposed Plan.
- Publication of Proposed Plan.

- Modification of Proposed Plan (if required).
- Examination into unresolved objections (if required); and
- Adoption of LDP3 by South Ayrshire Council.

Activity	What engagement activities do we plan?	Timescale
Call for Evidence	Online questionnaire and opportunity to comment on prepared evidence Topic Papers, and suggest further evidence the Council should take into account	Q4 2024/25 – Q2 2025/26 February-September 2025
DPEA Gate Check of South Ayrshire Council Evidence Report	This is not a time of engagement, unless the appointed Scottish Government Reporter(s) requests the Council submits further information that would require the Council to contact other parties. The engagement would be targeted and not open to all parties	Q1 2026/27 – Q2 2026/27 (June 2026 – September 2026)
Call for Ideas	We will prepare information to help stimulate ideas. Invitations to contribute will be sent to all registered interested parties. The Call for Ideas will be placed on the Council's website, in Council libraries, Council Customer Service Centres and publicised through Council social media. The Planning Service will seek to identify other parties who may wish to contribute and extend invitations to contribute to them.	Q1 2026/27 (April – June 2026)
Engagement for preparation of Proposed Plan	Using the Evidence Report, Local Place Plans and information from the Call for Ideas, the Planning Service will prepare a spatial strategy and other early outlines of its Proposed Plan. This may also include reasonable alternatives as the content of the plan will still be emerging at this stage. Notification of the engagement activities will be sent to all registered interested parties. Engagement will occur with Children and Young People. The Planning Service will notify schools, youth Councils and youth parliament representatives and seek access to schools, colleges and youth clubs to discuss the emerging proposals in the Proposed Plan. The Planning Service will hold engagement events in the main communities in South Ayrshire. The Planning Service will seek to engage with identified communities of interest (for example the business community) and those identified in Planning legislation. The Planning Service will seek to engage with South Ayrshire Community Councils on the emerging Proposed Plan.	Q3 2027/28 – Q4 2027/2028 (November 2027 -February 2028)
Publication of Proposed Plan	This will be a minimum 12-week period in which to lodge formal representations on the published Proposed Plan. This will be an opportunity to respond formally to the content of the Proposed Plan and the Strategic Environmental Assessment (SEA) Environmental Report. The Proposed Plan will be published on the Council's website, placed in Council libraries, the Council's Customer Service Centres and publicised through Council social media channels. An	Q3 2027/28 – Q4 2027/28 (November 2027 -February 2028)

	<p>advertisement will be placed in the local newspaper. Notification will be sent to registered interested parties, all South Ayrshire Community Councils and to Scottish Government identified Key Agencies, Scottish Ministers and adjoining planning authorities to the plan area.</p> <p>The Planning Service will notify neighbours that may be significantly affected by development allocation proposals.</p> <p>The Planning Service will notify children and young people and representative organisations.</p> <p>The Planning Service will also seek to notify further and higher education establishments, disabled persons representative group(s); and Gypsies & Travellers representative group(s).</p>	
<p>Modification of Proposed Plan (if required)</p>	<p>Following the 12-week consultation period on the Proposed Plan, the Planning Service may modify the plan. This would be done through a Modification Report.</p> <p>There may be some degree of direct liaison with respondents to identify satisfactory changes and modifications that could be made to resolve their objections to the Proposed Plan. The Council will consider the degree of further engagement required depending on the scale of any modifications.</p> <p>If modifications are made, a Modification Report will be published setting out the modifications and the reasons for making them. There is no opportunity for engagement comment on the Modification Report once it is produced.</p>	<p>Q4 2028/29 – Q1 2029 (February 2029 – April 2029)</p>
<p>Examination into unresolved objections to Proposed Plan</p>	<p>The form of the Examination will be led by the appointed DPEA Reporter but may include a hearing session. The Planning Service will advertise the Examination in a local newspaper, in Council libraries, Council Customer Service Centres and notification will be sent to registered interested parties who made representations to the Proposed Plan.</p> <p>The Reporter will publish an Examination Report, including recommendations for modifications to the proposed Local Development Plan. This will inform those who have made representations of how these have been addressed at Examination and about the recommended further modifications to the Proposed Plan.</p> <p>A Modification Report will be issued by the Council to inform communities and interested parties of the modifications made in response to representations made on the Proposed Plan, or a Direction from Scottish Ministers on the content of the Proposed Plan.</p>	<p>Q4 2028/29 – Q1 2029 (Feb 2029 – April 2029)</p>
<p>Adoption of LDP3</p>	<p>The Planning Service will publish Modified LDP3 and associated documents, and place them on the Council's website, at libraries and at the Council's</p>	<p>Q2 2029 (July 2029)</p>

	Customer Service Centres. It will be publicised through all Council social media channels and through an advertisement in the local newspaper, the Ayrshire Post.	
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Let us know what you think?

Under the Planning (Scotland) Act 2019, we are required to seek the views of the public on the content of the participation statement. We would therefore like your views on our approach to engagement and how you would like to participate in the plan-making process. A Local Development Plan participant database has also been established to record the details of individuals and organisations wishing to be kept up-to-date with the Local Development Plan process. You can have your details added to the database by contacting us through any of the methods below:

- **Do you agree with the communication methods set out and the stages at which these should be used? Are there any additional methods missing that you feel would increase participation in the plan-making process?**
- **Are there better ways to for us to consult and engage with you?**
- **Should it be in person or online – or both?**
- **What locations are the most convenient, who else should we contact for information, comment and opinion?**
- **You can suggest some ideas for different types of consultation. We might get back in touch with you to discuss your ideas, if that's ok with you too?**

We want to tailor consultation and engagement events to suit circumstances, and learn from experience and best practice, and hear some new ways of doing this if you think the ways we've suggested might not work well. Please tell us if you have some ideas.

One of the most important stages in preparing our next Development Plan will be gathering of relevant and useful evidence and opinion about the types of development you want to see, and the most appropriate places for it. We will have to compile this information into an 'Evidence Report' and submit this to the Scottish Government for assessment before we can progress any further.

Annex E of Local Development Planning Guidance (May 2023) identifies what this evidence report must contain and it's the first time the Planning Authorities have been asked to do it. We will use the consultation methods mentioned above to gather information, but as this is the first stage of a new way of working, we'd really like you to get involved right from the start.

Mediation

Mediation is seen as a potentially useful tool for exploring, resolving or reducing disagreement on land use plans. It can be used to aid the engagement process and to help build bridges between stakeholders. It is a voluntary process between two parties, facilitated by a third independent party. There is no legislative requirement for mediation in the Scottish planning system but there are potential scenarios where it might assist in resolving issues that arise through the preparation of different types of land use plan. However, our aim is to remove or reduce the need for mediation by gaining awareness of proposals/sites that may prove contentious through early engagement with stakeholders in the preparation of plans including any community-led Local Place Plans.

We'd like you to get involved!

Register your interest in helping to shape the next Local Development Plan

Significant use will be made of the South Ayrshire Council [Local Development Plan Hub](#) and the Council website to both share information and seek stakeholders views upon it. Those that have registered through the portal will receive updates and announcements at key stages of the development plan preparation.

Contact us to register your interest, and we'll keep you informed about how and when you can get involved.

<https://local-development-plan-3-southayrshire.hub.arcgis.com/>

Feedback

For further information about this DPS, how to provide feedback or have any other general queries about the LDP, please find further information here: www.south-ayrshire.gov.uk

For news and updates on LDP3 we recommend that you register for our mailing list on the Planning hub ([link](#))

You can contact us by telephone on **0300 123 0900** and ask to speak to a member of the Planning Strategy team. You can also e-mail the Strategy Planning team at localdevelopmentplans@south-ayrshire.gov.uk

[Link to Planning Service privacy notice](#)

Planning Service
South Ayrshire Council
Wellington Square
Ayr
KA7 1DR

This information can be made available, on request, in braille, large print or audio formats and can be translated into a range of languages. Contact details are provided below.

درخواست کرنے پر یہ معلومات نابینا افراد کے لئے ابھرے حروف، بڑے حروف یا آڈیو میں مہیا کی جاسکتی ہے اور اسکا مختلف زبانوں میں ترجمہ بھی کیا جاسکتا ہے۔ رابطہ کی تفصیلات نیچے فراہم کی گئی ہیں۔

本信息可应要求提供盲文，大字印刷或音频格式，以及可翻译成多种语言。以下是详细联系方式。

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ਇਹ ਜਾਣਕਾਰੀ ਮੰਗ ਕੇ ਬੇਲ, ਵੱਡੇ ਅੱਖਰਾਂ ਅਤੇ ਸਣਨ ਵਾਲੇ ਰਪ ਵਚ ਵੀ ਲਈ ਜਾ ਸਕਦੀ ਹੈ, ਅਤੇ ਇਹਦਾ ਤਰਜਮਾ ਹੋਰ ਬੋਲੀਆਂ ਵਚ ਵੀ ਕਰਵਾਇਆ ਜਾ ਸਕਦਾ ਹੈ। ਸੰਪਰਕ ਕਰਨ ਲਈ ਜਾਣਕਾਰੀ ਹੇਠਾਂ ਵੱਢੀ ਗਈ ਹੈ।

Niniejsze informacje mogą zostać udostępnione na życzenie w alfabecie Braille'a, w druku powiększonym lub w formie audio oraz mogą zostać przetłumaczone na wiele języków obcych. Dane kontaktowe znajdują się poniżej.

Faodar am fiosrachadh seo fhaighinn, le iarrtas, ann am braille, clò mòr no clàr fuaim agus tha e comasach eadar-theangachadh gu grunn chànanan. Tha fiosrachadh gu h-ìosal mu bhith a' cur fios a-steach.

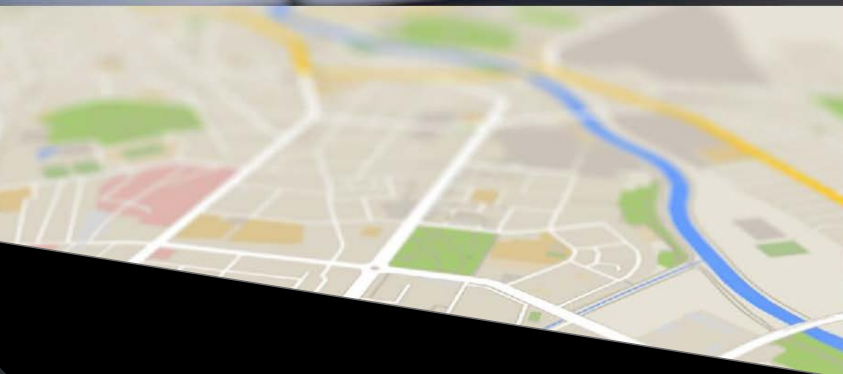
South Ayrshire Council

www.south-ayrshire.gov.uk

Local Development Plan 2 Delivery Programme 2025

Draft

Draft March 2025



Local Development Plan 2 Delivery Programme

Introduction

This Delivery Programme sets out how the Council proposes to implement Local Development Plan 2 (adopted August 2022), identifying the actions to be undertaken to deliver the policies, proposals and site allocations of the Plan. In accordance with Section 21 of the Planning etc. (Scotland) Act 1997 (as amended) and with regulations introduced under the Planning (Scotland) Act 2019, the Delivery Programme sets out:

The list of actions required to deliver each of the policies and proposals contained in the Plan;

- An explanation as to how those actions are to be undertaken;
- The timescales for the conclusion of each such action; and
- The expected sequencing of, and timescales for, delivery of housing on sites allocated by the LDP.

A previous 'action programme' for LDP2 was published in December 2022. The Chief Planner's letter of 24th June 2024 requires planning authorities to review their action programme for the constituted local development plan and update it and publish it as a Delivery Programme by 31st March 2025. As the LDP2 was produced under the previous LDP regime (an 'old style' Plan) the structure of this Delivery Programme largely follows that of the previous action programme.

Preparation of LDP2, and the Delivery Programme, has involved significant consultation with other Council services (including Housing, Education, Ayrshire Roads Alliance and Economic Development), Government key agencies (including Transport Scotland, Scottish Environmental Protection Agency, Historic Environment Scotland (HES), Scottish Water and Scottish Natural Heritage) and prospective developers/landowners.

The document will be reviewed and updated on a regular basis. An updated Delivery Programme will be published every 2 years.

It is the intention of the Council to be proactive and work in partnership with other organisations in both the public and private sectors in seeking to attract and facilitate appropriate development for the benefit of the South Ayrshire.

There are three parts to the LDP2 Delivery Programme. Details of the content of each section are set out below:

Part 1: Spatial Strategy Priorities and LDP Policies

LDP2 aims to translate national planning principles into something that helps deliver the Council's vision and Council Plan for South Ayrshire. As such it sets out 3 overarching Strategic priority themes, which are shown below:

A **Our Location**
How we will be more connected within and beyond South Ayrshire and how we can work more closely with our neighbouring local authorities to make the most of our combined strengths

B **Our Communities**
How we will reflect and promote the aspirations and requirements of South Ayrshire's communities.

C **Our Environmental Responsibilities**
How we will be mindful of our responsibilities for the protection of our natural, built and cultural heritage resources.

A set of Core Principles within each theme guide how investment decisions will be made. Table 1 shows the actions needed to support each Core Principle, which LDP policy/supplementary guidance that relates to it, the actions necessary to deliver them, who will be involved and timescales.

Table 2 sets out the LDP2 policies, including the 2 strategic, overarching LDP policies, which represent the Council and LDP vision spatially- Sustainable Development and Development Management.

All other LDP policies and allocations are related to, and flow from, the Spatial Strategy. Table 2 includes a brief description and purpose for each policy, what actions will be taken towards implementing them, the timescales and the parties and stakeholders primarily involved in implementation. However, following the adoption of NPF4 the development plan now consists of LDP2 and NPF4, and the statutory provisions state that if there is an incompatibility between NPF4 and the LDP, NPF4 (as the later one in date) prevails. While most LDP2 policies have been assessed as compatible with NPF4 there are some policies which conflict, and where NPF4 now overrides the LDP2 policy. The policies which are significantly incompatible with NPF4 are noted in Table 2.

Part 2: Supplementary Guidance Programme

This section of the Delivery Programme contains reference to the ongoing revision of existing, and development of new, supplementary guidance (SG) and other non-statutory guidance, procedure notes and masterplans. The previous Action Programme indicated that a full range of documents would be adopted as Supplementary Guidance for LDP. However, due to resource constraints within the

Planning Strategy Team, it has not been possible to bring forward the expected suite of Supplementary Guidance prior to the adoption deadline of 31st March 2025 as imposed by Regulations 1 and 4 of The Planning (Scotland) Act 2019 (Commencement No. 11 and Saving and Transitional Provisions) Regulations 2023). As such, the Planning Service will now conduct a review of the remaining unadopted guidance related to LDP2 during 2025, with a view to producing non-statutory planning guidance documents, where it is deemed necessary and of use in the determination of planning applications, and in light of ongoing work to prepare LDP3 under the new development planning regime.

Part 3: Economic Development Projects and Sites

Part 3 of the Delivery Programme focusses on the key economic development and business sites identified in the LDP and actions required to deliver the Ayrshire Growth Deal, in particular the National Aerospace and Space Centre. Policy guidelines for each site are set out along with any infrastructure requirements/site constraints, actions, responsible parties and timescales.

Part 4: LDP Housing Site Allocations

Part 4 contains the pipeline timescales and notes for each LDP2 housing site. This section is fronted by a map showing the geographical spread of housing sites. The section is divided into two parts: A. for existing housing site allocations carried over from the previous LDP and B. the new housing sites allocated within LDP2.

For each site any significant site constraints & infrastructure requirements, anticipated programming for each site and any required actions, with responsible parties identified. Many sites have no specific action, other than delivery of housing on site. These actions have, therefore, been left without fixed completion dates, as it is largely within the control of the developer as to when a site is delivered.

Timescales indicate delivery within 10 years from LDP adoption, based on the new Short, Medium and Long Term Pipeline periods required by Regulations. Site constraints have been programmed into the timing, with actions directly related to overcoming constraints.

The housing land supply is monitored and updated annually through the Housing Land Audit, with input from the Council's Housing Service, Homes for Scotland and local builders. This monitoring suggests the sites identified in the Delivery Programme Schedule will be effective, but, as time progresses, if there are no signs of development occurring, it will be prudent to contact prospective developers and site owners to ascertain whether there are specific issues preventing development taking place and whether mechanisms are available to help facilitate progress, when appropriate.

PART 1: LDP2 STRATEGY AND POLICIES

Blue	Action completed
Green	Action on track, project performing to plan.
Amber	Action at risk. An obstacle needs to be resolved before further progress; there might be a deviation in scope, cost, or time.
Red	Action off track. There are significant issues preventing progress; substantial deviation in scope, cost and/or time.
White/Neutral	Action not started/Not applicable

Table 1: LDP STRATEGIC PRORITIES

A. Our Location - How we will be more connected within and beyond South Ayrshire and how we can work more closely with our neighbouring local authorities to make the most of our combined strengths							
	Core Principle A1	We will support the aims of the Ayrshire Growth Deal					
		How	Policies	Who	Action	Timescale	Progress
		Establish strategic transport infrastructure implications, any mitigation measures required (and identify funding and delivery mechanisms and responsibilities)	LDP Policy: Strategic Road Development, LDP Policy: Public Transport	SAC/ARA/ Transport Scotland	Undertake a Strategic Transportation Assessment of A77 in South Ayrshire which includes scenarios of impacts of AGD development.	Ongoing	N/A
		Support projects included in the Airport/Spaceport Masterplan	LDP Policy: Glasgow Prestwick Airport & LDP Policy: National Aerospace and Space Centre	SAC/ Scottish Enterprise/ Scot. Govt.	Implementation of LDP policies	Ongoing	AGD signed November 2020
		Support the establishment of the Ayrshire Manufacturing Investment Corridor	Designation of Land under LDP Policy: National Aerospace and Space Centre	SAC Economic Development & SAC Planning Service		Ongoing	N/A
		Support the delivery of infrastructure to develop the marine tourism sector, and	LDP Policy: Ports, LDP Policy Tourism	SAC Planning Service		Ongoing	N/A
		Support and advocate for improvements to the A77 corridor and other to help improve conductivity of the area	Transportation Section policies	ARA/ Council		Ongoing	N/A

Core Principle A2	We will promote projects and connections with neighbouring authorities						
	How	Policies	Who	Action	Timescale	Progress	
	Establish strategic transport infrastructure implications, any mitigation measures required (and identify funding and delivery mechanisms and responsibilities)	LDP Policy Land Use & Transport	SAC/ARA/Transport Scotland	Undertake a Strategic Transportation Assessment of A77(T) which includes scenarios of impacts of AGD development and strategic housing sites. Implementation of LDP policies. Planning Guidance timetable as set out in SG section	Ongoing	N/A	
	Advocate for the A77/A78 Trunk Road Improvements,	LDP Policy : Strategic Roads	ARA/ Council		Ongoing	N/A	
	Advocate for improvements to the A70 – M74 road link,	LDP Policy : Strategic Roads	ARA/ Council		Ongoing	N/A	
	Seek road, rail and port infrastructure improvements	LDP Transport Policies	Council		Ongoing	N/A	
	Support long distance cycle and footpath improvements and marine tourism	LDP Policy: Outdoor Public Access and Core Paths & LDP Policy: Tourism	SAC Planning Service/ ARA		Ongoing	N/A	
	Support the Biosphere, Dark Sky Park, and the potential establishment of a National Park	LDP Policy: Dark Skies, LDP Policy Biosphere, LDP Policy: Landscape Quality	Council		Ongoing	N/A	
Core Principle A3	We will facilitate improvements to infrastructure and community facilities						
	How	Policies	Who	Action	Timescale	Progress	
	This means we will establish strategic transport infrastructure implications, any mitigation measures required (and identify funding and delivery mechanisms and responsibilities,)	LDP Policy: Land Use and Transport & LDP Policy: Delivering Infrastructure	SAC/ARA/Transport Scotland	Undertake a Strategic Transportation Assessment of A77 (T) which includes scenarios of impacts of AGD development and strategic housing sites. Implementation of LDP policies	Ongoing	Final TA has been delayed but expected Spring/Summer 2025	
	Ensure development contributes to an efficient use of public services, facilities and infrastructure,	LDP Strategic Policy DM Policy, LDP Policy: Delivering Infrastructure	SAC/developers		Ongoing	N/A	
	Seek appropriate levels of developer contribution for the provision of infrastructure and facilities/services where necessary and justified,	LDP Policy: Delivering Infrastructure	SAC/developers		Ongoing	N/A	
	Advocate improvements to the rail network and facilities for freight handling.	LDP Policy: Rail Investment & LDP Policy Freight Transport	SAC/Network Rail		Ongoing	N/A	
	Facilitate the development of interconnected active travel routes	LDP Policy: Land Use and Transport & LDP Policy: Outdoor Public Access and Core Paths	SAC		Ongoing	N/A	
	Detail infrastructure / community facility requirements associated with development plan allocations in the	Action Programmes for LDP2	SAC		As required	N/A	

		Action Programme (AP) and update the AP biannually					
B. Our Communities - How we will reflect and promote the aspirations and requirements of South Ayrshire's communities.							
	Core Principle B1	We will support the principles of sustainable economic development					
		How	Policies	Who	Action	Timescale	Progress
		Support community-based projects emerging from Local Place Plans and Locality Planning projects, including the asset transfer of community facilities, provided they have no significant adverse environmental impact,	Strategic Policy: Sustainable Development	SAC Thriving Communities	Implementation of LDP policies. Collaboration with Thriving Communities team and community groups	When required	N/A
		Facilitate the development of sports and leisure facilities, and	LDP Policy: Craigie Estate & LDP Policy: Community Facilities	SAC Planning and Sport, Leisure & Golf Services		Ongoing	N/A
		Safeguard existing community facilities wherever practicable.	LDP Policy: Community Facilities	SAC Planning Service		Ongoing	N/A
	Core Principle B2	We will support for community focussed development					
		How	Policies	Who	Action	Timescale	Progress
		Support community-based projects emerging from Local Place Plans and Locality Planning projects, including the asset transfer of community facilities, provided they have no significant adverse environmental impact,	Strategic Policy: Sustainable Development & Strategic Policy: Development Management	SAC Thriving Communities	Implementation of LDP policies. Collaboration with Thriving Communities team and community groups	When required	N/A
		Facilitate the development of sports and leisure facilities	LDP Policy Craigie Park, LDP Policy: Open Space & LDP Policy: Community Facilities	SAC Sport, Leisure & Golf Services, Neighbourhood Services and Planning		Ongoing	N/A
		Safeguard existing community facilities wherever practicable.	LDP Policy: Community Facilities & LDP Policy: Belleisle & Rozelle	SAC Planning Service		Ongoing	N/A
	Core Principle B3	We will maintain a 5-year effective housing land supply.					
		How	Policies	Who	Action	Timescale	Progress
		Retain LDP1 Maybole housing release sites to support regeneration,	LDP Policy: Maintenance and Protecting land for housing	SAC Planning Service	*Policy superseded by NPF4* No further requirement to maintain a 5-year effective housing land supply. Support for developing LDP/HLA housing sites continues.	Ongoing	MAYB4 housing site nearly complete.
		Retain South East Ayr, as the long term direction for the sustainable urban growth of Ayr	LDP Policy: Maintenance and Protecting land for housing	SAC Planning Service		Ongoing	N/A
		Facilitate development of existing residential development sites	LDP Policy: Maintenance and Protecting land for housing	SAC Planning Service		Ongoing	N/A

		Use Supplementary Guidance 'Maintaining an Effective Land Supply' to address any agreed shortfalls in supply.	LDP Policy: Maintenance and Protecting land for housing and production of SG: Maintaining an Effective Land Supply.			SG No longer required	N/A
Core Principle B4	We will Prioritise the regeneration of Town Centres						
	How	Policies	Who	Action	Timescale		
	Apply a sequential approach for retail, commercial and leisure development,	LDP Policy: Town Centre First Principle, LDP Policy: Network of Centres, LDP Policy: General Retail & LDP Policy: Town Centre (Guiding use)	SAC Planning	Implementation of LDP policies	Ongoing		N/A
	Promote town centre living and regeneration with a more flexible approach to the use of buildings and land	LDP Policy: LDP Policy: Town Centre First Principle, LDP Policy: Network of Centres, LDP Policy: General Retail, LDP Policy: Town Centre (Guiding use) & LDP Policy: Ayr Town Centre Guidance	SAC Communities and Transformation		Ongoing		N/A
	Recognise and promote the different functions of the 5 town centres	LDP Policy: Network of Centres	SAC Communities and Transformation		Ongoing		N/A
	Regeneration of Ayr as the county town and heart of South Ayrshire.	LDP Strategic Policy 2: Development Management & LDP Policy: Ayr Town Centre Guidance	SAC Communities and Transformation		Ongoing		N/A
	Promote Maybole's heritage and role as a local service centre.	LDP Policy: Network of Centres, LDP Policy: General Retail	SAC Communities and Transformation		Ongoing		N/A
	Promote Girvan's potential for tourism and as a key rural service centre.	LDP Policy: Network of Centres, LDP Policy: General Retail, LDP Policy: Tourism	SAC Communities and Transformation		Ongoing		N/A
	Recognise Prestwick's strong community focus and its function as a local service centre.	LDP Policy: Network of Centres, LDP Policy: General Retail	SAC Communities and Transformation		Ongoing		N/A
	Recognise Troon's potential for tourism and as an artisan and local service centre.	LDP Policy: Network of Centres, LDP Policy: General Retail, LDP Policy: Tourism	SAC Communities and Transformation		Ongoing		N/A
Core Principle B5	We will promote the Craigie Estate as a centre of sporting excellence and recreation						
	How	Policies	Who	Action	Timescale	Progress	
	We will facilitate the development of new sports facilities and paths along the River Ayr	LDP Policy: Craigie Estate, LDP Policy: Outdoor Access & Core Paths	SAC-wide projects including Planning, Sport, Leisure and Golf, Asset Management, Special Property Projects,	Development of Riverside Sports Arena and	Ongoing.	Riverside Sports Arena opened Feb 2023.	

				Neighbourhood Services and ARA.			
		Facilitate stronger links to the town centre, Craigie, Dalmling and the countryside beyond.	LDP Policy: Land Use and Transport	Council & ARA	Projects still to be developed, including upgrades to River Ayr Way	Ongoing	Ongoing, but dependent on securing funding
	Core Principle B6	We will prioritise the development of affordable housing.					
		How	Policies	Who	Action	Timescale	Progress
		Facilitate achievement of the Council's targets for affordable housing provision, recognising the priorities within the Council's Strategic Housing Investment Plan.	LDP Policy: Maintenance and Protecting land for housing, LDP Policy: Affordable Housing and SG: Affordable Housing	SAC Planning Service/ SAC Housing Service/ Housing Associations	Implementation of LDP policies	Ongoing	Annual housing targets being met
		Seek to address areas of greatest need for affordable housing provision (Ayr, Prestwick and Troon) and local needs elsewhere.	LDP Policy: Maintaining and Protecting land for Housing, LDP Policy: Affordable Housing and SG: Affordable Housing	SAC Planning Service/ SAC Housing Service/ Housing Associations		Ongoing	N/A
		Support the development of mixed tenure housing for a diverse range of needs	LDP Policy: Affordable Housing	SAC Planning Service/ SAC Housing Service/ Housing Associations		Ongoing	N/A
		Follow the advice of South Ayrshire Council's Housing Services when specifying the type of provision required.	Strategic Policy: Development Management, LDP Policy: Affordable Housing	SAC Planning Service		Ongoing	N/A
	Core Principle B7	We will support flexible growth at the Carrick Villages and the former mining villages of Kyle					
		How	Policies	Who	Action	Timescale	Progress
		Allow small scale residential and business development on unallocated sites at the edges of the Carrick villages and the former mining communities of Annbank, Tarbolton and Mossblown, provided it has no significant adverse environmental impact and satisfies other LDP2 policies.	LDP Policy: Sustainable Village Growth (Residential Development) & LDP Policy: Business & Industry	SAC Planning Service	Implementation of LDP policies	Ongoing	N/A
	Core Principle B8	We will support the development of rural housing business development and diversification in appropriate locations					
		How	Policies	Who	Action	Timescale	Progress
		Support proposals for new housing in the countryside that accord with LDP policy: rural housing and Supplementary Guidance: Rural Housing, and	LDP Policy: Rural Housing, LDP Policy: Sustainable Village Growth (Residential Development) & SG: Rural Housing	SAC Planning Service	Implementation of LDP policies	Ongoing	N/A

		Support the development of entrepreneurial small scale and artisan businesses in the countryside, provided they have no significant adverse environmental impact, and satisfy other LDP2 policies.	LDP Policy: Business & Industry, LDP Policy: Sustainable Village Growth & Rural Business Procedure Note	SAC Planning Service		Ongoing	N/A
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C. Our Environmental Responsibilities

Core Principle C1		We will promote the sustainable use of natural, built and cultural heritage resources.					
	How	Policies	Who	Action	Timescale	Progress	
	Ensure development proposals safeguard protected natural and built heritage resources,	Strategic Policy: Sustainable Development, Strategic Policy: Development Management, LDP Policy: Landscape Quality, LDP Policy: Natural Heritage, LDP Policy: Historic Environment	SAC Planning Service	Implementation of LDP policies	Ongoing	N/A	
	Ensure Local landscape Areas , the Coast and culturally sensitive locations are treated with due respect,	LDP Policy : Landscape Quality, LDP Policy: Coast & Strategic Policy: Sustainable Development	SAC Planning Service		Ongoing	N/A	
	Follow a precautionary approach where unrecorded natural or archaeological resources may be present,	LDP Policy: Archaeology & LDP Policy: Natural Heritage	SAC Planning Service		Ongoing	N/A	
	Maintain commitment to the current Green Belt , and	LDP Policy: The Greenbelt	SAC Planning Service		Ongoing	N/A	
	Protect and enhance existing green and blue networks.	LDP Policy: Green Networks	SAC Planning Service		Ongoing	N/A	
	Contribute towards delivery of National Marine Plan requirements for the protection and enhancement of the health of the marine and coastal environment.	LDP Policy: The Coast	SAC Planning Service		Ongoing	N/A	

Table 2: LPD2 Policies

LDP Policy	Description and Purpose	Actions Towards Implementation	Timescales	Responsible parties & Stakeholders	Progress
Strategic Policies					
STRATEGIC POLICY 1: Sustainable Development	We will support the principles of sustainable development by making sure that development meets a range of environmental and place making criteria	Planning Decisions to be taken in line with policy	Ongoing action	SAC Planning	N/A
STRATEGIC POLICY 2: Development Management	Ensure that development proposals meet a range of development management criteria to help deliver the aims of the LDP	Planning Decisions to be taken in line with policy	Ongoing action	SAC Planning	N/A
Business & Industry	Support business and industrial development at the sites and locations (including expanding those sites) at business and industrial sites shown on the settlement maps and other strategy maps. We will also support business and industrial proposals outwith these areas if policy criteria are met.	Planning decisions to be taken in line with this policy. Prepare & Review Employment and Industrial Land Audit.	Ongoing	South Ayrshire Council	Employment and Industrial Land Audit will be part of LDP3 evidence work
Office Developments	Office development will be directed to the peripheral retail area of town centres, small settlement town centres and local centres as identified on the relevant maps. Support also for Class 2 and Class 4 office uses related to the operation of Glasgow Prestwick Airport, the aerospace industry and the renewables industry if they are in line with the National Aerospace & Space Centre Strategy Map and there is an operational or locational need.	Planning Decisions to be taken in line with policy	Ongoing	South Ayrshire Council	N/A
Ports	Support for retaining and continuing the development of port and harbour facilities at Ayr, Troon, Girvan, Ballantrae, Dunure, and Maidens.	Planning Decisions to be taken in line with policy	Ongoing	South Ayrshire Council	N/A
Glasgow Prestwick Airport	Protects land for runway-related development and supports proposals which are directly concerned with the operational requirements of the airport or airport related development. Will favourably consider development which would expand the terminus facilities.	Planning decisions to be taken in line with this policy. Preparation of Masterplan covering wider area around the airport.	Ongoing	South Ayrshire Council/ Airport	N/A
National Aerospace & Space Centre	Support for development proposals where they are compatible with the preferred uses shown in the National Aerospace & Space Centre Strategy Map.	Planning decisions to be taken in line with this policy. Preparation of Masterplan covering wider area around the airport.	Ongoing	South Ayrshire Council/ Airport	N/A
Newton- on-Ayr	A flexible approach to promote the area's potential to adapt to changing business and property needs and will be supportive of development which will maintain and increase business and industrial diversity without adversely affecting the area's existing use and character.	Planning decisions to be taken in line with this policy. Prepare master plan for Newton-on-Ayr. Prepare guidance on Live/work units	Ongoing	South Ayrshire Council	N/A

Heathfield	The Heathfield Strategy aims to ensure that there is an appropriate mix of business and industrial uses, and commercial activity which supports Ayr and Prestwick town centres. The Heathfield Strategy incorporates the Heathfield Retail Park, first developed as a 'bulky goods' retail park. The retail park and the adjoining supermarket site (ASDA) and the former Alexanders' Sawmills site have been recognised as a 'commercial centre' in development plans, where there is sequential preference over other out of centre locations for bulky goods retailing, food retailing and some leisure uses.	Planning decisions to be taken in line with this policy.	Ongoing	South Ayrshire Council	N/A
Development Opportunities	We will actively encourage development on brownfield, vacant and derelict sites instead of greenfield sites. To strengthen the vitality and vibrancy of all town centres, we will encourage the redevelopment of town-centre brownfield sites over other potential sites outside of town centres, where the proposed use is in keeping with town centre uses.	Planning decisions to be taken in line with this policy and the LDP Development Opportunity Table	Ongoing	South Ayrshire Council	N/A
Delivering Infrastructure	We will expect all new development proposals to include: a. All on site infrastructure which is directly related to the proposed use and is required to allow the effective operation of the proposed use; and b. Measures to ensure the provision of any off-site infrastructure which is necessary to accommodate the development and therefore make the development acceptable in planning terms, without placing an extra burden on the existing community.	Produce SG on Developer Contributions. Planning decisions to be taken in line with this policy.	Planning guidance will be produced instead for Developer Contributions by 2026	South Ayrshire Council	Due to staffing vacancies SG production not possible. Planning guidance to be produced instead to be used in planning decisions
Town centre first principle	We will encourage public and private sector development proposals and investment to town centres. We will direct development proposals, to appropriate locations, by use of the sequential approach through a network of centres so as to ensure that all appropriate uses are directed to town centres, before considering other locations.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Network of centres	We will guide major investment to Ayr town centre in line with the town centre first principle and sequential approach, based on our network of centres: i) Ayr Town Centre; ii) Girvan, Maybole, Prestwick and Troon iii) Heathfield commercial centre iv) Small town centre and local/neighbourhood centres	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
General retail	<u>Sequential Approach:</u> uses which generate significant numbers of people will be guided to: a. Town centres identified in the Local Development Plan b. Edge of town centres c. Commercial centre identified at Heathfield. d. Locations outside of town centres that are, or can be accessible by a choice of transport-including small town centres and neighbourhood/local centres.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Town centre (guiding land use).	Planning applications for new development (including change of use) in town centres must accord with the guidance shown in the town centre maps, and the guidance in this policy, indicating Core and Peripheral Town Centre Areas.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Ayr town centre guidance	Proposals for Ayr Town Centre will be considered in terms of the guidance of town centre zones and identified development opportunity sites	Planning decisions to be taken in line with this policy, SG: Ayr Town Centre and Development Opportunities Schedule.	Ongoing	South Ayrshire Council	N/A

Heathfield commercial centre	Retail and leisure uses within the Heathfield Commercial Centre will be considered against LDP General Retail Policy, LDP Policy: Leisure Development, and LDP Heathfield Strategy Map and associated Table.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Small town centres and local neighbourhood centres	Within local centres and small settlements, particularly in town centres, we will protect pubs and hotels, shops and Class 2 office developments that serve local communities. We will support proposals for new shops and offices at local centres and small settlement town centres where they provide extra services and amenities for local communities, and otherwise comply with retail policies in this LDP.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Leisure development	We will use the 'sequential approach' when choosing locations for all leisure uses likely to generate significant footfall and where this would direct development to the most appropriate location	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Maintaining and protecting land for housing	We will ensure the maintenance of an effective five-year supply of land for housing to meet demand. Where the supply is not maintained we may seek an early review of the local development plan, and will assess any housing proposals on unallocated sites against relevant development plan policies and the criteria set out in supplementary guidance 'Maintaining an Effective Land Supply'. We will encourage housing development on appropriate brownfield sites, rather than greenfield sites. Development on any allocated housing site identified on the Proposals Map must meet the Council's supplementary guidance: Housing Site Design Briefs for all Local Development Plan housing sites.	Prepare SG providing design briefs for allocated housing sites.	Ongoing. Site Design Briefs SG adopted 2022/23. Due to provisions of NPF4, a 5-year effective land supply no longer needs to be maintained. Housing 'pipeline' being established in line with new style LDP requirements.	South Ayrshire Council	Site Design Briefs SG adopted 2022. Partial conflict with NPF4 - no longer a requirement to maintain effective 5-year supply. NPF4 Policy16
Residential policy within settlements, release sites and windfall sites	We will aim to protect the character and amenity of areas that are mainly residential, particularly from non-residential development which could have negative effects on the local amenity	Planning decisions to be taken in line with policy and relevant SG: Alterations and Extensions to Houses and SG: Housing Sites Design Briefs.	Ongoing	South Ayrshire Council	N/A
Sustainable village growth (residential development).	To recognise opportunities to add a small number of houses to villages in a way that consolidates the form of settlements, and which provides an opportunity to meet local needs, the Council may accept proposed new housing outwith, but adjacent to existing settlement boundaries, if certain policy criteria are met.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Rural housing	Housing outside existing settlements should generally consist of: > re-using existing buildings; > replacement housing; > infill development within existing clusters or groups of housing; and housing to meet rural business requirements. Where possible, we would prefer to develop brownfield, derelict or degraded land rather than greenfield sites.	Planning decisions to be taken in line with this policy and SG: Rural Housing	Ongoing	South Ayrshire Council	N/A Partial conflict with NPF4 regarding use of greenfield/brownfield land, but overall compatibility
Affordable (including specialist) housing.	In all areas apart from Maybole and Girvan, we will ask for a target contribution of 25% of the total number of units from all new housing developments of 15 units or more, or a site size equal to or more than 0.6 hectares. In Girvan and Maybole we will ask for a target contribution of 15% of the total number of units. We expect affordable	Planning decisions to be taken in line with this policy and SG: Affordable Housing (detail & mechanisms).	Ongoing	South Ayrshire Council	N/A

	(including specialist) housing to be provided on-site where possible, and in the first instance, through social rented housing.				
Gypsy and traveller accommodation	We will support proposals for sites for gypsies and travellers, as long as there is no unacceptable negative effect on the local area, particularly residential areas, or on the environment.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Belleisle and Rozelle estates	We will ensure that we keep, maintain, manage and improve Belleisle and Rozelle estates as historical and recreational assets and as important areas of open space.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Craigie estate	We will encourage the integration of existing land uses to protect and improve the estate's resources for the benefit of the wider community. We will support proposals for the use of the estate for education, community, sporting, recreation, tourism and open space uses where it is demonstrated that they will maintain, improve or complement the long term future of the estate as an academic and recreational resource.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	Ongoing. Completion of Riverside Sports Arena.
Telecommunications	We will allow telecommunication development where the developer can demonstrate that it is the most sensitive solution in terms of minimising visual effect and any contrast between the development and its surroundings. All proposals for telecommunications and other digital infrastructure development should ensure that the stated options are considered when selecting sites and designing base stations.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Open space	We will protect all open spaces which are valued and which are used, or could be used, for a particular open space, amenity or recreational purpose, from development.	Planning decisions to be taken in line with this policy and associated guidance "Open Space and Designing New Residential Developments"	Ongoing	South Ayrshire Council	N/A
Community facilities	We will support keeping community and educational facilities, as identified on the settlement maps, and will not allow development which has a negative effect on those facilities. We will support re-using sites and buildings which previously accommodated community facilities, particularly where the buildings or site can be re-used for alternative community facilities.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Cemetery sites	Proposals for additional cemetery provision to meet identified needs will be supported where unacceptable environmental and amenity impacts are avoided.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Greenbelt	We will only support development within the green belt if it is of a high design quality and a suitable scale and form, and it: <ul style="list-style-type: none"> - Contributes to the economic and environmental sustainability of existing green belt uses; - Is associated with agriculture, including the reuse of historic buildings; - Has horticultural (or directly related) uses; - Is a recreational use that needs a green belt setting; 	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A

	- Is required at the proposed location to provide essential infrastructure				
Galloway and Southern Ayrshire Biosphere	We will support development that promotes the goals of the biosphere and shows an innovative approach to sustainable living and the economy, and supports improving, understanding and enjoying the area as a world-class environment. Development must be appropriate to the role of the different zones within the Biosphere	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Dark Skies	We will support and protect the Galloway Forest Dark Sky Park. Development within the Galloway Forest Dark Sky Park, and its surrounding Transition Zone, will have to be in line with the respective provisions of supplementary guidance 'Dark Sky Lighting'.	Planning decisions to be taken in line with this policy & SG: Dark Sky Lighting	Ongoing. No further formal SGs being adopted. Further suite of planning guidance being reviewed.	South Ayrshire Council	N/A
Landscape quality	Maintain and improve the quality of South Ayrshire's landscape and its distinctive local characteristics.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
The coast	We will support proposals that protect the foreshore from development. Development within the wider coastal area will have to be in line with the LDP Coastal Strategy Diagram and Coastal Development Guidance.	Planning decisions to be taken in line with this policy and Coastal Strategy	Ongoing	South Ayrshire Council	N/A
Preserving trees	To protect ancient and veteran trees of high nature conservation and landscape value, and those within a TPO, and to assess impact of any proposed loss of/work to trees.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Woodland and forestry	To support proposals for woodland and forestry that are consistent with the Ayrshire and Arran Woodland Strategy; and are sympathetic to the environmental (including landscape and visual impacts), nature and wildlife interests of the area.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Green networks	Protect and enhance the green network in South Ayrshire and maximise the opportunities to create an enhance linkages to it from new development.	Planning decisions to be taken in line with this policy & SG: Green Networks.	Ongoing. No further formal SGs being adopted. Further suite of planning guidance being reviewed	South Ayrshire Council	N/A
Water environment	Support the objectives of the Water Framework Directive (2000/60/EC) and only allow development that meets these objectives and shows that: it will protect, and where possible, improve the water environment and biodiversity.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Flood and development	Ensure development is not at risk from flooding or exacerbating flooding elsewhere.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Agricultural land	We will protect prime agricultural land from irreversible development, unless developers can show that the development is essential to meet established needs or is small scale directly related to a rural business.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A

Air, noise and light pollution	Prevent development which would expose people to unacceptable levels of air, noise or light pollution.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Minerals and aggregates	Ensure no known mineral deposits are permanently sterilised by development proposals and support the extraction of minerals/extension of existing sites if a range of environmental and amenity criteria are met.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Low and zero carbon buildings	We will expect all new buildings to be designed to ensure that at least 15% of the carbon dioxide emissions reduction standard set by Scottish Building Standards is met through the installation and operation of low and zero-carbon generating technologies. This percentage will increase to at least 20% by the end of 2022	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Renewable energy	Support proposals for generating and using renewable energy in stand-alone locations if policy criteria are met.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	N/A
Wind energy	Support proposals for wind energy development comprising one or more wind turbine greater than 15 metres to blade tip if compliant against policy criteria and landscape assessment, including reference to South Ayrshire Landscape Wind Capacity Study 2018 (or any subsequent update thereof) and the South Ayrshire Local Landscape Area Review 2018.	Due to significantly different stance on landscape protection/assessment, NPF4 Policy 11 takes precedence over LDP Wind Energy policy in determining planning applications	Ongoing	South Ayrshire Council	NPF4 Policy 11 takes precedence over LDP Wind Energy policy
Renewable or low carbon heat and heat networks	Supports the development of heat networks and includes supporting the safeguarding of pipe runs within developments. New developments located adjacent to existing or proposed heat networks or significant heat sources should be designed to be capable of connecting to the heat supply.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	
Historic environment	Protect, preserve and, where appropriate, conserve and / or enhance South Ayrshire's historic environment, including listed buildings, conservation areas, scheduled monuments, Gardens and Designed Landscapes and Non-designated Historic Environment Assets.	Planning decisions to be taken in line with this policy & SG: Historic Environment.	Ongoing	South Ayrshire Council/Historic Environment Scotland	
Natural heritage	Protect natural heritage sites within South Ayrshire, including European Sites, National Designations, and local designation sites, including nature conservation sites.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council/Nature Scot	
Waste management	Give priority to proposals for waste-management sites in the core investment towns and also accept proposals which show there is a need for the site and which are on existing or allocated industrial land.	Planning decisions to be taken in line with this policy	Ongoing	South Ayrshire Council	
Land use and transport	Ensure new development safely integrates with transport networks and encourages active travel. Developments must also align with Regional Transport Strategy and our Local Transport Strategy	Planning decisions to be taken in line with this policy - Council is undertaking a 'Proportionate Transport Appraisal' of potential impacts on the strategic transport network previously identified sites (from LDP1), including South East Ayr, together with the new development sites identified in LDP2.	Ongoing	SAC Planning /Transport consultant/ARA and Transport Scotland	

Rail investment	Increase the capacity of the rail network in South Ayrshire and encourage greater use of rail services for passengers and freight. Support upgrades for Ayr and Glasgow Prestwick Airports stations, and new station at South East Ayr/Ayr Hospital and rail freight facility at East Sanquhar.	Establish strategic transport infrastructure implications, any mitigation measures required (and identify funding and delivery mechanisms and responsibilities)	Ongoing	SAC/ Network Rail/ Prestwick Airport/Transport Scotland	
Strategic road development	Protect and improve the strategic road network in South Ayrshire. The 'Proportionate Transport Appraisal' to inform future mitigation/improvements to road network.	Planning decisions to be taken in line with this policy	Ongoing	ARA/Transport Scotland/ SAC	
Public transport	Maintain and improve both rail and road based public transport services and to improve infrastructure such as bus priority measures and interchanges at existing stations.	Planning decisions to be taken in line with this policy	Ongoing	SAC Planning/ SPT/ Transport Scotland/ARA/ Stagecoach	
Freight transport	Encourage the transport of freight in ways other than by road, identify preferred routes for heavy goods vehicles, Ensure the movement of freight by road in a way that minimises disruption to local communications and support the development of multi-modal interchange facilities at Ayr, Girvan and Glasgow Prestwick Airport.	Planning decisions to be taken in line with this policy	Ongoing	SAC	
Town centre traffic management	Support proposals within and on the edge of town centres which: a. Give priority to Active Travel and public transport; b. Meet maximum parking standards (as established by government policy or the council as roads authority); and c. Protect and improve existing parking provision.	Planning decisions to be taken in line with this policy	Ongoing	SAC	
Outdoor public access and core paths	To improve and protect all core paths and other significant access routes -	Planning decisions to be taken in line with this policy	Ongoing	SAC	

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PART 2: SUPPLEMENTARY GUIDANCE

While the previous Action Programme 2022 had set out that all guidance listed below would be adopted as Supplementary Guidance prior to the deadline of 31st March 2025 (as set out in Regulations 1 and 4 of The Planning (Scotland) Act 2019 (Commencement No. 11 and Saving and Transitional Provisions) Regulations 2023), this has not been possible due to resource constraints within the Planning Strategy Team. The Planning Service will now conduct a review of the remaining unadopted guidance related to LDP2 during Spring/Summer 2025, with a view to producing non-statutory planning guidance documents, where it is deemed necessary and of use in the determination of planning applications, and in light of ongoing work to prepare LDP3 under the new development planning regime. The following table should therefore be considered indicative at this stage.

Table 3: Supplementary Guidance and other planning guidance

LDP2 Supplementary Guidance						
	Relevant LDP2 Policy	Supplementary Guidance/ Planning Guidance action	Priority	Responsible Person(s)	Timescale: Public participation	Timescale: adoption
Economic Development Section						
	LDP Policy: Delivering Infrastructure	Preparation of planning guidance: Developer Contributions & Affordable Housing	High	SAC Planning	Summer 2026	Autumn 2026
Communities Section						
	LDP Policy: Ayr Town Centre Guidance	Preparation of planning guidance: Ayr Town Centre	Medium	SAC Planning/Economy & Regeneration	2026+	2026+
	LDP Policy: Maintaining and Protecting Land for Housing	Preparation of revised SG: Maintaining an Effective Housing Land Supply.	High	SAC Planning	Completed 2019	The SG was approved for adoption by Council in 2022 but, following an order to delay adoption by Scottish Government, the SG became obsolete due to imminent adoption of NPF4 which removed the 5-year effective supply requirement.
	LDP Policy: Maintaining and Protecting Land for Housing	Preparation of SG: Housing Site Design Briefs Part 1	High	SAC Planning	Completed 2019*	Achieved 2022
		Preparation of planning guidance: Housing Site Design Briefs Part 2 (South East Ayr)	High	SAC Planning	December 2025	June 2026
	LDP Policy: Residential Development within Settlements, Release sites and Windfall Sites.	Preparation of revised planning guidance: Householder Development	Medium	SAC Planning	2026+	2026+

	LDP Policy: Rural Housing	Preparation of revised planning guidance: Rural Housing	High	SAC Planning	Summer 2026	Autumn 2026
	LDP Policy: Open Space	Prepare planning guidance: Open Space and Designing New Residential Developments	Medium	SAC Planning/Neighbourhood Services	2026+	2026+
Environment & Climate Change Section						
	LDP Policy: Green Networks	Prepare planning guidance: Green Networks	Medium	SAC Planning	2026+	2026+
	LDP Policy: Wind Energy	Preparation of planning guidance: Wind Energy	High	SAC Planning	Winter 2025/26	Summer 2026
	LDP Policy: Historic Environment	Preparation of planning guidance: Historic Environment	High	SAC Communities and Transformation in consultation with HES	Winter 2025/26	Summer 2026
	LDP Policy: Dark Skies	Preparation of planning guidance: Dark Sky Lighting	Medium	SAC Planning	2026+	2026+
Non-Statutory Planning Guidance and procedures						
Economic Development Section						
	LDP Policy: Business & Industry	Rural Business Procedure Note	Medium	SAC Planning/ SAC Change and Communities	2026+	2026+
	LDP Policy: National Aerospace & Space Centre & LDP Policy: Glasgow Prestwick Airport	National Aerospace and Space Centre Masterplan	Medium	GPA/ Aerospace businesses/ SAC Planning/ SAC Communities and Transformation	2026+	2026+
	LDP Policy: Newton	Newton Masterplan	Medium	SAC Planning/ SAC Change and Communities	2026+	2026+
	LDP Policy: Development Opportunities	Development Opportunity Sites Schedule	Medium	SAC Planning	2026+	2026+
Environment & Climate Change Section						
	LDP Policy: Historic Environment	Conservation Area Appraisals	Medium	SAC Planning	Girvan CA Appraisal consultation completed March 2024 Other conservation areas 2026+	Girvan Conservation Area Appraisal adopted May 2024 Other conservation areas 2026+
	LDP Policy: Historic Environment	Conservation Area Management Plans	Medium	SAC Planning	Girvan Conservation Area Management Plan consultation expected April 2025	Girvan Conservation Area Management Plan adoption expected June 2025

PART 3: ECONOMIC DEVELOPMENT

Table 4: Economic Development Projects and Sites

Project name/ Site reference	Site Description/Policy guidance	Overview of Actions & Proposals	Site Constraints & Infrastructure Requirements	Timescales	Responsible parties & Stakeholders	Status (as of January 2025)
Ayrshire Growth Deal (AGD): Aerospace and Space Programme	National Aerospace & Space Centre at Glasgow Prestwick Airport and surrounding land and business estates	<ul style="list-style-type: none"> Prepare Masterplan for land surrounding National Aerospace & Space Centre The development of an in-situ “innovation” centre to enable the delivery and manufacture of new flight products in Scotland. Roads upgrades and new linkages around Prestwick and Monkton to support aerospace facilities 	<ul style="list-style-type: none"> Infrastructure to ensure that GPA is able to operate as a spaceport, including fuel storage, mixing areas, and blast protection. In addition, there will be investment to provide infrastructure for launch service providers (LSP) including a satellite integration facility, payload processing facility, mission control and range management systems. Roads upgrades around Prestwick and Monkton. 	Ongoing	GPA/ Aerospace businesses/ SAC Change and Communities	Ongoing work. AGD signed November 2020.
National Aerospace and Space Centre sites						
Monktonhill (A and B)	Reserved for aerospace, space, defence, marine development and digital infrastructure	Development of new businesses associated with AGD	Strategic Road Infrastructure/ Drainage	Ongoing	AGD/ Partners/ Businesses	Some development within site
Orangefield	Safeguarded and promoted for runway/ runway freight use.	Development of new businesses associated with AGD	Strategic Road Infrastructure/ Drainage	Ongoing	AGD/ Partners/ Businesses	Some development within site
Monkton runway	Safeguarded and promoted for runway/ runway freight use.	Development of new businesses associated with AGD		Ongoing	AGD/ Partners/ Businesses	Some development within site
Monkton	Aerospace, space and runway related industries are preferred although some light industry, storage and distribution or businesses uses may also be acceptable where linked to these activities.	Development of new businesses associated with AGD	Strategic Road Infrastructure/ Drainage	Ongoing	AGD/ Partners/ Businesses	Mostly developed but expansion room for existing businesses

East Sanquhar (A and B)	Site A safeguarded for rail sidings. Site B for aerospace, space, defence, digital infrastructure and related distribution and storage	Development of new businesses associated with AGD	Strategic Road Infrastructure/ Drainage	Ongoing	AGD/ Partners/ Businesses	In agricultural use
Highfield	Safeguarded for aerospace, space, defence and digital infrastructure. Alternative industrial uses will not generally be permitted.	Development of new businesses associated with AGD	Strategic Road Infrastructure/ Drainage	Ongoing	AGD/ Partners/ Businesses	In agricultural use
Airport Terminus	The site will be safeguarded and promoted for airport terminal facilities	Development of new businesses associated with AGD		Ongoing	AGD/ Partners/ Businesses	Existing airport use
Shawfarm Road	The site will be safeguarded for aerospace, airport, and space, defence and marine development. Alternative industrial uses will not be generally permitted.	Development of new businesses associated with AGD		Ongoing	AGD/ Partners/ Businesses	Partly occupied
Glenburn Bing	The site will be promoted for runway related development or for renewable energy	Development of new businesses associated with AGD	Former landfill site/ Access	Ongoing	AGD/ Partners/ Businesses	Undeveloped. Council draft proposals for solar energy farm in LHEES 2024.
Heathfield						
Heathfield Road West	Business	Planning Decisions to be taken in line with policy		Ongoing	Private	Some land available for further development
Heathfield Road South	Gateway business use	Planning Decisions to be taken in line with policy				Some vacant land
Boundary Road	General industry	Planning Decisions to be taken in line with policy		Ongoing	Private	Some vacant land
Heathfield Commercial	Retail Park/Supermarket and surrounding land	Planning Decisions to be taken in line with policy		Ongoing	Private	Some vacant land
Whitfield Drive	General industry	Planning Decisions to be taken in line with policy		Ongoing	Private	Some vacant land
South Sanquhar	General industry	Planning Decisions to be taken in line with policy		Ongoing	Private	Large vacant site
Port of Ayr						
Port of Ayr	Operational port and associated facilities	Planning Decisions to be taken in line with policy		Ongoing	Clyde Ports	Land available for further uses

Newton-on-Ayr	Mixed use, predominantly business use area adjacent to Port of Ayr.	Planning Decisions to be taken in line with policy. Masterplan for Newton to be prepared.		Ongoing	SAC/ owners	Some vacant sites within area
Grangestone Industrial Area, Girvan						
Girvan Distillery		Further development of business and Industry. Mainly associated with Girvan Distillery		Ongoing	Grants	Various Planning permissions in place for expansion of Distillery. PAN for further expansion submitted 2024.

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PART 4: LDP2 HOUSING RELEASE SITES AND EXISTING HOUSING ALLOCATION SITES

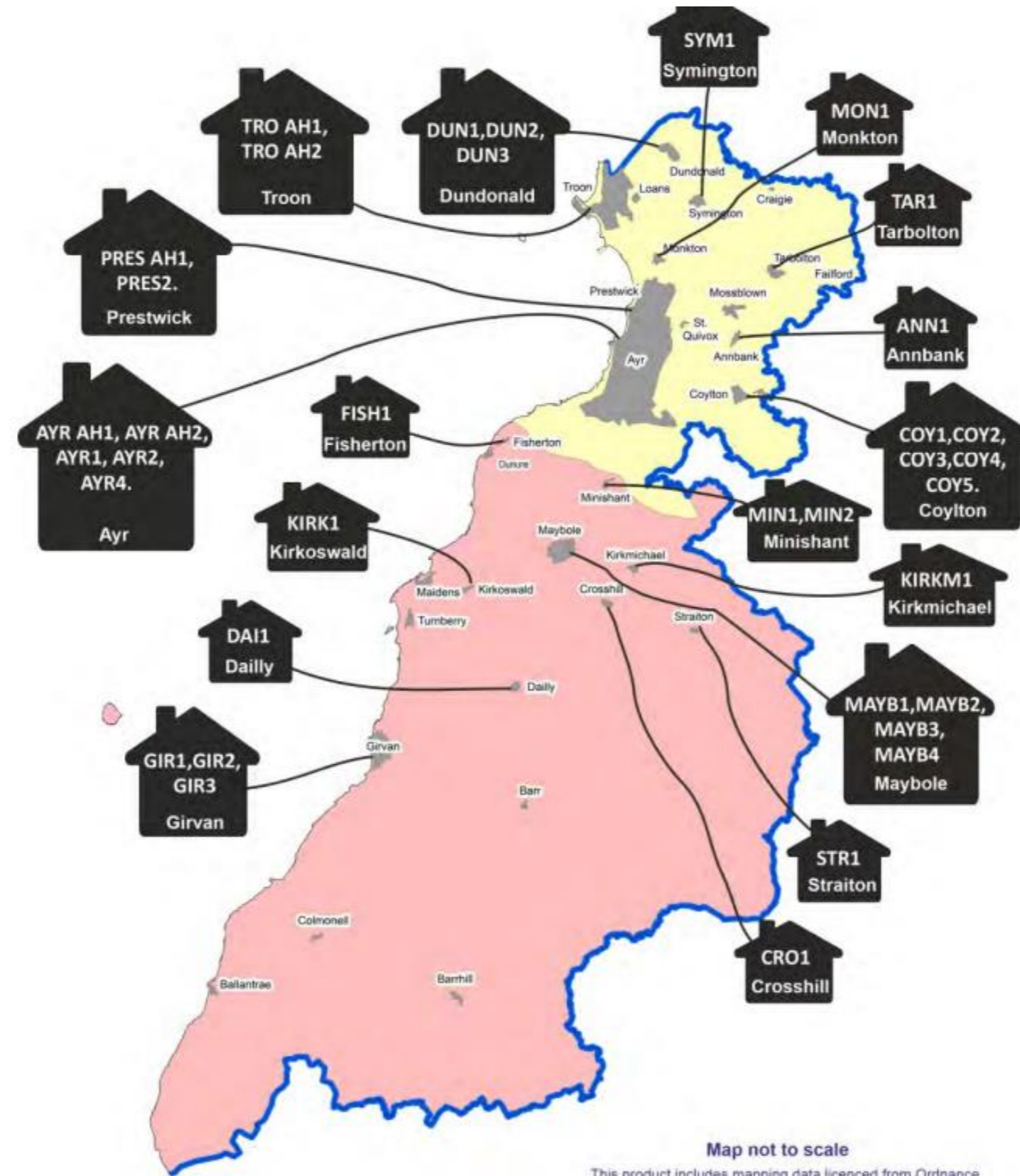


Table 5: EXISTING LDP HOUSING SITES

SITE REF	SITE NAME	TOWN	SITE CAPACITY	TOTAL BUILT AT APRIL 2024	REMAINING UNITS	PIPELINE												SITE NOTES	RESPONSIBILITY
						SHORT			MEDIUM			LONG				10-YR TOTAL 2025-34	POST 2034		
						24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34				
LDP01	ANN1	ANNBANK	45	0	45	0	0	0	0	0	0	5	15	15	10	45	0	Site available for development. Potential drainage and sewerage issues.	PRIVATE DEVELOPER
LDP02	AYR1 - MAINHOLM (AH)	AYR	160	35	125	80	45	0	0	0	0	0	0	0	0	125	0	Site being developed at present for affordable housing.	SAC Housing Services
LDP03	AYR2 - HOLMSTON HOUSE	AYR	33	0	33	0	0	0	0	15	16	2	0	0	0	33	0	Development must include the sensitive re-use of the existing listed buildings. Consent granted 2018 and new discussions are underway with owner about development options	PRIVATE DEVELOPER
LDP05	COY1 - HOLE ROAD WEST	COYLTON	125	0	125	0	0	0	0	10	20	20	20	20	20	110	15	PAN approved 2023. Site available for development.	PRIVATE DEVELOPER
LDP06	COY2 - HOLE ROAD EAST	COYLTON	11	0	11	0	0	3	8	0	0	0	0	0	0	11	0	Planning application submitted and pending consideration	PRIVATE DEVELOPER
LDP07	COY3 - BARNGORE / P.S.	COYLTON	54	0	54	0	0	10	20	20	4	0	0	0	0	54	0	Planning consent issued May 2023	PRIVATE DEVELOPER
LDP08	COY4 - GALLOWHILL	COYLTON	120	0	120	0	0	0	10	20	25	25	25	15	0	120	0	Site available for development. Pre-application discussions ongoing	PRIVATE DEVELOPER
LDP09	COY5 - MANSE ROAD	COYLTON	53	0	53	0	15	15	15	8	0	0	0	0	0	53	0	Site construction underway	PRIVATE DEVELOPER
LDP10	CRO1	CROSSHILL	35	0	35	0	0	0	0	0	0	0	10	10	10	30	5	Site available for development	PRIVATE DEVELOPER

LDP11	DAI1	DAILLY	12	0	12	0	0	0	0	0	0	0	4	4	4	12	0	Site available for development	PRIVATE DEVELOPER
LDP12-14A	DUN1, DUN2, DUN3 (PRIV)	DUNDONALD	187	0	187	0	0	0	0	0	5	15	15	15	15	65	122	Outline consent jointly for all 3 sites granted 2018. Detailed consent for 1st phase granted 2021, and completed. Remainder of site available for development	PRIVATE DEVELOPER
LDP15	FISH1	FISHERTON	7	0	7	0	0	0	0	0	0	0	0	0	0	0	7	Site available for development	PRIVATE DEVELOPER
LDP16	GIR1	GIRVAN	48	0	48	0	0	0	0	0	0	10	10	10	10	40	8	Site available for development. Discussions ongoing.	PRIVATE DEVELOPER
LDP17	GIR2	GIRVAN	25	0	25	0	0	0	0	0	0	0	0	0	0	0	25	2021 consent for a single dwelling has now lapsed. Site available for development	PRIVATE DEVELOPER
LDP18	GIR3	GIRVAN	17	0	17	0	0	0	0	0	0	0	0	0	0	0	17	Contamination issues on site. Will be reviewed for LDP3 and potentially deallocated.	NHS
LDP20	KIRK1	KIRKOSWALD	7	0	7	0	0	0	0	0	0	0	3	4	0	7	0	Site available for development	PRIVATE DEVELOPER
LDP19	KIRKM1 (AH)	KIRKMICHAEL	35	0	35	0	0	0	0	0	6	6	3	10	10	35	0	Site is in the SHIP for affordable housing	HOUSING ASSOCIATION
LDP21	MAYB1	MAYBOLE	105	0	105	0	0	0	0	0	0	0	15	15	20	50	55	Site available for development	PRIVATE DEVELOPER
LDP22	MAYB2	MAYBOLE	100	0	100	0	0	0	5	20	20	20	20	15	0	100	0	Site available for development	PRIVATE DEVELOPER
LDP23	MAYB3 - TUNNOCH	MAYBOLE	128	48	80	20	25	25	10	0	0	0	0	0	0	80	0	Site is being built out.	PRIVATE DEVELOPER
LDP24	MAYB4	MAYBOLE	40	0	40	0	0	0	0	0	5	15	15	5	0	40	0	Site available for development	PRIVATE DEVELOPER
LDP25	MIN1	MINISHANT	90	0	90	0	0	0	0	0	0	15	15	15	0	45	45	Site available for development	PRIVATE DEVELOPER
LDP26	MIN2	MINISHANT	7	0	7	0	0	0	0	0	0	2	5	0	0	12	0	Site available for development	PRIVATE DEVELOPER
LDP27A	MON1	MONKTON	236	125	111	45	40	26	0	0	0	0	0	0	0	111	0	Site is being built out.	PRIVATE DEVELOPER

LDP27B	MON1 (AH)	MONKTON	50	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	SITE COMPLETE	PRIVATE DEVELOPER
LDP27.2	MON1 (MASTERPLAN AREA)	MONKTON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Site available for development	PRIVATE DEVELOPER
LDP28	STR1	STRAITON	12	0	12	0	0	0	0	0	0	0	6	6	0	12	0	0	Site available for development	PRIVATE DEVELOPER
LDP30B	TAR1 - WESTPORT (AH)	TARBOLTON	25	0	25	25	0	0	0	0	0	0	0	0	0	25	0	0	Site is being built out.	PRIVATE DEVELOPER
LDP30A	TAR1 - WESTPORT (PRIV)	TARBOLTON	67	5	62	15	15	20	12	0	0	0	0	0	0	62	0	0	Site is being built out.	PRIVATE DEVELOPER

B. LDP2 HOUSING RELEASE SITES																				
SITE REF	SITE NAME	TOWN	SITE CAPACITY	TOTAL BUILT AT APRIL 2024	REMAINING UNITS	PIPELINE											10-YR TOTAL 2025-34	POST 2034	SITE NOTES	RESPONSIBILITY
						SHORT			MEDIUM			LONG								
						24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34					
LDP31	AYR AH1 - DUNLOP TERRACE	AYR	10	0	10	0	0	0	0	10	0	0	0	0	0	10	0	Affordable Housing site. Council owned. In Shadow Programme of SHIP 2025. May be classed as permitted development.	SAC Housing Services	
LDP32	AYR AH2 - WESTWOOD AVENUE	AYR	25	0	25	0	0	0	0	0	25	0	0	0	0	25	0	Affordable Housing site. Council owned. In Shadow Programme of SHIP 2025. May be classed as permitted development.	SAC Housing Services	
LDP33	PRES AH1 - AFTON AVENUE & AFTON PARK	PRESTWICK	25	0	25	0	0	0	0	0	0	0	0	0	0	0	25	Affordable Housing site. Council owned. In Shadow Programme of SHIP 2025. May be classed as permitted development.	SAC Housing Services	

LDP34	PRES2 - ST CUTHBERT GOLF CLUB	PRESTWICK	45	0	45	0	0	0	0	0	0	0	0	0	0	0	45	Planning consent granted for a care home. However, not yet commenced. Will be reviewed for LDP3 and deallocated if care home proceeds	Private developer
LDP35	TRO AH1 - ALDERSYDE AVENUE	TROON	20	0	20	0	0	0	0	0	0	15	0	0	0	15	5	Affordable Housing site. Council owned. In Shadow Programme of SHIP 2025 May be classed as permitted development.	SAC Housing Services
LDP36	TRO AH2 - BUCHAN ROAD	TROON	30	0	30	0	0	0	0	0	0	15	15	0	30	0	Affordable Housing site. Council owned. In Shadow Programme of SHIP 2025 May be classed as permitted development.	SAC Housing Services	

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South Ayrshire Council

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