Supplementary Agenda

West Dunbartonshire Council

Date:	Monday, 22 March 2021
Time:	10:00
Format:	Video Conference
Contact:	Craig Stewart, Committee Officer email: craig.stewart@west-dunbarton.gov.uk

Dear Member

ITEMS TO FOLLOW

I refer to the agenda for the above meeting that was issued on 9 March and now enclose copies of **Items 5 and 6** which were not available for issue at that time.

Yours faithfully

JOYCE WHITE

Chief Executive

Note referred to:-

5 GENERAL SERVICES BUDGET PREPARATION 2021/22 TO 2023/24 – BUDGET UPDATE: BUDGET SETTING 2021/22 **17 – 48**

Submit report by the Chief Officer – Resources:-

(a) providing an update in relation to both the revenue and capital budget process for 2021/22 to 2023/24;

(b) providing an update on specific issues and seeking approval as appropriate; and

(c) seeking approval to set the General Services revenue and capital budgets for 2021/22 through approval of options to close the 2021/22 budget gap.

6 PRUDENTIAL INDICATORS 2020/21 TO 2030/31 AND TREASURY MANAGEMENT STRATEGY 2021/22 TO 2030/31 **49 – 87**

Submit report by the Chief Officer – Resources seeking approval of the proposed Prudential Indicators for 2020/21 to 2023/24 and Treasury Management Strategy (including the Investment Strategy) for 2021/22 to 2023/24.

Distribution:-

Provost William Hendrie
Bailie Denis Agnew
Councillor Jim Bollan
Councillor Jim Brown
Councillor Gail Casey
Councillor Karen Conaghan
Councillor Ian Dickson
Councillor Diane Docherty
Councillor Jim Finn
Councillor Daniel Lennie
Councillor Caroline McAllister
Councillor Douglas McAllister
Councillor David McBride
Councillor Jonathan McColl
Councillor Iain McLaren
Councillor Marie McNair
Councillor John Millar
Councillor John Mooney
Councillor Lawrence O'Neill
Councillor Sally Page
Councillor Martin Rooney
Councillor Brian Walker

Chief Executive
Chief Officers

Date of issue: 17 March 2021

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer - Resources

Council: 22 March 2021

Subject: General Services Budget Preparation 2021/22 to 2023/24 – Budget Update: Budget Setting 2021/22

1. Purpose

1.1 To provide Members with an update in relation to both the revenue and capital budget process for 2021/22 to 2023/24.

1.2 To provide Members with an update on specific issues and seek approval as appropriate.

1.3 To seek Members approval to set the General Services revenue and capital budgets for 2021/22 through approval of options to close the 2021/22 budget gap.

2. Recommendations

2.1 Members are asked to:

(a) Note the updated position regarding projections for the revenue budget in 2020/21 as identified at 4.2 in this report;

(b) Note the updated projected provisions and reserves position of the Council as identified at 4.4 in the report;

(c) Note the projected outturn position for capital for 2020/21 as detailed in Appendix 1 including information in relation to the re-profiling of a number of projects and resources into future years;

(d) Agree that officers should apply available capital receipts to fund transformational spend in financial years 2020/21 to 2021/22 once the position is clear at each financial year-end as detailed at 4.12 in relation to the spend identified in Appendix 6;

(e) Agree the proposed updated capital plan from 2021/22 as detailed in 4.5 of the report and Appendices 2 and 3 including approval of the recurring projects for 2021/22 to 2023/24 and new projects within the capital plan as detailed at 4.5.3;

(f) Agree the growth bids as identified at 4.8 of the report;

(g) Note the updated projected cumulative funding surplus in 2021/22 of £3.345m; and cumulative projected funding gaps in 2022/23 of £6.545m; and 2023/24 of £12.054m (para 4.9);

(h) Consider and agree the options to be used to set the General Services revenue budget for 2021/22 and assist with future projected budget gaps;

(i) Agree to provide the West Dunbartonshire Leisure Trust with a Letter of Comfort for financial year 2021/22; and

(j) Agree to delay the implementation of Non-Domestic Rates Civil penalties until a future financial year.

3. Background

3.1 The following funding gaps were reported to the February 2021 Council:

- 2021/22 £2.881m;
- 2022/23 £5.288m; and
- 2023/24 £10.267m.

3.2 At Council in February 2021 officers advised of management adjustments that were being implemented in 2021/22 and provided a range of options for Member consideration to close budget gaps for 2021/22 and reduce the gaps from 2022/23 onwards.

3.4 At Council in February 2021 it was noted that the position was subject to amendment as the settlement became clearer and as the Scottish Government (SG) budget progressed through Parliament and as the UK Government budget was announced on 3 March 2021.

3.5 The report to Council on the Long-term Finance Strategy in November 2020 identified the following funds available to the Council as at 31 March 2020:

	£m
Reserves	**9.395**
Of which:	
Earmarked	6.643
Unearmarked	2.752
Prudential Target	**3.015**
Projected Free Reserves	**-0.263**
Provision – for Equal Pay settlements	**0.232**

3.6 The budget update to Council in February 2021 advised that the Scottish Government fiscal flexibilities linked to the financial impact of COVID-19 were still being finalised, in particular the flexibility linked to PPP-type contracts.

3.7 On 24 February 2021 Council agreed a 0% uplift for Council Tax for financial year 2021/22.

4. Main Issues

4.1 Scottish Government Settlement to Councils 2021/22

4.1.1 Since the settlement announcement on 28 January 2021, the SG budget has progressed through the three parliamentary stages by 9 March 2021 via deals being done with the Green Party and the Scottish Liberal Democrats. Through this process the SNP agreed a range of additional revenue funding to local government as follows:

- £100m to provide a Pandemic Support Payment to support people, in particular families, on low incomes;
- £17m to extend the concessionary travel scheme to under-22 year olds;
- £49.75m in 2021/22 to support the phased the roll-out of free school meals for all primary pupils, starting with P4;
- £120m for mental health services – as yet, it is unclear how much, if any, of this will relate to Local Government;
- £60m for Education support (learning loss/catch up); and
- £20m additional funding for in-class support for children, provided as a top up to Pupil Equity Fund (PEF).

In addition, the SG announced the baselining of the £90m that was made available in 2021/22 for councils who are freezing council tax.

The Government also announced additional capital funding for:

- Green Recovery (£40m in 2021/22);
- Town Centres (£50m between 2021/22 and 2022/23); and
- Local Bridge Maintenance (£32m between 2021/22 and 2022/23).

4.1.2 The key outcome from the process described above is that there was no additional core grant funding for local government.

4.1.3 A further key issue at Stage 2 the SG announced a revised public sector pay policy to provide:

- A flat rate uplift of £800 for those earning up to £25,000;
- A 2% uplift for those earning between £25,000 and £40,000;
- A 1% uplift for those earning between £40,000 an £80,000; and
- A flat increase of £800 for those above £80,000.

The previously reported funding gap was based on an expectation of a 2% pay award. At the 12 March 2021 COSLA Leaders meeting it was agreed to make a pay offer that aligns with the Scottish Government Public Sector Pay Policy as a basis for negotiations with the trade unions. The effect of applying the uplifts as described in the Public Sector Pay Policy to the WDC budget adds an additional cost of £0.525m to the funding gap for 2021/22 and this basis has also been applied into the period to 2023/24. COSLA Leaders also agreed to continue discussion with SG regarding the affordability of the public sector pay policy for Local Government.

4.1.4 The settlement included revenue funding to support the implementation of the Barclay Review by Valuation Boards, in order to do this the funding needs to be passed through from local authorities to the Valuation Boards. The Council's share of this is £0.051m and the figures used in this report assume that this funding will be passed to the Valuation Joint Board.

4.2 Budgetary Control Projection for 2020/21

4.2.1 At the last Council meeting in February 2021 officers provided a report to period 10 which showing a projected year-end adverse position of £2.450m. Of this it was estimated that the projected impact of COVID-19 was £2.402m. This leaves an underlying adverse variance of £0.048m, for the purposes of this budget-setting report this is assumed to be the year-end position.

4.3 COVID-19 Financial Impact and SG COVID-19 Funding

4.3.1 As advised to Council in COVID-19 update reports the SG has announced further COVID-19 funding for 2020/21:

- A further £110m loss of income funding – of which the WDC share was £0.968m of which Council in February 2021 agreed to pass £0.238m to the West Dunbartonshire Council Leisure Trust (WDLT), leaving £0.730m for WDC; and
- £275m additional general funding for COVID-19. This hasn't yet been distributed, but is to be distributed in line with a combination of each Council's share of GAE for £175m of the funding and the remaining £100m based on shares of lost income funding. On that basis it is estimated that WDC will be allocated around £3.9m.

4.3.2 Based on the above then it would appear that for 2020/21 that the financial impact of COVID-19 has been more than funded by SG funding by an excess of £2.228m. However there is a risk that as the year-end process is finalised and actual costs become clearer that the in-year financial impact could vary (either higher or lower than the £2.402m projected at period 10, particularly as the Building Services provision has been impacted by the ongoing current lockdown).

4.3.3 In addition to the above variability, Members will recall that current policy is to utilise capital receipts to fund Loans Fund principle charges to revenue. For 2020/21 the required value of capital receipts for this purpose is £2.644m. Income received to date is £0.817m with an expectation of a further £4.781m by before the financial year-end. However there is clearly a risk that the full expected income will not be achieved in the current financial year as progress to settlement of these sales has been impacted over the lockdown periods. At present therefore there is a risk of £1.827m of the required income not being achieved. If this was the case then the remaining excess SG COVID-19 funds for 2020/21 would reduce to £0.401m.

4.3.4 The SG position regarding any excess COVID-19 funds for 2020/21 is that Councils should earmark to assist with any COVID-19 financial impact on 2021/22.

4.3.5 As reported to November 2020 Council in the Long Term Finance Strategy and the budget report to February 2021 Council the current financial gap projections do not include any costs for the financial impact of COVID-19 in the expectation of further financial assistance of fiscal flexibilities from the SG. The SG has announced £259m of general COVID-19 funding for 2021/22 to be distributed based on GAE. To date the Council's share of this has not been allocated, however based on the settlement share based on GAE at 1.8% WDC should receive around £4.662m.

4.3.6 The UK Government budget on 3 March 2021 provided further Barnett Consequentials linked to COVID-19 though it is not yet clear whether any will follow through to local government.

4.3.7 As reported to previous Councils the SG has announced three fiscal flexibilities linked to COVID-19 in relation to:

- use of capital receipts;
- loans fund principle payment holiday; and
- flexibility around treatment of PPP-style contract debt scheduling.

4.3.8 Flexibility on use of capital receipts – based on existing Council policy on the use of capital receipts this flexibility is not helpful, as even if the capital receipts identified at 4.3.3 above were received in 2020/21 then the excess receipts will be held in reserve to assist the funding of the payment of Loans Fund charges in future financial years and/or aligned to transformational costs as agreed at Council on 4 March 2020.

4.3.9 Flexibility around loans fund principle holiday – the potential to use this flexibility is dependant on the position regarding capital receipts, as indicated above current policy is that principle payments are funded by capital receipts so implementing this approach can only work if there are capital receipts available and the loans fund principle holiday could free-up those capital receipts for COVID-19 purposes. In theory this is currently possible for the £0.817m of capital receipts currently received in 2020/21. However as indicated above there is expected to be an excess of COVID-19 SG funding in 2020/21, so this flexibility is currently not required for 2020/21.

4.3.10 PPP-style contract debt scheduling flexibility – this option remains under discussion between SG and COSLA. On 25 February 2021 SG issued a letter advising of an approach on this flexibility which would allow Councils to implement a rescheduling on the annuity basis for two financial years to cover the anticipated cost of COVID-19. Officers are reviewing this option with the Council's Treasury Advisors to assess the potential of this option.

4.3.11 The above flexibilities are available to use within either 2020/21 and 2021/22 and officers will report to a future Council meeting on the recommended approach given that we know the impact of COVID-19 on the Council and it's community are likely to remain during 2021/22 and financial years beyond this and Council will wish to consider how best to utilise these COVID-19 flexibilities in mitigating the future impacts of COVID-19.

4.4 Review of Reserves and Provisions

4.4.1 Based on the draft budget for 2021/22 the Prudential Reserve level has been calculated as £3.000m for 2021/22.

4.4.2 Officers have revised the reserves and provisions since the Long-term Finance Strategy was reported to Council in November 2020 and the updated position is as follows:

- Officers have reviewed the required Equal Pay provision and the current provision of £0.232m remains appropriate; and

- Earmarked funds have been reviewed and all remaining earmarked funds have either been spent or continue to be required for the purposes originally identified, however the Change Fund has not been fully committed at this point.

The above is summarised in the following which shows the projected levels of reserves and provisions held by the end of 2020/21:

Unearmarked Reserves	**£m**
Position at 31/3/20	**2.752**
Changes	
Budgetary control projection 2020/21	-0.048
Projected Un-earmarked Reserves at 31/03/21	**2.704**
Prudential Target for 2021/22	3.000
Projected Free Unearmarked Reserves	**-0.296**

4.4.3 Our external auditors in their annual report following the audit of the Council's Financial Statements for 2019/20, identified that the Council has low levels of reserves compared to other councils in Scotland, and suggested that Members may wish to consider this position. It would be possible to increase the level of reserve in the Council's prudential policy to be higher than 2% or to agree a budget that aims to increase the free reserves to a level higher than the prudential target.

4.4.4 In terms of the adequacy of reserves – the prudential level of reserves is viewed as being an adequate level to deal with any financial shocks to the budget, based on previous experience and future expectations specifically in relation to income streams. Should Members identify efficiencies or growth options to be funded from reserves, then the Prudential Reserve level should be considered. This level of free reserves is considered to be the free reserve level which the Council should not plan to be below.

4.4.5 At Council on 3 March 2021 a planning decision was made regarding Sheephill Quarry, at this stage the potential compensation claim from the planning applicants is potential and it is anticipated that this will result in a contingent liability note within the annual accounts for 2020/21, this will be subject to review as required.

4.5 Capital Plan Update

4.5.1 At Council on 4 March 2020 an update of the 10 year capital plan was approved. Officers have reviewed the plan to update it recognising progress made and any re-phasing of projects and anticipated funding that have been necessary, as detailed in Appendix 1. In addition a small number of new projects are proposed for inclusion in the plan from 2021/22. The result of this update is shown as Appendix 2 (spend) and Appendix 3 (resources) to this report. The loan charges linked to the capital plan reflect the values within the draft budget book and the effect of new projects are shown below in 4.5.3. Appendix 4 provides information linking the capital plan to the Council's Asset Management Plans.

4.5.2 The updated Capital Plan has a small number of changes of projects from the previous plan, the main ones being in relation to determining more accurate phasings for significant projects such as Gruggies Burn, Schools Estate works, Depot Rationalisation and a number of new projects have been added and are recommended for approval at this meeting.

4.5.3 Included in Appendix 2, are a number of new projects identified during the budget preparation process which have been agreed by the Corporate Management Team (CMT) to be recommended for approval by Council, as summarised in the table below. If approved these projects will generate a charge to the revenue budget of £0.049m from 2022/23.

The project life value generates a charge to the revenue budget of £0.179m by 2024/25.

It is anticipated that the development of the Waste Transfer Station will allow better value for money in future waste disposal contracts, however the value of this is not yet know and will depend on the markets at the time of future tendering processes.

Ref	Project Name	Value 21/22 (£m)	Net Project Life Value (£m)
1	Enhancements to Cash Receipting System	40	40
2	Antonine Wall Heritage Lottery Fund	10	10
3	Workforce Management System Development	42	423
4	Dennystoun Forge Site Improvements	25	225
5	Waste Transfer Station	60	1,980
6	Integrated Housing Management System	10	90
7	Replacement of compactors at Dalmoak civic amenity site	80	160
8	Depot Improvement Works	90	90
9	Half Solicitor post for major projects	20	53
	Totals	**377**	**3,071**

4.5.4 As a result of the above the capital funding requirement has been adjusted for re-phasing and the anticipated approval of the new bids listed at 4.5.3. This is reflected in the Treasury Management Strategy which is subject of another report to this meeting.

4.5.5 In considering capital investment Council requires to consider how affordable the planned capital investment is to the Council both in the shorter/medium term and in the longer term. The Council's external auditors have raised concerns around the level of borrowing which the Council currently holds, however analysis (which indicates that the Council is amongst the highest levels of borrowing in Scotland) includes the significant HRA investment in achieving Scottish Housing Quality Standard and ongoing costs of PPP investment.

4.5.6 As has been previously reported to Council, in the years leading up to the development of the longer term approach to capital planning the Council's level of investment in its General Fund assets was low as evidenced, for example, in the spend required to bring the schools estate to an acceptable standard. The current capital plan shows a cluster of planned spend concentrated from 2018/19 to 2022/23 and then reducing significantly thereafter. In addition to the required capital investment in "backlog" projects the Council has taken a pro-active approach to regeneration with two significant projects, with expectations of funding streams linked to these in terms of Queens' Quay and the Exxon site.

4.5.7 As was previously reported to Council, in considering affordability it is suggested that a key measure is not the value of borrowing, but the impact of the borrowing on future revenue streams. This aspect of borrowing is identified in the Council's Treasury Management Strategy and is considered when setting this strategy each year. The Strategy (which is a separate paper to be reported to this council) covers the period 2020/21 to 2030/31 and shows the ratio of cost of borrowing: net revenue stream ranging between 8.53% in 2021/22; 8.98% in 2022/23; and 9.48% in 2023/24.

4.5.8 The above reflects the current to medium-term picture and we must consider the impact of new borrowing into future years. Projections of this indicator for the Council show that at its peak (based on the attached draft refreshed capital plan, as appended) the Prudential Indicator will be 14.98% in 2035/36. Clearly there are numerous variables between now and that future date, such as future levels of investment; future levels of SG funding support; rates of interest at which borrowing is secured; and whether councils will have the ability to vary their own revenue streams (i.e. removal of restrictions on Council Tax increases or any successor). The current model assumes funding from SG revenue reducing by 0.75% per year.

4.5.9 In terms of affordability of the proposed plan it is the view of the CMT that the plan is affordable, though clearly will have revenue implications for future years, these will require to be planned for in the normal manner through long term financial strategies and budget planning processes.

4.6 Corporate Services Committee February 2021 and West Dunbartonshire Leisure Trust

At the Corporate Services Committee in February 2021 a report was approved in relation to the West Dunbartonshire Leisure Trust delivery plan for 2021/22. This plan was approved with a budget gap of £0.229m with the expectation that the SG would provide further Loss of Income funding in 2020/21 which would allow WDC to pass further funding to the Trust in 2020/21 thereby reducing/removing this gap. Committee did not agree to all aspects of the WDLT financial plan rejecting a saving of £0.048m which resulted in the gap increasing to £0.277m before any further Loss of Income being applied. However since that meeting the SG provided the additional £110m and £0.238m has been agreed by February 2021 Council to be passed to the Trust, this reduces the gap to £0.039m and it is recommended that Council increases the management fee by this sum.

During 2020 Council provided WDLT with a Letter of Comfort due to the COVID-19 situation and it is likely that their external auditors will expect to see this in place for financial year 2021/22 and it is recommended that this is provided confirming the Council's ongoing financial support and it is recommended that this letter is provided.

4.7 West Dunbartonshire Health and Social Care Partnership Funding

The most recent report on the 2021/22 budget to the HSCP Board on 25 February 2021 identified a budget gap of £1.008m for social care, which includes an assumption that WDC will apply the £0.260m reduction reported to February 2021 Council as an option. This figure also includes an estimate of the impact of the Public Sector Pay Policy – as was originally announced on 28 January 2021 of £0.180m. This element is included in the Council's whole estimate for the impact of the updated Public Sector Pay Policy (£0.525m as reported above) and therefore will be funded by the Council reducing the HSCP gap to £0.828m.

The SG settlement for 2021/22 requires that IJB funding from Councils for adult social care is at least £72.6m (across Scotland) more than the 2020/21 funding. The additional £72.6m SG funding is intended to support SG policies in relation to: Scottish Living Wage in care sector; Carers; and Free Personal Care. The 2020/21 funding to the HSCP for adult social care was £50.513m and the new funding based on allocating the £1.177m from the additional funding is £51.690m, thereby satisfying the SG settlement rule.

4.8 Growth Bids

During the budget process services have made bids for funding growth. These have been considered by the CMT and the following are recommended for approval:

Description	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**
Additional permanent resource in the form of 4 FTE Project Workers to support the Council's community empowerment ambitions.	0	0.151	0.154
Continuation of Digital Team on permanent basis from 2022/23 – to drive ongoing efficiencies in service delivery	0	0.168	0.148
	0	**0.319**	**0.299**

In relation to these growth items:

- Community empowerment – in the first year is very much aligned to assisting in community to recover from the impact of COVID-19 and generate community recovery. Therefore at this stage the 2021/22 cost will be considered to be a cost of COVID-19; and
- The Digital Team – currently engaged on fixed term contracts and funded to the end of 2021/22 from the Change Fund. Recommended to make the team permanent and fund from core budget from 2022/23 onwards.

4.9 Updated Gap Projections to 2023/24

In the period since the February 2020 Council, officers have continued to review the budget projections for the next three years which, together with the effects of the various changes detailed above, updates the cumulative gap projections as follows, which includes an assumption around the lease of part of Aurora House as advised to Members via a Members Briefing, subject to Committee approval:

UPDATE DETAIL	2021/22 £m	2022/23 £m	2023/24 £m
GAP AT FEBRUARY 2021 COUNCIL	**2.881**	**5.288**	**10.267**
IMPACT OF PUBLIC SECTOR PAY POLICY	0.525	1.050	1.575
DRAFT CAPITAL PLAN (PER 4.5.3)	0.000	0.049	0.074
LEISURE TRUST COST CONTRIBUTION (PER 4.6)	0.039	0.039	0.039
GROWTH BIDS (PER 4.8)	0.000	0.319	0.299
REDUCED COST OF OFFICES – AURORA HOUSE	-0.100	-0.200	-0.200
CUMULATIVE UPDATED SURPLUS/GAPS	**3.345**	**6.545**	**12.054**

4.10 Medium Term Consideration

In order to continue to meet the Council's desire to identify and plan for medium term budgets and issues, indicative budgets for the following two years have been prepared which assume the same level of service as implicit within the 2020/21 budget along with further appropriate burdens. It is clear from the funding gap projections over the next three years that it is expected that significant gaps will be encountered, on this basis Members will wish to consider – when setting the 2020/21 budget – cost reduction options that manage this position over the next three years.

4.11 Non-Domestic Rates Barclay Review – Civil penalties

The SG introduced a number of legislative changes following the Barclay Review recommendations. The introduction of The Non-Domestic Rates Scotland Act 2020 sets out a number of provisions, one being Section 33 which allows for Local Authorities to issue civil penalties for the failure to comply with information notices, where the Council asks proprietors for information on a property, within 21 days or failure to notify of a change in circumstances, such as vacating a property, within 42 days. Failure to comply with these may result in civil penalties being issued of £95 and £370 respectively. An appeals process will also be made available.

Ensuring WDC has the most up to date information in relation to ratepayers and properties allows accurate billing and the appropriate relief entitlements being applied. However, on checking with a number of other Councils there is, at this juncture, no intention to implement this legislation in financial year 2021/22 as businesses have been interrupted in their operations due to COVID-19. It should be noted the requirements for businesses to ensure information pertaining to ratepayers and property details are up to date on the Assessors running roll to be eligible for a number of SG funded Business Support Grants during COVID restrictions, has assisted with providing WDC with the most up to date information. It should be noted that this new potential charge is not anticipated to generate significant levels of income to Councils but is there to provide a further incentive for businesses to keep their records up to date.

It is therefore recommended that this new charge, which is available under the above legislation from 2021/22, should not be implemented for 2021/22 and the position can be considered further in leading up to 2022/23.

4.12 Options to set the revenue budget 2021/22

4.12.1 As reported to February 2021 Council officers have identified a number of opportunities to close the 2021/22 budget gap through:

- Savings Options
  As reported to February Council, also attached to this report as Appendix 5.

- Funding to WDHSCP
  The letter, referred to at 4.1.1 above, from SG as attached as Appendix 1 states:

  "*The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated. This means that, when taken together, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets*."

  It is therefore possible for the Council to allocate a savings target to the WDHSCP for childcare social care. If this was to be done in a similar manner to the planned approach in the LTFS, then pro-rata to the updated funding gap advised above Council could agree to allocate a target of up to £0.260m.

- Change Fund
  As at 31 March 2020 the fund held £2.038m, and based on commitments made during 2020/21 and potential costs arising from staffing changes linked to management adjustments and savings options, £1.136m remains. This value is subject to change, for example if some of the savings options are not agreed then the estimated potential cost from that would reduce.

- Other earmarked funds
  As at 31 March 2020 other funds were earmarked for specific purposes. It is possible for Council to agree to unearmark these funds where no committed spend has yet been set. There are two such funds at present:

  - Free School Meals (FSM) fund £0.300m of reserves currently aligned to the planned expansion of FSM, however should the saving option associated with this be agreed then this earmarked reserve can also be freed-up; and

- o Net Zero Carbon Fund of £0.344m created in the budget for 2020/21.

- Capital Receipts

  Members will recall from the Council meeting in August 2020, having agreed the alignment of capital receipts in 2019/20 to transformational costs, that this option remains available for 2020/21 and 2021/22. It is anticipated that capital receipts for 2020/21 will be in excess of the level required to fund loans fund payments and would allow Council to use some of this excess to fund transformational costs in either 2020/21 and/or 2021/22. At this stage officers have identified estimated spend valued at £0.895m between 2020/21 and 2021/22 as detailed at Appendix 6 which can be classified as transformational and therefore qualifying for this treatment. Implementing this in 2020/21 would increase free reserves by this sum and allow this sum to be used to assist in closing the funding gap identified above.

It should be noted that the above excludes the use of prudential reserves and officers recommend that the prudential reserve is retained at the level defined in the Council's current policy (2% of net revenue budget, excluding requisitions) due to ongoing potential variables described elsewhere in this report.

4.13 EU Exit

As discussed in previous budget reports, there remains ongoing uncertainty around any impact of EU Exit on the UK, the economy and therefore on the Council. The UK left the EU with a deal and so far the impact on the Council appears to be minimal; however risks remain around the future and most likely around possible increases of goods and services. Officers will monitor this and identify issues as they become apparent.

5. People Implications

5.1 The potential staffing implications are shown within the savings options appended to this report and will be subject to consultation processes where appropriate and managed in accordance with the Council's Switch Policy (Organisational Change).

6. Financial and Procurement Implications

6.1 The Financial implications arising from the budget process are detailed in the report and appendices. There are no direct procurement implications arising from this report.

7. Risk Analysis

7.1 Some of the capital plan projects have an assumption of match-funding and grant funding from SG and other agencies. There is a risk that some or all of these are not received. The business cases for these projects will require to be updated as funding becomes clearer and Members may require to consider the financial affordability of continuing with the projects.

7.2 There remain risks, as described above, around how the UK exits the European Union. As this happened with a deal the risk has diminished from previously considered risks in budget reports. As stated at 4.12 above the position continues to be monitored.

7.3 COVID-19 continues to present unknown risks to how the Council and its community operate into 2021/22 and beyond. In relation to financial impacts of COVID-19 the assumption is that any ongoing costs into 2021/22 will be able to be controlled as far as possible and any financial impact will be covered by SG financial support and fiscal flexibilities. The SG has provided £259m for general costs of COVID-19 for 2021/22 and there remain fiscal flexibilities available to implement if required.

8. Equalities Impact Assessment (EIA)

8.1 All individual savings options have been screened and where relevant, impact assessed. Impact Assessments can be found as Appendix 7 to this report

9. Consultation

9.1 Council agreed at its meeting in June 2020 that the consultation process for 2020/21 was not on savings options, but on preferred service spend priorities. The outcome of this process was reported to Council in November 2019. The Administration has decided not to implement further budget consultation this financial year as the outcomes of the previous process remain valid for Member consideration in closing the budget gap in 2021/22. The views of all Chief Officers have been requested on this report and feedback incorporated herein. Discussions on the issues herein have been had with the Trades Unions and a copy of this report provided in advance of the publication.

10. Strategic Assessment

10.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan.

10.2 The General Services revenue budget contributes to all categories by providing funding in specific areas to help the Council achieve and develop these priorities.

…………………………………………………..
Stephen West
Chief Officer - Resources

Date: 17 March 2021

Person to Contact:	Stephen West, Strategic Lead - Resources, Church Street Offices, Dumbarton Telephone (01389) 737191. E-mail: stephen.west@west-dunbarton.gov.uk
Appendices:	1: Capital Plan 2020/21 – Forecast Outturn; 2: Capital Plan 2021/22 – Proposed Spend; 3: Capital Plan 2021/22 – Proposed Resources; 4: Capital Plan 2021/22 – Links to Asset Management Strategy; 5. Savings Options; and 6. Transformational Spend
Background Papers:	1. Long Term Finance Strategy and Budget Update Report – Council, 25 November 2020; 2. Budget Prioritisation - Engagement Results – Council, 27 November 2019; 3. Minute of Council meeting – 27 November 2019; 4. Council Draft Budget Book 2021/22 to 2023/24; 5. Budget Update Report – Council, 24 February 2021; 6. Minute of Council meeting – 24 February 2021;and 7. Equalities Impact Screening/Assessments
Wards Affected:	All

APPENDIX 1

Capital Projects Forecast Outturn and Rephasing 2020/21

	Budget 2020/21	Forecast 2020/21	Rephasing 2020/21	(Over) / Under Spend
	£000	**£000**	**£000**	**£000**
Capital Financing				
Resources Carried Forward - non cash	187	138	49	0
General Services Capital Grant	6,622	6,622	0	0
Ring Fenced Government Grant Funding	8,975	4,045	4,930	0
Match-funding/other grants & contributions	4,269	3,484	785	0
Anticipated Capital Receipts	14,838	3,209	11,629	0
Prudential Borrowing	36,499	25,498	11,001	0
CFCR	76	76	0	0
TOTAL	**71,467**	**43,073**	**28,394**	**0**
Expenditure				
REGULATORY				
Legal Case Management System	33	0	33	0
Trading Standards Scam Prevention	2	0	2	0
Replacement GIS system and upgrade to eDevelopment Planning system.	26	26	0	0
CCCF				
Civic Heart Works - Refurbishment of Clydebank Town Hall	24	24	0	0
Transformation of Infrastructure Libraries and Museums	322	44	278	0
Upgrade of Clydebank Library	1	1	0	0
Online Payment System for Education Establishments	2	0	0	2
Free School Meals	102	0	102	0
Heritage Capital Fund	940	220	720	0
Telephone System Upgrade	15	0	15	0
Glencairn House	300	10	290	0
REGENERATION				
New Balloch Campus	10	21	0	(11)
Energy efficiency Quick win projects with payback of less than 4 years	20	0	20	0
Office Rationalisation	9	11	0	(2)
Depot Rationalisation	163	10	153	0
Solar Panel Installation	135	7	119	9
Installation of Solar PV at Clydebank Leisure Centre	61	2	59	
Clydebank Community Sports Hub	67	67	0	0
New Clydebank Leisure Centre	2	2	0	0
Choices Programme - to assist young people who require additional support	147	147	0	0
Schools Estate Refurbishment Plan	16	16	(0)	0
Early Years Early Learning and Childcare Funding	2,465	1,581	884	0
Replace existing main hall Air Handling unit at Clydebank Town Hall	85	3	82	0
Replace obsolete boilers (plant greater than 30 years old)	235	10	225	0
Dalmonach CE Centre	69	69	0	0
New Sports Changing Facility Dumbarton West (Old OLSP site)	341	0	341	0
Replace failed heating controls/valves & recommision	20	15	5	0
Building Upgrades and H&S - lifecycle & reactive building upgrades	1,519	2,214	(695)	0
Leisure Energy projects - air handling units, upgrade lighting, circulating pumps, and draught proofing	218	40	178	0
Kilpatrick School - New Build	154	271	0	(117)
OLSP - New Build	0	1	0	(1)
Aitkenbar PS, St Peters PS, Andrew Cameron EE&CC	66	67	0	(1)
Lighting upgrades to LED in schools and Corporate buildings	171	130	41	0
Water Meter Downsize	10	2	8	0
Urinal Controls	19	0	19	0
Electricity Automatic meters	10	0	10	0
Energy Projects quick wins	27	0	27	0
Automatic Meter Readers	28	0	28	0
Oil to Gas Conversion	163	95	68	0
Purchase of 3 Welfare Units	78	0	78	0
Upgrade obsolete heating controls (BEMS) across Council estate	160	0	160	0
Regeneration/Local Economic Development	1,911	1,627	284	0
Queens Quay - Regeneration	249	249	(0)	0
Regeneration Fund	1,181	150	1,031	0
Town Centre Fund	1,145	560	585	0
New Sports Changing Facility at Duntocher	281	281	0	0
New Sports Changing Facility at Lusset Glen in Old Kilpatrick	142	20	122	0

	Budget 2020/21	Forecast 2020/21	Rephasing 2020/21	(Over) / Under Spend
	£000	**£000**	**£000**	**£000**
Alexandria Community Centre Sports Hall re-flooring	40	0	40	
Holm Park & Yoker Athletic FC	92	92	0	0
New Westbridgend Community Centre	630	35	595	0
Exxon City Deal	654	834	(180)	0
District Heating Network Expansion	5,500	100	5,400	
Queens Quay District Heating Network	1,530	1,395	135	0
HOUSING & EMPLOYABILITY				0
Invest in "Your Community Initiative"	98	97	0	1
Integrated Housing Management System	10	10	0	0
RESOURCES				0
Valuation Joint Board - Requisition of ICT Equipment	3	3	0	0
Making Tax Digital	40	0	40	0
Payment Card Industry Data Security Standard (PCIDSS)	30	0	30	0
Agresso development	30	8	22	0
Electronic Insurance System - claim/incident management system	7	7	0	0
ENVIRONMENT & NEIGHBOURHOOD				
Allotment Development	400	100	300	0
Community Capital Fund	213	213	0	0
Community Sports Fund	66	66	0	0
Environmental Improvement Fund	42	42	(0)	0
Kilmaronock Cemetery Extension	217	0	217	0
Levengrove Park - Restoration & Regeneration	20	250	0	(230)
Posties Park Sports Hub - New sports hub	1,723	500	1,223	0
Public non-adopted paths and roads	288	288	0	0
Sports Facilities Upgrades	194	186	8	0
Vale of Leven Cemetery Extension	485	100	385	0
SpACES for People	740	200	540	0
Auld Street Clydebank - Bond	42	0	42	0
Cycling, Walking and Safer Streets	474	204	270	0
Flood Risk Management	1,016	100	916	0
Footways/Cycle Path Upgrades	119	119	0	0
Infrastructure - Flooding	144	143	0	1
Infrastructure - Roads	3,881	3,881	0	0
A813 Road Improvement Phase 1	790	100	690	0
A813 Road Improvement Phase 2	0	0	0	
Clydebank Charrette, A814	3,233	2,000	1,233	0
A811 Lomond Bridge	3,342	3,219	123	0
Elevated Platforms (Building Services)	45	0	45	
Protective overcoating to 4 over bridges River Leven	464	50	414	0
Strathclyde Partnership for Transport - Bus, cycling and walking infrastructure improvements & Park and Rides	750	750	0	0
Purchase of gritters	400	0	400	0
Street lighting and associated electrical infrastructure	84	84	0	0
Turnberry Homes - traffic calming/ management at Turnberry housing development off Castle Road	7	0	7	0
Electrical Charging Points - Rapid Charge	220	170	50	0
COVID - 19 School Transport Retrofit Fund	18	18	0	
Mandatory 20mph Residential communities	489	20	469	0
River Leven Flood Prevention Scheme	96	96	(0)	0
Gruggies Burn Flood Prevention	4,135	170	3,965	0
Vehicle Replacement	5,110	3,800	1,310	0
EDUCATION				0
AV Equipment - Education	445	200	245	0
Digital Inclusion	418	418	0	
Schools Estate Improvement Plan - next Phase	1,000	60	940	
Schools Estate Improvement Plan	10,635	7,533	3,102	0
HSCP				
Replace Elderly Care Homes and Day Care Centres	2,377	2,455	(78)	0
Special Needs - Aids & Adaptations for HSCP clients	936	582	354	0
PEOPLE & TECHNOLOGY				
ICT Modernisation	604	500	104	0
ICT Security & DR	404	240	164	0
Internet of Things Asset Tracking	240	0	240	0
IoT Employee Resilience Support	200	50	150	0
365 Implementation	100	70	30	0
Education Software Licensing Refresh	30	20	10	0
DIRECT SUPPORT				
Direct Support	3,022	3,502	0	(480)
TOTAL	**71,467**	**43,073**	**29,223**	**(828)**

WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PLAN UPDATE 2020/21 TO 2029/30 - SPEND

APPENDIX 2

		Prior year spend	Budget 2020/21	Forecast Outturn 2020/21	Updated Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2020/21 to 2029/30	Projected Life Budget	Projected Life Spend
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
RECURRING																
Special Needs - Aids & Adaptations for HSCP clients	Beth Culshaw	[redacted]	936	582	1,156	824	850	875	902	902	902	902	902	**8,797**	8,797	8,797
Building Upgrades and H&S - lifecycle & reactive building upgrades	Angela Wilson	[redacted]	1,519	2,214	2,395	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	**29,329**	29,329	29,329
ICT Modernisation	Victoria Rogers	[redacted]	604	500	957	855	857	859	861	863	865	865	865	**8,347**	8,347	8,347
ICT Security & DR	Victoria Rogers	[redacted]	404	240	1,100	460	400	400	400	400	400	400	400	**4,600**	4,600	4,600
Infrastructure - Flooding	Gail McFarlane	[redacted]	144	143	100	100	100	100	100	100	100	100	100	**1,043**	1,043	1,043
Infrastructure - Roads	Gail McFarlane	[redacted]	3,881	3,881	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	**32,501**	32,501	32,501
Vehicle Replacement	Gail McFarlane	[redacted]	5,110	3,800	2,620	218	1,300	1,300	1,300	1,300	1,300	1,300	1,300	**15,738**	15,738	15,738
Flood Risk Management	Gail McFarlane	[redacted]	1,016	100	916	350	350	350	350	350	350	350	350	**3,816**	3,816	3,816
Cycling, Walking and Safer Streets	Gail McFarlane	[redacted]	474	204	270	117	117	117	117	117	117	117	117	**1,410**	1,410	1,410
Footways/Cycle Path Upgrades	Gail McFarlane	[redacted]	119	119	100	100	100	100	100	100	100	100	100	**1,019**	1,019	1,019
Street lighting and associated electrical infrastructure	Gail McFarlane	[redacted]	84	84	100	100	100	100	100	100	100	100	100	**984**	984	984
Public non-adopted paths and roads	Gail McFarlane	[redacted]	288	288	450	450	450	450	450	450	450	450	450	**4,338**	4,338	4,338
Regeneration/Local Economic Development	Peter Hessett	[redacted]	1,911	1,627	1,268	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	**10,895**	10,895	10,895
Direct Project Support	Stephen West	[redacted]	3,022	3,502	3,502	3,502	1,586	1,586	1,586	1,586	1,586	1,586	1,586	**21,608**	21,608	21,608
RESOURCES																
Valuation Joint Board - Requisition of ICT Equipment	David Thomson	0	3	3	0	0	0	0	0	0	0	0	0	**3**	3	3
Making Tax Digital	Stephen West	0	40	0	40	0	0	0	0	0	0	0	0	**40**	40	40
Payment Card Industry Data Security Standard	Stephen West	0	30	0	30	0	0	0	0	0	0	0	0	**30**	30	30
Agresso development	Stephen West	0	30	8	22	0	0	0	0	0	0	0	0	**30**	30	30
Electronic Insurance System - claim/incident management system	Stephen West	43	7	7	0	0	0	0	0	0	0	0	0	**7**	50	50
REGULATORY and REGENERATION																
Legal Case Management System	Peter Hessett	0	33	0	33	0	0	0	0	0	0	0	0	**33**	33	33
Trading Standards Scam Prevention	Peter Hessett	8	2	0	2	0	0	0	0	0	0	0	0	**2**	10	10
Replacement GIS system and upgrade to eDevelopment Planning system.	Peter Hessett	25	26	26	0	0	0	0	0	0	0	0	0	**26**	51	51
Queens Quay - Regeneration	Peter Hessett	15,371	249	249	0	0	0	0	0	0	0	0	0	**249**	15,620	15,620
Regeneration Fund	Peter Hessett	4,279	1,181	150	1,422	2,931	1,000	0	0	0	0	0	0	**5,503**	9,782	9,782
Town Centre Fund	Peter Hessett	21	1,145	560	585	0	0	0	0	0	0	0	0	**1,145**	1,166	1,166
District Heating Network Expansion	Peter Hessett	0	5,500	100	3,500	6,000	1,400	0	0	0	0	0	0	**11,000**	11,000	11,000
Queens Quay District Heating Network	Peter Hessett	19,028	1,530	1,395	135	0	0	0	0	0	0	0	0	**1,530**	20,558	20,558
CITIZEN, CULTURE AND FACILITIES																
Civic Heart Works - Refurbishment of Clydebank Town Hall	Malcolm Bennie	3,317	24	24	0	0	0	0	0	0	0	0	0	**24**	3,341	3,341
Transformation of Infrastructure Libraries and Museums	Malcolm Bennie	99	322	44	278	0	0	0	0	0	0	0	0	**322**	421	421
Upgrade of Clydebank Library	Malcolm Bennie	499	1	1	0	0	0	0	0	0	0	0	0	**1**	500	500
Heritage Capital Fund	Malcolm Bennie	106	940	220	2,523	1,151	0	0	0	0	0	0	0	**3,894**	4,000	4,000
Telephone System Upgrade	Malcolm Bennie	0	15	0	15	0	0	0	0	0	0	0	0	**15**	15	15
Glencairn House	Malcolm Bennie	0	300	10	100	2,450	2,490	0	0	0	0	0	0	**5,050**	5,050	5,050
SUPPLY, DISTRIBUTION and PROPERTY																
Office Rationalisation	Angela Wilson	22,042	9	11	0	0	0	0	0	0	0	0	0	**11**	22,051	22,053
Depot Rationalisation	Angela Wilson	118	163	10	150	4,000	4,000	257	0	0	0	0	0	**8,417**	8,535	8,535
Clydebank Community Sports Hub	Angela Wilson	3,798	67	67	0	0	0	0	0	0	0	0	0	**67**	3,865	3,865
New Clydebank Leisure Centre	Angela Wilson	23,756	2	2	0	0	0	0	0	0	0	0	0	**2**	23,758	23,758
New Sports Changing Facility Dumbarton West (Old OLSP site)	Angela Wilson	9	341	0	341	0	0	0	0	0	0	0	0	**341**	350	350
Urinal Controls	Angela Wilson	26	19	0	19	0	0	0	0	0	0	0	0	**19**	45	45
Purchase of 3 Welfare Units	Angela Wilson	0	78	0	78	0	0	0	0	0	0	0	0	**78**	78	78
Elevated Platforms (Building Services)	Angela Wilson	0	45	0	45	0	0	0	0	0	0	0	0	**45**	45	45
Upgrade obsolete heating controls (BEMS) across Council estate	Angela Wilson	0	160	0	80	80	0	0	0	0	0	0	0	**160**	160	160
New Sports Changing Facility at Duntocher	Angela Wilson	12	281	281	7	0	0	0	0	0	0	0	0	**288**	300	300
New Sports Changing Facility at Lusset Glen in Old Kilpatrick	Angela Wilson	8	142	20	122	0	0	0	0	0	0	0	0	**142**	150	150
Alexandria Community Centre Sports Hall re-flooring	Angela Wilson	0	40	0	40	0	0	0	0	0	0	0	0	**40**	40	40
Holm Park & Yoker Athletic FC	Angela Wilson	658	92	92	0	0	0	0	0	0	0	0	0	**92**	750	750
New Westbridgend Community Centre	Angela Wilson	45	630	35	595	0	0	0	0	0	0	0	0	**630**	675	675

		Prior year spend	Budget 2020/21	Forecast Outturn 2020/21	Updated Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2020/21 to 2029/30	Projected Life Budget	Projected Life Spend
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Exxon City Deal	Angela Wilson/ Peter Hessett	1,513	654	834	500	820	9,000	9,000	9,000	3,383	0	0	0	**32,537**	34,050	34,050
Energy efficiency projects	Angela Wilson	0	20	0	20	0	0	0	0	0	0	0	0	**20**	20	20
Solar Panel Installation	Angela Wilson	0	135	7	119	0	0	0	0	0	0	0	0	**126**	259	250
Installation of Solar PV at Clydebank Leisure Centre	Angela Wilson	0	61	2	59	0	0	0	0	0	0	0	0	**61**	61	61
Replace existing main hall Air Handling unit at Clydebank Town Hall	Angela Wilson	0	85	3	80	2	0	0	0	0	0	0	0	**85**	85	85
Replace and upgrade obsolete boilers	Angela Wilson	0	235	10	219	6	0	0	0	0	0	0	0	**235**	235	235
Replace and upgrade failed heating controls/valves & recommission	Angela Wilson	0	20	15	5	0	0	0	0	0	0	0	0	**20**	20	20
Leisure Energy projects - air handling units, upgrade lighting, circulating pumps, and draught proofing	Angela Wilson	62	218	40	168	20	0	0	0	0	0	0	0	**228**	290	290
Lighting upgrades to LED in schools and Corporate buildings	Angela Wilson	0	171	130	41	0	0	0	0	0	0	0	0	**171**	171	171
Water Meter Downsize	Angela Wilson	6	10	2	8	0	0	0	0	0	0	0	0	**10**	16	16
Electricity Automatic meters	Angela Wilson	18	10	0	10	0	0	0	0	0	0	0	0	**10**	28	28
Energy Projects quick wins	Angela Wilson	3	27	0	57	0	0	0	0	0	0	0	0	**57**	60	60
Automatic Meter Readers	Angela Wilson	20	28	0	28	0	0	0	0	0	0	0	0	**28**	48	48
Oil to Gas Conversion	Angela Wilson	24	163	95	68	0	0	0	0	0	0	0	0	**163**	187	187
HOUSING and EMPLOYABILITY																
Invest in "Your Community Initiative"	Peter Barry	602	98	97	91	90	0	0	0	0	0	0	0	**278**	880	880
Integrated Housing Management System	Peter Barry	0	10	10	10	0	0	0	0	0	0	0	0	**20**	20	20
ROADS and NEIGHBOURHOOD																
Allotment Development	Gail McFarlane	0	400	100	300	0	0	0	0	0	0	0	0	**400**	400	400
Community Capital Fund	Gail McFarlane	3,638	213	213	0	0	0	0	0	0	0	0	0	**213**	3,851	3,851
Community Sports Fund	Gail McFarlane	406	66	66	0	0	0	0	0	0	0	0	0	**66**	472	472
Environmental Improvement Fund	Gail McFarlane	1,684	42	42	0	0	0	0	0	0	0	0	0	**42**	1,726	1,726
Kilmaronock Cemetery Extension	Gail McFarlane	0	217	0	50	0	0	0	0	0	0	0	0	**50**	217	50
Levengrove Park - Restoration & Regeneration	Gail McFarlane	3,721	20	250	102	0	0	0	0	0	0	0	0	**352**	3,843	4,073
Posties Park Sports Hub - New sports hub to include Gym & running track	Gail McFarlane	79	1,723	500	1,223	0	0	0	0	0	0	0	0	**1,723**	1,802	1,802
Sports Facilities Upgrades	Gail McFarlane	26	194	186	8	0	0	0	0	0	0	0	0	**194**	1,476	1,476
Vale of Leven Cemetery Extension	Gail McFarlane	165	485	100	552	0	0	0	0	0	0	0	0	**652**	650	817
SpACES for People	Gail McFarlane	0	740	200	540	0	0	0	0	0	0	0	0	**740**	740	740
Auld Street Clydebank - Bond	Gail McFarlane	358	42	0	42	0	0	0	0	0	0	0	0	**42**	400	400
A813 Road Improvement Phase 1	Gail McFarlane	910	790	100	690	0	0	0	625	0	0	0	0	**1,415**	2,325	2,325
A813 Road Improvement Phase 2	Gail McFarlane	0	0	0	0	0	0	0	2,325	0	0	0	0	**2,325**	2,325	2,325
Clydebank Charrette, A814	Gail McFarlane	8	3,233	2,000	2,292	0	0	0	0	0	0	0	0	**4,292**	4,300	4,300
A811 Lomond Bridge	Gail McFarlane	558	3,342	3,219	375	0	0	0	0	0	0	0	0	**3,594**	3,900	4,152
Protective overcoating to 4 over bridges River Leven	Gail McFarlane	26	464	50	414	270	0	270	0	0	0	0	0	**1,004**	1,030	1,030
Strathclyde Partnership for Transport - Bus, cycling and walking infrastructure improvements & Park and Rides	Gail McFarlane	0	750	750	0	0	0	0	0	0	0	0	0	**750**	2,453	2,453
Purchase of gritters	Gail McFarlane	0	400	0	400	0	0	0	0	0	0	0	0	**400**	285	285
Turnberry Homes - traffic calming/ management at Turnberry housing development off Castle Road	Gail McFarlane	53	7	0	7	0	0	0	0	0	0	0	0	**7**	60	60
Electrical Charging Points - Rapid Charge	Gail McFarlane	0	220	170	50	0	0	0	0	0	0	0	0	**220**	220	220
COVID - 19 School Transport Retrofit Fund	Gail McFarlane	0	18	18	0	0	0	0	0	0	0	0	0	**18**	18	18
Mandatory 20mph Residential communities	Gail McFarlane	11	489	20	100	100	269	0	0	0	0	0	0	**489**	500	500
River Leven Flood Prevention Scheme	Gail McFarlane	124	96	96	280	300	0	0	0	0	0	0	0	**676**	800	800
Gruggies Burn Flood Prevention	Gail McFarlane	195	4,135	170	580	6,500	7,285	0	0	0	0	0	0	**14,535**	15,000	14,730
EDUCATION																
AV Equipment - Education	Laura Mason	5	445	200	365	60	60	60	60	120	120	60	0	**1,105**	1,110	1,110
Digital Inclusion	Laura Mason	0	418	418	0	0	0	0	0	0	0	0	0	**418**	418	418
Schools Estate Improvement Plan - Faifley Campus	Laura Mason	0	1,000	60	300	2,000	18,000	7,000	1,500	0	0	0		**28,860**	25,800	28,860
Schools Estate Improvement Plan - Renton Campus	Laura Mason	3,641	10,635	7,533	5,663	1,665	1,498	0	0	0	0	0	0	**16,359**	20,000	20,000
Online Payment System for Education Establishments	Laura Mason	49	2	0	0	0	0	0	0	0	0	0	0	**0**	52	49
Free School Meals	Laura Mason	97	102	0	102	0	0	0	0	0	0	0	0	**102**	199	199
New Balloch Campus	Laura Mason	16,691	10	21	0	0	0	0	0	0	0	0	0	**21**	16,701	16,712
Choices Programme - to assist young people who require additional support	Laura Mason	603	147	147	0	0	0	0	0	0	0	0	0	**147**	750	750
Schools Estate Refurbishment Plan	Laura Mason	5,492	16	16	0	0	0	0	0	0	0	0	0	**16**	5,508	5,508

		Prior year spend	Budget 2020/21	Forecast Outturn 2020/21	Updated Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2020/21 to 2029/30	Projected Life Budget	Projected Life Spend
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Early Years Early Learning and Childcare Funding	Laura Mason	4,697	2,465	1,581	2,284	0	0	0	0	0	0	0	0	**3,865**	8,562	8,562
Dalmonach CE Centre	Laura Mason	1,081	69	69	0	0	0	0	0	0	0	0	0	**69**	1,150	1,150
Kilpatrick School - New Build	Laura Mason	10,687	154	271	0	0	0	0	0	0	0	0	0	**271**	10,841	10,958
OLSP - New Build	Laura Mason	4,092	0	1	0	0	0	0	0	0	0	0	0	**1**	4,092	4,093
Aitkenbar PS, St Peters PS, Andrew Cameron EE&CC	Laura Mason	10,318	66	67	0	0	0	0	0	0	0	0	0	**67**	10,384	10,385
HSCP																
Replace Elderly Care Homes and Day Care Centres	Beth Culshaw	24,621	2,377	2,455	426	0	0	0	0	0	0	0	0	**2,881**	27,468	27,502
PEOPLE and TECHNOLOGY																
Internet of Things Asset Tracking	Victoria Rogers	0	240	0	0	0	0	0	0	0	0	0	0	**0**	240	0
IoT Employee Resilience Support	Victoria Rogers	0	200	50	50	0	0	0	0	0	0	0	0	**100**	200	100
365 Implementation	Victoria Rogers	0	100	70	130	50	0	0	0	0	0	0	0	**250**	200	250
Education Software Licensing Refresh	Victoria Rogers	0	30	20	40	30	30	30	30	30	30	30	0	**270**	270	270
NEW PROJECTS																
Enhancements to Cash Receipting System	Stephen West	0	0	0	40	0	0	0	0	0	0	0	0	**40**	40	40
Antonine Wall Heritage Lottery Fund	Peter Hessett	0	0	0	10	0	0	0	0	0	0	0	0	**10**	10	10
Development of Workforce Management System	Victoria Rogers	0	0	0	42	44	46	46	47	48	49	50	51	**423**	423	423
Dennystoun Forge Site Improvements	Peter Barry	0	0	0	25	25	25	25	25	25	25	25	25	**225**	225	225
Waste Transfer Station	Gail McFarlane	0	0	0	60	120	1,800	0	0	0	0	0	0	**1,980**	1,980	1,980
Integrated Housing Management System	Peter Barry	0	0	0	10	10	10	10	10	10	10	10	10	**90**	90	90
Replacement of compactors at Dalmoak civic amenity site	Gail McFarlane	0	0	0	80	0	0	0	80	0	0	0	0	**160**	160	160
Depot Improvement Works	Gail McFarlane	0	0	0	90	0	0	0	0	0	0	0	0	**90**	90	90
Half Solicitor post for projects like Exxon	Peter Hessett	0	0	0	20	26	7	0	0	0	0	0	0	**53**	53	53
TOTAL CAPITAL		**189,550**	**71,467**	**43,073**	**47,501**	**43,096**	**60,400**	**30,205**	**27,238**	**17,154**	**13,774**	**13,715**	**13,626**	**309,782**	**499,166**	**502,300**

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	Actual 2019/20	Original Budget 2020/21	Adjustments 2020/21 (slippage)	Adjustments 2020/21 - New Funding	Revised Budget 2020/21	Projected Outturn 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Resources Carried Forward	**146**	**0**	**140**	**48**	**187**	**138**	**49**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**187**
Turnberry Homes		0	7		**7**	**0**	7	0	0	0	0	0	0	0	0	**7**
Keil School Planning Gain (Posties Park)		0	90		**90**	**90**	0	0	0	0	0	0	0	0	0	**90**
Gruggies Burn		0			**0**	**0**	0	0	0	0	0	0	0	0	0	**0**
Sustrans Connecting Clydebank grant		0		48	**48**	**48**	0	0	0	0	0	0	0	0	0	**48**
SPT Funding unapplied grant		0	1		**1**	**1**	0	0	0	0	0	0	0	0	0	**1**
Auld Street Bond	146	0	42		**42**	**0**	42	0	0	0	0	0	0	0	0	**42**
General Services Capital Grant	**10,733**	**11,198**	**0**	**(4,576)**	**6,622**	**6,622**	**1,244**	**7,004**	**7,004**	**7,004**	**7,004**	**7,004**	**7,004**	**7,004**	**7,004**	**63,898**
General Services Capital Grant	11,186	6,963		60	**7,023**	**7,023**	7,405	7,405	7,405	7,405	7,405	7,405	7,405	7,405	7,405	**73,668**
Gruggies Burn Grant Awarded		4,636		(4,636)	**0**	**0**	(5,760)									**(5,760)**
Less Private Sector Housing Grant	(416)	(384)			**(384)**	**(384)**	(384)	(384)	(384)	(384)	(384)	(384)	(384)	(384)	(384)	**(3,840)**
Less Stairlift revenue maintenance to HSCP	(37)	(17)			**(17)**	**(17)**	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	**(170)**
Ring-fenced Government Grant funding	**2,338**	**8,179**	**975**	**(179)**	**8,975**	**4,045**	**6,123**	**13,251**	**7,395**	**7,913**	**1,110**	**117**	**117**	**117**	**117**	**40,304**
Scottish Government																
Cycling, Walking, Safer Streets	64	146		328	**474**	**204**	89	117	117	117	117	117	117	117	117	**1,229**
Digital Inclusion		0		418	**418**	**418**	0	0	0	0	0	0	0	0	0	**418**
Early Years - in year	2,100	3,254			**3,254**	**1,581**	1,173	0	0	0	0	0	0	0	0	**2,754**
COVID-19 School Transport Retrofit Fund				18	**18**	**18**										**18**
Town Centre Fund	21	829	9	307	**1,145**	**558**	588									**1,145**
District Heating Network Expansion		3,750		(1,250)	**2,500**	**100**	2,400	5,000	0							**7,500**
Exxon City Deal - grant allocation applied to city deal project	153	200	966		**1,166**	**1,166**	1,873	8,134	7,278	7,796	993	0	0	0	0	**27,240**
Match-funding/other grants & contributions	**510**	**1,713**	**1,302**	**1,255**	**4,269**	**3,484**	**898**	**2,620**	**1,030**	**30**	**480**	**930**	**0**	**0**	**0**	**9,472**
Scottish Government																
River Leven Flood Prevention	0	0			**0**	**0**	280	300		0	0	0	0	0	0	**580**
Sustrans					**0**											
Footways/Cycle Path upgrades	0	30	(30)	0	**0**	**0**	30	30	30	30	30	30	0	0	0	**180**
Strathclyde Partnership for Transport					**0**											
A813 Road Improvement Phase 1	0	0			**0**	**0**	0	0	0	0	450	450	0	0	0	**900**
SPT (New Funding) -bus infrastructure improvements				50	**50**	**50**										**50**
A814 Congestion Reduction Measures	378			200	**200**	**200**										**200**
Clydebank Transport Improvements				200	**200**	**200**										**200**
A813 Road Improvement Phase 2	0	0			**0**		0	0	0	0	0	450	0	0	0	**450**
Historic Scotland					**0**											
New Dumbarton Offices	10		50		**50**	**50**	0	0	0	0	0	0	0	0	0	**50**
Historic Environment Scotland - Dumbarton Visitor Gateway				10	**10**	**10**										**10**
Heritage Lottery Fund					**0**											
Levengrove Park	122		402		**402**	**402**	0	0	0	0	0	0	0	0	0	**402**
Others					**0**											
Developer contributions re Dumbarton Walkway		0			**0**		0	682	0	0	0	0	0	0	0	**682**
Glencairn House		137			**137**	**137**	48	1,115	1,000	0	0	0	0	0	0	**2,300**
Internet of Things Asset Tracking		120			**120**	**0**										**0**
IoT Employee Resilience Support		100			**100**	**25**										**25**
Transport Scotland Electrical Charging Points		0	170	50	**220**	**170**										**170**
Sustrans (Connecting Clydebank)	0	1,326	134		**1,460**	**1,460**	0	493	0	0	0	0	0	0	0	**1,953**
Capital Income - CCG Community Investment Fund - Clydebank Care Home				5	**5**	**5**										**5**
Sustrans - Spaces for People				740	**740**	**200**	540									**740**
Scottish Futures Trust - OLSP	0	0			**0**		0	0	0	0	0	0	0	0	0	**0**
Green Infrastructure Fund	0	0	432		**432**	**432**	0	0	0	0	0	0	0	0	0	**432**
Lawn Tennis Association/ sports scotland		0	38		**38**	**38**	0	0	0	0	0	0	0	0	0	**38**
All Weather Tennis Court (Argyll Park) - sports scotland			40		**40**	**40**	0	0	0	0	0	0	0	0	0	**40**
P9 Additional Funding £20k Sports Scotland for Sports Upgardes budget			20	0	**20**	**20**										**20**
Match funding re Community Capital Fund - Crown Avenue/Second Avenue			30		**30**	**30**	0	0	0	0	0	0	0	0	0	**30**
Community Park HCI (will be used for Dalmuir Square)		0	15		**15**	**15**	0	0	0	0	0	0	0	0	0	**15**
Capital Receipts excluding from proposed projects	**0**	**9,167**	**620**	**0**	**9,787**	**3,209**	**2,026**	**(1,081)**	**(3,025)**	**4,607**	**1,498**	**2,278**	**788**	**698**	**707**	**11,703**
Sale of land at Dillichip	0	0			**0**	**25**	0	0	0	0	0	0	0	0	0	**25**
Sale of land to HRA for Cruvel Court	0	0			**0**	**15**	0	0	0	0	0	0	0	0	0	**15**
Sale of Land Parkhall Drive	0	0			**0**	**7**	0	0	0	0	0	0	0	0	0	**7**
Land at Attle Drive	0	0			**0**	**30**	0	0	0	0	0	0	0	0	0	**30**
Sale of Units 4 &5 Strone Road, Lomond Industrial Estate	0	0			**0**	**200**	0	0	0	0	0	0	0	0	0	**200**
25 Douglas Street	0	0			**0**	**125**	0	0	0	0	0	0	0	0	0	**125**
Land & Bank Street	0	0			**0**	**205**	0	0	0	0	0	0	0	0	0	**205**
Land at Leven Street	0	0			**0**	**25**	0	0	0	0	0	0	0	0	0	**25**

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	Actual 2019/20	Original Budget 2020/21	Adjustments 2020/21 (slippage)	Adjustments 2020/21 - New Funding	Revised Budget 2020/21	Projected Outturn 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Boquanrahan House, Clydebank	0	0			0	0	420	0	0	0	0	0	0	0	0	420
Frank Downie, Clydebank	0	0			0	0	150	0	0	0	0	0	0	0	0	150
Mount Pleasant House, Old Kilpatrick	0	0			0	0	175	0	0	0	0	0	0	0	0	175
Site at 193 Dumbarton Road, Clydebank	0		50		50	0	50	0	0	0	0	0	0	0	0	50
102 Main Street, Alexandria (upper floors)			55		55	0	55	0	0	0	0	0	0	0	0	55
320B-322A Dumbarton Road, Old Kilpatrick		0			0	42	0	0	0	0	0	0	0	0	0	42
Land at St James Retail Park (Part 1)		1,000			1,000	0	1,000	0	0	0	0	0	0	0	0	1,000
Land at St James Retail Park(Part 2)		0			0	0	0	2,000	0	0	0	0	0	0	0	2,000
Former ATC, Auchentoshan Estate, Clydebank			75		75	75	0	0	0	0	0	0	0	0	0	75
Playdrome, Clydebank	0	0			0		0	0	0	3,950	0	0	0	0	0	3,950
OLSP	0	1,500			1,500		1,050	0	0	0	0	0	0	0	0	1,050
Marinecraft Pavillion - Posties Park Sports Hub	0	0			0		0	0	0	0	0	0	100	0	0	100
Heather Avenue, Alexandria	0	650			650	0	650	0	0	0	0	0	0	0	0	650
Crosslet House	0	250			250	0	250	0	0	0	0	0	0	0	0	250
General Assumption on Capital Receipts		0			0		0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
Church Street, Alexandria		0			0	70	0	0	0	0	0	0	0	0	0	70
Rosebery Place		2,000			2,000	320	0	0	0	0	0	0	0	0	0	320
Garshake Road		2,500			2,500	4,239	0	0	0	0	0	0	0	0	0	4,239
Depot Rationalisation		0			0		0		0	0	830	0	0	0	0	830
Sale of Vehicles					0	55										55
Exxon - city deal sale					0				0	0	0	1,600	0	0	0	1,600
Willox Park, Colquhoun Street, Dumbarton			290		290	290	0	0	0	0	0	0	0	0	0	290
Dalreoch Care Home, Dumbarton		617			617	0	550	0	0	0	0	0	0	0	0	550
Queen Mary		300			300	0	200									200
World of Golf		350			350	0	0	350								350
87 Bank Street			150		150	130										130
Receipts used to repay principle/premium in loan charges					0	(494)	(403)	(365)	(354)	(343)	(332)	(322)	(312)	(302)	(293)	(3,522)
Further receipts to be used					0	(2,150)	(2,121)	(3,066)	(3,671)	0	0	0	0	0	0	(11,008)
Specific Capital Receipts on proposed projects	0	5,767	440	0	5,051	0	5,051	2,435	2,777	2,931	540	540	726	0	0	15,000
Queens Quay		5,051			5,051	0	5,051	2,435	2,777	2,931	540	540	726	0	0	15,000
Prudential Borrowing	30,640	35,443	0	8,156	36,499	25,498	32,111	18,868	45,220	7,720	16,606	6,285	5,139	5,896	5,798	169,142
Funded from Revenue	0	0	49	27	76	76	0	0	0	0	0	0	0	0	0	76
Tennis Courts			49	27	76	76										76
																0
Total - all	44,367	71,467		4,730	71,467	43,073	47,501	43,096	60,400	30,205	27,238	17,154	13,774	13,715	13,626	309,782
																0
Resources held on Balance Sheet	146	0	140	48	187	138	49	0	0	0	0	0	0	0	0	187
General Capital Grant	10,733	11,198	0	(4,576)	6,622	6,622	1,244	7,004	7,004	7,004	7,004	7,004	7,004	7,004	7,004	63,898
Ring Fenced Capital Grant	2,338	8,179	975	(179)	8,975	4,045	6,123	13,251	7,395	7,913	1,110	117	117	117	117	40,304
Match-funding	510	1,713	1,302	1,255	4,269	3,484	898	2,620	1,030	30	480	930	0	0	0	9,472
Capital Receipts	0	14,934	1,060	0	14,838	3,209	7,077	1,354	(248)	7,538	2,038	2,818	1,514	698	707	26,703
Required Prudential Borrowing	30,640	35,443	0	8,156	36,499	25,498	32,111	18,868	45,220	7,720	16,606	6,285	5,139	5,896	5,798	169,142
Revenue contributions	0	0	49	27	76	76	0	0	0	0	0	0	0	0	0	76
TOTAL RESOURCES IDENTIFIED	44,367	71,467	3,526	4,730	71,467	43,073	47,501	43,096	60,400	30,205	27,238	17,154	13,774	13,715	13,626	309,782
TOTAL CAPITAL SPEND					71,467	43,073	47,501	43,096	60,400	30,205	27,238	17,154	13,774	13,715	13,626	309,782

APPENDIX 4

General Services Capital Plan Linkage of Capital Projects to Asset Management Plans

Recurring Budgets	
Aids & Adaptations	The provision of Aids and Adaptations links some of our main strategic priorities of Early Intervention, Access and Resilience – which ties into the Scottish Government's 2020 Vision of "supporting people to live longer, healthier lives at home or in a homely setting" for as long as is reasonably possible and also to support WD residents (mainly older people and physical disabilities) to be discharged home from hospital as soon as possible – a key Strategic Priority as set out in the HSCP Strategic Plan
Building Upgrades and H&S	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21
ICT Modernisation / Infrastructure - ICT	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
ICT Core Infrastructure/ ICT Security & DR	ICT Asset Management Plan commits to delivering a secure and resilient but cost effective infrastructure to support service delivery and minimise disruption
Infrastructure - Flooding	AMP states that we will develop and produce a Flood Protection Study.
Infrastructure - Roads	This links to the Roads Asset Management Plan - to provide an improved Roads Infrastructure which supports the Council's strategic aims & objectives with respect to connectivity and access to employment, education, health, leisure and transport opportunities.
Vehicle Replacement	The Asset Management Plan - Vehicle Fleet 2016-2021 establishes the replacement intervals for light commercial vehicles (10 Years) and heavy vehicles (7 years) from the date of first registration. The capital budget for replacement vehicles is aligned to replacement dates of the vehicles.
Flood Risk Management	SEPA licensing & delays incurred by 3rd party utilities resulted in slippage of programme & therefore budget Linking to AMP Flood protection of River Leven & surrounding water courses & critical drainage infrastructure.
Cycling, Walking and Safer Streets	AMP states that we will undertake footway/cycleway Capital improvements.
Footways/Cycle Path upgrades	AMP states that we will undertake footway improvements as part of the Capital Programme.
Street Lighting and associated electrical infrastructure	AMP states that we will continue with our ongoing programme of column and infrastructure replacement.
Public non adopted paths and roads	Upgrading paths is mentioned in the following sections of the Open Space Asset Management Plan - Amenity Greenspace, Public parks, Green Corridors and Cemeteries.
Regeneration/Local Economic Development	The LED budget contains numerous sub-projects.
Direct Project Support	This is a general support budget that is not linked to a specific asset management plan
Chief Officer - Regulatory and Regeneration	
Legal Case Management System	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Trading Standards Scam Prevention	The project involves the provision of devices which prevent nuisance and scam phone calls to residents who are vulnerable due to conditions such as dementia. It is well established that victims of scams suffer both financially and in terms of their general health. Loss of confidence and emotional distress can also impact on an individual's ability to live independently and in their own home.
Queens Quay	Project funding was re-scheduled to align with District Heating network project and landscaping works during growing season
Regeneration Fund	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21
Town Centre Fund	Funding received from Scottish Government which has been targeted to support regeneration of Town Centres
Exxon City Deal	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21
Queens Quay District Heating Network and Expansion	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21
Chief Officer - Citizen, Culture and Facilities	
Transformation of Infrastructure Libraries and Museums	Committee approved spend to invest in the improvement of the Libraries and Culture Service. This fits in with efficient, effective, frontline services from the Strategic Plan.
Heritage Capital Fund	Administration budget commitment
Telephone System Upgrade	This funding was awarded as part of the centralisation of telephone contact across the Council. The money is being used to improve the Housing Repairs telephone platform for incoming calls, providing improved Management Information. It fits in with Housing Strategy and the Council's Strategic Plan.
Glencairn House	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21
Chief Officer - Supplies, Distribution and Property	

Depot Rationalisation	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 & Corporate Asset Management Strategy 2016-21
Solar panel installation	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Water Meter Downsize	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Urinal Controls	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Electricity Automatic meters	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Energy Projects quick wins	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Automatic Meter Readers	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Oil to Gas Conversion	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Welfare Units	The purchase of mobile welfare units links directly to Building Services service and asset plans and will reduce the cost of hiring static welfare units.
Elevated Platforms	The purchase of elevated platforms links directly to Building Services service and asset plans and will reduce the cost of hire in future.
New Sports Changing Facility at Duntocher	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 & Corporate Asset Management Strategy 2016-21
New Sports Changing Facility at Lusset Glen in Old Kilpatrick	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 & Corporate Asset Management Strategy 2016-21
New West Bridgend Community Centre	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 & Corporate Asset Management Strategy 2016-21
New Sports Changing Facility (Old OLSP site)	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 & Corporate Asset Management Strategy 2016-21
Lighting upgrades to LED in schools and Corporate buildings	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Upgrade obsolete heating controls (BEMS) across Council estate	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Replace failed heating controls/valves & recommission	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Replace obsolete boilers (plant greater than 30 years old)	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Replace existing main hall Air Handling unit at Clydebank Town Hall	This links to key objectives within the Asset Management Service Plan and Property Asset Management Plan.
Leisure Energy projects - air handling units, upgrade lighting, circulating pumps, and draught proofing	This links to key objectives within the Asset Management Service Plan and Property Asset Management Plan.
Quick wins - projects with payback of less than 4 years	Allows the Council to continue to deliver savings through effective asset management.
Installation of Solar PV at Clydebank Leisure Centre	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Alexandria Community Centre Sports Hall re-flooring	This links to key objectives within the Asset Management Service Plan and Property Asset Management Plan.
Chief Officer - Housing and Employability	
Invest in "Your Community Initiative"	The H+E Delivery Plan clearly sets out the challenge of the competing demands of delivering joined-up services to local areas, against a backdrop of financial and resourcing challenges. The Delivery Plan confirms that the Your Community Initiative, which includes Community Budgeting and the Improvement Fund, is the council's approach to delivering services to local areas and involving local communities. The Communities Team continue to work to embed this approach across relevant council services and CPWD to improve ways of delivering the required services, while improving community participation and engagement.

Integrated Housing Management System	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Chief Officer - Resources	
Making Tax Digital	Although not linked to a specific AMP this is a statutory requirement as from April 2020 all aspects of the VAT return must be digital. This is a mandatory requirement from HMRC.
Payment Card Industry Data Security Standard (PCIDSS)	Development work required for Legislative purposes and to provide adequate security for citizens making payment to the Council
Upgrade & Development of Agresso	Development work required to ensure our computer systems remain robust and fit for purpose
Chief Officer - Roads and Neighbourhood	
Allotment Development	There is a section within the Open Space Asset Management Plan Action Plan on Allotments. This states that in line with the Councils obligations under the Community Empowerment Act we will provide three new allotment sites of at least 0.66 hectares.
Kilmaronock Cemetery Extension	The Open Space Asset Management Plan states that we will construct an extension to Kilmaronock Cemetery.
Levengrove Park	The Open Space Asset Management Plan states that we will provide as a minimum provision in our Urban Parks - car parking, toilet provision, nature area and play opportunities.
Posties Park Sports Hub	Within the Open Space Asset Management Plan it states that the provision of new 3G pitches and new pavilions has improved the overall sports pitch asset, however there are some facilities still classed as poor which require addressing.
Sports Pitch/Facilities Upgrades	Within the Open Space Asset Management Plan it states that the provision of new 3G pitches and new pavilions has improved the overall sports pitch asset, however there are some facilities still classed as poor which require addressing. Contained within Asset Management Plan Property 2016-21 & Corporate Asset Management Strategy 2016-21
Vale of Leven Cemetery Extension	The Open Space Asset Management Plan states that we will identify a new Cemetery site in the Vale of Leven.
Auld Street Clydebank - Bond	Works to be carried out from recovered Road Bond include C/way, F/Way resurfacing, etc.
A813 Road Improvement Phase 1	A813 forms a strategic link from the settlements writing WDC both Carriageway and geometry require upgrading to current specifications and is named in current AMP.
A813 Road Improvement Phase 2	A813 forms a strategic link from the settlements within WDC. Both Carriageway construction and road geometry require upgrading to current specifications and this is named in current AMP.
A811 Lomond Bridge	In our AMP it states we will develop and implement design solution for failing bridge deck @ Lomond Road Bridge Balloch.
Protective overcoating to 4 over bridges, River Leven	Slippage required due to a comprehensive works package which will be created from the Bridge Principal inspections which have been undertaken. AMP states that we will continue with programme of both Principal & General bridge inspections and implement Capital improvements identified from these inspections.
Turnberry Homes	Final tranche of these works to be completed in conjunction with Dumbarton East footway improvements. As previously noted AMP states we will deliver capital footway improvements to facilitate safe pedestrian routes and encourage active travel.
Electrical Vehicle Charging	AMP states that we will continue to work with other service departments and organisations to install Electric Vehicle Charging points.
Mandatory 20MPH Residential communities	AMP - Creating safer communities for the residents of WDC.
River Leven Flood Prevention Scheme	AMP states that we will develop and produce a Flood Protection Study of the River Leven. Continued participation in CaLL - Clyde & Loch Lomond Flood Prevention Management Group.
Gruggies Burn Flood Prevention Scheme	Project design is ongoing as optioneering has produced alternative design solutions ongoing discussions with Consultants, Contractors & SEPA have permitted us to appoint a Specialist Contractor via Scape framework to produce a "Buildability" statement. Ground investigation works instructed under Scape framework. Specialist Consultant appointed via SLC Professional Services Framework. AMP - continuation of the development of Gruggies Burn and subsequent implementation of Gruggies Burn Flood Prevention Scheme.
A814 Upgrade - linked to Clydebank Charrette	This links to key objectives within the Regeneration Delivery Plan
Purchase of Gritters	Allows the Council to continue to deliver savings through effective asset management.
SpACES For People	AMP states that we will undertake footway improvements as part of the Capital Programme - linked to COVID safety measures
Chief Officer - Education	
Free School Meals	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan.
Children and Young Persons / Early Years	This is linked to the Early Year Strategy
AV Equipment - Education	The current Education audio visual estate numbers ~650 teaching boards. ~200 boards are currently aged 7+ years old and/or faulty. The project aims to create and maintain a 'fit for purpose' learning environment to ensure compatibility with emerging and future technology by replacing ageing and faulty audio visual teaching boards.
Schools Estate Improvement Plan - Renton campus	Current school Estate Management Plan. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 & Corporate Asset Management Strategy 2016-21

Schools Estate Improvement Plan - Faifley Campus	Current school Estate Management Plan. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 & Corporate Asset Management Strategy 2016-21
Chief Officer - People and Technology	
IoT Employee Resilience Support	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Education Software Licensing Refresh	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
365 Implementation	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Health and Social Care Partnership	
Replace Elderly Care Homes and Day Care Centres	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan.
New Capital Bids Received	
Enhancements to Cash Receipting System	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Antonine Wall Heritage Lottery Fund	Link to Open Space Asset Management Plan - Amenity Greenspace and Public parks
Development of Workforce Management System	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Dennystoun Forge Site Improvements	Links to Housing Management Plan
Waste Transfer Station	Link to Waste Strategy - under development
Integrated Housing Management System	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Replacement of compactors at Dalmoak civic amenity site	Link to Waste Strategy - under development
Depot Improvement Works	Links to key objectives within the Roads and Neighbourhood Delivery plan, the Asset Management Service Plan and Property Asset Management Plan
Half Solicitor post for projects like Exxon	Links to key objectives within the Regeneration Delivery Plan

	Option	About the service	Savings 21/22	Savings 22/23	Savings 23/24	FTE Staffing Effect	What this will mean:	Lead Officer
1	PPP Sinking Fund acceleration	During the establishment of PPP schools, a reserve fund was created to meet anticipated ongoing costs of the buildings.	£700,000	-£700,000	£0	0.00	Currently £1.4m remains in the PPP sinking fund and it is proposed to apply the full sum in 2021/22 reducing the Council's liability in this single year, but increasing the gap in 2022/23.	S. West
2	Reduce funding to strategic partners/other bodies	Currently the Council provides £1.229m of funding to a range of partners and bodies providing services in West Dunbartonshire.	£300,000	£400,000	£400,000	0.00	Like all Councils, West Dunbartonshire is facing financial challenges and historically partner organisations have been protected from the savings Council services have faced. Under this proposal, the Council would continue to fund strategic partners and other bodies however would apply a saving of 24% to the monies provided in 2021/22.	S. West
3	Reduce Council Tax discounts	A Council Tax discount of up to 50% is currently available to all owners of second homes in the area.	£60,000	£60,000	£60,000	0.00	Under this option, the reduction in Council Tax offered to second home owners in West Dunbartonshire would be withdrawn saving £60,000 per annum.	S. West
4	Reduce discretionary rates relief	All Councils can offer rates relief to charities with premises in their area, and can claim up to 75% of the cost back from the Scottish Government. At present the Council provides 20% discretionary rates relief for all charities.operating premises in the area.	£11,100	£11,100	£11,100	0.00	Under this proposal, the Council would no longer offer rates relief to national charities operating premises in the area saving the Council £11,100. This would allow the Council to focus resources in support of local charities. The full impact on the charities affected by this change is £44,400.	S. West
5	Reduce discretionary rates relief	All Councils can offer rates relief to charities with premises in their area, and can claim up to 75% of the cost back from the Scottish Government. At present the Council provides 20% discretionary rates relief for all charities.operating premises in the area.	£96,000	£96,000	£96,000	0.00	As an alternative to Option 4, withdraw 20% discretionary rates relief provided to all local and national charities which have premises in the Council area, saving the Council £96,000. The full impact on the charities affected by this change is £384,000.	S. West

6	Defer provision	The expansion of free school meal entitlement to include all Primary 4-7 pupils was included within the 2020/21 budget.	£1,038,000	£1,038,000	£1,038,000	0.00	Under this proposal, the expansion of free schools meals to all primary school-aged children would still be implemented but the launch would be deferred beyond 2021/22. This option would also free-up £300,000 earmarked for set-up costs.	M. Bennie
7	Reduce funding	The Council currently hosts two Christmas light switch-on events in Alexandria and Dumbarton.	£7,860	£7,860	£7,860	0.00	The Council would still continue to provide Christmas light displays in both towns, but switch-on events would cease.	M. Bennie
8	Reduce survey costs	The Council currently commissions a monthly telephone satisfaction survey in order to monitor and improve performance across its services.	£8,500	£8,500	£8,500	0.00	Under this option, the survey would end with efforts undertaken to identify new sources of data to monitor residents' satisfaction with Council services. The alternatives will be inferior and difficult to compare against current samples but would still provide performance data.	M. Bennie
9	Reduce teacher costs	Additional funding was provided across the area's five mainstream secondary schools to support the launch of the consortium model which expands the choice of subjects a pupil can study by offering the opportunity to undertake Highers at another school.	£20,462	£30,693	£30,693	0.60	Additional funding, equivalent to 0.6 of a post in total, was provided to embed the consortium model. As the approach is now established this option would see the withdrawal of the funding. The consortium model would continue across the area's five mainstream secondary schools.	L. Mason
10	Reduce school budgets	Each school in West Dunbartonshire receives an annual budget which they can use to pay for services, supplies and ancillary items such as photocopying.	£100,000	£100,000	£100,000	0.00	Under this option, the area's 40 schools would continue to receive an allocation from £1.04million with work continuing with head teachers to ensure their priorities are met.	L. Mason
11	Sharing services	Currently, West Dunbartonshire Council shares a number of senior roles with Inverclyde Council.	£40,000	£160,000	£160,000	3.20	Under this proposal, the Council would continue to identify duplication in services and explore opportunities to implement shared managerial posts with Inverclyde Council.	G. MacFarlane

12	Reduce the level of Council staffed school crossings	The Council currently provides patrol staff at all crossing points within designated school routes. There is no statutory requirement to provide this service.	£45,000	£45,000	£45,000	2.60	This proposal would bring the service in-line with current national guidance by withdrawing patrols from 17 locations where there are controlled pedestrian crossings in place. Best practice guidance states that school crossing patrollers should not be deployed at junctions where pedestrian crossings already exist because this duplication can be confusing for motorists. The Council has experienced difficulties recruiting for school crossing vacancies and the saving would be achieved through not filling vacant posts. We would continue to work with pupils and parents to promote road safety.	G. MacFarlane
13	Rationalise service provision	Currently the Council operates three full size bowling greens across two sites in Clydebank.	£20,000	£20,000	£20,000	1.00	The Council has seen a steady decline in membership numbers and use of its bowling green facilities over the past 10 years. Under this proposal, the single bowling green at Goldenhill would close and merge with Whitecrook Bowling Club which has two greens. This is an alternative to Option 14.	G. MacFarlane
14	Cease service provision	Currently the Council operates three full size bowling greens across two sites in Clydebank.	£40,000	£40,000	£40,000	1.50	As an alternative to Option 13, under this proposal, both greens would close.	G. MacFarlane
15	Reduce service provision	The Council operates two recycling centres at Dalmoak, Renton, and Ferry Road, Old Kilaptrick which are operational seven days a week for 11 hours each day during the summer season (April to September) and for nine hours each day during the winter season (October to March).	£20,000	£40,000	£40,000	0.00	Recycling centres throughout West Dunbartonshire are currently open to the public seven days every week. Under this option, residents would be able to access the centres six days per week.	G. Macfarlane

16	Reduce service provision	The Council operates two recycling centres at Dalmoak, Renton, and Ferry Road, Old Kilaptrick which are operational for 11 hours each day during the summer season (April to September) and for nine hours each day during the winter season (October to March).	£51,000	£51,000	£51,000	2.00	Under this proposal, opening hours would be altered to a year-round schedule, with residents able to access the centres for seven hours each day from 10am.	G. Macfarlane
17	Increase charges	The Council currently charges £21.66 to uplift bulky household items which is below the local authority average.	£67,000	£67,000	£67,000	0.00	This option would see charges for special uplifts increased to £35 from 1 April 2021, which is reflective of fees charged by other Councils. Householders will still be able to dispose of any bulky household waste free of charge by taking the item to the Council's household waste recycling centres at Dalmoak and Old Kilpatrick.	G. Macfarlane
18	Increase charges	Currently the Council provides commercial waste uplift at charities and places of worship free of charge.	£25,000	£25,000	£25,000	0.00	Under this proposal, the current offer would be amended and the organisations would instead be eligible for a 50% discount on commercial waste uplifts.	G. MacFarlane
19	Reduce grants	The Community Budgeting scheme seeks to empower local communities to make lasting improvements in their area. Currently £60,000 of funding is available which community groups and projects can apply for.	£6,000	£6,000	£6,000	0.00	Under this proposal, a fund of £54,000 would be maintained to support community groups and projects in the next phase of community budgeting. This reduction would impact on the priority budgeting mainstreaming target for the Council.	P. Barry
20	Reduce funding for driving lessons	The Council has supported 316 young people between the ages of 17 and 24 with free driving lessons through our Support to Drive scheme, which launched in 2014.	£50,000	£50,000	£50,000	0.00	The Council's Working4U service provides a range of assistance to residents of all ages to support them into employment. Under this proposal, the provision of the driving scheme would end, however, residents would continue to access support and practical help through the Working4U service and Job Centre Plus.	P. Barry

21	Reduce Grants	The Private Sector Housing Grant provides funding to private home owners for medical adaptations or essential repairs. Lomond and Clyde Care and Repair manages this service on behalf of the Council.	£50,000	£50,000	£50,000	0.00	Under this proposal, grant funding of £195,000 would continue to be provided to Lomond and Clyde Care and Repair Service to deliver the service. The reduction in grant would mean approximately three less owner applications for funding could be supported each year.	A. Wilson
		Total - all	**£2,755,922**	**£1,606,153**	**£2,306,153**	**10.90**		
		Total - highest	**£2,724,822**	**£1,575,053**	**£2,275,053**	**9.90**		
		Total - lowest	**£2,619,922**	**£1,470,153**	**£2,170,153**	**9.40**		

WEST DUNBARTONSHIRE COUNCIL **APPENDIX 6**

TRANSFORMATIONAL PROJECTS TO BE FUNDED/ PART FUNDED FROM CAPITAL RECEIPTS - 2020/21 AND 2021/22

Name and detail of project	Details of expected costs	Estimated cost to implement in 2020/21	Estimated cost to implement in 2021/22	Details of expected savings	Value of expected savings
		£	£		£
Digital Transformation within the Council - implementation of the Council's Digital Strategy that maximises the potential of digital technologies to improve outcomes and services for all our citizens and employees, whilst seeking to reduce our costs. The end benefits expected include: Digital by default approach for all council services; Alignment of Council services with leading mobile technologies and the benefit therein giving due consideration to end users; Maximise digital transactions via self-service and reduced need for Face-to-Face and Phone interventions where possible; Digital services designed with end users in mind through regular engagements during design and delivery phases; Improved ICT foundations to inform Investment Programmes;	Costs for the project include staffing costs for a team of four digital transformation officers and some external payments for training of various staff throughout the council. 2019/20 was year 1 (part) of the 2 year project. The forecast for the overall projection of costs has increased from £463k reported to Council in September 2020 to £497k as further work is identified.	195,720	199,444	The project is an enabler for continued identification of efficiencies through a number of strands, including Lean Six Sigma (LSS) projects. With the embedding of the LSS within the organisation and a number of employee LSS champions, further projects continue to be identified and progressed, which will identify further savings. Examples of such projects which have been completed to date include: review of invoice processing; review of file sharing between the some Council teams and external parties; review of start up grant claim processes; review of ICT delivery model in educational establishments; review of Senior Phase Partnership Provider Course Selection (Schools). Other strands being taken forward as part of the overall digitalisation project include: Zoom Council/ Committee meetings; Digital Skills training for staff; MS teams and M365; automation.	The project commenced during 2019/20 and in 2020/21 continued to review and implement change to service provision and commenced the Fit for Future approach to significant service reviews aimed at implementing change in processes and procedures with the aim of maximising the digital approach to information gathering and processing. Savings targets not set, but as Fit for Future reviews are finalised efficiencies will be identified and contribute to future cost reductions within the Council. The fact that the project is an enabler indirect savings require to be identified, as well as those saving which are directly attributable to each sub-project. Efficiencies generated will be report at future financial year-end and through budgetary control reporting
Further strands of Digital Transformation/ automation within the Council - other strands being taken forward as part of the overall digitalisation project include: Zoom Council/ Committee meetings; Digital Skills training for staff; MS teams and M365 ; automation.	Costs for the project include staffing costs for the automation projects and some external payments for IT and software.	141,111	100,000	The project is an enabler for continued identification of efficiencies through automating a range of existing processes. A first phase is currently underway and a pipeline of future processes has been developed and will also link with the outcomes from the Fit for Future reviews	The listed projects commenced during 2020/21 and as the projects are still at an early stage, the saving targets for the overall spend haven't yet been fully explored and identified, but will develop as each project strand develops. The fact that the project is an enabler, indirect savings will be achieved, as well as those savings which are directly attributable to each sub-project. The savings will be reported as part of the year end process and future budgetary control reporting.
Restructures within the Council - to allow services to complete non-teacher non-frontline staffing restructures with a view to reducing costs without reducing services to the public.	Costs include voluntary early retirements/ voluntary redundancies. It is noted that discretionary costs for early retirement added years cannot be funded by capital receipts and are excluded. Although these costs are one off, there are continuous costs for different restructures. Total Estimates costs are for 2019/20, 2020/21 and 21/22 only	31,733	227,000	Future ongoing staffing savings following removal of non teaching posts within the organisation. The restructures which have been costed within 2020/21 (or anticipated in 2021/22) include restructures within various services and annual savings are assumed within the 2021/22 and	£305,000 ongoing savings annually through reduced staffing
Total to be set against capital receipts in 2020/21 and 2021/22		**368,564**	**526,444**		
	Total		**895,008**		

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Officer - Resources

Council: 22 March 2021

Subject: Prudential Indicators 2020/21 to 2030/31 and Treasury Management Strategy 2021/22 to 2030/31

1. Purpose

1.1 The purpose of this report is to seek Council approval of the proposed Prudential Indicators for 2020/21 to 2023/24 and Treasury Management Strategy (including the Investment Strategy) for 2021/22 to 2023/24.

1.2 The report also advises Council of:

- the indicative indicators for the period from 2024/25 to 2030/31; and
- an update to Financial Standards in relation to Leasing which will lead to amendments to some of the indicators during 2022/23.

2. Recommendations

2.1 Council is requested to:

(a) Agree the following Prudential Indicators and Limits discussed in Appendix 1 and set out within Appendix 6 for the period 2020/21 to 2023/24:

- Capital Expenditure and Capital Financing Requirements (Tables A and B);
- Forecast and estimates of the ratio of financing costs to Net Revenue Stream (Table D);

(b) Approve the policy for loans fund advances discussed in Appendix 1 in section 3;

(c) Approve the Treasury Management Strategy for 2021/22 to 2023/24 (including the Investment Strategy) contained within Appendices 2 to 6;

(d) Agree the following Treasury Prudential Indicators and Limits discussed in Appendix 2 and set out within Appendix 6 for the period 2021/22 to 2023/24:

- Operational Boundaries (Table F);
- Authorised Limits (Table G);
- Counterparty Limits (Table J); and
- Treasury Management Limits on Activity (Table L);

(e) Note the draft Prudential and Treasury Management Indicators for the period 2024/25 to 2030/31 discussed in Appendices 1 and 2 and set out within Appendix 6;

(f) Approve the statement by the Section 95 Officer regarding the gross debt level in comparison to the Capital Financing Requirement (Appendix 2 - Point 2.3); and

(g) Note the report will be referred to Audit Committee for further scrutiny.

3. Background

3.1 With the introduction of the Prudential Code, the Council has freedom over capital expenditure so long as it is prudent, affordable and sustainable. In order to show it is working within these limits the Council must approve, revise and monitor a range of prudential indicators covering the forthcoming three years.

3.2 CIPFA defines treasury management as:

'The management of the local authority's borrowing, investments and cashflows, its banking, money market and capital investment transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

3.3 The Council's treasury activities are strictly regulated by statutory requirements (*Code on the Investments of Money by Scottish Local Authorities*) and a professional code of practice (*CIPFA Treasury Management Code of Practice*). The code requires an annual strategy to be reported to Council in advance of the forthcoming year outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. Further reports are issued as follows:

(a) Mid-year monitoring report on actual treasury activity during the year including revised indicators where appropriate; and

(b) Year-end report on actual treasury activity for the previous year.

3.4 Section 56 of the Local Government (Scotland) Act 1973 Act permits local authorities in Scotland to discharge their functions by committees. Exceptions include setting the council tax (s56 (6) (b)) and borrowing money (s56 (6) (d)), which requires the authority, that is full Council, to discharge. The Section 56 provisions were extended to require Council to approve the Annual Investment Strategy via the *Code on the Investments of Money by Scottish Local Authorities* (issued on 1 April 2010) been issued under section 40 of the Local Government in Scotland Act 2003.

3.5 As a result of Section 56, both the Prudential Indicators and the Treasury Management Strategy (including the Investment Strategy) are required to be approved by full Council before the start of the financial year.

3.6 The CIPFA Treasury Management Code of Practice requires greater Member scrutiny of the treasury polices, increased Member training and awareness and greater frequency of information.

3.7 One of the key clauses is that a responsible body is required to ensure effective scrutiny of the treasury management strategy and polices. Within West Dunbartonshire Council the body identified to fulfil this role is the Audit Committee.

3.8 The proposed and draft Prudential Indicators 2020/21 to 2030/31 and Treasury Management Strategy 2021/22 to 2030/31 should be referred to the Audit Committee once approved by Council to ensure further scrutiny takes place.

4. Main Issues

4.1 The Local Government in Scotland Act 2003 requires Council to adopt the CIPFA Prudential Code and to produce prudential indicators. Appendix 6 of this report details the Council's expected year end indicators for 2020/21, revises the indicators for 2021/22 to 2023/24 and projects the indicators to 2030/31, with those for the period 2024/25 to 2030/31 being indicative at this time.

4.2 Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the treasury management strategy (which includes details of both debt and investment) for 2021/22 to 2030/31 is included in Appendix 6 (with the period 2024/25 to 2030/31 being indicative at this time) to complement the prudential indicators relating to the treasury activity.

4.3 Details of the risks, mitigating controls and limits associated with each of the permitted investment categories are shown in Appendix 3. Credit rating type and definitions are attached as Appendix 4 and a list of approved sovereign countries for investments are attached as Appendix 5.

Changes to Financial Regulations - Leasing

4.4 The Treasury Management Strategy report to Council in March 2020 reported a change to financial Regulations regarding leasing. The change has since been postponed and is now due to change on 1 April 2022.

4.5 Due to changes within the Financial Regulations in relation to Leases, which brings the assets and future liabilities for all leases onto the Council's Balance Sheet from 1 April 2022. The effect of this change will increase the 'level of debt' identified by the Council; the Capital Financing Requirement; Operational Boundary; and Authorised Limit, by the future liability of the leased assets. Forecast and estimates of the ratio of financing costs to Net Revenue Stream may also be affected in future years. This change affects all Councils, though this Council has a low number of leased assets.

Capital Strategy

4.6 For information, in December 2017, CIPFA issued a revised Prudential Code. As a result, from 2019/20, all local authorities were required to prepare a Capital Strategy report, which is intended to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

4.6.1 The aim of the Capital Strategy report is to ensure that all elected members fully understand the overall strategy, governance procedures and risk appetite entailed by the Strategy.

4.6.2 The Capital Strategy (included elsewhere on the agenda for this meeting) includes capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no people implications arising from this report.

7. Financial and Procurement Implications

7.1 The prudential indicators detailed in Appendix 6 show the Council's likely and indicative capital financing for the period 2020/21 to 2030/31 while the treasury management indicators detailed in Appendix 6 show the likely borrowing requirement for the same period.

7.2 Table E in Appendix 6 indicates that in each year the gross borrowing requirement (which includes short term borrowing for cashflow purposes) is below the capital financing requirement and does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and following two financial years (Appendix 2 – section 2.1 and 2.2).

7.3 As a key indicator of prudence this illustrates that the Council only undertakes long term borrowing for capital purposes and that over the last few years investment balances have been utilised to fund capital expenditure due to the concerns over the general economic environment and restricted counterparty lists.

7.4 There are no procurement issues arising from this report.

8. Risk Analysis

8.1 There are three main risks associated with the formulation of prudential indicators and the treasury management strategy as detailed in Appendix 1 and 2:

(a) Capital receipts which affect the capital financing and borrowing requirement may not materialise and if this occurs then additional borrowing will be required in order to fund the financing requirement;

(b) The risk of Counterparties default (i.e. loss of principal sum invested) must also be taken into account; however the robust controls included within the investment strategy (Appendix 2 – section 6) will assist in mitigating this risk; and

(c) Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available.

9. Equalities Impact Assessment

9.1 No equalities impact assessment was required in relation to this report.

10. Environmental Sustainability

10.1 No assessment of environmental sustainability was required in relation to this report.

11. Consultation

11.1 Legal and Resources have been consulted in relation to this report and appendices.

12. Strategic Assessment

12.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council.

Stephen West
Chief Officer - Resources
Date: 15 March 2021

Person to Contact: Gillian McNeilly, Finance Manager Church Street, Dumbarton
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Appendices: 1 Prudential Indicators 2020/21 to 2030/31

	2	Treasury Management Strategy 2021/22 to 2030/31
	3	West Dunbartonshire Council and Common Good Funds Permitted Investments, Associated Controls and Limits
	4	Counterparty Rating Explanations
	5	Approved Countries for Investment
	6	Prudential and Treasury Indicators

Background Papers: Treasury Management Strategy – Council 4 March 2020
Treasury Mid-year update – Council 16 December 2020
Budget Update – Council 24 February 2021
Budget Update – Council 3 March 2021
Treasury Management Strategy Statement and Annual Investment Strategy (Link February 2021)
Scotland's Economic and Fiscal Forecasts (Fiscal Commission Scotland January 2021)

Wards Affected: All wards affected.

Appendix 1

Capital Prudential Indicators 2020/21 to 2030/31

1. The Capital Expenditure Plans

1.1 The Council's gross capital expenditure plans are summarised in Table A within Appendix 6 and this forms the first of the prudential indicators. Total expenditure is partially funded by resources such as capital receipts, capital grants, etc. Any remaining expenditure which cannot be immediately funded from other resources will form a borrowing need.

1.2 A certain level of capital expenditure will be grant supported by the Government; anything above this level will be funded from the Council's own resources.

1.3 There are two main limiting factors which may impact on the Council's ability to undertake unsupported capital expenditure:

- Whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs; and

- The Government may use a control to limit either the total of all councils' plans nationally, or in the event of an assessment by central government that local plans are unaffordable at a specific council, it may implement a local control. No such control has been implemented since the inception of the prudential code, however, HM Treasury keep this under review.

1.4 The summary of capital expenditure, as per the capital plan updates reported to Council 3 March 2020 for HRA and 22 March 2021 for General Services, is shown in the table A in Appendix 6. The HRA capital plan refresh extends to 2025/26 with the period from 2026/27 to 2030/31 extracted from the HRA Business Plan for the purposes of Prudential Indicator calculations.

1.5 Under section 22 of Schedule 3 of the Local Government (Scotland) Act 1975 a local authority may establish a capital fund to be used for "defraying any expenditure of the authority to which capital is properly applicable, or in providing money for repayment of the principal of loans (but not any payment of interest on loans)". Furthermore paragraph 24 of Finance Circular 7/2018 confirms that capital receipts may also be used to "fund the cost of premiums, either as they are incurred, or as they are recharged back to the General Fund/ HRA".

1.6 The capital plan update for General Services reported to Council assumes an element of capital receipts is used to fund the principal element of loan charges between 2020/21 and 2023/24. This has been adjusted for within these indicators, where appropriate.

2. The Council's Borrowing Need (the Capital Financing Requirement)

2.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's underlying borrowing need. The net capital financing need (as indicated in Table A in Appendix 6) impacts directly on the CFR.

2.2 Due to accounting requirements the CFR currently includes any other long term liabilities (i.e. PPP schemes, finance leases) brought onto the Balance Sheet. Whilst this increases the

CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £100m for PPP schemes within the CFR. From 1 April 2022, further accounting changes see operational leases (where the Council is lessee) also being brought onto Balance Sheet, which will further increase CFR through other long term liabilities (value to be confirmed).

2.3 The CFR projections for both General Services and HRA are shown in table B in Appendix 6 and show that the CFR for the HRA is projected to increase each year from 2020/21 to 2030/31 with the CFR for General Services being anticipated to increase each year UNTIL 2025/26, due to the levels of projected capital spend in comparison to income anticipated in that year.

2.4 The expected impact of the capital expenditure decisions above on the Council's debt and investment position are shown in the treasury strategy (Appendix 2).

3. Statutory repayment of loans fund advances

3.1 The Council is required to set out its policy for the statutory repayment of loans fund advances. 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.

3.2 A variety of options are provided to Councils so long as a prudent provision is made each year as detailed below:

Option	Method	Detail
1	Statutory	Loans fund advances will be repaid by the annuity method. The Council is permitted to use this option for a transitional period only, of five years until 31 March 2021, at which time it must change its policy to use alternative approaches based on depreciation, asset life periods or a funding/income profile as detailed below.
2	Depreciation	Annual repayment of loans fund advances will follow standard depreciation accounting procedures.
3	Asset Life	Loans fund advances will be repaid with reference to the life of an asset using either the equal instalment or annuity method.
4	Funding/ Income Profile	Loans fund advances will be repaid by reference to an associated income stream

3.3 Council is recommended to approve the following policy for loans fund advances:

- For loans fund advances made before 1 April 2016, the policy will for all loans fund advances to be repaid by the annuity method, by the appropriate write off period (based upon useful asset lives, following the agreed Council policy).

- Recognising that the Council has forward capital expenditure plans and has already committed to that plan and the revenue implications of that plan, the policy for loans fund advances made from 1 April 2016 to 31 March 2021 the policy will be to mainly repay loans fund advances by the annuity method (with a write off period based upon useful asset lives) unless an alternative method is more appropriate. Advances will be considered on a case by case basis to determine the method to be used.

- For loans fund advances made after 1 April 2021, the policy for the repayment of loans advances will be to apply the following options, selecting the most suitable method from the list below for each individual advance.

    - **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. It is likely that the equal instalment method will be used;

    - **Funding / Income profile method** – loans fund advances will be repaid by reference to an associated income stream.

3.4 The annuity rate applied to the loans fund repayments is based on historic interest rates and is currently 9%.

3.5 Table C in Appendix 6 details the loans fund repayment profile for 2020/21 onwards based on the balance outstanding at 1 April 2020 and capital expenditure plans 2020/21 to 2030/31 as per Table A.

4. Affordability Prudential Indicators

4.1 The previous sections cover the overall capital and control of borrowing, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These indicate the impact of the capital investment plans on the overall Council's finances. The Council is asked to approve the following indicators:

4.2 Actual and Estimates of the ratio of financing costs to net revenue stream
This indicator is detailed in Table D in Appendix 6, and identifies the trend in financing cost of capital (loan charges and long term liability financing) against the net revenue stream (funding sources e.g. Scottish Government revenue support grant, council tax and HRA rental income).

The estimates of financing costs include current commitments and the impact of capital expenditure as per Table A and this indicator shows the percentage of total council revenue expenditure that is spent on repayment of loan charges and long term liability capital and interest repayments.

5. Financial reporting changes in relation to leases

5.1 From 1 April 2022 there is a significant change to the Accounting Code of Practice for 2022/23 onwards which the Council follows for their Financial Statements, which will impact on debt levels and prudential indicators in the future. This change is in relation to assets the Council leases in.

5.2 Currently there are 2 types of leases which are treated differently through the Financial Statements at present. From April 2022, all leases (where the Council is lessee and with a few exceptions) will require to be accounted for on the Council Balance Sheet as assets. For illustrative purposes, leases currently held by the Council (but not owned and therefore not currently on the Council's Balance Sheet) include leases for properties (such as Aurora/ Clydebank Town Centre Office/ Bridge Street), photocopiers, and vehicles. The treatment of these leases will become similar to the current accounting reporting for PPP assets.

5.3 Accounting for these leases on the Balance Sheet will result in increases to assets and long term liabilities, affecting a number of the prudential and treasury management indicators –

increasing: the ‘level of debt’ identified by the Council; the Capital Financing Requirement; Operational Boundary; and Authorised Limit, by the value of the leases. Forecast and estimates of the ratio of financing costs to Net Revenue Stream may also be affected.

5.4 Currently an exercise is underway to identify all leases and value both the asset value and the liability.

Appendix 2

Treasury Management Strategy 2021/22 – 2030/31

1. Background

1.1 The treasury management service is an important part of the overall financial management of the Council's affairs. Whilst the prudential indicators in Appendix 1 consider the affordability and impact of capital expenditure decisions, the treasury service covers the effective funding of these decisions. There are specific treasury prudential indicators included in this strategy which need approval.

1.2 The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised December 2017).

1.3 As a requirement of the Code Council is required to adopt a Treasury Management Policy Statement and four Treasury Management clauses. These form part of the Council's financial regulations and the following documents were adopted on 5 March 2018:

- Treasury Management Policy Statement
- Treasury Management Clauses
- The Treasury Management Role of the Section 95 Officer

1.4 The policy requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years, however in line with the longer capital planning process treasury management indicators have been provided (where appropriate) covering the period to 2030/31. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. Further reports are issued as follows:

- Mid-year monitoring report on actual activity during the year including revised indicators where appropriate; and
- Year-end report on actual activity for the previous year.

1.5 This strategy covers:

- The Council's debt and investment projections;
- Limits to the Council's borrowing activity;
- The economic climate and expected movement in interest rates;
- The Council's borrowing, debt and investment strategies;
- Treasury performance indicators;
- Specific limits on treasury activities; and
- Policy on ethical investments

2. The Council's debt and investment projections

2.1 The Council's forecast treasury portfolio position at 31 March 2021 with forward projections are summarised in Table E in Appendix 6 and shows the gross debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any under or over borrowing.

2.2 Within the prudential indicators there are a number of key indicators to ensure 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 2020/21 and 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. This is illustrated by comparing the estimated gross debt as at 31 March 2021 with the CFR as at 31 March 2024.

2.3 **The Section 95 Officer (Chief Officer - Resources) reports that the Council has complied with this prudential indicator, and no difficulties are envisaged for the current or future years.** This view takes into account the capital plan refresh reports for General Services and HRA.

3. Limits to Borrowing Activity

3.1 The Operational Boundary is detailed in Table F in Appendix 6 and 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.

3.2 The Authorised Limit for External Borrowing – a further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is not allowed to exceed. This needs to be set or revised by Members. 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. The Council is asked to approve the authorised limit detailed in Table G in Appendix 6. The limit within the appendix has been increased to allow for an estimated increase in debt due to the Accounting requirement change in relation to leasing from 1 April 2022.

3.3 **Advance Borrowing -** This Council will not borrow more than or earlier than required purely in order to profit from the investment return of the extra sums 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.

3.3.1 Advance borrowing will only be taken for risk management purposes subject to sound justification. The Section 95 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected and so borrowing early at fixed interest rates will be economically beneficial. A cautious approach to any such borrowing will be adopted, however where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

3.3.2 Full consideration will be given to balancing investment risks, such as the credit and interest risk resulting from the temporary investment of the sums, against the risk of adverse interest rate movements in addition to the existing debt maturity profile over the medium term.

3.3.3 As required by The Investment Regulations (Code on the Investments of Money by Scottish Local Authorities) which came into force on 1 April 2010 the Council will appraise all risks associated with advance borrowing activity. The Council will fully document the justification for the decision prior to the activity being undertaken, with subsequent reporting either within the mid-year or annual reporting mechanism.

4. UK, World and Scottish Economy Update and Current Forecasts

UK

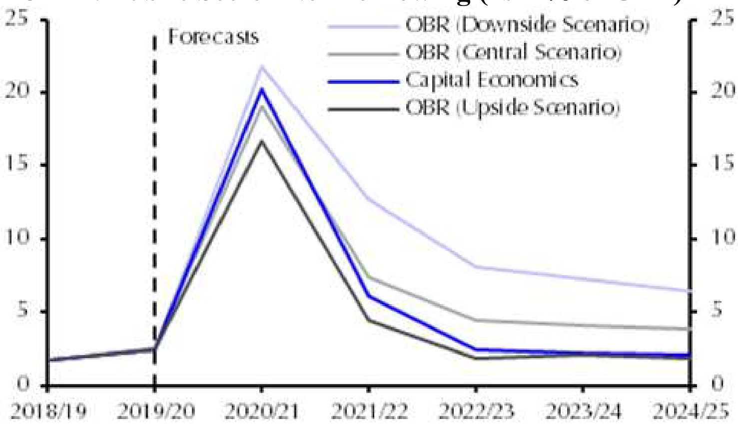
4.1 The Bank of England's Monetary Policy Committee (MPC) kept the Bank Base Rate and quantitative easing (QE) unchanged on 4th February. However, it revised its economic forecasts to take account of a third national lockdown which started on 5th January, which is going to delay economic recovery and do further damage to the economy. Moreover, it had already decided in November to undertake a further tranche of quantitative easing of £150bn, to start in January when the previous programme of £300bn of QE (announced in March to June 2020) finished. As only about £16bn of the latest £150bn tranche had been used towards the end of January, it felt that there was already sufficient provision for QE - which would be made to last to the end of 2021.

Although its short-term forecasts were cut for 2021, the medium-term forecasts were more optimistic than in November, based on an assumption that the current lockdown will be gradually eased after Q1 as vaccines are gradually rolled out and life can then start to go back to some sort of normality. The Bank's main assumptions were that the economy would start to recover strongly from Q3 2021 and:

- £125bn of savings made by consumers during the pandemic will give a significant boost to the pace of economic recovery once lockdown restrictions are eased and consumers can resume high street shopping, going to pubs and restaurants and taking holidays;
- The economy would still recover to reach its pre-pandemic level by Q1 2022 despite a long lockdown in Q1 2021;
- Unemployment will peak at around 7.5% during late 2021 and then fall to about 4.2% by the end of 2022. This forecast implies that 0.5m foreign workers will have been lost from the UK workforce by their returning home;
- CPI inflation was forecast to rise quite sharply towards the 2% target in Q1 2021 due to some temporary factors, (e.g. the reduction in VAT for certain services comes to an end) and given developments in energy prices. CPI inflation was projected to be close to 2% in 2022 and 2023.
- The Monetary Policy Report acknowledged that there were downside risks to their forecasts e.g. from virus mutations, risk of vaccines not being fully effective;
- The Report also mentioned a potential upside risk as an assumption had been made that consumers would only spend £6bn of their savings of £125bn once restrictions were eased. However, the risk is that that consumers could spend a lot more and more quickly;
- The Bank of England also removed negative interest rates as a possibility for at least six months as financial institutions were not yet ready to implement them. As in six months' time the economy should be starting to grow strongly, this effectively means that negative rates occurring are only a slim possibility in the current downturn. However, financial institutions have been requested to prepare for them so that, at a future time, this could be used as a monetary policy tool if deemed appropriate. Gilt yields and PWLB rates jumped upwards after the removal of negative rates as a key risk in the short-term.
- The MPC reiterated its previous guidance that Bank Rate would not rise until inflation was sustainably above 2%. This means that it will tolerate inflation running above 2% from time to time to balance out periods during which inflation was below 2%. This is termed average inflation targeting.

- **Public borrowing** was forecast in November 2020 by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery. It is now likely that total borrowing will probably reach around £420bn due to further Government support measures introduced as a result of further restrictions and the third national lockdown.

Chart: Public Sector Net Borrowing (as a % of GDP)



(if not in colour...... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.

- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after Q1 2020 saw growth at -3.0% followed by -18.8% in Q2 and then an upswing of +16.0% in Q3; this still left the economy 8.6% smaller than in Q4 2019. While the one month second national lockdown that started on 5th November caused a further contraction of 5.7% m/m in November, this was much better than had been feared and showed that the economy is adapting to new ways of working. This left the economy 'only' 8.6% below the pre-crisis level. However, a strong recovery from a further contraction during Q1 2021 is expected in the second half of 2021 and is likely to mean that the economy recovers to its pre-pandemic level during Q1 2022.

- **Vaccines – the game changer.** The vaccines have significantly boosted confidence that **life could largely return to normal during the second half of 2021**. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for when life returns to normal.

- **Brexit.** The final agreement of a trade deal on 24 December 2020 has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. However, it is evident from problems with trade flows at ports in January and February that work needs to be done to smooth out the issues and problems that have been created by complex customs paperwork, in order to deal with bottle necks currently being caused.

- **US.** Following elections for two senate seats in January, the Democrats now have a majority in the House of Representatives and a very slim majority in the Senate based on the vice president's casting vote. As the Democrats will be dependent on gaining the support of moderate Democrat senators, there will be a limit on just how radical they can be with their legislative and financial programmes. The $900bn fiscal stimulus passed in December will help the economy gain more traction in early 2021. There is a question mark, however, over whether they will be able to get a much bigger $1.9bn fiscal stimulus through both houses, though a smaller package would stand much more chance of being approved. After the Federal Bank unveiled the adoption of a flexible average inflation target in late August 2020, the mid-September meeting agreed by a majority to a toned down version of a new inflation target. This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. Subsequent meetings of the Fed have projected that inflation will not get back sustainably to above 2% for some years and so the vast majority of officials expect the Fed funds rate to still be at near-zero until 2024 or later.

- **EU.** The economy was recovering well from the first lockdowns towards the end of Q2 and during Q3 after a sharp drop in GDP. However, a second wave of the virus has caused a renewed fall back in growth during Q4. The slow role out of vaccines during Q1 2021 will delay economic recovery. In Q2 of 2020, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth contracted by another 0.7% in Q4 and is likely to at least stagnate during Q1 of 2021, as a second wave of the virus has seriously affected many countries. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in the rest of 2020; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending.

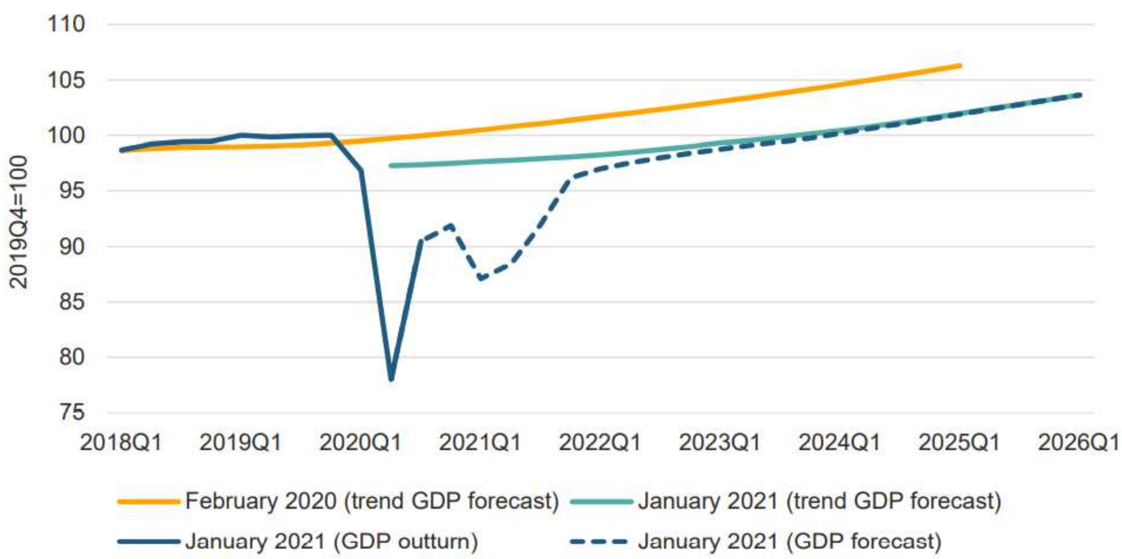
- **World growth.** World growth has been in recession in 2020 and this is likely to continue into the first half of 2021 before recovery in the second half. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

- Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

- **Summary -** Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand and the pace of recovery in their economies.

- **Scotland Specific -** Currently, it is forecast that the latest lockdown will reduce economic activity by 5% in the first quarter of 2021, but that GDP grows by 2% over 2021, 7% in 2022, and recovers to its pre COVID level in 2024. By 2025, GDP is forecast 4% lower than the original forecast in February 2020, as can be seen in Figure 1 below.

Figure 1: Trend and actual Scottish GDP, February 2020 and January 2021



Source: Scottish Fiscal Commission, Scottish Government (2020) First estimate of GDP: 2020 Q3 (link).

- The forecast for 2021 as a whole is for growth of 1.8%, picking up to 7.5% in 2022, mainly fuelled by household consumption as higher-income consumers who accumulated savings during the lockdown months start spending again. In contrast, lower-income households who have been disproportionately affected by the COVID-19 crisis, were less able to save during the pandemic, and may have run down savings or borrowed to cover day-to-day expenses, so at best they can be expected to spend cautiously in order to restore their finances.

- COVID-19 will have long-lasting effects on the Scottish economy. Scottish GDP is not expected to recover to its pre-COVID-19 level until the start of 2024. It is forecast that Scottish GDP in 2025 will still be 4 per cent below where it was expected to be in the February 2020 forecast. The long-term GDP outlook has changed because the assumption that there will be longer-term effects of the pandemic on the Scottish economy. In particular, compared to the previous forecast, it is expected that:

    - Productivity is around 2% lower because of factors such as lower levels of capital investment, global trade and migration during the pandemic, and scarring effects from prolonged unemployment;
    - Labour force participation rates for those aged 16 to 24 are 0.9% lower, in part because the long-term employability of younger people may be reduced by unemployment early in their working lives;
    - The long-run unemployment rate increases from 4.0% to 5.5% in 2020, gradually moving to 4.4% at the start of 2023;
    - The population aged 16 and over is 0.5% lower, mainly because of assumptions regarding COVID-related excess deaths and zero net international migration in the short term.

Figure 2: Headline economy forecasts, growth rates

Per cent	2019	2020	2021	2022	2023	2024	2025
GDP							
February 2020	0.9	1.0	1.1	1.2	1.2	1.2	
January 2021	0.8	-10.7	1.8	7.5	1.6	1.6	1.7
Average nominal earnings							
February 2020	2.8	3.0	3.1	3.2	3.3	3.3	
January 2021 [1]	4.2	2.5	2.6	2.4	2.7	3.0	3.3
Employment							
February 2020	0.4	-0.3	0.1	0.2	0.2	0.2	
January 2021	0.1	-2.4	-1.5	1.2	0.9	0.4	0.2

Source: Scottish Fiscal Commission, Scottish Fiscal Commission (2020) Scotland's Economic and Fiscal Forecasts – February 2020 (link).
Shaded cells refer to outturn available at time of publication.

- The job retention schemes have largely, but not completely, protected the labour market from the economic consequences of the pandemic. Although headline unemployment figures from the Labour Force Survey have remained stable, income tax PAYE Real Time Information (RTI) indicates a decrease in paid employment since last April. There is also a fall in workforce jobs for Scotland and the UK.

- The unemployment rate is expected to peak at 7.6% in 2021 Q2 once the furlough schemes end. Forecasts of employment growth in 2020 and 2021 have been revised downwards to account for the effects of COVID-19 on the labour market. Our forecasts of average nominal earnings growth have been revised down in subsequent years, mainly reflecting lower productivity growth, lower public sector pay growth and higher unemployment compared to our previous forecast. With inflation currently very low, and lower than expected at the time of our previous forecast, real average earnings growth forecasts for 2020 and 2021 have been revised up.

- Another important development is that the UK and EU have reached a free trade agreement which came into effect at the end of the transition period on 1 January 2021. Recent forecasts already incorporated the long-run effects of Brexit on the Scottish economy

5. Prospect for Interest Rates

5.1 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Table H in Appendix 6 gives the current Link Asset Services central view.

5.2 There are two views in respect of Bank Rate beyond our three-year time horizon:

1. The MPC will be keen to raise Bank Rate as soon as possible in order for it to be a usable tool when the next economic downturn comes along. This is in line with thinking on Bank Rate over the last 20 years; or

2. Conversely, that we need to adjust to the new post-pandemic era that we are now in. In this new era, the shift to average inflation targeting has set a high bar for raising Bank Rate i.e. only when inflation is demonstrably sustainably above 2%. In addition, many governments around the world have been saddled with high levels of debt.

6. Borrowing and Debt Strategy 2021/22 – 2030/31

6.1 At the end of 2019/20 the Council was slightly over-borrowed. Table E in Appendix 6 forecasts that the capital borrowing need (the Capital Financing Requirement) will be almost fully funded with external borrowing which is a mixture of short term and long term debt.

6.2 Against this background and the risk within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Section 95 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

6.3 If it was felt that there was a significant risk of a further fall in long and short term rates, e.g. due to a marked increase of risks around recession or of risks of deflation, then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

6.4 If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

6.5 Following PWLB increasing its interest rates by 1% on 9 October 2019 with many local authorities now viewing PWLB as a lender of last resort, a further review saw a reduction in PWLB by 1% on 26 November 2020.

6.6 Any decisions will be reported to Members via the Members Bulletin at the next available opportunity.

6.7 Approved sources of long and short term borrowing include:

	Fixed	**Variable**
PWLB	X	X
Local Authorities	X	X
Banks	X	X
Pension Funds	X	X
Insurance Companies	X	X
Market – long term	X	X
Market – short term	X	X
Market – LOBOs	X	X
Overdraft	X	X
Internal (capital receipts / revenue balances)	X	X
Finance Leases	X	X

7. Investment Strategy

7.1 The Council's investment policy has regard to the Local Government Investment (Scotland) Regulations (and accompanying finance circular). Council had also adopted both the Treasury Management Code of Practice and the Prudential Code and is required to adopt the revised editions. The day to day investment policies and practices are contained in the Council's Treasury Management Practices, which reflect the requirements of these codes. These practices are regularly reviewed.

7.2 **Key Objectives** – Following the economic background above, the current investment climate has one over-riding risk consideration - counterparty security risk. As a result of these underlying concerns, officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy. The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time first and ensuring adequate liquidity second – the investment return being a third objective. After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security; and

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

7.2.1 In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, outlooks and watches published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Link Asset Services ratings service banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

7.2.2 Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that 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 this end 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. This is fully integrated into the credit methodology provided by the advisors, Link Asset Services in producing its colour codings which show the varying degrees of creditworthiness.

7.2.3 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

7.2.4 The aim of the strategy is to generate a list of highly creditworthy counterparties which will enable diversification, and thus avoidance of concentration, with the prime intention of providing security of investment and minimisation of risk.

7.3 **Investment Strategy** – The process for investment strategy under the regulations covers a wide range of Council investments and will be broadly managed in the following way:

- Short Term Cash – Cash relating to day to day cash flow will be maintained on a shorter term basis in cash type products with consideration to the liquidity requirements outlined above.

- Longer Term Cash – Cash relating to reserves, provisions and balances on the balance sheet may be held for longer periods of time in cash type products or in longer term bonds or funds depending on:

  - Cash flow requirements:
  - The underlying expectation for interest rates; and
  - The economic background of these investments may be held longer term.

- Service Type Investments – These types of investments will predominately be policy driven and approved by Members. Shareholdings, development opportunities, loans to third parties, equity instruments and investment properties held for rental returns) will be regularly reviewed to judge the investment performance.

- Non Service Type Investments – Investments such as Joint venture delivery companies such as Hub West Scotland and investments in regeneration partnerships and development opportunities

7.4 **Benchmarking and Monitoring Security, Liquidity and Yield in the Investment Service**
A development for Member reporting is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are additional new requirements to the Member reporting.

7.4.1 These benchmarks are targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

7.4.2 In the context of benchmarking, assessing security is a very subjective area to assess. Security is currently evidenced by the application of minimum quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch/ Moody's and Standard and Poors). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy. Table I in Appendix 6 shows average defaults for differing periods of investment grade products for each Fitch/ Moody's Standard and Poors long term rating category.

7.4.3 The Council's minimum long term rating criteria is currently "A-", meaning the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.05% of the total investment (e.g. for a £1m investment the average loss would be £500). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio.

7.4.4 As required by the CIPFA Treasury Management Code of Practice The Council will "ensure that it has adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives". In respect to liquidity as defined above the Council seeks to maintain:

- Bank overdraft - £1.000m; and
- Liquid short term deposits of at least £5m available on an overnight basis.

7.4.5 Local measures of yield investment benchmarks that will be used to assess returns are:

- Internal returns above the 7 day LIBID rate;
- Internal returns above the 1 month LIBID rate for fixed investments; and
- Internal returns above the Council's instant access account.

7.5 Council Permitted Investments – The Investments Regulations (Code on the Investment of Money by Scottish Local Authorities) requires Council approval of all the types of investment to be used and set appropriate limits for the amount that can be held for each investment type. These types of investment are termed permitted investments and any investments used which have not been approved as a permitted investment will be considered ultra vires.

7.5.1 The permitted investments which may be used in the forthcoming year are noted below. Details of the risks, mitigating controls and limits associated with each of these permitted categories are shown in Appendix 3.

- **Cash Type Instruments**
    - Deposits with the Debt Management Account Facility (UK Government);
    - Deposits with other local authorities or public bodies;
    - Money Market Funds
        - Constant Net Asset Value
        - Low Volatility Net Asset Value;
    - Call accounts, deposit accounts with financial institutions (banks and building societies;
    - Term deposits with financial institutions (banks and building societies);
    - UK Government Gilts and Treasury Bills;

- Certificates of deposits will financial institutions (banks and building societies); and
- Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates, etc).

- **Other Investments**

  - Investment properties;
  - Loans to third parties, including soft loans;
  - Loans to a local authority company;
  - Shareholding in a local authority company;
  - Non-local authority shareholdings;
  - Joint venture delivery companies such as hub West Scotland;
  - Regeneration partnerships and development opportunities;
  - District Heating Schemes; and
  - Local Authority Mortgage Scheme (LAMS).

7.5.2 Permitted investments related to the Common Good are also shown in Appendix 3, and where applicable the same counterparty selection criteria as noted in 6.6 below will be applied.

7.6 Investment Counterparty Selection Criteria

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security; and

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

7.6.1 The Section 95 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria selects which counterparties the Council will choose from, rather than defining what its investments are.

7.6.2 Credit rating type and definitions are attached within Appendices 4 and 6.

7.6.3 Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to any counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

7.6.4 The criteria for providing a pool of high quality cash type investment counterparties is:

- **Category 1 - Good Credit Quality** – the Council will only use financial institutions (including certificates of deposit and corporate bonds) which:

    - Are UK banks; and/or
    - Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AA; The UK will be excluded from any Sovereign rating criteria.
    - And have, as a minimum, the following Fitch, Moody's and Standard and Poors (S&P) credit ratings (where rated):
        - Short Term – F1 (or equivalent from Fitch, Moody's and S&P)
        - Long Term – A- (or equivalent from Fitch, Moody's and S&P)

    The difference between the ratings will be reflected in the money limits as noted in Table K in Appendix 6.

- **Category 2** – **Part nationalised UK banks** – Lloyds Bank Group and Royal Bank of Scotland Group. These banks can be included if they continue to be part nationalised or they meet the ratings in Category 1 above.

- **Category 3**- **The Council's own banker** for transactional purposes if the bank falls below the above criteria specified in category 1, although in this case balances will be minimised in both monetary size and time.

- **Category 4 - Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined in category 1.

- **Category 5 - Building Societies** – the Council will use all Societies which meet the ratings for banks outlined in category 1.

- **Category 6 - Money Market Funds** – the Council will use either CNAV or LVNAV money market funds that are AAA rated (by at least one of the 3 rating agencies).

- **Category 7 - UK Government** (including gilts, treasury bills and the DMADF)

- **Category 8 - Local Authorities, etc**

7.6.5 Due to the uncertainty in the financial markets it is recommended that the Investment Strategy is approved which will provide officers with the flexibility to deal with any unexpected occurrences. Officers can restrict the pool of available counterparties from these criteria to safer instruments and institutions.

7.6.6 The time limits for institutions on the Council's cash type counterparty list are as noted in Table J in Appendix 6.

7.6.7 The Council's bankers are currently the Clydesdale Bank Plc which falls within Category 3. It is recognised that the money limit of £5million may be breached for purely operational purposes on a temporary overnight basis only. The Chief Officer - Resources will endeavour to avoid this scenario but this allows for circumstances that are outwith the Council's control where funds may be deposited unexpectedly or at short notice into the Council's accounts after the dealing deadline for the day has passed. In such a circumstance the funds will require to be kept on an overnight basis in the Council's bank account until appropriate arrangements can be made for investment.

7.6.8 Table J does not include a monetary limit for category 7 which are funds deposited with the UK Government namely the Debt Management Account Deposit Facility (DMADF). This facility allows local authorities to deposit surplus cash on flexible terms and receive a market related rate of interest. Funds are held by the Bank of England and the scheme carried the Government's own sovereign credit rating offering the highest available security and therefore no maximum monetary limit has been set.

7.6.9 Country and sector considerations - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above and the list of approved countries for investments are detailed in Appendix 5. In addition:

- No more than 25% will be placed with any country outside of the UK at any time;
- Limits in place above will apply to Group companies; and
- Sector limits will be monitored regularly for appropriateness.

7.6.10Use of additional information other than credit ratings – Additional requirements under the Code of Practice now requires the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

7.6.11Economic Investment Considerations – Current forecasts on shorter-term interest rates, on which investment decisions are based, show a potential for the current 0.10% Bank Rate remain steady until March 2024. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.

7.6.12 There is an operational difficulty arising from the current economic situation. There is currently little value investing longer term unless credit quality is reduced. Whilst some selective options do provide additional yield uncertainty over counterparty creditworthiness suggests shorter dated investments would provide better security.

7.6.13 The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Section 95 Officer (Chief Officer - Resources) may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.

7.6.14 Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds and strongly rated. The credit criteria have been amended to reflect these facilities.

7.7 Sensitivity to Interest Rate Movements - Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. Table K in Appendix 6 highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

7.8 **Ethical Investments** - This is the placing of funds and selecting investments in a manner that reflects an authority's ethical values. Generally, two sets of criteria are drawn up – negative and positive values whereby investments are to be avoided or encouraged.

7.8.1 The following policy statement was approved on 25 October 2017:

7.8.2 The Council will not knowingly invest directly in organisations (including financial institutions and money market funds) whose activities and practices pose a risk of serious harm to individuals and/or groups, or whose activities are inconsistent with the Council's vision, values and priorities. This could include avoiding direct investment in organisations with material links to:

- Human rights abuse (e.g. child labour);
- Environmentally harmful activities (e.g. destruction of habitat); and
- Socially harmful activities (e.g. gambling)

7.8.3 In order to give effect to its commitment to this policy the Chief Officer - Resources contacted all investment counterparties on 9 January 2018 advising of our policy.

7.8.4 In accordance with the further commitments that were given in October 2017 it is considered that this policy statement remains relevant and does not require to be amended at this time.

8. Treasury Management Limits on Activity

8.1 There are four further treasury activity limits, which were previously prudential indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs.

- *Upper limits on variable interest rate exposure* – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments

- *Upper limits on fixed interest rate exposure* – Similar to the previous indicator this covers a maximum limit on fixed interest rates.

- *Maturity structures of borrowing* – These limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

- *Total principal funds invested for greater than 364 & 365 days* - These limits are set with regard to 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.

The proposed indicators are shown within Table L in Appendix 6.

8.2 The upper limit applies to the maturity structure of fixed interest rate borrowing in Table M. The level has been set to take account of the way that local authorities have to record certain market loans where the maturity date is deemed to be the next call date rather than the eventual repayment date.

9. Performance Indicators

9.1 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:

- Debt – Borrowing - Average rate of borrowing for the year compared to average available;
- Debt – Average rate movement year on year; and
- Investments – Internal returns above the 7 day LIBID rate.

9.2 The results of these indicators will be reported in the Treasury Annual Report for 2020/21.

10. Treasury Management Advisors

10.1 The Council uses Link Asset Services as its treasury management advisors. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments; and
- Credit ratings/market information service comprising the three main credit rating agencies.

10.2 The current treasury advisor contract was awarded to Link Asset Services following a quick quote exercise and commencing on 1 May 2018 until 30 April 2021. A procurement exercise is currently underway with a new contract from 1 May 2021.

10.3 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not place upon external service providers.

10.4 The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value is assessed are properly agreed and documented, and subjected to regular review.

10.5 Whilst the advisers provide support to the internal treasury function the final decision on treasury matters remains with the Council.

11. The Monitoring of Investment Counterparties

11.1 The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and 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

Officer - Resources and, if required, new counterparties which meet the criteria will be added to the list.

Appendix 3

West Dunbartonshire Council and Common Good Funds Permitted Investments, Associated Controls and Limits

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Cash Type Instruments			
Deposits with the Debt Management Account Facility (UK Government) (**Very low risk)**	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.	Little mitigating controls required. As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.	As shown in Table J.
Deposits with other local authorities or public bodies **(Very low risk)**	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. Deposits with other non-local authority bodies will be restricted to the overall credit rating criteria.	Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment. Non- local authority deposits will follow the approved credit rating criteria.	As shown in Table J.
Money Market Funds (MMFs) **(Very 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 has an “AAA” rated status from either Fitch, Moody’s or Standard and Poor’s.	As shown in Table J.
Call account deposit accounts with financial institutions (banks and building societies) **(Low risk depending on credit rating)**	These tend to be low risk investments, but will exhibit higher risks than the first three categories above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice.	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 Poors. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table J.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Term deposits with financial institutions (banks and building societies) **(Low to medium risk depending on period & credit rating)**	These tend to be low risk investments, but will exhibit higher risks than the first three categories above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.	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 Poors. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table J.
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.	As shown in Table J.
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 the first three categories above. There is 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 Poors. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table J.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Structured deposit facilities with banks and building societies (escalating / de-escalating rates, etc.) **(Low to medium risk depending on period & credit rating)**	These tend to be medium to low risk investments, but will exhibit higher risks than the first three categories above. Whilst there is no risk to value with these types of investments, liquidity is very low and investments can only be broken with the agreement of the counterparty (penalties may apply).	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 Poors. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table J.
Corporate Bonds **(Medium to high risk depending on period & credit rating)**	These are marketable securities issued by financial and corporate institutions. Counterparty risk will vary and there is risk to 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 Poors. Corporate bonds will be restricted to those meeting the base criteria. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table J.
Other Types of Investments			
Investment properties	These are properties that are not used to facilitate service delivery but are held solely to earn rentals or for capital appreciation or both. These are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids).	In larger investment portfolios some small allocation of property based investment may counterbalance/compliment the wider cash portfolio. Property holding will be re-valued regularly and reported annually with gross and net rental streams.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Loans to third parties, including soft loans	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.
Loans to a local authority company	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each loan to a local authority company requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.
Shareholdings in a local authority company	These are service investments which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.
Non-local authority shareholdings	These are non-service investments which may exhibit market risk, be only considered for longer term investments, likely to be liquid.	Any non-service equity investment will require separate Member approval and each application will be supported by rational behind the service the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Joint venture delivery companies such as hub West Scotland	Public sector organisations across a hub territory will work in partnership with each other, and a private sector delivery partner, in a joint venture delivery company called hub West Scotland. .	Any investment in hub West Scotland requires approval from the Section 95 Officer (Chief Officer - Resources) and the Chief Executive in consultation with the Leader of the Council and the Leader of the Opposition and each application will be supported by the service rational behind the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.
Regeneration partnerships and development opportunities	Investments undertaken with the prime intention of local area regeneration.	Any investment in a regeneration partnership / development opportunity requires Member approval with each application supported by rational behind the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.
Investment in Projects procured and managed by third parties e.g. District Heating Schemes	Investments undertaken to assist in facilitating third party projects where the Council has an interest in the successful outcome of the project. Expectation of a financial return for the Council.	Any investment in such projects requires Member approval and each application will be supported by a business case for the investment and the expectation of a financial benefit to the Council.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.
Local Authority Mortgage Scheme (LAMS)	These are service investments at market rates of interest. Under this scheme the Council is required to place funds for a number of years with the bank which is participating in this scheme	Any investment in the LAMS requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	The Section 95 Officer will determine monetary and time limits managing risk accordingly, to the maximum total as noted in Table L of £7m.

Appendix 4

Type of Rating	Rating	Explanation
Fitch -Short Term	F1+	Indicates exceptionally strong capacity for timely payment of financial commitments
	F1	Indicates strong capacity for timely payment of financial commitments
Fitch - Long Term	AA-	Indicates very strong capacity for timely payment of financial commitments and this capacity is not significantly vulnerable to foreseeable events
	A-	Indicates strong capacity for timely payment of financial commitments. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings
Moody's - Short Term	P-1	Banks based Prime-1 for deposits offer superior credit quality and a very strong capacity for timely payment of short term deposit obligations
Moody's - Long Term	Aa	Offer excellent credit quality, with susceptibility to long term risks with a vulnerability to greater fluctuations within protective elements
	A	Offer excellent credit quality, but elements suggest a Susceptibility to impairment over the long term
Standard & Poors - Short Term	A-1	Indicates a strong capacity to meet institutions financial commitments. Within this category, certain obligors are design with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is EXTREMELY STRONG
Standard & Poors - Long Term	AA-	Indicates strong capacity for timely payment of financial commitments
	A-	Indicates strong capacity for timely payment of financial commitments. This capacity may, nevertheless, be more susceptible to the adverse effects of changes in circumstances or in economic conditions than is the case for higher rated category

Appendix 5

West Dunbartonshire Council and Common Good Funds Permitted Investments, Approved Countries for Investments*

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

Please note that this is the list will be updated as required on an ongoing basis

West Dunbartonshire Council Prudential and Treasury Indicators **Appendix 6**

Table A - Net Capital Financing Need

General Services and HRA Shown Separately

£000	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
General Services	**43,073**	**47,501**	**43,096**	**60,400**	**30,205**	**27,238**	**17,154**	**13,774**	**13,715**	**13,626**	**13,626**
Financed by:											
Capital receipts	3,209	7,077	1,354	(248)	3,588	2,038	2,818	5,464	698	707	707
Capital grants	14,151	8,265	22,875	15,429	14,947	8,594	8,051	7,121	7,121	7,121	7,121
Revenue	76	0	0	0	0	0	0	0	0	0	0
Other funding	138	49	0	0	0	0	0	0	0	0	0
Net financing need for the year	**25,498**	**32,111**	**18,868**	**45,220**	**11,670**	**16,606**	**6,285**	**1,189**	**5,896**	**5,798**	**5,798**

£000	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
HRA	**46,907**	**49,744**	**42,539**	**38,506**	**31,888**	**23,937**	**14,647**	**15,014**	**15,389**	**15,774**	**16,168**
Financed by:											
Capital receipts	0	0	0	0	0	0	0	0	0	0	0
Capital grants	3,656	4,500	7,057	3,372	2,450	0	0	0	0	0	0
Revenue	7,927	8,320	7,051	7,297	6,814	6,814	5,522	5,362	4,987	4,753	4,114
Other funding	0	96	0	0	0	0	0	0	0	0	0
Net financing need for the year	**35,324**	**36,828**	**28,430**	**27,837**	**22,624**	**17,123**	**9,126**	**9,652**	**10,402**	**11,020**	**12,054**

General Services and HRA Combined

£000	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
General Services	43,073	47,501	43,096	60,400	30,205	27,238	17,154	13,774	13,715	13,626	13,626
HRA	46,907	49,744	42,539	38,506	31,888	23,937	14,647	15,014	15,389	15,774	16,168
Capital Expenditure	**89,980**	**97,245**	**85,635**	**98,906**	**62,093**	**51,175**	**31,801**	**28,788**	**29,104**	**29,400**	**29,794**
Financed by:											
Capital receipts	3,209	7,077	1,354	(248)	3,588	2,038	2,818	5,464	698	707	707
Capital grants	17,807	12,765	29,932	18,801	17,397	8,594	8,051	7,121	7,121	7,121	7,121
Revenue	8,003	8,320	7,051	7,297	6,814	6,814	5,522	5,362	4,987	4,753	4,114
Other funding	138	145	0	0	0	0	0	0	0	0	0
Net financing need for the year	**60,822**	**68,938**	**47,298**	**73,056**	**34,293**	**33,729**	**15,411**	**10,841**	**16,298**	**16,818**	**17,852**

Table B - Capital Financing Requirement

£000	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Capital Financing Requirement											
CFR – General Services	378,459	404,768	416,969	454,332	458,753	467,266	464,733	457,191	454,708	451,925	447,262
CFR – HRA	272,330	302,507	322,725	341,390	355,881	364,385	364,489	363,308	362,228	361,270	360,991
Total CFR	**650,789**	**707,275**	**739,694**	**795,722**	**814,634**	**831,651**	**829,222**	**820,499**	**816,935**	**813,195**	**808,253**
Movement in CFR	50,050	56,486	32,419	56,027	18,912	17,017	(2,429)	(8,723)	(3,564)	(3,740)	(4,942)

Movement in CFR represented by											
Net financing need for the year (above)	60,822	68,938	47,298	73,056	34,293	33,729	15,411	10,841	16,298	16,818	17,852
Less scheduled debt amortisation and other financing movements	(10,772)	(12,452)	(14,879)	(17,029)	(15,381)	(16,713)	(17,840)	(19,564)	(19,862)	(20,559)	(22,794)
Movement in CFR	**50,050**	**56,486**	**32,419**	**56,027**	**18,912**	**17,017**	**(2,429)**	**(8,723)**	**(3,564)**	**(3,740)**	**(4,942)**

Table C - Loan Fund Repayment Profile (excluding PPP)

	General Services	HRA	Total
	£000	£000	£000
Under 12 months	2,691	6,562	9,253
2 years to 5 years	14,077	32,020	46,097
6 years to 10 years	23,540	55,647	79,187
11 years to 15 years	32,907	54,509	87,416
16 years to 20 years	35,622	61,142	96,764
21 years to 25 years	32,108	71,649	103,758
26 years to 30 years	31,866	52,439	84,305
31 years to 35 years	39,491	48,605	88,095
36 years to 40 years	48,753	36,445	85,198
41 years to 45 years	17,569	4,433	22,002
46 years to 50 years	18,437	269	18,706
51 years to 55 years	18,906	408	19,315
56 years to 60 years	20,020	609	20,629
60 years plus	100,899	2,879	103,778

Table D - Ratio of Financing Costs to Net Revenue Stream

	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
General Services	9.25%	8.53%	8.98%	9.48%	10.49%	11.04%	11.28%	11.32%	11.11%	11.17%	16.83%
HRA	22.56%	28.07%	31.68%	33.42%	34.40%	36.13%	36.90%	40.47%	41.02%	41.23%	41.20%

Table E - Gross Debt compared to the Underlying Need to Borrow (CFR)

£000	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
External Debt											
Debt at 1 April	509,677	551,579	611,746	647,541	706,711	729,219	750,558	752,845	748,786	748,990	749,049
Adjustment to 2019/20 year end over-borrowed position	(8,880)	0	0	0	0	0	0	0	0	0	0
New Borrowing - CFR	50,782	60,167	35,795	59,171	22,507	21,340	2,286	(4,059)	204	60	(457)
Debt at 31 March	**551,579**	**611,746**	**647,541**	**706,711**	**729,219**	**750,558**	**752,845**	**748,786**	**748,990**	**749,049**	**748,592**
Long Term Liabilities at 1 April	99,942	96,341	92,660	89,284	86,141	82,546	78,223	73,508	68,845	65,077	61,277
Change in Long Term Liabilities	(3,601)	(3,681)	(3,376)	(3,143)	(3,595)	(4,323)	(4,715)	(4,664)	(3,768)	(3,800)	(4,485)
Long Term Liabilities at 31 March	**96,341**	**92,660**	**89,284**	**86,141**	**82,546**	**78,223**	**73,508**	**68,845**	**65,077**	**61,277**	**56,792**
Gross Debt at 31 March	647,920	704,406	736,825	792,852	811,765	828,781	826,353	817,630	814,066	810,326	805,384
Capital Financing Requirement	650,789	707,275	739,694	795,722	814,634	831,651	829,222	820,499	816,935	813,195	808,253
Under / (Over) Borrowing	**2,869**	**2,869**	**2,869**	**2,869**	**2,869**	**2,869**	**2,869**	**2,869**	**2,869**	**2,869**	**2,869**

Table F - Operational Boundary

£000	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
External Debt	606,738	672,922	712,296	777,384	802,142	825,615	828,130	823,665	823,890	823,955	823,452
Long Term Liability	105,975	101,926	98,213	94,755	90,801	86,045	80,859	75,729	71,584	67,404	62,471
Total	**712,713**	**774,848**	**810,509**	**872,139**	**892,942**	**911,661**	**908,989**	**899,394**	**895,474**	**891,360**	**885,923**

Table G - Authorised Limit

£000	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
External Debt	661,896	734,096	777,050	848,055	875,064	900,671	903,415	898,544	898,789	898,860	898,311
Long Term Liability	115,609	121,192	117,141	113,369	109,055	103,868	98,210	92,613	88,092	83,532	78,150
Total	**777,505**	**855,288**	**894,191**	**961,424**	**984,119**	**1,004,539**	**1,001,625**	**991,157**	**986,881**	**982,392**	**976,462**

Table H - Interest Rate Forecast

Link Asset Services Interest Rate View	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Bank Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
5yr PWLB Rate	0.90%	0.90%	0.90%	0.90%	1.00%	1.00%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%
10yr PWLB Rate	1.30%	1.30%	1.30%	1.30%	1.40%	1.40%	1.50%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%
25yr PWLB Rate	1.90%	1.90%	1.90%	1.90%	2.00%	2.00%	2.10%	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%
50yr PWLB Rate	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%

Table I - Historic Risk of Default

Long term rating	1 year	2 years	3 years	4 years	5 years
AAA	0.04%	0.10%	0.17%	0.26%	0.35%
AA	0.02%	0.04%	0.09%	0.16%	0.24%
A	0.05%	0.15%	0.27%	0.40%	0.55%
BBB	0.15%	0.40%	0.70%	1.05%	1.41%
BB	0.65%	1.84%	3.22%	4.60%	5.84%
B	2.76%	6.66%	10.26%	13.35%	15.82%
CCC	18.96%	26.64%	31.60%	35.08%	37.88%

Note - The AAA default risk is actually higher than the AA default risk due the number of AAA rated institutions left

Table J - Counterparty Limits

Investment Category	Fitch (or equivalent)	Money Limit	Time Limit
1	F1+ / AA-	£10million	364 days
	F1 / A-	£5 million	
2	F1/A-	£10 million (per group)	364 days
3		£5 million	Overnight
4		£5 million	364 days
5	As in 1 above	£10million and £5million	364 days
6	Sector Limit	£25 million	Very liquid no time limit applies
	Fund Limit	£5 million	
7		No limit	6 months
8	Sector imit	£25 million	364 days
	Fund Limit	£5 million	

Table K - Sensitivity to Interest Rate Movements

£000	2021/22 Estimate	1%	-1%
Variable Rate Debt Payments	N/A	N/A	N/A
Variable Rate Investment income	75	150	(75)

Table L- Treasury Management Limits on Activity

	2021/22 Upper	2022/23 Upper	2023/24 Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	50%	50%	50%

Maturity Structure of fixed interest rate borrowing						
	Lower	**Upper**	**Lower**	**Upper**	**Lower**	**Upper**
Under 12 months	0%	50%	0%	50%	0%	50%
12 months to 2 years	0%	50%	0%	50%	0%	50%
2 years to 5 years	0%	50%	0%	50%	0%	50%
5 years to 10 years	0%	50%	0%	50%	0%	50%
10 years to 20 years	0%	50%	0%	50%	0%	50%
20 years to 30 years	0%	50%	0%	50%	0%	50%
30 years to 40 years	0%	50%	0%	50%	0%	50%
40 years to 50 years	0%	100%	0%	100%	0%	100%
50 years to 60 years	0%	100%	0%	100%	0%	100%
60 years to 70 years	0%	100%	0%	100%	0%	100%
Principal sums invested > 364 & 365 days	£nil	£7m	£nil	£7m	£nil	£7m