



Supplementary Agenda

Meeting of West Dunbartonshire Council

Date: Wednesday, 26 October 2016

Time: 17:00

Venue: Council Chamber,
Council Offices, Garshake Road, Dumbarton

Contact: Craig Stewart
Tel: 01389 737251 – craig.stewart@west-dunbarton.gov.uk

Dear Member

ITEMS TO FOLLOW

I refer to the agenda for the above meeting which was issued on 14 October 2016 and now enclose a copy of the Items which were not available for issue at that time.

Yours faithfully

JOYCE WHITE

Chief Executive

Note referred to:- /

3 MINUTES OF PREVIOUS MEETINGS

Submit for approval as a correct record, the Minutes of Meeting of West Dunbartonshire Council held on:-

(b) 5 October 2016 (Special Meeting). **5 - 16**

8 GENERAL SERVICES BUDGETARY CONTROL REPORT TO 30 SEPTEMBER 2016 (PERIOD 6) 17 - 60

Submit report by the Strategic Lead – Resources advising on the progress of both the General Services revenue budget 2016/17 and the approved capital programme for the period to 30 September 2016.

9 HOUSING REVENUE ACCOUNT BUDGETARY CONTROL REPORT TO 30 SEPTEMBER 2016 (PERIOD 6) 61 - 78

Submit report by the Strategic Director of Regeneration, Environment and Growth providing an update on the financial performance to 30 September 2016 (Period 6) of the HRA revenue and capital budgets.

11 LONG TERM FINANCIAL STRATEGY REFRESH AND GENERAL SERVICES AND HOUSING REVENUE ACCOUNT REVENUE ESTIMATES UPDATE 2017/18 TO 2019/20 79 - 148

Submit report by the Strategic Lead – Resources:-

- (a) seeking approval of the Council's refreshed Long Term Financial Strategy; and
- (b) providing Council with an update of the projected financial position following the completion of the draft revenue estimates for the next three financial years from 2017/18 to 2019/20.

14 FUNDING TO COMMUNITY ORGANISATIONS FOR BUSINESS STREAM WATER CHARGES 149 - 152

With reference to the Minutes of the Special Meeting of Council held on 5 October 2016, submit report by the Strategic Lead – Housing & Employability with information in relation to the impact of Scottish Water charges on community organisations, tenants associations and community halls.

Distribution:-

Provost Douglas McAllister
Councillor Denis Agnew
Councillor George Black
Councillor Jim Bollan
Councillor Jim Brown
Councillor Gail Casey
Councillor Jim Finn
Councillor William Hendrie
Councillor David McBride
Councillor Jonathan McColl
Councillor Michelle McGinty
Councillor Patrick McGlinchey
Councillor Marie McNair
Councillor John Millar
Councillor John Mooney
Councillor Ian Murray
Councillor Lawrence O'Neill
Councillor Tommy Rainey
Councillor Gail Robertson
Councillor Martin Rooney
Councillor Kath Ryall
Councillor Hazel Sorrell

Chief Executive
Strategic Director of Transformation & Public Service Reform
Strategic Director of Regeneration, Environment & Growth
Chief Officer of West Dunbartonshire Health & Social Care Partnership

Date of issue: 20 October 2016

WEST DUNBARTONSHIRE COUNCIL

At a Special Meeting of West Dunbartonshire Council held in the Council Chamber, Council Offices, Garshake Road, Dumbarton on Wednesday, 5 October 2016 at 5.05 p.m.

Present: Provost Douglas McAllister and Councillors Denis Agnew, George Black, Jim Bolland, Gail Casey, Jim Finn, William Hendrie, David McBride, Jonathan McColl, Michelle McGinty, Patrick McGlinchey, Marie McNair, John Millar, John Mooney, Ian Murray, Tommy Rainey, Martin Rooney, Kath Ryall and Hazel Sorrell.

Attending: Joyce White, Chief Executive; Richard Cairns, Strategic Director – Regeneration, Environment & Growth; Angela Wilson, Strategic Director – Transformation & Public Service Reform; Ronnie Dinnie, Strategic Lead – Environment & Neighbourhood; Peter Hissett, Strategic Lead – Regulatory; Vicki Rogers, Strategic Lead – People & Technology; Stephen West, Strategic Lead – Resources; and Scott Kelly, Committee Officer.

Apologies: Apologies for absence were intimated on behalf of Councillors Jim Brown, Lawrence O'Neill and Gail Robertson.

Provost Douglas McAllister in the Chair

URGENT ITEMS OF BUSINESS

Councillor Rooney requested that consideration be given to an emergency motion concerning support to West Dunbartonshire Community Foodshare (WDCF).

Having heard Councillor Rooney state the terms of his proposed motion, it was noted that without financial support from the Council, WDCF would require to serve redundancy terms on one of its workers at the end of the month.

The Provost advised that he was satisfied, for these reasons, that the matter was urgent and that the motion would therefore be considered following the conclusion of all items of business on the agenda.

The Provost then advised that he had received a request from Councillor Agnew for consideration to be given to an emergency motion concerning support to community groups in relation to water charges. Councillor Agnew was invited to state the terms of his proposed motion and it was noted that certain groups were under threat of potential legal action from a debt collection agency.

The Provost advised that, in view of the potential legal action, he was satisfied of the urgent nature of the matter and that consideration would be given to the motion at the end of the meeting.

DECLARATIONS OF INTEREST

It was noted that there were no declarations of interest in any of the items of business on the agenda.

DELIVERING FOR THE FUTURE – JOINT WORKING AND SHARING SERVICES

A report was submitted by the Chief Executive seeking approval of the Joint Committee Minute of Agreement, detailed within Appendix 1 to the report, which was required to establish the governance structure necessary for the Joint Committee and to allow the sharing of services among participating Councils.

Councillor McBride, seconded by Councillor McColl, moved:-

That Council agrees:-

- (1) to approve the terms of the Joint Committee Minute of Agreement as contained at Appendix 1 to the report (which also forms Appendix 1 to these minutes);
- (2) to appoint four elected members to sit on the Joint Committee, with two members being nominated by the Administration and two by the Opposition;
- (3) that East Dunbartonshire Council shall be the first chair authority; and
- (4) that West Dunbartonshire Council shall be the first vice-chair authority.

It was noted that, should Council agree to the motion, the Administration's nominations for the Joint Committee would be Councillors McBride and McGlinchey, and that Councillors Agnew and Hendrie would be the Opposition's nominations.

As an amendment, Councillor Bollan, seconded by Councillor Black, moved:-

That Council does not agree the recommendations contained in the report, namely:-

- (1) the terms of the Joint Committee Minute of Agreement as contained at Appendix 1 to the report;
- (2) to appoint four elected members to sit on the Joint Committee;
- (3) that East Dunbartonshire Council shall be the first chair authority; and

- (4) that West Dunbartonshire Council shall be the first vice-chair authority.

On a vote being taken, 2 Members voted for the amendment and 17 for the motion, which was accordingly declared carried.

PROPOSED JOINT CIVIL CONTINGENCIES SERVICE

A report was submitted by the Strategic Lead – People & Technology seeking approval for West Dunbartonshire Council to join the Civil Contingencies Service.

Following discussion and having heard the Strategic Lead – People & Technology in answer to Members' questions, Council agreed:-

- (1) to approve the proposal to join the Civil Contingencies Service; and
- (2) to authorise the Chief Executive, in conjunction with the Strategic Lead – Regulatory to progress to agreement in respect of the "Minute of Agreement" and "detailed specification of service" for the Joint Civil Contingencies service to reflect the expansion of the service to include West Dunbartonshire Council.

URGENT ITEMS OF BUSINESS

(a) Emergency Motion by Councillor Martin Rooney – Support to West Dunbartonshire Community Foodshare

WDCF provide a valuable and essential community service to some of our most vulnerable residents.

There is a real risk that the lack of future funding will result in the group ceasing to operate.

This would have a negative impact on crisis services across the Council.

Therefore, this Council agrees to provide £7,000 from the General Reserve to support WDCFS.

WDCF Background:

West Dunbartonshire Community Foodshare was established in April 2013 in response to the growing need in the area. WDC was fully supportive of the establishment of the organisation and provided a range of supports. This included the purchase of the food donation point which sits in the reception of Garshake.

WDCF were initially leasing a unit on Lime Road from the Council, however had to be relocated temporarily due to a vermin issue. Action was taken by the Council to ensure the Lime Road unit was fit for purpose however feedback from WDCF was that they had grown out of the unit and still had concerns about the vermin issue. Following some discussion it was agreed that WDCF would remain in the unit at Leven Valley and that we would guarantee a lower rental charge for that unit for a period of 12 months to allow the group to secure longer term funding.

At the same time we explored options with the group to use the asset transfer process to lease / purchase the Phoenix Centre. Following discussions with the board it was decided not to pursue this move until they had a longer term business plan and funding model in place.

Over the period the group had grown to provide more than a food parcel support to the community, they now also coordinate a Christmas present donation service and a school uniform bank for local primary schools. They also provide hygiene packs to support individuals before job interviews etc.

When a previous parcel of funding came to an end WDCF were no longer able to employ a development worker. At this time we offered enhanced community development support to advice on business planning through one of the communities workers.

The group were signposted to WDCVS for support in accessing longer term funding. However feedback from WDCVS and WDCF is that this was not successful – The Council is currently facilitating more engagement with the funding support offered by WDCVS.

At present WDCF have a Big Lottery Funding application pending decision – this is unlikely to be notified until March/ April 2017. This leaves WDCF with an operational funding gap of around £7,000 until April 2017.

Councillor McColl asked Councillor Rooney if he would accept the following as an addendum to his motion:-

We understand that another food share in the area, Food For Thought, which is a food share to which the Council also makes referrals, may be in similar financial difficulties.

Council instructs officers to make contact with Food For Thought to ascertain whether they require any assistance from the Council or CVS.

Councillor Rooney confirmed that he was happy to accept the addendum.

Having heard the Strategic Lead – Regulatory, it was noted that, should Council agree to approve the motion, with its addendum, and should it be confirmed that Food For Thought was in need of any assistance, the matter of providing this assistance would require to be considered at a future meeting of Council.

The Council agreed to approve the motion, as amended.

(b) Emergency Motion by Councillor Denis Agnew – Funding for Community Groups

In light of recent actions by Business Stream to collect water charges on behalf of Scottish Water from Community Groups (in particular Tenants' Associations who have their own premises) that are not registered charities; therefore this Council agrees to set up a fund of £5,000 to help such Community Groups until they can be registered as a charity as only registered charity groups can receive exemption from water charges. The funds to be taken from Council reserves. Further Council authorises the Strategic Lead – Resources to develop a fair scheme for the allocation of fund money to any such groups in need.

Furthermore this Council agrees to write to the Scottish Government to seek a change to the legislation, whereby only registered charities are eligible for exemption from water charges.

Councillor McColl asked Councillor Agnew if he would accept as an addendum to his motion the addition of the words 'if required' to the end of its final sentence.

Councillor Agnew confirmed that he was happy to accept the addendum.

As an amendment, Councillor McBride moved:-

That Council agrees to continue consideration of this matter in order that officers can prepare a report explaining the circumstances described in the motion and providing possible solutions and recommendations. The report would be submitted to the most appropriate committee or Council meeting.

Councillor Black asked Councillor McBride if he would accept as an addendum to his amendment the addition of the words 'as quickly as possible' to the end of its final sentence.

Councillor McBride confirmed he was happy to accept the addendum to his amendment.

Having heard the Chief Executive and the Strategic Lead – Regulatory, in clarification of certain matters, Councillor McColl seconded Councillor Agnew's motion and Councillor Black seconded Councillor McBride's amendment.

On a vote being taken, 17 Members voted for the amendment, as amended, and 2 for the motion. The amendment was accordingly declared carried.

The meeting closed at 6.00 p.m.

MINUTE OF AGREEMENT

among

(One) **EAST DUNBARTONSHIRE COUNCIL** constituted in terms of the Local Government etc. (Scotland) Act 1994 and having its principal office at Southbank Marina, 12 Strathkelvin Place, Kirkintilloch, Glasgow G66 1TJ;

(Two) **INVERCLYDE COUNCIL** constituted in terms of the Local Government etc. (Scotland) Act 1994 and having its principal office at Municipal Buildings, Clyde Square, Greenock, PA15 1LY; and,

(Three) **WEST DUNBARTONSHIRE COUNCIL**, constituted in terms of the Local Government etc. (Scotland) Act 1994 and having its principal office at Garshake Road, Dumbarton, G82 3PU.

(hereinafter referred to as “the parties”)

WHEREAS the purpose of this Agreement is to make arrangements for the joint discharge of statutory functions in terms of the Local Government (Scotland) Act 1973 (“the 1973 Act”) and of the Local Government in Scotland Act 2003 (“the 2003 Act”) and the establishing of a Joint Committee to oversee the delivery of Local Authority Services to the communities of East Dunbartonshire, Inverclyde and West Dunbartonshire Councils, AND WHEREAS the parties hereto have agreed to delegate the discharge of various functions jointly, in terms of section 57 (1) (b) of the 1973 Act NOW THEREFORE the parties agree as follows:

Definitions

In this Agreement unless the context otherwise requires the following expressions shall have the following meanings:-

“Administrative Support” means committee and legal advice and support;

“Agreement” means this Minute of Agreement;

“Authority” means each of the parties to the Agreement;

“Clerk” means the Head of Legal, or other nominated officer, of the Secretariat Authority;

“Secretariat Authority” means the Authority which chairs the Joint Committee and provides administrative services in support of the Joint Committee’s operation and decision making;

“Service Agreement” means the deed(s) which govern and regulate the specific services and functions to be delegated to the Joint Committee;

“Service Lead” means the principal Authority (if any) for a particular Shared Service, as defined in the relevant Service Agreement;

“Shared Service” means the specific services and functions to be delegated to the Joint Committee.

1. Commencement and Duration

This Agreement shall commence with effect from 1 November 2016 and shall thereafter subsist for such period as the parties (or at least two of them) shall continue to participate in a Shared Service, subject to the provisions of Clause 12 (Withdrawal from Agreement). Each Service Agreement shall make provision for the disaggregation of the Shared Service to which it relates in the event of withdrawal by any of the parties from the Shared Service, including provision for liability of the withdrawing party for the costs associated with such withdrawal.

2. Constitution and Remit

There is hereby constituted a Joint Committee to be known as the East Dunbartonshire, Inverclyde and West Dunbartonshire Councils’ Shared Service Joint Committee, (to be hereinafter referred to as “the Joint Committee”). The administration of the Joint Committee shall be carried out by the Secretariat Authority. The Shared Services shall be determined by the parties from time to time and set out in Service Agreements to follow hereon. The Joint Committee is empowered by each of the parties hereto:

- 2.1 To manage and monitor spend within the budget approved by the parties hereto in relation to each Shared Service subject always to the terms of the relative Service Agreement;
- 2.2 To develop and implement a strategic policy framework for the operation of each Shared Service to receive, scrutinise and approve service plans for implementation of the policies and priorities for service delivery relative to each Shared Service;
- 2.3 To co-ordinate, guide, monitor and review the performance and discharge of Shared Services by officers of the relevant Authorities or Service Lead as the case may be;
- 2.4 To take decisions on a service by service basis in accordance with the terms of the relevant Service Agreements, provided that any associated spend must be offset by additional income or savings from elsewhere within the budget for that Shared Service;
- 2.5 To consider and approve an annual Service Plan in respect of each Shared Service including the Budget as provided for in Clause 9.2 hereof for submission to each Authority for agreement.

3. Membership

- 3.1 Each Authority shall be represented by four Elected Members on the Joint Committee.
- 3.2 Each of the Elected Members so appointed shall, subject as hereinafter provided, continue in office until they are re-appointed or replaced by the appointing Authority, subject always to s57(5) and s59 of the 1973 Act. No substitutes shall be permitted.
- 3.3 A member of the Joint Committee shall cease to be a member when he or she ceases to be an Elected Member of the appointing Authority or on the appointment by that Authority of another Elected Member in his or her place, whichever shall first occur.

4. Quorum

- 4.1 The quorum of the Joint Committee shall be two thirds of the total members with at least one Elected Member representing each Authority. If the two thirds figure does not represent a whole number, the two thirds figure shall be rounded up to the nearest whole number.
- 4.2 Provision shall be made in the Standing Orders whereby Elected Members may only vote in relation to the specific Shared Services relative to their Authority.

5. Standing Orders

The Joint Committee shall adopt its own Standing Orders. In the event of any inconsistency between the Standing Orders and this Agreement the provisions of this Agreement shall prevail.

6. Meetings

- 6.1 The Joint Committee shall meet at least twice in each financial year or more often as is required to conduct its business. The meetings of the Joint Committee shall be convened by the Secretariat Authority and meetings will be similarly located within the Secretariat Authority in ordinary course.
- 6.2 A meeting of the Joint Committee shall be open to the public except to the extent the public are excluded (whether during the whole or part of the proceedings) under Section 50A of the Local Government (Scotland) Act 1973.

7. Chair and Vice Chair

- 7.1 The positions of Chair and Vice Chair shall be elected at the first meeting of the Joint Committee.
- 7.2 The position of Chair shall be held for a period of two years by an Elected Member from each Authority in turn, with each subsequent Chair being the previous Vice Chair and taking up his or her position on the second anniversary of the first meeting. The appointment of the Chair of the Joint Committee shall be undertaken by the Authority from whose Elected Members the Chair shall be selected.

- 7.3 The position of Vice Chair shall be held for a period of two years by an Elected Member of the next sitting Secretariat Authority, with each subsequent Vice Chair taking up his or her position on the second anniversary of the first meeting. The appointment of the Vice Chair of the Joint Committee shall be undertaken by the Authority from whose Elected Members the Vice Chair shall be selected.
- 7.4 In the event of the Chair being absent from a meeting, the Vice Chair shall assume the Chair for that meeting.

8. Administration

The Administrative Support to the Joint Committee in any year shall be undertaken by the Secretariat Authority. The cost of providing such Administrative Support shall be borne by the Secretariat Authority providing such Administrative Support in that year.

9. Finance

- 9.1 Prior to the commencement of any Service Agreement the Joint Committee shall receive from each Authority, confirmation of resources to be allocated by that Authority for the provision of the functions identified as being the Shared Service as defined in the relevant Service Agreement.
- 9.2 In each subsequent year and in respect of each Shared Service, the relevant Authorities or Service Lead, as the case may be, shall prepare a Service Plan for the following three financial years setting out the level of service to be provided to the participating Authorities, in accordance with the Service Agreement for that Shared Service, and the budget required to fulfil that plan. Such Service Plan shall be submitted for approval to the Joint Committee not later than First November in each year. The Joint Committee shall thereafter make recommendation to each of the parties hereto for formal approval of the Service Plan including the relevant budget.
- 9.3 The proportion of the cost of delivery of any Shared Service to be met by each Authority in respect of the Shared Service shall be as set out in the Service Agreement relating to that Shared Service.
- 9.4 Each participating Authority using best endeavours agrees to approve and confirm to the Joint Committee the level of funding to be allocated by that Authority for the following financial year for each Shared Service by no later than 28 February in each year.
- 9.5 Annual accounts for each of the Shared Services shall be prepared by the respective Authorities or Service Lead, as the case may be, and submitted to the Joint Committee.
- 9.6 Appropriate arrangements for external audit shall be put in place.

10. Scrutiny

Scrutiny in respect of the Joint Committee will be undertaken by each Authority in accordance with its own scrutiny processes, as set out within the respective Corporate Governance arrangements.

11. Variation of Agreement

Any alteration of the terms of this Agreement shall be by way of a further Minute of Agreement signed by all the parties hereto.

12. Withdrawal from Agreement/Disaggregation

12.1 If any Authority wishes to withdraw from this Agreement it may do so with effect from the end of the Joint Committee's next financial year subject to giving to the Clerk not less than 18 months' notice in writing to that effect.

12.2 An Authority may withdraw from a Shared Service subject to complying with the provisions in the relevant Service Agreement relating thereto, including meeting any costs, including severance costs, associated with such withdrawal.

13. Publicity

A communications strategy shall be agreed among the parties and no press release or public intimation shall be made by an Authority unless it is in accordance with the agreed communications strategy, or otherwise agreed in advance by all of the parties.

14. New Parties

Where a local authority which is not a party to this Agreement requests to become a member of the Joint Committee and utilise some or all of the Shared Services, then the consent of each Authority, acting reasonably, is required. Where each Authority consents to such a request then in accordance with Clause 11, the parties shall vary the terms of this Agreement and any relevant Service Agreement amending that which has to be amended to include the new Authority: IN WITNESS WHEREOF

WEST DUNBARTONSHIRE COUNCIL
Report by the Strategic Lead - Resources
Council: 26 October 2016

**Subject: General Services Budgetary Control Report to 30 September 2016
 (Period 6)**

1. Purpose

- 1.1** The purpose of this report is to advise Council on the progress of both the General Services revenue budget 2016/17 and the approved capital programme for the period to 30 September 2016.

2. Recommendations

2.1 Members are asked to:

- i) note that the revenue account currently shows a projected annual favourable variance of £1.077m (0.50% of the total budget); and
- ii) note that the capital account shows a projected annual favourable variance of £16.600m (15.44% of the budget) and a projected project life adverse variance of £2.397m (0.76% of project life budget).
- iii) approve virement requests detailed within appendix 9 and highlighted at 4.10 below.

3. Background

Revenue

- 3.1** At the meeting of West Dunbartonshire Council on 24 February 2016, Members agreed the revenue estimates for 2016/2017. A total net budget of £214.913m was approved for General Services.

- 3.2** An element of funding due to be received from the Scottish Government on behalf of Educational spend (raising attainment), will be received specifically linked to the level of spend incurred (£1.023m) has now been transferred to Education for ease of monitoring. Therefore amending the net spend being monitored to £213.890m.

Capital

- 3.3** At the meeting of Council on 24 February 2016, Members also agreed the updated 10 year General Services Capital Plan for 2016/2017 to 2025/26. The next three years from 2016/17 to 2018/19 have been approved in detail with the remaining 7 years being indicative at this stage.

The total project life budget approved for projects that had either commenced or were due to commence in that period totaled £304.355m.

Since then the following budget adjustments have taken place revising the project life budget to £316.984m as detailed below.

Budget Agreed February 2016	£304.355m
Additional slippage carried forward from 2015/16	£6.838m
Additional grant funding from Scottish Government re Children and Young Persons	£0.530m
Budget for Digital Media Platform	
New budget re Dalmonach CE Centre as agreed by Members on 27 April 2016	£0.004m
Additional grant funding from Sustrans	£1.150m
Additional grant funding from Strathclyde Passenger Transport	£0.014m
Additional grant funding re Clydebank Community Sports Hub	£0.215m
Inclusion of HRA element of IHMS for budget monitoring	£0.636m
Budget Increase re Balloch School Campus as agreed by Members on 29 June 2016	£0.854m
Additional Budget for 110 new vehicles as agreed by Members on 31 August 2016	£0.888m
	£1.400m
Budget Acceleration for Vehicle Safety Measure as agreed by Members on 31 August 2016	<u>£0.100m</u>
Revised Budget	<u>£316.984m</u>

4. Main Issues

Revenue

- 4.1** The summary report at Appendix 1 currently identifies a projected annual favourable variance (underspend) of £1.077m (0.50% of the total budget) and service reports by Strategic Leads are attached as Appendix 2. This includes an assumption of a further £0.030m underspend in year, achieved through the implementation of management adjustments.
- 4.2** Notes on the projected annual variances in excess of £0.050m are highlighted and noted within Appendix 3, with additional information on action being taken to minimise or mitigate overspends where possible.
- 4.3** Although the report indicates that expenditure is favourable in comparison to that anticipated during the budget exercise, the present variance should be viewed in the knowledge that there are a number of variable factors which could arise between now and 31 March and which could affect the year end results.
- 4.4** Agreed savings and management adjustments actioned within 2016/17 are monitored with current indications showing that of the total target being monitored (£4.947m), the majority of actions are currently on target to be achieved. However it indicates that £0.950m is currently not on target (see Appendix 4). It should be noted that any variances are included within the service information and variances identified within this report.

- 4.5** Following the year end, recurring variances have now been identified and the report now highlights a transfer of budget into the contingency fund for these variances - valued at £1.223m.

Capital

- 4.6** The current progress on the capital plan is shown in Appendices 5 to 9.
- 4.7** The overall programme summary report at Appendix 5 shows that planned expenditure and resource for 2016/17 is lower than previously anticipated by £16.600m (15.44% of the 2016/17 budget). Based upon current assumptions, over the life of the projects planned expenditure and resource is higher than anticipated by £2.397m (0.76% of a total budget of £317m). The present variances should be viewed in the knowledge that there are a number of variable factors which could arise between now and project end dates which could affect the overall capital programme.
- 4.8** Appendix 5 also provides both an analysis of the overall programme at each alert status and a summary budgetary control report. The tables at the top detail both the number of projects and the corresponding spend as a percentage of the overall programme currently at red, amber or green alert status for project life and the current year.

It currently shows that for the project life overview 13 projects (14.4% of total projects) have spend to date of £2.512m (2.4% of total spend) and are at red alert, 8 projects (8.9% of total projects) have spend to date of £30.007m (28.2% of total spend) and are at amber alert while 69 projects (76.7% of total projects) have spend to date of £73.884m (69.4% of total spend) and are at green alert.

The corresponding figures for the current year are 13 projects (14.4% of total projects) with spend to date of £1.026m (3.6% of total spend), 8 projects (8.9% of total projects) with spend to date of £6.354m (22.4% of total spend) and 69 projects (76.7% of total projects) with spend to date of £20.968m (74% of total spend) respectively.

- 4.9** Appendices 6 and 7 details financial analysis of projects at both red and amber status, with additional information on action being taken to minimise or mitigate under or overspends where possible, while Appendix 8 provides an analysis of overall resources.
- 4.10** Appendix 9 details virements that are submitted for member approval, with additional information on reason for request.

5. People Implications

- 5.1** There are no people implications.

6. Financial and Procurement Implications

- 6.1** Other than the financial position noted above, there are no financial implications or procurement from this budgetary control report.

7. Risk Analysis

7.1 The main risks are as follows:

- (a) The present variances should be viewed in the knowledge that there are a number of variable factors which could arise between now and 31 March and which could affect the year end results for both the revenue and capital budgets; and
- (b) As a consequence of current market conditions, capital receipts may either not be received or they may be less than anticipated.

8. Equalities Impact Assessment (EIA)

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

9. Consultation

9.1 All departments involved in delivering the revenue and capital budgets have been consulted in the compilation of this report.

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. This report forms part of the financial governance of the Council.

Stephen West
Strategic Lead - Resources

Date: 16 October 2016

Person to Contact: Gillian McNeilly, Finance Manager
Council Offices, Garshake Road, Dumbarton
Telephone: (01389) 737194
E-mail: gillian.mcneilly@west-dunbarton.gov.uk

Appendices:

- Appendix 1 - Revenue Budgetary Control 2016/17
 - Corporate Summary
- Appendix 2 - Revenue Budgetary Control 2016/17
 - Strategic Lead Summaries

- Appendix 3 - Analysis of Revenue Variances over £50,000
- Appendix 4 - 2016/17 Savings and Management Adjustments Monitoring
- Appendix 5 - Overall Capital Programme Summary Financials
- Appendix 6 - Analysis of Projects at Red Status
- Appendix 7 - Analysis of Projects at Amber Status
- Appendix 8 - Analysis of Resources

Background Papers: Ledger output – period 6
 General Services Revenue Estimates 2016/17
 General Services 10 Year Capital Plan Update - Council 24 February 2016

Wards Affected All Wards

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017

APPENDIX 1

PERIOD END DATE

30 September 2016

Department Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status
	£000	£000		£000	£000	%
Resources	4,321	2,651	61%	4,306	(15)	0%
Regulatory	3,551	1,810	51%	3,552	1	0%
People & Technology	5,666	3,395	60%	5,687	21	0%
Communications, Culture and Community	5,481	2,688	49%	5,434	(48)	-1%
Education, Learning and Attainment	88,987	45,520	51%	88,765	(222)	0%
Environment and Neighbourhood	28,772	11,998	42%	28,986	215	1%
Housing and Employability	3,787	2,189	58%	4,107	320	8%
Regeneration	(1,005)	(245)	24%	(975)	30	-3%
Miscellaneous Services	4,546	2,364	52%	4,737	191	4%
Loan Charges	10,478	5,033	48%	10,065	(413)	-4%
Requisition (VJB)	733	367	50%	733	0	0%
Requisition (SPT)	1,843	922	50%	1,843	0	0%
Requisition (HSCP)	61,535	27,534	45%	61,535	0	0%
Non GAE Allocation	(5,778)	(2,741)	47%	(5,482)	296	-5%
Contingency Fund	1,223	0	0%	0	(1,223)	-100%
Total Expenditure	214,140	103,484	48%	213,293	(847)	0%
Council Tax/CT Replacement Scheme	(40,800)	(18,031)	44%	(41,000)	(200)	0%
Revenue Support Grant/ NDR	(171,630)	(56,369)	33%	(171,630)	0	0%
Use of Reserves	(1,710)	(855)	50%	(1,710)	0	0%
Total Resources	(214,140)	(75,255)	35%	(214,340)	(200)	0%
Net Expenditure	(0)	28,229		(1,047)	(1,047)	-0.49%
Management Adjustments Identified - in year effect				(30)	(30)	
Net Expenditure	(0)	28,229		(1,077)	(1,077)	-0.50%

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
RESOURCES SUMMARY

APPENDIX 2

PERIOD END DATE

30 September 2016

Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status	
Service Summary	£000	£000	£000	£000	%		
Audit	353	218	62%	357	4	1%	↓
Finance	1,428	744	52%	1,468	40	3%	↓
Rent Rebates & Allowances	(15)	(11)	75%	(22)	(7)	50%	↑
Revenues & Benefits	2,329	1,224	53%	2,270	(59)	-3%	↑
Debtors & Creditors	330	180	54%	345	15	5%	↓
Cost of Collection of Rates	41	3	7%	41	0	0%	→
Cost of Collection of Council Tax	(773)	(108)	14%	(773)	0	0%	→
Procurement	628	402	64%	620	(8)	-1%	↑
Total Net Expenditure	4,321	2,651	61%	4,306	(15)	0%	↑

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
REGULATORY SUMMARY

APPENDIX 2

PERIOD END DATE

30 September 2016

Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status
Service Summary	£000	£000	£000	£000	%	
Administrative & Democratic Services	1,472	734	50%	1,479	7	0% ↓
Environmental Health/ Trading Standards	1,185	547	46%	1,194	9	1% ↓
Licensing	(155)	(72)	47%	(150)	5	-3% ↓
Legal Services	664	342	51%	628	(36)	-5% ↑
Planning	385	261	68%	401	16	4% ↓
Total Net Expenditure	3,551	1,810	51%	3,552	1	0% ↓

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
PEOPLE AND TECHNOLOGY

APPENDIX 2

PERIOD END DATE

30 September 2016







Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status
Service Summary	£000	£000	£000	£000	%	
Transactional Services	698	344	49%	700	2	0% ↓
Human Resources (including risk)	1,305	589	45%	1,301	(4)	0% ↑
Information Services	3,189	2,233	70%	3,233	44	1% ↓
Change Support	474	229	48%	453	(21)	-4% ↑
Total Net Expenditure	5,666	3,395	60%	5,687	21	0% ↓

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
COMMUNICATIONS, CULTURE AND COMMUNITIES

APPENDIX 2

PERIOD END DATE

30 September 2016

Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status
Service Summary	£000	£000	£000	£000	%	
Communications & Marketing	276	155	56%	269	(7)	-2% 
Customer Service	1,190	555	47%	1,138	(52)	-4% 
Policy, Planning and Performance	525	210	40%	483	(42)	-8% 
Libraries, Museums, Culture	3,213	1,560	49%	3,243	30	1% 
Clydebank Town Hall	277	207	75%	300	23	8% 
Total Net Expenditure	5,481	2,688	49%	5,434	(48)	-1% 

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
EDUCATION, LEARNING AND ATTAINMENT

APPENDIX 2

PERIOD END DATE

30 September 2016

Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17		Annual RAG Status
Service Summary	£000	£000	£000	£000	%		
Primary Schools	24,884	12,923	52%	24,907	23	0%	↓
Secondary Schools	24,011	12,215	51%	24,020	9	0%	↓
Special Schools	14,577	7,151	49%	14,844	267	2%	↓
Psychological Services	631	353	56%	615	(16)	-3%	↑
Sport Development / Active Schools	528	528	100%	528	0	0%	→
Early Education	7,834	3,542	45%	7,383	(451)	-6%	↑
PPP	14,018	7,331	52%	14,062	44	0%	↓
Curriculum for Excellence	313	247	79%	315	2	1%	↓
Central Admin	355	159	45%	289	(66)	-19%	↑
Workforce CPD	420	179	43%	426	6	1%	↓
Performance & Improvement	467	348	75%	427	(40)	-9%	↑
Education Development	949	544	57%	949	0	0%	→
Total Net Expenditure	88,987	45,520	51%	88,765	(222)	0%	↑

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
ENVIRONMENT AND NEIGHBOURHOOD

APPENDIX 2

PERIOD END DATE

30 September 2016

Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status	
Service Summary	£000	£000	£000	£000	%		
Transport, Fleet & Maintenance Services	(35)	(137)	391%	(32)	3	-9%	↓
Roads Operations	(734)	(94)	13%	(717)	17	-2%	↓
Roads Services	4,530	1,915	42%	4,541	11	0%	↓
Facilities Management	0	(5)	0	0	0	0%	→
Grounds Maintenance & Street Cleaning Client	7,103	1,184	17%	7,103	0	0%	→
Outdoor Services	517	261	50%	546	29	6%	↓
Events	121	92	76%	120	(1)	-1%	↑
Office Accommodation	1,497	990	66%	1,644	148	10%	↓
CPP Investments	0	0	0%	0	0	0%	→
Leisure Management	3,418	2,070	61%	3,430	12	0%	↓
Building Cleaning	1,760	737	42%	1,699	(61)	-3%	↑
Building Cleaning PPP	(183)	(116)	63%	(177)	6	-3%	↓
Facilities Assistants	2,303	1,034	45%	2,223	(80)	-3%	↑
Burial Grounds	21	49	233%	14	(7)	-33%	↑
Crematorium	(858)	(337)	39%	(805)	53	-6%	↓
Waste Services	7,220	3,447	48%	7,265	45	1%	↓
Catering Services	4,282	1,771	41%	4,273	(9)	0%	↑
Depots	(3)	(26)	0%	0	3	-100%	↓
Ground Maintenance & Street Cleaning Trading A/c	(2,187)	(837)	38%	(2,141)	46	-2%	↓
Total Net Expenditure	28,772	11,998	42%	28,986	215	1%	↓

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
HOUSING AND EMPLOYABILITY

APPENDIX 2

PERIOD END DATE

30 September 2016

Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status	
Service Summary	£000	£000	£000	£000	%		
Homeless Persons	21	89	424%	259	238	1133%	↓
Private Sector housing	91	19	21%	94	3	3%	↓
Anti Social Behaviour	1,005	423	42%	989	(16)	-2%	↑
Private Sector Housing Grants	0	116	n/a	0	0	0%	→
Working4U	2,038	1,276	63%	2,109	71	3%	↓
Communities	632	266	42%	656	24	4%	↓
Total Net Expenditure	3,787	2,189	58%	4,107	320	8%	↓

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
REGENERATION

APPENDIX 2

PERIOD END DATE

30 September 2016

Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status
Service Summary	£000	£000	£000	£000	%	
Housing Maintenance Trading A/c	(1,020)	(603)	59%	(1,057)	(37)	4% ↑
Corporate Assets and Capital Investment Programme	(2,885)	(790)	27%	(2,811)	74	-3% ↓
Economic Development	560	152	27%	531	(29)	-5% ↑
Central Repairs & Maintenance	1,344	525	39%	1,369	25	2% ↓
Consultancy Services	996	471	47%	993	(3)	0% ↑
Total Net Expenditure	(1,005)	(245)	24%	(975)	30	-3% ↓

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
MISCELLANEOUS

APPENDIX 2

PERIOD END DATE

#####

Service / Subjective Summary	Total Budget 2016/17	Spend to Date 2016/17	% Spend of the Total Budget	Forecast Spend	Forecast Variance 2016/17	Annual RAG Status
Service Summary	£000	£000	£000	£000	%	
Sundry Services	1,748	951	54%	1,902	154	9% ↓
Members Allowances, etc	564	277	49%	564	0	0% →
CPP	461	231	50%	461	0	0% →
European Employability	510	255	50%	510	0	0% →
Chief Executive, Directors and Strategic Leads	1,263	650	51%	1,300	37	3% ↓
Total Net Expenditure	4,546	2,364	52%	4,737	191	4% ↓

YEAR END DATE

30 September 2016

Budget Details	Variance Analysis				
	Total Budget	Forecast Spend	Variance	RAG Status	
	£000	£000	£000	%	
Resources					
Revenues & Benefits	2,329	2,270	(59)	-3%	↑
Service Description	This service arranges for claims and payment of Housing Benefits to the appropriate recipient				
Main Issues / Reason for Variance	This favourable variance is due to vacant posts				
Mitigating Action	No mitigating action required as variance is favourable.				
Anticipated Outcome	Underspend will be achieved				
Communications, Culture & Community					
Customer Service	1,190	1,138	(52)	-4%	↑
Service Description	This service includes one stop shops and the contact centre				
Main Issues / Reason for Variance	This favourable variance is due to vacant posts				
Mitigating Action	No mitigating action required as variance is favourable.				
Anticipated Outcome	Underspend will be achieved				
Education , Learning and Attainment					
Special Schools	14,577	14,844	267	2%	↓
Service Description	This service area covers all ASN Services.				
Main Issues / Reason for Variance	Payments to Other Bodies is overspent due to an additional 6 children being placed within Residential and Daycare than budgeted. Transport Costs are higher than anticipated due to the increase in Transport Fleet Costs. These services are demand-led and can fluctuate throughout the year. This overspend is partially offset by an underspends within staffing and additional income from Sale of Meals.				
Mitigating Action	The requirement for daycare and residential placements are demand led services. However, the actual usage throughout the year will be reviewed regularly to identify where there is scope to reduce the number of placements.				
Anticipated Outcome	If current levels of demand continue then it is anticipated that these budgets will overspend .				
Early Education	7,834	7,383	(451)	-6%	↑
Service Description	This services area includes all Early Years establishments within West Dunbartonshire.				
Main Issues / Reason for Variance	There is an underspend in salaries due to a restructuring of the service and staffing levels being lower as nursery rolls are not yet at their expected level. There has been a decrease in the number of children being placed with childminders resulting in an anticipated underspend and some underspends in transport and property costs . It is also anticipated that there will be a favourable variance in income.				
Mitigating Action	Officer will continue to monitor the budget.				
Anticipated Outcome	Favourable variance within staffing, payment to other bodies and income is anticipated at year end.				
Central Admin	355	289	(66)	-19%	↑
Service Description	This service area covers Education Directorate				
Main Issues / Reason for Variance	This adverse variance has arisen because it is anticipated that the redesign of the service covered by Management Adjustment 32 (see Appendix 4 : Monitoring of Management Adjustments and Savings) will not be delivered in full.				
Mitigating Action	Management will continue to seek savings across the Education budget but it is unlikely that full redesign of the service will be possible in the current climate.				
Anticipated Outcome	An adverse variance is anticipated				

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2016/2017
ANALYSIS FOR VARIANCES OVER £50,000

APPENDIX 3

YEAR END DATE

30 September 2016

Budget Details	Variance Analysis				RAG Status
	Total Budget	Forecast Spend	Variance		
	£000	£000	£000	%	
Environment and Neighbourhood					
Office Accommodation	1,497	1,644	148	10%	↓
Service Description	Provision of shared office accommodation				
Main Issues / Reason for Variance	Budget was set to cover three main offices but there are currently additional buildings incurring costs due to Rosebury not being fully closed and therefore incurring costs				
Mitigating Action	It is expected that Rosebury will close at end of December reducing cost pressure on this budget however this assumption has been built into the expected overspend .				
Anticipated Outcome	An overspend is expected at year end				
Building Cleaning	1,760	1,699	(61)	-3%	↑
Service Description	This service provides cleaning services across all council buildings				
Main Issues / Reason for Variance	The favourable variance is due to managing the delivery of service more efficiently resulting in underspend being achieved .				
Mitigating Action	No mitigating action required as variance is favourable.				
Anticipated Outcome	Underspend will be achieved				
Facilities Assistants	2,303	2,223	(80)	-3%	↑
Service Description	This service provides janitors and cleaners throughout the public buildings				
Main Issues / Reason for Variance	The favourable variance is due to managed staffing vacancies within the service together with unbudgeted additional income for out of hours rechargeable work				
Mitigating Action	No mitigating action required as variance is favourable.				
Anticipated Outcome	Underspend will be achieved				
Crematorium	(858)	(805)	53	-6%	↓
Service Description	Provision of Crematorium Services				
Main Issues / Reason for Variance	The adverse variance is mainly due to income, which is demand led, being lower than budgeted.				
Mitigating Action	There is no scope within Crematorium service to reduce costs elsewhere to offset this unbudgeted spend				
Anticipated Outcome	Since income is demand led it is possible that by the end of the year income will increase sufficiently to remove this under recovery				

YEAR END DATE

30 September 2016

Budget Details	Variance Analysis			
	Total Budget	Forecast Spend	Variance	RAG Status
	£000	£000	£000	%

Housing and Employability

Homeless Persons	21	259	238	1133%	↓
Service Description	This service seeks to prevent homelessness occurring across the authority and improves access to support services				
Main Issues / Reason for Variance	Projection of income is less than originally anticipated mainly due to the number of homeless units being reduced since the budget was set, although the effect of this is partially offset by increased occupancy. There is also lower than budgeted income due to later than anticipated completion of additional supported accommodation units .				
Mitigating Action	Officers will regularly liaise with DLO re extension build process to ensure clients can access new units as soon as extension build is complete				
Anticipated Outcome	It is anticipated that there will be an adverse variance in Supported accommodation income at year end . However it may be slightly less than anticipated if the actual occupancy was to exceed the budgeted 90%				

Working4U	2,038	2,109	71	3%	↓
Service Description	This service incorporates a number of individual services the Council provides to its residents such as Advice services on benefits and debt, as well as community learning and development				
Main Issues / Reason for Variance	This adverse variance is due to the an underachievement of the savings target by £70K in order to maintain adequate welfare rights service				
Mitigating Action	Management will continue to monitor and maximise actions taken to achieve a level of savings, where appropriate				
Anticipated Outcome	At this time, an overspend is anticipated				

Regeneration

Corporate Assets and Capital Investment Programme	(2,885)	(2,811)	74	-3%	↓
Service Description	This service provides asset and estate management				
Main Issues / Reason for Variance	Income is anticipated to be adverse due to a reduction in rental income linked to the events surrounding the issues with BHS and anticipated reduction in recharge of employees cost to capital. This is partially offset by favourable staffing variance due to vacancies.				
Mitigating Action	Limited action can be taken to minimise this overspend.				
Anticipated Outcome	An overspend is anticipated.				

YEAR END DATE

30 September 2016

Budget Details	Variance Analysis				RAG Status
	Total Budget	Forecast Spend	Variance		
	£000	£000	£000	%	
Miscellaneous					
Sundry Services	1,748	1,902	154	9%	↓
Service Description	This service area budgets for non departmental specific costs such as pensions costs, external grants and elderly welfare payments, external audit fees and insurance costs. The service heading also holds a number of general savings options which have still to be fully allocated				
Main Issues / Reason for Variance	Areas for shared services are currently being considered/ sought. Currently internal audit with the LL&T National Park has been agreed				
Mitigating Action	Management will continue to monitor and maximise actions taken to achieve a level of savings, where appropriate				
Anticipated Outcome	An overspend is anticipated				
Other					
Loan Charges	10,478	10,065	(413)	-4%	↑
Service Description	This budget covers the servicing of the Council's external borrowing requirements				
Main Issues / Reason for Variance	A favourable variance is anticipated due to the final level of capital borrowing required in 2015/16				
Mitigating Action	No mitigating action required as variance is favourable.				
Anticipated Outcome	Underspend will be achieved				
Non GAE Allocation	(5,778)	(5,482)	296	-5%	↓
Service Description	This is the allocation of support service costs to other council services - excluding General services) - such as HRA, capital, external bodies				
Main Issues / Reason for Variance	In line with 2015/16 year end, it is anticipated that the allocation of central administration to non GAE services is lower than budgeted, resulting in this adverse variance				
Mitigating Action	Limited action can be taken to minimise this overspend.				
Anticipated Outcome	An adverse variance is anticipated				
Contingency Fund	1,223	0	(1,223)	-100%	↑
Service Description	The contingency fund is used to accommodate externally influenced movements in departmental budgets				
Main Issues / Reason for Variance	Following a 2015/16 year end recurring variance exercise, budgets no longer required have been removed from departments and transferred into the contingency fund.				
Mitigating Action	No mitigating action required as variance is favourable.				
Anticipated Outcome	Underspend will be achieved				
Council Tax/CT Replacement Scheme	(40,800)	(41,000)	(200)	0%	↑
Service Description	This details amounts of income anticipated to be collected from residents in the form of Council tax				
Main Issues / Reason for Variance	Level of Council Tax charges are higher than budgeted due to the level of house build in the area being higher than anticipated				
Mitigating Action	No mitigating action required as variance is favourable.				
Anticipated Outcome	Underspend will be achieved				

Efficiency reference		Efficiency Detail	budgeted Amount £	Projection of Total Saved £	Projection of Total Not Saved £	Comment
2016/17	MA1	Further service delivery rationalisation in CL&D, Working4U, Community Engagement	50,000	50,000	-	saving on target to be achieved
2016/17	MA2	Reduction in Advertising	2,214	2,214	-	saving on target to be achieved
2016/17	MA3	Review of staffing structures within Corporate Services	263,357	263,357	-	saving on target to be achieved
2016/17	MA4	Introduce Marriage Officers	2,500	2,500	-	saving on target to be achieved
2016/17	MA5	Stop provision of bottled water at committee meetings	3,000	3,000	-	saving on target to be achieved
2016/17	MA6	Increase target for Corporate review of Administration Services	50,000	50,000	-	saving on target to be achieved
2016/17	MA7	Reduction of stationery budgets	15,000	15,000	-	saving on target to be achieved
2016/17	MA8	Advertising changes for Elected Member Surgeries	3,000	3,000	-	saving on target to be achieved
2016/17	MA9	CS travel/mileage reductions - introduction of pool cars	20,000	20,000	-	saving on target to be achieved
2016/17	MA10	Employability Service vacates Poplar Road	21,000	21,000	-	saving on target to be achieved
2016/17	MA27	Catering Service Review	120,000	120,000	-	saving on target to be achieved
2016/17	MA28	Facilities Assistants service review	50,000	50,000	-	saving on target to be achieved
2016/17	MA29	Reduce bus shelter cleaning - Budgeted under Requisitions	20,000	20,000	-	saving on target to be achieved
2016/17	MA30	Ashton View Supported Accommodation extension	60,000	0	60,000	The extension is now scheduled to begin build until end of 2016 so unlikely that the additional income expected from this will be realised in 1617
2016/17	MA31	Review of staffing structures	118,585	118,585	-	saving on target to be achieved
2016/17	MA32	Redesign of Service	432,119	283,000	149,119	Management remain committed to delivering this saving and are exploring opportunities
2016/17	S2S	Oil to gas heating conversion	9,500	9,500	-	saving on target to be achieved
2016/17	S2S	Introduce solar panels	9,000	9,000	-	saving on target to be achieved
2016/17	S2S	street lighting	25,000	25,000	-	saving on target to be achieved
2016/17	S2S	leisure energy	18,500	6,400	12,100	Capital project to facilitate this saving is behind schedule
2016/17	S2S	bank street alexandria	2,000	2,000	-	saving on target to be achieved
2016/17	S2S	medical centre alexandria	25,000	25,000	-	saving on target to be achieved
2016/17	S2S	pooled cars	17,500	17,500	-	saving on target to be achieved
2015/16	MA2	Service Rationalisation: Corporate & Community Planning; Advice Services; CLD; Performance and Policy; Anti-Social Behaviour; and potentially others	1,338,000	1,268,000	70,000	This adverse variance is due to the an underachievement of the savings target by £70K in order to maintain adequate welfare rights service
2015/16	MA3	Implement Staffing Future Operating Model - Organisation Wide	500,000	500,000	-	saving on target to be achieved
2015/16	MA4	Clerical & Admin Review - Organisation Wide	200,000	200,000	-	saving on target to be achieved
2015/16	MA6	Maximise services delivered via one stop shop and contact centre, complemented by optimising on-line transactions	100,000	100,000	-	saving on target to be achieved

Efficiency reference		Efficiency Detail	budgeted Amount £	Projection of Total Saved £	Projection of Total Not Saved £	Comment
2015/16	MA11	New workforce models within Corporate Services through removal of vacant posts, more efficient working practices	124,065	124,065	-	saving on target to be achieved
2015/16	MA33	Review of staffing provision through removal of vacant posts and service rationalisation	77,000	77,000	-	saving on target to be achieved
2015/16	MA40	School Transport - Rationalise/re-organise various transport routes into more economic options	67,313	-	67,313	rationalisation remains ongoing - however capacity on local networks makes the deliverability of this saving highly problematic. Other options continue to be explored to assist in delivering this saving.
2015/16	MA42	Restructuring of Teaching Promoted Posts - Secondary schools	375,000	270,891	104,109	The total projected saving over two years (2015/16 and 2016/17) was £600k. In 2015/16 the target saving of £225k was exceeded by £50k. However, the year 2 target of £375k will not be fully achieved due to the resolution agreed in relation to the recent industrial action. Offsetting this in this financial year was the saving from 2 strike days.
2015/16	MA47	Reduced cost of Fleet Maintenance through more modern fleet	40,000	40,000	-	saving on target to be achieved
2015/16	MA48	Reduce costs of managing Roads re-design & operations service and reduction in maintenance following ongoing capital investment	37,000	37,000	-	saving on target to be achieved
2015/16	MA49	Rationalise management of Consultancy Services and Corporate Assets	54,900	54,900	-	saving on target to be achieved
2015/16	MA50	Reduce the costs of Central Maintenance through improved supplier management	85,000	85,000	-	saving on target to be achieved
2015/16	MA54	DLO - increasing access to external business opportunities through competitive tendering processes	100,000	100,000	-	saving on target to be achieved
2015/16	LG1	TU facility time	11,878	11,878	-	saving on target to be achieved
2015/16	SO24	shared services	500,000	13,000	487,000	Areas for shared services are currently being considered/ sought. Currently internal audit with the LL&T National Park has been agreed
TOTAL			4,947,431	3,997,790	949,641	

WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PROGRAMME
OVERALL PROGRAMME SUMMARY

APPENDIX 5

MONTH END DATE 30 September 2016

PERIOD 6

Project Status Analysis	Project Life Status Analysis				Current Year Project Status Analysis			
	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status
Red								
Projects are forecast to be overspent and/or experience material delay to completion	13	14.4%	2,512	2.4%	13	14.4%	1,026	3.6%
Amber								
Projects are either at risk of being overspent and/or delay in completion (although this is unquantifiable at present) or the project has any issues that require to be reported at this time	8	8.9%	30,007	28.2%	8	8.9%	6,354	22.4%
Green								
Projects are on target both in relation to overall budget and the forecast stages in the project life cycle and no issues are anticipated at this time	69	76.7%	73,884	69.4%	69	76.7%	20,968	73.97%
TOTAL EXPENDITURE	90	100%	106,403	100%	90	100%	28,347	100%

Project Status Analysis	Project Life Financials				Current Year Financials					
	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000	Re-Phasing £000	Over/ (Under) £000
Red										
Projects are forecast to be overspent and/or significant delay to completion	34,503	2,512	34,503	0	24,309	1,026	9,738	(14,571)	(14,571)	0
Amber										
Projects are either at risk of being overspent and/or delay in completion (although this is unquantifiable at present) or the project has any issues that require to be reported at this time	48,776	30,007	50,327	1,551	17,665	6,354	15,659	(2,006)	(2,061)	55
Green										
Projects are on target both in relation to overall budget and the forecast stages in the project life cycle and no issues are anticipated at this time	233,705	73,884	234,551	846	65,507	20,968	65,484	(23)	0	(23)
TOTAL EXPENDITURE	316,984	106,403	319,381	2,397	107,481	28,347	90,881	(16,600)	(16,632)	32
TOTAL RESOURCES	(316,984)	(106,403)	(319,381)	(2,397)	(107,481)	(28,347)	(90,881)	16,600		
NET EXPENDITURE	0	0	0	0	0	0	0	0		

WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT RED ALERT STATUS

APPENDIX 6

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

1

Bereavement Services Office Conversion (Ian Bain)						
Project Life Financials	130	1	1%	130	0	0%
Current Year Financials	130	1	1%	30	(100)	-77%
Project Description	Conversion of Bungalow at Clydebank Crematorium into Bereavement Services Office.					
Project Lifecycle	Planned End Date	31-Mar-17	Forecast End Date	31-Dec-17		
Main Issues / Reason for Variance						
A design has been developed and currently working through tender process for initial rot works thereafter a tender will be developed for the main building works. Due to delays in agreeing the design for the building and the high level of unforeseen rot works required this project will now not complete until Dec 2017.						
Mitigating Action						
For reasons detailed above the ability to mitigate is limited, however officers will continue to engage with Consultancy Services and Procurement to ensure project remains on revised programme.						
Anticipated Outcome						
New office accommodation for Bereavement Services.						

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

2 Local Economic Development (Michael McGuinness)

Project Life Financials	1,832	164	9%	1,832	0	0%
Current Year Financials	1,832	164	9%	888	(944)	-52%

Project Description Budget to facilitate the delivery of Regeneration throughout West Dunbartonshire , aligned to the Economic Strategy 2015-20. - external funding will be sought to maximise opportunities for redevelopment of these sites

Project Lifecycle Planned End Date 31-Mar-17 Forecast End Date 31-Mar-18

Main Issues / Reason for Variance

This budget contains a number of projects that are linked to the delivery of the Economic Strategy, Infrastructure Investment Plan and Charrette Action Plans as detailed below.

Bowling Basin - Allocation of £20k to continue support for Scottish Canal's regeneration of the area to help match fund successful funding bids.

Dumbarton Town Centre & Waterfront - £0.550m has been allocated to progress the waterfront walk and cycleway project towards implementation stage, undertake initial works for Glencairn House whilst plans for a longer term use are developed, consideration of the economic impact of a pedestrian bridge across the Leven and implementation of the first phase of floodlighting for Dumbarton Rock and Castle. A planning application notice was submitted on 5th August for the walkway with community consultation scheduled to take place on 27th September. The important next stage is obtaining formal agreements with land owners and supporting their development ambitions. Given the complexity of these developments some delays will be experienced in delivering the walkway and it is anticipated we will have an underspend in the current financial year of approx £0.300m.

Mitchell Way Redevelopment - £0.080m has been allocated and includes the demolition of 30-40 Mitchell Way (now complete) and property advisory services to enable progress with the redevelopment of Mitchell Way.

Clydebank Town Centre - £0.288m has been allocated to this areas including a contribution of £140k towards the delivery of the Clydebank Town Centre Office, support towards a Business Improvement District (BID) at Clydebank Business Park and a business plan for Bruce Street Baths.

St Eunan's Site - This is a contribution of £0.750m towards the capping and reuse of the former St Eunan's School site in Clydebank. Due to the complexities of the works required and the importance of community involvement in the outcome for the site it unlikely that significant expenditure will be incurred this financial year although it will be fully committed.

Balloch Charrette - £0.140m has been allocated towards design development costs for Balloch Village and Station Squares, options appraisal and tourism work for Balloch Castle and Park and parking survey work.

Alexandria Town Centre - There is a small retention of £5k due to be paid out in October 2016

Mitigating Action

Projects within this budget are currently in development and are at various stages of commitment. For the reasons stated above opportunity to mitigate against underspend in this financial year is limited.

Anticipated Outcome

Significant progress with transformational projects including Dumbarton Waterfront, strategic disposal sites and Alexandria town centre and further progress with implementing Charrette Action Plans.

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

3

Integrated Housing Management System (Graham Watters)						
Project Life Financials	1,500	100	7%	1,500	0	0%
Current Year Financials	1,458	58	4%	550	(908)	-62%
Project Description	This is a budget to support the necessary development and on-going requirements of implementing the Council's Integrated Housing Management System.					
Project Lifecycle	Planned End Date	31-Mar-17	Forecast End Date	31-Aug-18		
Main Issues / Reason for Variance						
<p>The timetable with regards to the purchase of the IHMS IT solution and subsequent implementation was altered to allow investigation for the potential of sharing systems or services with other neighbouring authorities and housing providers. This investigation concluded that no suitable shared service opportunities existed and that therefore WDC should begin the process for procuring an IHMS IT solution from a supplier. Following the completion of the tender evaluation process, the IHMS Project agreed to appoint a preferred supplier for the ICT solution on 3 June 2016. The preferred supplier (Aareon UK) has been notified and de-brief meetings have been held with two unsuccessful bidders. WDC has now entered into pre-contract discussions with Aareon UK, the first meeting having taken place on 14 July 2016. Whilst the Terms and Conditions document is yet to be signed a Letter of Intent has been developed and signed which allowed initial sessions between Aareon and WDC to take place on 22, 23, 27 September and 4 October. It is expected that the Terms and Conditions including the Project Plan will be agreed and in October which will allow the full implementation to commence. This has been delayed slightly due to the requirement of populating the T&Cs with a fully detailed project implementation plan. Once the implementation plan has been agreed with the supplier, it will then be possible to provide more precise detail on forecasted expenditure from the overall budget, and how this will be staged across the life of the project. Discussions with the IT supplier around the Terms & Conditions of the contract will seek to ensure that the agreed payment plan is beneficial to WDC. Other notable forecasted expenditure in Q3 2016/17 will be in relation to the purchase of mobile working device hardware for Homelessness Services staff and Asset & Investment staff. ICT Services have now identified suitable software which is anticipated to allow a testing week commencing 26 September 2016, following which The Project Team will be in a position to purchase devices thereby committing to a detailed expenditure line for this.</p>						
Mitigating Action						
<p>A staffing structure for the Project Team was approved by the Project Board in March 2016. Interviews for 4 Technical Support Officers (which will complete the project team) took place early July and with all 4 officers having now started. The new team structure being in place is beneficial for commencement the essential liaison work with Aareon UK development staff. This will help to mitigate any risks to further implementation slippage. The project team will monitor progress project and implementation closely for opportunities to catch up.</p>						
Anticipated Outcome						
<p>Fully integrated housing management IT system procured from an approved government framework (CCS). The department will also go through service re-design during implementation to ensure the benefits that can be achieved from the system are fully maximised in order to provide maximum value. The project will require to be re-phased over 16/17 to 18/19 for full project spend.</p>						

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

4 **Strathleven Park and Ride Car Park (Jack McAulay)**

Project Life Financials	425	0	0%	425	0	0%
Current Year Financials	425	0	0%	25	(400)	-94%
Project Description	Provision of additional car parking off Strathleven Place adjoining Church car Park. To be utilised as park and ride and overflow for town centre parking					
Project Lifecycle	Planned End Date	31-Mar-16	Forecast End Date	31-Mar-17		

Main Issues / Reason for Variance

Planning approval was granted February 2016 however we are still waiting on confirmation from SPT that scheme will be funded. Works will be programmed to commence as soon as funding approved. SPT are currently undertaking a car park usage study to justify scheme approval. Results from the study are expected mid-October.

Mitigating Action

There is no mitigating action that can be taken at the moment due to planning application timescales

Anticipated Outcome

Scheme will now be undertaken subject to funding approval from SPT.

5 **Posties Park Hub (Ian Bain)**

Project Life Financials	1,700	24	1%	1,700	0	0%
Current Year Financials	1,677	1	0%	40	(1,637)	-98%
Project Description	Creation of a sports hub at Posties/Marinecraft to include a new changing pavilion/Gym, new all-weather 6 lane running track, conversion of blaze sports pitch to grass, new fencing, upgrade of existing floodlights and additional car parking. This combines the budget approved by the Council in February 2015 for Community Sports Facilities at Posties Park, draw down of budget from the generic sports facilities budget line and anticipated match funding from Sports Scotland.					
Project Lifecycle	Planned End Date	30-Sep-16	Forecast End Date	31-Mar-18		

Main Issues / Reason for Variance

Officers are currently working with consultancy services to develop plans for submission to planning committee in October 2016. Thereafter a stage 2 funding application will be submitted to Sports Scotland. The project will then be procured with an anticipated start date of May 2017.

Mitigating Action

There is no mitigating action that can be taken at the moment due to grant application timescales

Anticipated Outcome

Creation of sports hub by March 2018

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

6	Vale of Leven Cemetery Extension (Ian Bain)					
	Project Life Financials	650	155	24%	650	00%
	Current Year Financials	561	66	12%	100	(461)-82%
	Project Description	Extension of existing cemetery in Vale of Leven				
	Project Lifecycle	Planned End Date	31-Mar-16	Forecast End Date	31-Mar-17	
Main Issues / Reason for Variance						
As previously reported there has been difficulties purchasing the preferred site with the land owner appointing a land agent to negotiate on his behalf resulting in delays to the project. The Land Agent advised us of their valuation which was in excess of the value that WDC have placed on the land resulting in the land owner contacting the Estates section to request a meeting to discuss a new proposal. This meeting was scheduled for 9 March, however it did not lead to a satisfactory outcome with the Council now progressing with compulsory purchase of the land. The compulsory purchase valuation has identified that the purchase costs are out with the scope of the project budget. Other sites are now being identified and evaluated.						
Mitigating Action						
Identify suitable alternative sites.						
Anticipated Outcome						
A suitable site is identified and purchased to provide a sustainable burial environment.						

WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT RED ALERT STATUS

APPENDIX 6

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

7 **Levensgrove Park (Ian Bain)**

Project Life Financials	3,623	219	6%	3,623	(0)	0%
Current Year Financials	3,411	7	0%	50	(3,361)	-99%

Project Description Restoration and Regeneration of Levensgrove Park

Project Lifecycle Planned End Date 31-Mar-16 Forecast End Date 28-Feb-19

Main Issues / Reason for Variance

The project has now been awarded a stage two pass with funding of £2.8m (£0.100m higher than anticipated) now in place. Pre-start meeting has been held with HLF and project management consultants. QS is currently working on spend profile and finalised programme will be developed by December 2016.

Mitigating Action

None required at this time

Anticipated Outcome

Successful delivery of restoration project.

8 **Creation of Environmental Improvement Fund (Ian Bain)**

Project Life Financials	1,900	50	3%	1,900	0	0%
Current Year Financials	950	50	5%	500	(450)	-47%

Project Description This fund has been created to deliver environmental improvement projects for communities throughout West Dunbartonshire.

Project Lifecycle Planned End Date 31-Mar-18 Forecast End Date 31-Mar-18

Main Issues / Reason for Variance

A report was submitted to IRED Committee in September detailing proposals to fully allocated this budget including increased allotment provision (£0.400m), Mountblow 3G Pitch (£0.550m) and match funding for St Eunan's site (£0.100m). These projects are subject to Community Consultation.

Mitigating Action

None required at this time

Anticipated Outcome

Improved green network and environment in West Dunbartonshire.

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

9

Queens Quay (Michael McGuinness)						
Project Life Financials	15,620	501	3%	15,620	(0)	0%
Current Year Financials	9,378	164	2%	5,709	(3,669)	-39%
Project Description	Queens Quay regeneration					
Project Lifecycle	Planned End Date	31-Mar-18	Forecast End Date	30-Jun-18		
Main Issues / Reason for Variance						
As part of a three year commitment to spend £15.620m on infrastructure at Queens Quay, Clydebank planning application in principle has been approved and detailed applications relating to Roads and Waterfront public realm are likely to be completed by December 2016. The work packages have now been re-profiled with anticipated expenditure for 2016/17 of £5.721m. This has been due to additional investigation works required in the quay walls at the basin to ensure the required lifespan of the basin walls is delivered to adoptable standards. A solution for the basin has been identified and is currently being costed, once complete, packages of works for the roads and waterfront can then be issued to market for delivery. Although budget has slipped into the following financial year it is still anticipated the project will be complete within the original 3 year time frame with the exception of landscaping and boundary wall treatments.						
Mitigating Action						
Regular update meetings are held with site owners. We also have an internal board for this project where budgets and risk register are discussed in detail.						
Anticipated Outcome						
Regeneration of Queens Quay to be completed by March 2018 with the exception of landscaping and boundary walls.						

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

10 **Community Sports Fund (Ian Bain)**

Project Life Financials	1,130	134	12%	1,130	(0)	0%
Current Year Financials	1,029	34	3%	529	(500)	-49%
Project Description	Match funding of up to 75% for local sports clubs to develop business cases to improve facilities.					
Project Lifecycle	Planned End Date	31-Mar-17	Forecast End Date	31-Mar-18		

Main Issues / Reason for Variance

Continuing to receive and assess new grant applications that will be processed over the life of the fund. There are other applications that have been submitted or are in the process of being submitted which will require to be evaluated. The sum of these potential applications will exceed the funds remaining in the existing budget. In addition there a number of projects that are under discussion and consideration whilst groups develop their plans. These projects going forward will exceed the current funding available. To meet this pending demand the IRED Committee agreed to vire £0.500m from the Millburn Trust to this project. Grant payments are evidenced based and therefore full spend on this budget is conditional on both receipt of applications from sports clubs which meet the grant criteria, and the successful completion of the project by the applying club resulting in risk that the increased budget may not be fully spent in 16/17

Mitigating Action

Officers will monitor and assess applications received and stop awarding grants once the full budget has been awarded/allocated to groups.

Anticipated Outcome

Improve sport facilities to a wide range of organisations WDC

11 **Children and Young Persons (Laura Mason)**

Project Life Financials	2,646	1,088	41%	2,646	0	0%
Current Year Financials	1,989	430	22%	1,041	(948)	-48%
Project Description	New funding announced July 2014 re the implementation of the Children and Young Persons Bill in relation to 2,3 and 4 year olds looked after or under a kinship order and additional 2 year olds from households in receipt of certain out of work benefits					
Project Lifecycle	Planned End Date	31-Mar-16	Forecast End Date	31-Aug-18		

Main Issues / Reason for Variance

The budget will be used to support the expansion of Early Years provision and work is currently underway to identify appropriate developments that will enable the Council to fulfil it's requirement to expand the Early Years provision. A report on the Early Years Strategy was approved at Committee in August 2016. This budget has been allocated over 11 separate projects, 10 of which are proceeding to programme. A project to create ELCC classrooms in approximately 11 primaries is currently at the design stage and will proceed to tender for onsite works in June 2017.

Mitigating Action

Opportunity to mitigate is limited

Anticipated Outcome

Provision of improved early years services incorporating a change in delivery of services.

WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT RED ALERT STATUS

APPENDIX 6

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

12	Leisure Energy Projects (Fiona McGuigan)					
	Project Life Financials	277	12	4%	277	0 0%
	Current Year Financials	277	12	4%	179	(98) -35%
	Project Description	Measures to be installed at both Meadow Centre & Vale of Leven Swimming Pool; new pool hall Air Handling Units, upgrade lighting, circulating pumps Vale of Leven Swimming Pool, internal and external lighting and draught proofing.				
	Project Lifecycle	Planned End Date	31-Jan-17	Forecast End Date	31-Dec-17	
	Main Issues / Reason for Variance					
	Meadow Centre Air Handling Unit tender is due to be awarded by 10th October, thereafter works will be carried out by selected contractor during November as a partial centre shut down is required. VOL Pool Air Handling Unit is delayed until next year following scoping exercise anticipated costs have risen and further investigation works are required to establish overall feasibility. Heating/BMS upgrades are now complete and awaiting payment. Lighting upgrades and system improvement works have still be completed and expect to be complete by end of October.					
	Mitigating Action					
	Ongoing meetings with the Energy Efficiency Officer.					
	Anticipated Outcome					
	Majority of project will be complete by end of year with exception of VOL Air Handling Unit which will be complete next year.					

**WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT RED ALERT STATUS**

APPENDIX 6

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

13 Clydebank Community Sports Hub (Ian Bain/Craig Jardine)

Project Life Financials	3,070	64	2%	3,070	0	0%
Current Year Financials	1,192	39	3%	97	(1,095)	-92%
Project Description	Creation of a multi purpose sports hub in Clydebank					
Project Lifecycle	Planned End Date	31-Dec-18	Forecast End Date	31-Dec-18		

Main Issues / Reason for Variance

The target budget as reported to the project board in August remains at £3.070m which is an increase of £0.636m over that approved by Council in February. The total project cost has increased due to a number of factors affecting the construction costs of both the building and the pitches such as construction inflation between production of original cost estimate and updated cost estimate, design development, increase to building size and changes to specification of windows and doors. It is anticipated that the uplift in the project cost will be funded by an increase in external funding (now forecast to be £2.220m) of which £1.380m has been confirmed at this time including £1m of Regeneration Capital Grant Funding (RCGF) confirmed on 20th May 2016, £0.300m from the Gaelic Athletic Association, £0.040m from Scottish Rugby Union, £0.020m from the Scottish Landfill Communities Fund and £0.020m from the Robertson Trust. The project has now commenced to Royal Institute of British Architects (RIBA) Stage 4 and conditional planning consent was secured on 22nd June 2016. The latest cost plan as at 15th July (£3.259m) indicates that the updated budget of £3.070m is likely to be insufficient due to drainage issues and it should also be noted that the latest cost plan includes no provision for dealing with asbestos. The Project Board met on 20 July 2016 and endorsed the decision to review value engineering and project scope to work within the target budget of £3.070m. The costs for the removal of the asbestos containing materials within the existing building will only be known once a refurbishment and demolition asbestos survey has been undertaken, the scope, logistics, timing and procurement of which is being considered at present. In the meantime clarity has been sought from the design team on estimated asbestos removal costs to inform the cost plan. The initial spend profile was based on a two phase approach constructing the 3G synthetic pitch first followed by the balance of the works thereafter, however the project is now being delivered in a single phase following a phasing and logistics review which deemed the single phase a better viable option. Now looking to mobilise and start construction March 2017 with completion Jan 2018. In the event that value engineering is not possible efforts continue to be made to secure the necessary external funding to support the project and in this regard we are in the process of preparing further applications to Scottish Landfill Communities Fund (in addition to the £0.020m already secured). We also await feedback from the Cashback to Communities Fund. The Hub are also investigating other funding streams including The Robertson Trust, The Civil Aviation Flight Path Fund and the Hub obtaining a loan to complete the project based on a business plan showing income streams from the use of the improved facilities

Mitigating Action

Monthly project board meetings and CIT monitoring project costs and timelines. Also have specific timelines and governance through RCGF funding. The capital investment team will continue to engage with the Design Team to value engineering the most recent cost plans back down towards the £3.070m budget and investigate further sources of external funding. We are in the process of arranging an interim financial review meeting which will be held prior to the next project board scheduled for the 30th September 2016.

Anticipated Outcome

Project delivered on time and to budget.

TOTAL PROJECTS AT RED STATUS

Project Life Financials	34,503	2,512	7%	34,503	0	0%
Current Year Financials	24,309	1,026	4%	9,738	(14,571)	-60%

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

1	Invest in Chromebooks for Schools (David Jones)						
	Project Life Financials	250	248	99%	255	5	2%
	Current Year Financials	250	248	99%	255	5	2%
	Project Description	Chromebooks for Primary 7 Pupils					
	Project Lifecycle	Planned End Date	31-Mar-17	Forecast End Date	01-Oct-16		
Main Issues / Reason for Variance							
Budget was based on 2015-16 Primary 7 roll however an additional 30 devices have now been purchased due to increased roll numbers. All chrome books have now been received by the schools with final accounts outstanding.							
Mitigating Action							
None appropriate as aim was to provide Chromebooks to every P7 in WDC.							
Anticipated Outcome							
Every Primary 7 pupil in West Dunbartonshire will have access to a fit for purpose device that will facilitate increased digital learning. Chromebooks enhance pupils communication and collaboration opportunities. email, calendars, storage, 'Classroom' and video conferencing allow pupils to connect with others, and keep abreast of assignments. Chromebooks allow pupils to work together to complete group projects and reports. Work created on a chrome book can be accessed on any device with network connectivity, in school and at home.							

WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT AMBER ALERT STATUS

APPENDIX 7

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

2 Energy Projects (John Corcoran)

Project Life Financials	113	121	108%	122	9	8%
Current Year Financials	8	16	204%	17	9	113%

Project Description 24 energy projects: installing external and internal LED lights in schools, replacement of boiler at Christie Pk PS annex, improvements to heating controls, draught proofing and insulation across 15 WDC properties

Project Lifecycle Planned End Date 31-Mar-16 Forecast End Date 31-Mar-17

Main Issues / Reason for Variance

Projects complete, invoices still outstanding for remainder of works. Overspend will be offset by an underspend in change of heating fuel (schools).

Mitigating Action

None available as project complete

Anticipated Outcome

Projects to complete by year end.

3 Replacement of Equipment at Clydebank Crematorium (Ian Bain)

Project Life Financials	1,570	1,587	101%	1,587	17	1%
Current Year Financials	94	111	118%	111	17	18%

Project Description Installation of two new cremators with associated mercury abatement equipment.

Project Lifecycle Planned End Date 30-Nov-16 Forecast End Date 30-Nov-16

Main Issues / Reason for Variance

Project now complete. Project overspent due to asbestos issues found whilst carrying out upgrading works and also additional re-surfacing works to make the facility DDA compliant.

Mitigating Action

None required at this time

Anticipated Outcome

New cremators fully installed and functional and building DDA compliant.

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

4 Office Rationalisation (Craig Jardine)

Project Life Financials	21,187	4,181	20%	21,187	0	0%
Current Year Financials	10,999	2,056	19%	9,038	(1,961)	-18%
Project Description	Delivery of office rationalisation programme					
Project Lifecycle	Planned End Date	31-Oct-17	Forecast End Date	31-Jan-19		
New Dumbarton Office	Planned Opening Date	31-May-17	Forecast Opening Date	01-Jan-18		

Main Issues / Reason for Variance

General - The Office Rationalisation Programme budget was increased as part of the Capital Plan Refresh in February 2016 as result of a business case refresh which allows for additional works at Bridge Street to reduce future dilapidation liabilities and enables implementation of modern working practices within the building over the remaining 8 year lease; remediation works to the new Dumbarton office arising from the discovery of a significant Gas storage tank on site; increase in base cost for Dumbarton due to higher than anticipated construction industry rates from Market return and increases in the size of the Clydebank Town Centre Office. Overall costs related to the New Dumbarton Office and the Clydebank Town Centre Office are anticipated to increase by approximately £0.434m as noted below, however at this time it is anticipated that these cost increases can be absorbed within the overall budget for Office Rationalisation .

New Build Dumbarton - Enabling works valued at £1.213m commenced on site on the 6th June and are progressing well and will be complete by September. Financial Close for the main contract was achieved on 2nd September 2016 with anticipated completion by December 2017 resulting in a further delay from the planned opening date of May 2017 - this is due to the sub-contractor for the New Dumbarton office for the post tensioned Concrete Frame Design, Superstructure, and supply of the crane going into administration. This will result in an anticipated increase to overall costs for the New Dumbarton Office of £0.168m and slippage of £1.950m in this financial year due to a 3 month delay while this element of the project was re-tendered.

Document Strategy - a sum of £0.250m was approved by Members within the capital plan refresh to take forward document strategy in anticipation of staff moving location January 2018.

Clydebank Town Centre Office - works to commence on site September 16 and completion by December 16. While tender returns received in July were in line with the budget allocated to this project, overall project costs have increased by £0.266m due to pre-contract costs already incurred of £0.116m (including design costs of £0.053m and asbestos removal of £0.040m) and changes in the layout of furniture pods of £0.150m)

Data Centre in Aurora House - A new data centre will be installed in the ground floor at Aurora House which will replace facilities at Garshake. Due to being over budget the WDC Procurement team are currently assessing options available to provide a cost effective delivery of this project, tender to be issued September 2016.

Bridge Street - GHI contracts have been awarded the Pre Construction contract to develop an effective workplace environment whilst addressing several building defects such as heating system, windows, etc. a detailed design is currently being developed. 80% of Bridge Street is now vacant with staff being decanted to Garshake and Garshake Nursery. Furniture removal and recycling has commenced and asbestos removal within the building will be one of the first activities to be undertaken. The project is anticipated to be completed within this financial year. Options are being considered to vacate the remainder of the building to provide the Contractor vacant access - reducing construction time, and Prelims.

Mitigating Action

Due to additional works required at Bridge Street and unforeseen remediation works at the New Dumbarton Office the opportunity to mitigate is limited. Additional budget requirements were included within the capital plan refresh report which was approved by Members on 24 February 2016. Within the Clydebank Town Centre Office the Project team will review supply chain options, discuss opportunities with the COOP Landlord, and revise specification to a more furniture based solution - which will be less complicated, more cost effective and reduce future dilapidation costs.

Anticipated Outcome

Delivery of the business case

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

5

121/125 Main Street Alexandria (Joanne McDowal/Stuart Gibson)

Project Life Financials	72	88	122%	88	16	22%
Current Year Financials	72	88	122%	88	16	22%
Project Description	Insurance re-instatement works to commercial premises following fire damage					
Project Lifecycle	Planned End Date	31-Mar-16	Forecast End Date	31-Aug-16		
Main Issues / Reason for Variance						
Major works are now complete with minor snagging still outstanding. Final costs have come in at £16k more than original budget however officers are currently negotiating the claim with the insurance company.						
Mitigating Action						
None required at this time						
Anticipated Outcome						
Premises to be reinstated for commercial purposes						

6

Schools Fund (Bonhill and Goldenhill New Build)

Project Life Financials	14,597	16,005	110%	16,101	1,504	10%
Current Year Financials	88	0	0%	96	8	9%
Project Description	Outstanding retention monies to the new build of Bonhill PS					
Project Lifecycle	Planned End Date	15-Aug-11	Forecast End Date	30-Sep-16		
Main Issues / Reason for Variance						
External architect consultant is now negotiating with the contractor to confirm works are fully complete and retention payment can be released, however the retention payment is likely to come in at £96k. It is anticipated that this overspend will be funded from an allocation from building upgrades.						
Mitigating Action						
remedial works carried out and clerk of works monitoring leakage.						
Anticipated Outcome						
Payment to be released once work carried out satisfactorily						

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

7	Kilpatrick School New Build (Craig Jardine)						
Project Life Financials		10,487	7,768	74%	10,487	(0)	0%
Current Year Financials		5,654	3,826	68%	5,654	0	0%
Project Description		Design and build of construction of Additional Support Needs School					
Project Lifecycle		Planned End Date		31-Mar-18	Forecast End Date		30-Apr-18
Opening Dates		Planned Opening Date		19-Aug-16	Forecast Opening Date		30-Nov-16
Main Issues / Reason for Variance							
Contractor on-site from 27th July 2015. Works reported to be 3 weeks behind schedule with completion of build anticipated 11th November 2016 with demolition of old building anticipated April 2017. Previous reports indicated that the new building would be open in October, however the delay to the programme is now likely to mean that pupils will not move to the new school until November 2016.							
Mitigating Action							
Contractor is currently reprogramming the project including an acceleration of the works with measures such as working weekends, extended hours of work week days and additional cranes on site. Project being monitored through the monthly project board.							
Anticipated Outcome							
Project completed slightly behind schedule in line with budget.							

WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT AMBER ALERT STATUS

APPENDIX 7

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

8	Upgrade of Clydebank Library (Gill Graham)						
Project Life Financials		500	10	2%	500	0	0%
Current Year Financials		500	10	2%	400	(100)	-20%
Project Description		Refurbishment of the existing Clydebank Library to deliver a fit for purpose modern library designed around the needs of the customer. This will protect a historic landmark and original Carnegie library whilst offering the potential to build upon the development of a 'cultural quarter' focused around Clydebank Town Hall.					
Project Lifecycle		Planned End Date		31-Mar-17	Forecast End Date		30-Apr-18
Main Issues / Reason for Variance							
Following the completion of consultation with Libraries and Cultural stakeholders revised plans are now complete and TSA for external works is being completed and it is anticipated this will go to tender by the end of October 2016. A two stage tender process will take place with the first stage covering the exterior works necessary to make the building wind and watertight and the tender for internals will go out Q1 2017. The project is anticipated to be physically complete by 30th April 2018 with retention due thereafter.							
Mitigating Action							
None available at this time							
Anticipated Outcome							
Full refurbishment of library							

TOTAL PROJECTS AT AMBER STATUS						
Project Life Financials	48,776	30,007	62%	50,327	1,551	3%
Current Year Financials	17,665	6,354	36%	15,659	(2,006)	-13%

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

1 Capital Resources Brought Forward

Project Life Financials	(529)	(36)	7%	(529)	0	0%
Current Year Financials	(529)	(36)	7%	(529)	0	0%

Project Description These are grants and contributions received in 2015/16 in advance of expenditure being incurred and have been carried forward to match spend in 2016/17 in accordance with accounting regulations.

Project Lifecycle Planned End Date 31-Mar-17 Forecast End Date 31-Mar-17

Main Issues / Reason for Variance

These resources are held in the Council's balance sheet. At this time all resources are anticipated to be applied in 2016/17.

Mitigating Action

None required at this time

Anticipated Outcome

Resources will be matched against appropriate spend in 2016/17.

2 General Capital Grant

Project Life Financials	(22,068)	(3,289)	15%	(22,060)	8	0%
Current Year Financials	(7,500)	(3,289)	44%	(7,492)	8	0%

Project Description This resource is a block grant received from the Scottish Government to fund a proportion of the Council's anticipated capital expenditure each year.

Project Lifecycle Planned End Date 31-Mar-18 Forecast End Date 31-Mar-18

Main Issues / Reason for Variance

Finance circular indicates that grant income received will be slightly lower than forecast

Mitigating Action

None available

Anticipated Outcome

Resources allocated against capital spend

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

3 Specific Capital Grant

Project Life Financials	(41,838)	0	0%	(41,838)	0	0%
Current Year Financials	(1,578)	0	0%	(1,578)	0	0%

Project Description This relates to income due from the City Deal, Regeneration Capital Fund relating to CCSH and Cycling, Walking Safer Streets

Project Lifecycle Planned End Date 31-Mar-16 Forecast End Date 31-Mar-16

Main Issues / Reason for Variance

No issues to report at this time

Mitigating Action

None required at this time

Anticipated Outcome

Resources allocated against capital spend

4 Other Grants / Contributions

Project Life Financials	(6,496)	(103)	2%	(6,596)	(100)	2%
Current Year Financials	(5,343)	(103)	2%	(2,643)	2,700	-51%

Project Description This resource includes match funding for roads and sports related projects with the main grants being SPT (0.450m), Historic Scotland (£0.350m), Heritage Lottery Fund (£2.700m) and Sports Scotland (£0.892m)

Project Lifecycle Planned End Date 31-Mar-17 Forecast End Date 31-Mar-19

Main Issues / Reason for Variance

Heritage Lottery Funding is match funding relating to Levensgrove Park and funds will be drawn down as the project progresses. Funding of £2.8m has been awarded and at this time it is anticipated that the funds will not be received until 2017/18 and 2018/19.

Mitigating Action

None required at this time

Anticipated Outcome

Grant funding awarded and drawn down as expected

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

5 Capital Receipts

Project Life Financials	(32,393)	(306)	1%	(32,393)	0	0%
Current Year Financials	(6,914)	(306)	4%	(3,454)	3,460	-50%

Project Description Mainly sale of land and surplus assets but includes some sale of vehicles.

Project Lifecycle Planned End Date 31-Mar-22 Forecast End Date 31-Mar-22

Main Issues / Reason for Variance

Capital receipts anticipated in the current year have been affected by potential site issues, however capital receipts will be anticipated to received in future years.

Mitigating Action

Officers are progressing asset sales in accordance with the asset disposal strategy where possible, some site issues are outwith officers control, however alternative disposals will be pursued where appropriate.

Anticipated Outcome

Capital receipts will be received in future years.

6 Prudential Borrowing

Project Life Financials	(137,555)	(24,613)	18%	(137,495)	60	0%
Current Year Financials	(85,203)	(24,613)	29%	(74,771)	10,432	-12%

Project Description Prudential borrowing required is determined by factors such as total spend incurred and whether any additional resources are achieved - such as additional capital receipts, etc.

Project Lifecycle Planned End Date 31-Mar-22 Forecast End Date 31-Mar-22

Main Issues / Reason for Variance

Both re-phasing of capital spend in 2016/17 and anticipated project overspends have an impact on current and future prudential borrowing.

Mitigating Action

In relation to the current year a range of mitigating actions are noted on the previous analysis of red and amber projects

Anticipated Outcome

Minimise the impact of prudential borrowing requirements.

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

7

CFCR						
Project Life Financials	(414)	0	0%	(414)	0	0%
Current Year Financials	(414)	0	0%	(414)	0	0%
Project Description	Capital Funded from Current Revenue					
Project Lifecycle	Planned End Date	31-Mar-16	Forecast End Date	31-Mar-16		
Main Issues / Reason for Variance						
The value of CFCR released during the year is determined by the level of spend on the projects to be funded by this method. At this time it is unlikely that CFCR related to wind turbines and cashless catering will be released.						
Mitigating Action						
In relation to the current year a range of mitigating actions are noted on the previous analysis of red and amber projects						
Anticipated Outcome						
CFCR will be applied to match appropriate spend in 2015/16						

PRIOR RESOURCES	(75,691)	(78,056)	103%	(78,056)	(2,365)	3%
------------------------	----------	----------	------	----------	---------	----

TOTAL RESOURCES						
Project Life Financials	(316,984)	(106,403)	34%	(319,381)	(2,397)	1%
Current Year Financials	(107,481)	(28,347)	26%	(90,881)	16,600	-15%

MONTH END DATE

30 September 2016

PERIOD

6

Project Details	Project Financials		
Project Name	Budget £000	Virement £000	Revised Budget £000

ICT Modernisation / Infrastructure (Patricia Kerr)			
Current Year Financials	1,822	-100	1,722

The Data Centre in Aurora House with a TSA baseline budget of £0.370m is being part funded by a £0.100m contribution from ICT Modernisation but the works will be managed within the Office Rationalisation Project

Local Economic Development (Michael McGuinness)			
Current Year Financials	1,832	-40	1,792

Requested virements is represented by a £0.100m contribution to St Eunan's Site Works from the Environmental Improvement Fund to increase the £750k budget currently held within Local Economic Development and a £0.140m contribution from Local Economic Development to the Office Rationalisation Project in relation to the Clydebank Town Centre Office.

Creation of Environmental Improvement Fund (Ian Bain)			
Current Year Financials	950	-100	850

An allocation from the Environmental Improvement Fund budget of £0.100m towards the St Eunan's Site Works was approved by the IRED Committee on 14 September 2016

Office Rationalisation (Craig Jardine)			
Current Year Financials	10,999	240	11,239

£0.100m contribution from ICT Modernisation towards the Data Centre at Aurora House and £0.140m contribution from Local Economic Development towards the Clydebank Town Centre Office.

Total Virements Requested			
Current Year Financials	15,603	-	15,603

WEST DUNBARTONSHIRE COUNCIL

Report by the Strategic Director of Regeneration, Environment and Growth Council: 26 October 2016

**Subject: Housing Revenue Account Budgetary Control Report
 to 30 September 2016 (Period 6)**

1. Purpose

- 1.1** The purpose of the report is to provide members with an update on the financial performance to 30 September 2016 (Period 6) of the HRA revenue and capital budgets.

2. Recommendations

- 2.1** Members are asked to:

- i) Consider and note the projected favourable revenue variance of £0.543m (1.4%).
- ii) Consider and note the position advised in relation to the capital budget which is currently projecting an in-year favourable variance of £6.187m (21.3%), of which £5.643m relates to project re-phasing and an in-year underspend of £0.544m.

3. Background

Revenue

- 3.1** At the meeting of West Dunbartonshire Council on 24 February 2016, Members agreed the revenue estimates for 2016/2017 and a total budget of £42.777m

Capital

- 3.2** At the meeting of Council on 4 February 2016, Members also agreed the updated Capital Plan for 2016/17 which has been augmented by re-phasing from 2015/16 to produce a total planned spend for 2016/17 of £29.029m. The funding of this is shown within Appendix 5.

4. Main Issues

Revenue Budget

- 4.1** The current budgetary position for HRA Revenue is summarised in Appendix 1 with information regarding projected variances valued at greater than £50,000 being provided as Appendix 2. The analysis shows the projected variance for HRA Revenue is a surplus of £0.684m

Capital Budget

- 4.2** The HRA capital summary position is shown in Appendix 3. Information on projects that are highlighted as being within the red and amber categories is provided in Appendix 4. A summary of anticipated resources is shown in Appendix 5. The analysis shows that for the in-year planned spend there is currently a favourable variance of £6.187m, of which £5.643m relates to project re-phasing and an in-year underspend of £0.544m.

5. People Implications

- 5.1** There are no people implications.

6. Financial and Procurement Implications

- 6.1** Other than the financial position noted above, there are no financial implications of the budgetary control report. There are no procurement implications arising from this report.

7. Risk Analysis

- 7.1** The main financial risks to the ongoing financial position relate to unforeseen cost being identified between now and the end of the financial year. This can affect all service areas.

8. Equalities Impact Assessment (EIA)

- 8.1** The report is for noting and therefore no Equalities Impact Assessment was completed for this report.

9 Consultation

- 9.1** The views of both Finance and Legal services have been requested on this report and both have advised there are neither any issues nor concerns with the proposal. As the report is for noting no further consultation is envisaged.

10. Strategic Environmental Assessment

- 10.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the five strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council. This report is for noting and, therefore, does not directly affect any of the strategic priorities.

Richard Cairns

Strategic Director of Regeneration, Environment and Growth
Date: 12 October 2016

Person to Contact: Janice Rainey - Business Unit Finance Partner (HEED),
Garshake Road, Dumbarton, G82 3PU, telephone: 01389
737704, e-mail janice.rainey@west-dunbarton.gov.uk

Appendices: Appendix 1 - Budgetary Position (Revenue)
Appendix 2 - Variance analysis (Revenue)
Appendix 3 - Budgetary Position (Capital)
Appendix 4 - Variance analysis (Capital)
Appendix 5 – Resources (Capital)

Background Papers: None

Wards Affected: All

HRA BUDGETARY CONTROL REPORT
MONITORING PERIOD : 1 APRIL 2016 to 30 SEPTEMBER 2016

2015/2016		2016/2017	Actual	% actual	Forecast	Forecast	% Forecast
Outturn		Estimate	To Date	to date	Outturn	Variance	Variance
£000s		£000s	£000s		£000s	(fav)/adv	
						£000s	
	EXPENDITURE						
5,141	EMPLOYEE COSTS	5,531	2,289	41%	5,292	(239)	-4%
1,430	PROPERTY COSTS	1,845	941	51%	1,769	(76)	-4%
106	TRANSPORT COSTS	125	43	34%	107	(18)	-14%
338	SUPPLIES, SERVICES AND ADMIN	354	215	61%	364	10	3%
2,090	SUPPORT SERVICES	2,161	861	40%	2,191	30	1%
153	OTHER EXPENDITURE	183	87	48%	155	(28)	-15%
12,147	REPAIRS & MAINTENANCE	12,071	5,902	49%	11,926	(145)	-1%
1,113	BAD DEBT PROVISION	1,060	442	42%	1,110	50	5%
406	COUNCIL TAX ON VOID HOUSES	385	381	99%	347	(38)	-10%
1,373	LOST RENTS	1,070	297	28%	944	(126)	-12%
15,399	LOAN CHARGES	17,992	7,497	42%	17,992	0	0%
39,696	GROSS EXPENDITURE	42,777	18,955	44%	42,197	(580)	-1.4%
	INCOME						
39,005	House Rents	39,902	16,633	42%	39,861	41	0%
228	Lockup Rents	227	91	40%	225	2	1%
1,087	Factoring/Insurance Charges	1,083	1,112	103%	1,111	(28)	-3%
132	Other rents	138	57	41%	138	0	0%
46	Interest on Revenue Balance	40	0	0%	46	(6)	-15%
221	Miscellaneous income	112	36	32%	143	(31)	-28%
984	Reallocated salaries	1,275	292	23%	1,216	59	5%
41,703	GROSS INCOME	42,777	18,221	43%	42,740	37	0%
(2,007)	NET EXPENDITURE	0	734		(543)	(543)	

MONTH END DATE 30 September 2016

PERIOD 6

Budget Details		Project Life Financials					
Subjective Analysis	Budget Holder	Budget	Actual to Date	% Spend to Date	Forecast Spend	Forecast Variance	RAG Status
		£000	£000	%	£000	£000	%

EMPLOYEE COSTS		5,531	2,289	41%	5,292	(239)	-4%	↑
Subjective Description								
This budget covers all employees charged directly to the HRA including caretakers								
Variance Narrative								
Main Issues	Underspend in salary costs due to staff restructure savings and vacancies £177K . Also staff overtime continues to be managed and is now forecast to be £62k less than budget.							
Mitigating Action	No mitigating action is required as the variance is favourable							
Anticipated Outcome	A year end underspend of £239k is anticipated.							

Budget Details		Project Life Financials					
Subjective Analysis	Budget Holder	Budget	Actual to Date	% Spend to Date	Forecast Spend	Forecast Variance	RAG Status
		£000	£000	%	£000	£000	%

PROPERTY COSTS		1,845	941	51%	1,769	(76)	-4%	↑
Service Description								
This budget covers electricity, gas, rates, rents, cleaning and the costs of Garshake and Rosebery								
Variance Narrative								
Main Issues	A favourable variance has arisen primarily because of reduced expenditure across a number of budget heads - rates are forecast to be in line with last year's outturn at £38k less than budget, repairs to Housing Offices are forecast to be less than budgeted (£9k) and savings on electricity account for £77k. However, this is partly offset by an increase in property insurance in line with last year's spend and is forecasting an overspend of £68k							
Mitigating Action	No mitigating action is required as the variance is favourable							
Anticipated Outcome	A year end underspend of £76k is anticipated.							

Budget Details		Project Life Financials						
Subjective Analysis	Budget Holder	Budget	Actual to Date	% Spend to Date	Forecast Spend	Forecast Variance	RAG Status	
		£000	£000	%	£000	£000	%	
REPAIRS & MAINTENANCE		12,071	5,902	49%	11,926	(145)	-1%	↑
Service Description								
This budget covers all repair and maintenance expenditure to houses and lockups								
Variance Narrative								
Main Issues	This favourable variance is due to maintenance contract costs being less than budgeted due to lower than anticipated inflationary increases							
Mitigating Action	No mitigating action is required as the variance is favourable							
Anticipated Outcome	Overall underspend is anticipated							

Budget Details		Project Life Financials						
Subjective Analysis	Budget Holder	Budget	Actual to Date	% Spend to Date	Forecast Spend	Forecast Variance	RAG Status	
		£000	£000	%	£000	£000	%	
LOST RENTS		1,070	297	28%	944	(126)	-12%	↑
Service Description								
Rents lost on void houses and lockups								
Variance Narrative								
Main Issues	Budget was calculated based on the average rent per void property which had been set too high.							
Mitigating Action	No mitigating action is required as the variance is favourable							
Anticipated Outcome	A favourable variance of £126k							

Budget Details		Project Life Financials						
Subjective Analysis	Budget Holder	Budget	Actual to Date	% Spend to Date	Forecast Income	Forecast Variance	RAG Status	
		£000	£000	%	£000	£000	%	
REALLOCATED SALARIES		(1,275)	(292)	0%	(1,216)	(59)	5%	↓
Service Description								
This budget covers employee costs recharged to accounts outwith the HRA, principally HRA Capital and HMTA.								
Variance Narrative								
Main Issues	Reduction due to a number of staff leaving and the restructure of duties around this resulting in a lower recharge being appropriate							
Mitigating Action	This will be offset by underspend in employee costs							
Anticipated Outcome	Lower allocation of employee costs from HRA of £59k							

WEST DUNBARTONSHIRE COUNCIL
HRA CAPITAL PROGRAMME
OVERALL PROGRAMME SUMMARY

APPENDIX 3

MONTH END DATE 30 September 2016

PERIOD 6

Project Status Analysis	Project Life Status Analysis				Current Year Project Status Analysis					
	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status		
Red										
Projects are forecast to be overspent and/or experience material delay to completion	4	14%	20,538	53%	4	14%	329	6%		
Amber										
Projects are either at risk of being overspent and/or delay in completion (although this is unquantifiable at present) or the project has any issues that require to be reported at this time	3	10%	2,612	7%	3	10%	1,466	27%		
Green										
Projects are on target both in relation to overall budget and the forecast stages in the project life cycle and no issues are anticipated at this time	22	76%	15,327	40%	22	76%	3,544	66%		
TOTAL EXPENDITURE	29	100%	38,477	100%	29	100%	5,339	100%		
Project Status Analysis	Project Life Financials				Current Year Financials					
	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000	Re-Phasing £000	Over/ (Under) £000
Red										
Projects are forecast to be overspent and/or significant delay to completion	45,987	20,538	44,688	(1,299)	9,338	329	3,695	(5,643)	(5,643)	0
Amber										
Projects are either at risk of being overspent and/or delay in completion (although this is unquantifiable at present) or the project has any issues that require to be reported at this time	7,630	2,612	7,300	(330)	6,351	1,466	6,154	(197)	0	(197)
Green										
Projects are on target both in relation to overall budget and the forecast stages in the project life cycle and no issues are anticipated at this time	28,006	15,327	27,998	(8)	13,340	3,544	12,993	(347)	0	(347)
TOTAL EXPENDITURE	81,623	38,477	79,986	(1,637)	29,029	5,339	22,842	(6,187)	(5,643)	(544)
TOTAL RESOURCES	(81,623)	(38,477)	(79,986)	1,637	(29,029)	(5,339)	(22,842)	6,187		
NET EXPENDITURE	0	0	0	0	0	0	0	0		

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

1

Integrated Housing Management System John Kerr/Graham Watters						
Project Life Financials	1,500	76	5%	1,500	0	0%
Current Year Financials	1,458	34	2%	550	(908)	-62%
Project Description	This is a budget to support the necessary development and on-going requirements of implementing the Council's Integrated Housing Management System.					
Project Lifecycle	Planned End Date	31-Mar-17	Forecast End Date	31-Aug-18		
Main Issues / Reason for Variance						
<p>The timetable with regards to the purchase of the IHMS IT solution and subsequent implementation was altered to allow investigation for the potential of sharing systems or services with other neighbouring authorities and housing providers. This investigation concluded that no suitable shared service opportunities existed and that therefore WDC should begin the process for procuring an IHMS IT solution from a supplier. Following the completion of the tender evaluation process, the IHMS Project agreed to appoint a preferred supplier for the ICT solution on 3 June 2016. The preferred supplier (Aareon UK) has been notified and de-brief meetings have been held with two unsuccessful bidders. WDC has now entered into pre-contract discussions with Aareon UK, the first meeting having taken place on 14 July 2016. Whilst the Terms and Conditions document is yet to be signed a Letter of Intent has been developed and signed which allowed initial sessions between Aareon and WDC to take place on 22, 23, 27 September and 4 October. It is expected that the Terms and Conditions including the Project Plan will be agreed and in October which will allow the full implementation to commence. This has been delayed slightly due to the requirement of populating the T&Cs with a fully detailed project implementation plan. Once the implementation plan has been agreed with the supplier, it will then be possible to provide more precise detail on forecasted expenditure from the overall budget, and how this will be staged across the life of the project. Discussions with the IT supplier around the Terms & Conditions of the contract will seek to ensure that the agreed payment plan is beneficial to WDC. Other notable forecasted expenditure in Q3 2016/17 will be in relation to the purchase of mobile working device hardware for Homelessness Services staff and Asset & Investment staff. ICT Services have now identified suitable software which is anticipated to allow a testing week commencing 26 September 2016, following which The Project Team will be in a position to purchase devices thereby committing to a detailed expenditure line for this.</p>						
Mitigating Action						
<p>A staffing structure for the Project Team was approved by the Project Board in March 2016. Interviews for 4 Technical Support Officers (which will complete the project team) took place early July and 3 officers started in post on 8th August. The 4th post is currently being re-advertised. It is now hoped that with the new team structure in place to commence the essential liaison work with Aareon UK development staff when they arrive onsite as expected in September 2016 that this will help to mitigate any risks to further implementation slippage. The project team will monitor progress project and implementation closely for opportunities to catch up.</p>						
Anticipated Outcome						
<p>Fully integrated housing management IT system procured from an approved government framework (CCS). The department will also go through service re-design during implementation to ensure the benefits that can be achieved from the system are fully maximised in order to provide maximum value. The project will require to be re-phased over 16/17 to 18/19 for full project spend.</p>						

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

2 Regeneration/ Demolition of Surplus Stock (Jackie Gallen/Stewart Paton)

Project Life Financials	8,899	6,994	79%	8,947	48	1%
Current Year Financials	2,204	250	11%	1,000	(1,204)	-55%

Project Description The bulk of this budget is to fund 'Demolition of addresses surplus to Council requirements' and also includes homeloss and disturbance budget.

Project Lifecycle Planned End Date 31-Mar-17 Forecast End Date 31-Mar-18

Main Issues / Reason for Variance

Singer/Second Avenue are now complete and awaiting process of spend. Completion took longer than anticipated due to pre-demolition clearances and unforeseen disposal materials. Pre-demolition surveys and clearances are being arranged at O'Hare and Alexander Street sites with the procurement process underway. It is anticipated that O'Hare and Alexander St will complete by year end and Creveul Court will be underway but not complete.

Mitigating Action

Officers to keep progress on track for all proposed demolition sites with appropriate officers continuing to focus their efforts at Cruevel Court in relation to decant.

Anticipated Outcome

O'Hare and Alexander Street to complete in this financial year. Creveul Court to commence but it is anticipated it will run into 2017/18

3 Non-Traditional and Traditional Improvement Works (Stewart Paton)

Project Life Financials	2,461	0	0%	2,461	0	0%
Current Year Financials	2,461	0	0%	1,000	(1,461)	-59%

Project Description This budget is for the proposed upgrade work to properties at Risk St, Dumbarton.

Project Lifecycle Planned End Date 31-Mar-17 Forecast End Date 31-Mar-18

Main Issues / Reason for Variance

This project to be published on portal in October, however the delivery of the full project is subject to owners agreement and completion of project and spend could be impacted if owners do not agree. Initial projection based on agreement of works and incremental spend by year with remaining spend by 31 March 2018.

Mitigating Action

Project officers to ensure tender issue and pre-contract progress is kept on target.

Anticipated Outcome

Project outcome determined by Nov/Dec to allow forward projections on completion and spend.

WEST DUNBARTONSHIRE COUNCIL
HRA CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT RED ALERT STATUS

APPENDIX 4

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

4

New Build Housing (Stewart Paton/John Kerr)						
Project Life Financials	33,127	13,469	41%	31,780	(1,347)	-4%
Current Year Financials	3,215	45	1%	1,145	(2,070)	-64%
Project Description	This budget is to fund new build social housing programme					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Second Avenue -Delays were experienced in the demolition phase of the site clearance noted in the respective project line above. Overall Planning consent has taken longer than anticipated and was also impacted by the development of an adjacent site by another housing association. Project Team completed a negotiated tender with a New Build LHC Framework contractor, however this could not be proven to be best value therefore now progressing to competitive tender. Procurement and selection process of contractor is underway, tenders expected to return in Oct. Contractor not procured, site start is tentatively anticipated for December, therefore year end forecast reduced to £1m.						
Mitigating Action						
Project team to expedite contractor procurement as soon as possible to reduce any further delays to site start. Project team will work monitor and work closely with contractor to maximise year end spend to reduce variance gap.						
Anticipated Outcome						
Procurement of contractor to complete as soon as possible. Work to commence in September and monitor project to maximise year end spend. Possibility that variance in year end spend may have to slip to 2017/18. Overall Project is planned to complete over two years.						

TOTAL PROJECTS AT RED STATUS						
Project Life Financials	45,987	20,538	45%	44,688	(1,299)	-3%
Current Year Financials	9,338	329	4%	3,695	(5,643)	-60%

WEST DUNBARTONSHIRE COUNCIL
HRA CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT AMBER ALERT STATUS

APPENDIX 4

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

1 Targeted EESH Compliance Works (Stewart Paton)

Project Life Financials	4,047	943	23%	4,047	0	0%
Current Year Financials	4,047	943	23%	4,047	0	0%
Project Description	This budget is to focus on work required to meet the standards for EESH compliance. These are spread throughout West Dunbartonshire and involve varied types of energy improvement work.					
Project Lifecycle	Planned End Date	31-Mar-17	Forecast End Date	31-Mar-17		

Main Issues / Reason for Variance

Works are progressing with incumbent contractor and anticipated to complete this section of programme by Nov/Dec (slight delays due to residents objections to site compound). Building Services preparing for programme in tandem, on site initial projects are underway and progressing well. Concerns remain regards meeting year end target. Monitoring of this programme will be focused.

Mitigating Action

Outgoing incumbent contractor is undertaking additional work in the interim period of transition to maximise spend and continue programme. Project officers to monitor Building Services progress closely when their works commence.

Anticipated Outcome

Exploring option of increasing incumbent contractor workload to maximise spend. Building Services to commence this new stream of work and progress diligently. Potential to increase output via back-up contractor. Maximise opportunities to meet year end spend targets.

WEST DUNBARTONSHIRE COUNCIL
HRA CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT AMBER ALERT STATUS

APPENDIX 4

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

2 Defective Structures/Component Renewals (Stewart Paton)

Project Life Financials	2,047	1,250	61%	1,696	(351)	-17%
Current Year Financials	768	105	14%	550	(218)	-28%

Project Description This budget is to fund the continuous programme of work to address specific structural faults in a number of tenement properties in Drumry.

Project Lifecycle Planned End Date 31-Mar-17 Forecast End Date 31-Mar-17

Main Issues / Reason for Variance

Work is complete on current block and next block is scheduled to complete decant in Nov. Past experience has shown this can be problematic and lengthy. Completion of next block and spend may be impacted. Year end forecast tentatively reduced to £550k to reflect this.

Mitigating Action

Project team will endeavour to complete the recant/decant process. Appropriate officers will plan to keep the progress of this ongoing and reduce any delays where possible to keep project on target.

Anticipated Outcome

Current block to complete, transition kept to a minimum and next block complete by year end maximising spend.

3 Environmental Improvements Works

Project Life Financials	1,405	418	30%	1,426	21	2%
Current Year Financials	1,405	418	30%	1,426	21	2%

Project Description This budget is to enable continued planning and programming of environmental projects such as paths, car parks and landscaped areas under the curtilage of housing management.

Project Lifecycle Planned End Date 31-Mar-17 Forecast End Date 31-Mar-17

Main Issues / Reason for Variance

Dennystoun Forge project reached practical completion. Current projection of cost is under budget, however rotary clothes dryers have yet to be agreed upon and installed. Project team are in liaison with tenants re options and costs being prepared.

Mitigating Action

Project officers to seek most cost efficient option that meets tenants expectations and requirements.

Anticipated Outcome

Project and spend to complete by year end. Project to overspend or request submitted to increase budget.

WEST DUNBARTONSHIRE COUNCIL
HRA CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT AMBER ALERT STATUS

APPENDIX 4

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

TOTAL PROJECTS AT AMBER STATUS

Project Life Financials	7,630	2,612	34%	7,300	(330)	-4%
Current Year Financials	6,351	1,466	23%	6,154	(197)	-3%

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

1 New Build Capital Grant

Project Life Financials	(13,514)	(4,799)	36%	(13,799)	(285)	2%
Current Year Financials	(2,000)	0	0%	(750)	1,250	-63%
Project Description	This resources relates to the Scottish Government grant funding towards new build council house programmes					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		

Main Issues / Reason for Variance

Unbudgeted income was received in 2015/16 for the purchase of the St Andrew's site. It is anticipated that grant income in relation to Second Avenue will not be fully received in 2016/17 due to delays in spend as detailed in the red status project update.

Mitigating Action

None available due to project delay

Anticipated Outcome

Delay in receipt of new build grant income

2 Capital Receipts

Project Life Financials	(586)	(203)	35%	(586)	0	0%
Current Year Financials	(586)	(203)	35%	(586)	0	0%
Project Description	This resource relates primarily to the sale of council houses, tenant/client contributions.					
Project Lifecycle	Planned End Date	31-Mar-17	Forecast End Date	31-Mar-17		

Main Issues / Reason for Variance

No issues anticipated at this time. This income relates to Council House Sales and disposal of other HRA land and assets

Mitigating Action

None required at this time

Anticipated Outcome

Capital receipts anticipated to be received in excess of original forecast.

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

3 Other Grants/Contributions

Project Life Financials (604) (151) 25% (755) (151) 25%

Current Year Financials (604) (151) 25% (755) (151) 25%

Project Description This resource relates primarily to the grants and other contributions received in relation to energy efficiency works, owner occupier contributions and (for reporting purposes) GS contribution re IHMS

Project Lifecycle Planned End Date 31-Mar-16 Forecast End Date 31-Mar-16

Main Issues / Reason for Variance

Income received to date in 2016/17 relates to owner occupier contributions relating to roofing works

Mitigating Action

None required at this time

Anticipated Outcome

Contributions will reduce overall prudential borrowing required

4 CFCR

Project Life Financials (2,189) 0 0% (2,189) 0 0%

Current Year Financials (2,189) 0 0% (2,189) 0 0%

Project Description Capital Funded from Current Revenue

Project Lifecycle Planned End Date 31-Mar-20 Forecast End Date 31-Mar-20

Main Issues / Reason for Variance

No issues anticipated at this time.

Mitigating Action

None required at this time

Anticipated Outcome

CFCR applied as expected at year end

MONTH END DATE

30 September 2016

PERIOD

6

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

5	Prudential Borrowing						
	Project Life Financials	(23,626)	(4,983)	21%	(34,366)	(10,740)	45%
	Current Year Financials	(23,626)	(4,983)	21%	(18,538)	5,088	-22%
	Project Description	Prudential borrowing required is determined by factors such as total spend incurred and whether any additional resources are achieved - such as additional capital receipts, etc.					
	Project Lifecycle	Planned End Date		31-Mar-20	Forecast End Date		31-Mar-20
	Main Issues / Reason for Variance						
	Prudential borrowing is likely to be less than required due to additional income received from grants and other contributions along with project underspends and rephasings required						
Mitigating Action							
None required at this time							
Anticipated Outcome							
Prudential borrowing less than anticipated							

6	Loan Repayments						
	Project Life Financials	(24)	(2)	8%	(24)	0	0%
	Current Year Financials	(24)	(2)	8%	(24)	0	0%
	Project Description	Loan repayments in relation to purchased properties					
	Project Lifecycle	Planned End Date		31-Mar-18	Forecast End Date		31-Mar-18
	Main Issues / Reason for Variance						
	Loan repayments anticipated to be less than forecast						
Mitigating Action							
None available due to nature of loan repayments							
Anticipated Outcome							
Loan repayments received less than anticipated							

Prior Year Resources Applied	(41,080)	(28,339)	69%	(28,267)	12,813	-31%
------------------------------	----------	----------	-----	----------	--------	------

TOTAL RESOURCES						
Project Life Financials	(81,623)	(38,477)	47%	(79,986)	1,637	-2%
Current Year Financials	(29,029)	(5,339)	18%	(22,842)	6,187	-21%

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Council: 26 October 2016

Subject: Long Term Financial Strategy Refresh and General Services and Housing Revenue Account Revenue Estimates Update 2017/18 to 2019/20

1. Purpose

1.1 The purpose of this report is to:

- seek Members' approval of the Council's refreshed Long Term Financial Strategy; and
- provide Council with an update of the projected financial position following the completion of the draft revenue estimates for the next three financial years from 2017/18 to 2019/20.

1.2 The report also provides an update on the position regarding reserves, including projections in relation to funds held for provisions, earmarked balances and free reserves.

1.3 The report provides an outline of the planned approach to consultation in relation to options to reduce the current projected gap.

2. Recommendations

2.1 Members are asked to:

- (a) Note the refreshed strategy has developed estimates of the Council's funding position to 2019/20 and identifies cumulative anticipated revenue funding gaps within General Services of £3.691m for 2017/18; £7.110m for 2018/19; and £10.969m for 2019/20 - after adjusting for the impact of the cumulative management adjustments of £1.267m over the 3 years;
- (b) Note the position regarding the HRA projections to 2019/20;
- (c) Approve the long term financial strategy, as attached as Appendix 1, including:
 - noting the assumption of a Council Tax increase for 2017/18 of 3% as described in 4.6 of the strategy; and
 - the inflationary uplift for 2017/18 as described in 4.12 and 4.13 below;
- (d) Note the projected position for 2016/17 (the current year), which shows a projected surplus of £1.077m after adjusting for the in-year impact of the management adjustments noted below;

- (e) Note the projected year-end position regarding reserves and provisions;
- (f) Note the savings options detailed in Appendix 4, which have been generated by the Corporate Management Team for Members' consideration in reducing the projected gap and that CMT is exploring further options;
- (g) Note the plans to engage with the public during November and December 2016;
- (h) Agree to re-schedule the 2017/18 budget-setting Council meeting to 22 February 2017;
- (i) Note the current position regarding the long term capital plan; and
- (j) Note that this projected position is subject to amendment as assumptions continue to be clarified and revised between now and Council in February 2017.

3. Background

3.1 The previous iteration of the Long Term Financial Strategy was presented to and approved by Council on 26 August 2015. Updated indicative budget gaps for 2016/17 to 2018/19 were updated following the approval of the budget, as minuted from Council on 24 February 2016. This is an update to this Financial Strategy and provides information to Members of the revised position.

3.2 At the Council meeting in August 2015 the Finance Strategy was agreed which identified cumulative projected budgets gaps from 2016/17 to 2018/19 of:

- 2016/17 £1.270m;
- 2017/18 £5.345m; and
- 2018/19 £9.877m.

3.3 The Council, on 24 February 2016 agreed a budget which closed the budget gap for 2016/17 and generated revised cumulative gaps for future years, as follows:

- 2016/17 nil;
- 2017/18 £2.500m; and
- 2018/19 £7.321m.

4. Main Issues

Refresh of Long Term Finance Strategy

- 4.1** The Strategy (Appendix 1) provides information - in a local and national context – on financial issues affecting both funding for the Council and its anticipated spend. It provides information on estimated revenue and capital balances (both for General Services and HRA) to 2019/20.
- 4.2** The figures have been revised for updated assumptions on external funding, pay and non pay inflation and superannuation changes, as well as general burdens and pressures. The projected spend and funding figures have been adjusted for the anticipated impact on the Council of national changes such as Welfare Reform and Pension Reform.
- 4.3** Following a review of the year end variances in 2015/16, £1.223m has been identified as recurring variances within the General Fund, removed from departmental budgets and transferred into the Contingency Fund in 2016/17. These variances have also been projected forward and adjusted for in the budget gaps for 2017/18 to 2019/20, as follows:
- 2017/18 £2.982m;
 - 2018/19 £3.186m; and
 - 2019/20 £3.586m.
- 4.4** A comparison of the General Services revenue cumulative budget gaps from those last reported to the current position is noted below. Annex 8 of the attached Strategy document highlights the changes in assumptions between the gap identified in February 2016 to the current projections and is summarised in the table below.

	2017/18 £m	2018/19 £m	2019/20 £m
Council meeting (February 2016)	2.500	7.321	n/a
Strategy (October 2016)	3.691	7.110	10.969
Change in identified gap	1.191	-0.211	10.969

- 4.5** Following the current assumptions as agreed by Council on 24 February 2016 around anticipated rent increases, there are no anticipated gaps forecast to 2019/20. A sensitivity analysis is shown later in this report should assumptions require to change due to external factors.
- 4.6** The General Services anticipated reserves position is noted below. The prudential reserve target on free revenue reserves for 2016/17 is £4.195m; for 2017/18 is anticipated to be £4.054m; and is anticipated to be £3.989m for 2018/19; and anticipated to be £3.841m for 2019/20.

	31/03/2016	31/03/2017	31/03/2018	31/03/2019
	£m	£m	£m	£m
Free Revenue Reserves	4,688	5,765	5,765	5,765
Earmarked Revenue Reserves	6,515	0	0	0
Capital Items Replacement Fund	0.527	0.527	0.527	0.527
Capital Grants Unapplied	0.484	0	0	0
Capital Reserve: Schools Regeneration	3,824	3,619	3,414	3,209
TOTAL	16,038	9,911	9,706	9,501

- 4.7** The HRA anticipated reserves position is noted below. The prudential reserve target on free revenue reserves for 2016/17 is £0.855m.

	31/03/2016	31/03/2017	31/03/2018	31/03/2019
	£m	£m	£m	£m
HRA Free Reserve	0.855	0.889	0.925	0.961
HRA Earmarked Reserve	5,362	0	0	0.
TOTAL	6,217	0.889	0.925	961

- 4.8** The Strategy also provides information in relation to treasury management, covering levels of debt and investments, together with average interest rates thereon. This should be considered in addition to the annual treasury strategy reported to Council prior to the start of each financial year.
- 4.9** The Strategy also notes the population projections for the Council area as a proportion of Scotland between 2012 and 2037, by population banding. Current projections identify that between the base year and 2037, the proportion of Scotland's population residing in the Council area falls from 1.70% to 1.44%. This is anticipated to have a direct impact on Scottish Government's allocation of funding to the Council.

2012	2017	2022	2027	2032	2037
1.70%	1.65%	1.60%	1.55%	1.49%	1.44%

- 4.10** The Strategy also notes policies and specific strategies adhered to by the Council to ensure adequate financial controls are in place.
- 4.11** Annexes 2, 3 and 4 of the Strategy identifies short, medium and longer term issues with planned actions to minimise financial risks from these issues.
- 4.12** The Finance Strategy assumes inflationary uplifts as follows:
- on non staffing lines assumed at 0% (any inflationary uplift required will be identified as a burden); and
 - on sales, fees and charges at 4% (excluding internal, statutory and identified CHCP charges which cannot be higher than the cost of service provision).

- 4.13** At present it has been assumed that pay awards will be 1.0% for 2017/18 and thereafter. This is subject to national agreement and may vary.
- 4.14** The Strategy includes assumptions around the settlement from Scottish Government. This is based on officers' expectations around the likely position, however it should be noted that settlement figures for 2017/18 won't be available until 15 December 2016 - as a single year settlement. These assumptions include an assumption that the national £250m provided by Scottish Government for Social Care in 2016/17 continues into 2017/18 and beyond, though this requires to be confirmed.
- 4.15** The Scottish Government has indicated that it plans to remove the freeze on Council Tax effective from 2017/18, however alongside this the provision of additional funding support previously provided to support the freeze will no longer be provided through the settlement. In addition the Scottish Government has indicated that it plans to introduce a cap on Council Tax increases from 2017/18 at 3%. The Strategy assumes that Council will increase Council Tax to the level of the cap, i.e. by 3%. Such a rise would offset the loss of freeze funding support and if not agreed would increase the gaps identified in this report by an additional £1.2m each year.
- 4.16** The Scottish Government has also indicated that it plans to implement a change to the Council Tax bandings multiplier for properties within bands E to H. The funding raised by this would generate around £100m in total for Scotland to be distributed by the Scottish Government to Councils or schools to support the improvement of educational attainment. This change would require to be imposed through legislative change. At this stage it is not clear what proportion of the £100m will be distributed to this Council. The Strategy assumes that, as any funding provided to the Council or schools will require to be spent, then there will be no net effect to the Council.
- 4.17** The above potential changes to Council Tax rules are expected to be clarified when the details of the Scottish Government settlement is provided in December 2016 when it is anticipated that details of any changes to Council Tax rules for 2017/18 will be specified. Clearly, following clarity being provided, the Council will require to determine its own position.
- 4.18** The Strategy includes an approach around scenario planning where the main financial issues for the Council are considered under three different circumstances: Likely; Worst Case; and Best Case. The figures used to identify anticipated budget gaps going forward are based on the Likely scenario which is illustrated in Annex 8 to the Strategy.
- 4.19** The Strategy also provides a longer term view of the potential cost of loan charges in order than Members may consider the revenue impact of capital investment decisions under varying potential interest rate scenarios. Again, in determining the anticipated funding gaps going forward the Likely scenario has been used.

General Services and Housing Revenue Account Revenue Estimates Update 2017/18 to 2019/20

- 4.20** Based on the above and the information provided below and the budget submissions received from departments the Council's financial position has been projected to 2019/20, and is summarised as Appendix 2 to show the gaps identified at 4.4 above.
- 4.21** As part of the budget process, the CMT has identified a number of management adjustments (Appendix 3) which will be implemented by the CMT to reduce the funding gaps. These adjustments have cumulative value of:
- 2017/18 £1.195m;
 - 2018/19 £1.263m; and
 - 2019/20 £1.267m.
- 4.22** For 2017/18 to 2019/20 the grant settlement from the Scottish Government to the Council is expected to reduce by 3% each year. The expected reduction is due to a combination of expected funding reduction due to demographics projections and likely reductions due to expected grant reductions from the UK Government being passed-on to Councils via the Scottish Government. The estimated funding is currently estimated as:
- 2016/17 £171.630m;
 - 2017/18 £167.021m;
 - 2018/19 £162.550m; and
 - 2019/20 £158.214m.
- The actual funding provided will not be known until the Scottish Government provide settlement figures later in this financial year and Members should note that these are likely to be different to the projections noted above and almost certainly will only cover 2017/18.
- 4.23** Within the updated figures, officers have reviewed the council tax position and anticipated the following Band D product and Council Tax income:
- 2015/16 – Actual charges raised of £40.743m;
 - 2016/17 – Projected charges raised of £41.000m;
 - 2017/18 – Projected charges raised of £42.236m;
 - 2018/19 – Projected charges raised of £43.472m; and
 - 2019/20 – Projected charges raised of £44.708m.
- 4.24** Budgets for General Services capital and the HRA also require to be considered to ensure that the full impact of the Prudential Code for Capital Investment and the interrelationship between the General Fund and the HRA are fully reflected in the draft general services budget.

Reports on the General Services and HRA Revenue Estimates 2017/18; and Treasury Strategy 2017/18 – which consider the impact of capital

planning projections will be presented to the Council meeting in February 2017 to ensure alignment of resources.

- 4.25** As at 31 March 2016, General Services resources held by the Council was:

	£m
Reserves	11.203
<u>Of which:</u>	
Earmarked	6.515
Unearmarked	4.688
Prudential Target	4.195
 Provisions	 4.643
<u>Of which:</u>	
Equal Pay	2.243
Voluntary severance/ early retirement	2.400

- 4.26** The Draft Budget Book will be issued prior to the Council meeting and will include:

- Department and service expenditure details;
- Savings options; and
- Departmental growth bids.

Members should note that the management adjustments which are listed have not yet been removed from the Draft Budget Book. This is to allow Members to see the movements year on year, prior to the management adjustments.

- 4.27** Similar to previous years, the projected budget position is based on current Council policy and projected levels of service delivery.
- 4.28** Members should be aware that the management adjustments which have been identified within this report, and which are detailed in Appendix 3, contain workforce changes. This will be managed in accordance with the Council's Switch Policy (Organisational Change).
- 4.29** Members will note that at this stage, following the application of the CMT management adjustments, the revised gap position for the next three financial years as noted at 4.4 above. In addition, the CMT has generated a list of savings options (Appendix 4) which may be used to assist in closing these gaps when setting the budget in February 2017. Based on the current projections and the uncertainty around the settlement position, the CMT will be exploring further opportunities for efficiencies.
- 4.30** In relation to the Integration Joint Board, the initial allocation of savings for the IJB to consider was valued at £2.607m. In addition to this the IJB identified additional burdens of £0.441m, giving a total target to manage of £3.048m. The IJB has, £2m of uncommitted funds from the West Dunbartonshire share of the national £250m towards the decrease in the

allocation to the HSCP leaving, leaving £1.048m for the IJB to identify as efficiencies for 2017/18.

- 4.31** Members will wish to consider whether, when setting the general services budget in February 2017, the budget set covers a 1, 2 or 3 year period to close future years' projected budget gaps. The approach chosen by Members may be influenced by whether the Scottish Government settlement provided covers more than one year.

Projected Reserves and Provisions Position at 31 March 2017

- 4.32** The earmarked balances held at 31 March 2016 (per the annual accounts - £6.515m) have been reviewed and it is anticipated at this time that all funds are still required for their earmarked purposes.

- 4.33** As stated above, the budget exercise has indicated likely underspends during the current financial year, thus projecting additional free balances by the year end of £1.077m.

- 4.34** The prudential target has been re-assessed based upon the current projected budget for 2017/18, and the target of 2% of the net budget becomes £4.054m. The net effect on free balances between the adjustments described is:

	£m
Reserves as at 31 March 2016	11.203
Earmarked Reserves	<u>6.515</u>
Remaining Reserves	4.688
Prudential Target 2015/16	
"Free" Reserves (per annual accounts 2015/16)	<u>4.195</u>
	<u>0.493</u>
 Increase anticipated in 2016/17	 <u>1.077</u>
Projected Unearmarked Reserves at 31 March 2017	5.765
Prudential Target	<u>4.054</u>
Revised Free Reserves	<u>1.711</u>

- 4.35** Members will be aware of external audit comments on the level of reserves generally and the level of the prudential target. Members will wish to consider these comments when setting the budget, with the potential to increase the value of reserves through a planned approach to generating a surplus in 2017/18 onwards.

- 4.36** A number of equal pay claims are in the process of being settled. At this time it is anticipated that the provision held is adequate for the settlement of these claims. This will continue to be considered and assessed again prior to the end of 2016/17.

Consultation

- 4.37** The draft budget and savings options are presented to allow for consultation prior to the Council meeting in February 2017.

- 4.38** The expectation is that an online consultation on the set of proposed savings options to reduce the projected funding gap will run from mid-November to mid-December 2016.

Other Issues

- 4.39** At present the future funding provision from the Scottish Government is not known beyond 2015/16. The UK Government is in the midst of a Comprehensive Spending Review with an announcement due on 25 November 2015.

Initial indication from the Scottish Government is that, due to the date of the UK Government announcement being significantly later than usual, the Scottish Government settlement will not be available at the normal time (early December). It is likely that the settlement information won't be available until 15 December 2016. Due to the uncertainty around the settlement date and nature of the settlement it is recommended that Council re-schedules the budget-setting date for the 2017/18 budget to 22 February 2017.

- 4.40** Members should note that any recurring savings options and growth items chosen for implementation will have an impact on budget gaps for future years.
- 4.41** As noted above, the long term capital plan was approved by Council in February 2017, at this stage it is anticipated that the update to Council in February 2017 will only be for changes to expected phasings of projects and any additional burdens. Any additional projects which may be developed will require to come to Council with appropriate business cases for approval for adding to the capital plan.
- 4.42** Members are reminded that there are a number of assumptions within the financial projections, including national pay awards, the continuing effects of welfare reform and the Scottish Government financial settlement. All assumptions remain subject to change and confirmation and will be further considered by CMT and any changes advised to Council in February 2017.

5. People Implications

- 5.1** The strategy does not have any direct implications on staffing. The potential staffing implications are shown within the management adjustments and also within the savings options appended to this report and will be subject to consultation processes where appropriate.

6. Financial Implications

- 6.1** The strategy does not have any direct financial implications. However, it does identify in future years the Council is facing budget gaps which will require Council decisions to mitigate.

- 6.2** The scenario planning consideration within the Strategy illustrates how relatively small movements in assumptions can lead to significantly variable outcomes in terms of the potential future funding gaps facing the Council (General Services). A summary of this is as follows:

GENERAL SERVICES: GAP ANALYSIS UNDER DIFFERENT SCENARIOS (£000)			
	2017/18	2018/19	2019/209
LIKELY PROJECTION	3,691	7,110	10,969

BEST	1,617	3,086	5,445
WORST	7,286	13,286	27,044

- 6.3** The main variables within the strategy will be refined throughout the budgeting process as more information becomes available and in particular when settlement figures are provided by the Scottish Government.

- 6.4** A summary of the HRA gap analysis under different scenarios is as follows:

HRA: GAP ANALYSIS UNDER DIFFERENT SCENARIOS (£000)			
	2017/18	2018/19	2019/20
LIKELY PROJECTION	0	316	632

BEST	-6	0	0
WORST	283	775	1,596

- 6.5** 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** There are a number of assumptions within the Financial Strategy, these assumptions lead to the identified budget gaps. The gaps could vary from that indicated if the Council identifies further burdens, or mitigates some.

8. Equalities Impact Assessment (EIA)

- 8.1** An initial screening exercise undertaken has confirmed that there are no direct EIA implications as a result of the Finance Strategy.

- 8.2** Equality impact screening or assessment of each management adjustment and savings option are carried out within the relevant department and will be made available to Members as part of the background papers for the Council decision on setting the budget in February 2017.

9. Consultation

- 9.1** The long term financial strategy, budget position, management adjustments and savings options were considered by the Corporate Management Team on an ongoing basis through August to October 2016 and the views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns with the report.

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
Strategic Lead - Resources
Date: 10 October 2016

Person to Contact: Gillian McNeilly, Finance Manager, Garshake Road, Dumbarton
Telephone (01389) 737194.
E-mail: gillian.mcneilly@west-dunbarton.gov.uk

Appendices:

- 1: Long Term Financial Strategy
- 2: Estimates Summary – Indicative funding gaps to 2019/20
- 3: Management Adjustments
- 4: Savings Options

Background Papers: Council Budget Book 2017/18 to 2019/20;
Minute of Council meeting – 24 February 2016; and
Equalities Impact Screening

Wards Affected: All



DRAFT

LONG TERM FINANCIAL STRATEGY

October 2016

WEST DUNBARTONSHIRE COUNCIL

LONG TERM FINANCIAL STRATEGY

Sections		Page No.
1	Introduction	1
2	What is the point of a Financial Strategy?	4
3	Financial Summary	5
4	National Context	7
5	Local Context	10
6	Financial Management	14
7	Financial Outlook	18
8	Key Organisational Issues	25
9	Treasury Management	25
10	Reserves	28
11	Monitoring & Reporting Arrangements	29
12	Risk Management	30
Annexes		
Annex 1	Further Risk Factors	32
Annex 2	Short term Issues	35
Annex 3	Medium Term issues	39
Annex 4	Long term issues	41
Annex 5	Policy on Balances and Reserves	42
Annex 6	Contingency Fund Policy	46
Annex 7	Budget assumptions 2016/17 to 2018/19	47
Annex 8	Reconciliation of movement from previous financial strategy	48

1 Introduction

- 1.1 The purpose of the Financial Strategy is to allow Council to consider and plan for longer term financial issues by providing early sight of pressures arising from areas such as: potential Scottish government grant funding changes; service demand changes; demographic changes; etc. The Financial Strategy demonstrates that the Council is clear that the outcomes it plans to achieve for our communities link directly to the financial plans for the future and that any financial challenges identified which threaten the achievement of these outcomes are managed and prioritised in an orderly manner.
- 1.2 Since the last update of the strategy, in August 2015, the Scottish Government provided a single year settlement for 2016/17. To date the Council has not been provided with any information from the Scottish Government on anticipated grant funding for 2017/18 and beyond and indeed this information is not anticipated to be available until December 2016, and even then this is almost certainly going to be a single year settlement for 2017/18. This clearly makes it difficult to predict the quantum of grant support on an ongoing basis, though it seems clear that the trend of reducing funding to councils will continue until at least 2020.
- 1.3 With projections of a reducing population in the Council area in relation to a growing population for the rest of Scotland this will generate continuing reductions in Government funding. The level of government grant support depends significantly on the state of the UK economy and whether the recent austerity measures continue and for how long and how deep they will impact on the grant to the Scottish Government from Westminster and then how the Scottish Government decides to manage any such funding reductions.

In general it is anticipated that the Council will face significant financial challenges over at least the next five years. It is therefore likely that difficult choices will continue to be required – this Strategy provides the practical framework within which choices will be identified, debated and approved.

- 1.4 To provide clear and consistent direction for the Council, the following objectives have been identified for the Financial Strategy – it will ensure that:
- the Council has a comprehensive, coherent balanced budget for both General Services and the Housing Revenue Account;
 - resources are allocated and deployed to facilitate delivery of the outcomes set out in the Strategic plan, and Single Outcome Agreement. This takes account of the functions and services provided by the Council which are of a statutory nature as well as those services provided due to local need;
 - all key strategic decisions on the allocation and deployment of resources are made within the appropriate financial context, with due regard to levels of risk;
 - members are able to take full account of the impact of decisions on the overall financial resources of the Council in the short, medium and long term;
 - the Council has flexibility to address new policy requirements, or significant changes to existing policies, within overall available financial resources;
 - resources are invested effectively, efficiently and on sustainable basis;
 - there is an ongoing focus on securing efficiencies across the organisation;

- a significant proportion of efficiencies secured are invested in improving service quality, delivering new infrastructure or upgrading existing assets;
 - there is a clear strategic financial planning linkage between Council decisions on capital planning and the revenue budgets for both the General Fund and the Housing Revenue Account; and
 - there is an increased level of understanding on behalf of the wider community with regard to the finances of the Council.
- 1.5 The primary financial challenges facing the Council over the period of this strategy will be delivering a coherent, balanced revenue budget year on year and the ongoing development of the 10 year capital programme which was refreshed in 2016, which maintains appropriate investment in our key infrastructure. In addition the HRA capital plan has refreshed and with a longer-term approach to capital planning within the HRA.
- 1.6 To deliver a coherent, balanced revenue budget year on year, we will need to continuously review existing and revised service delivery arrangements to determine if they are effective, efficient and sustainable, consider alternative methods of service delivery where appropriate and proactively identify opportunities to secure efficiencies.
- 1.7 There is no doubt that the information generated through this process will result in options that require hard choices – one of the main challenges for the Council over the next few years will be that, once chosen, these options will often require a lead-in period prior to implementation.
- 1.8 In order to ensure the link between the strategic future development of capital assets to the financial strategy, capital plans are considered alongside ongoing revenue planning. Capital plans for both General Services and HRA will continue to be approved at the same meeting of the Council that approves the subsequent revenue budgets, as both are intrinsically linked.
- 1.9 The level of ongoing government support for General Services capital expenditure is known for only the first year of this strategy, similar to the revenue funding position the longer term position is not known and may well come under further pressure depending on the UK policy direction. Similarly to the revenue position it is anticipated the funding for the period from 2017/18 onwards will not be known until well into 2016.
- 1.10 If the Financial Strategy is to be successful, and achieve the objectives outlined, it must be a dynamic, living document reviewed on a regular basis.
- 1.11 This Financial Strategy is about making sure we have sufficient resources in place when required to deliver the outcomes we want to achieve for the communities of West Dunbartonshire, as described in the Council's key planning documentation – the Strategic plan and the Single Outcome Agreement. The Financial Strategy and the other strategic plans will require to be evidenced in the development of the workforce plan.
- 1.12 In order to provide support the process of managing the budget within the expected tight and reducing financial position it is planned to implement a priority based budgeting approach over the next two years. The aim of this approach is to involve stakeholders in prioritising the planned outcomes of the Council and aims to provide Members with information as to the cost of the

provision of these priorities to allow consideration as to prioritising areas for efficiencies.

- 1.13 The financial strategy undertakes some sensitivity analysis to provides a picture of best case, worst case and likely case in terms of financial projections. This allows Council to see the risk associated with the range of variables within the financial issues/pressures identified.

Councillor Martin Rooney
Leader of the Council

Joyce White
Chief Executive

DRAFT

2. What is the point of a Financial Strategy?

- 2.1 The purpose of a Financial Strategy is to provide clear direction, supported by a practical framework and explicitly defined parameters, on how a Council will structure and manage its financial resources in the medium to long term to ensure they are deployed effectively to achieve corporate objectives.
- 2.2 This is not just another financial process - the Strategy forms an integral part of our Strategic Planning and Performance Management Framework which underpins the achievement of the vision and outcomes identified in the Strategic Plan and the Single Outcome Agreement.
- 2.3 The Council has taken into account Guidance produced by the Institute of Public Finance (IPF) for local authorities in Scotland on developing a Financial Strategy as well as best practice from other local authorities.
- 2.4 The ambition of the Council is to produce a single, coherent Financial Strategy that brings together the corporate objectives of the organisation along with all the relevant financial information in a clear and accessible document covering a five to ten year period (and beyond where appropriate).
- 2.5 The value of such a Strategy is that it should enable the Council to understand the wider policy and financial environment within which it operates, identify and respond flexibly to opportunities and threats, manage and mitigate risks and ensure that financial resources are contributing to achieving corporate objectives.
- 2.6 The strategy will also provide information to a range of stakeholders:

Table 1 – Stakeholder Information

Stakeholder	Purpose of finance strategy
For the Council and Elected Members	to decide how available financial resources will be used and prioritised
For Chief Officers, managers and employees	to reinforce and support their roles in financial management arrangements
For residents	to show how the Council's Financial Strategy impacts upon service provision
For Council Tax and Rent payers	to demonstrate how the Council looks after public resources
For partners	to share the Council's vision and help identify opportunities for joint working

- 2.7 The Strategy identifies issues that will impact beyond the period of the strategy, so that the Council can plan ahead; it includes expenditure forecasts, and projected funding, where known.
- 2.8 Inevitably some of the information of the Financial Strategy will be based on assumptions and these will change over time - the Strategy will be reviewed and updated regularly so that the Council can respond proactively to any such changes.

- 2.9 The inclusion of information in the Financial Strategy, for example on a specific project in 2017/18 onwards, does not infer approval and all financial projections and issues will be subject to approval through the budget process and any appropriate Committee approvals.
- 2.10 The associated Strategic Planning and Budgeting framework will ensure there is a clear linkage between the strategic planning and budgeting processes.
- 2.11 This will also allow services to plan ahead, taking into account the resources available over the next three years to provide Members, management and residents information as to measures needing to be taken in year 1 and indicative figures for years 2 and 3 of the strategy.
- 2.12 A key element of the strategy's development is to proactively identify opportunities to achieve efficiencies or secure alternative funding sources in assisting to fund the Council's priorities and objectives.

3. Financial Summary

General Services Revenue Budget

- 3.1 The budget process for 2016/17 was progressed through the Council in the normal manner and in order to balance the 2016/17 budget, efficiencies and enhancements were identified and agreed by Members.
- 3.2 Draft budget gaps for 2017/18 and 2018/19 were reported to Members during the Council Tax setting for 2016/17 on 24 February 2016. The budget agreed a range of actions for specific efficiencies, growth and departmental targets for future efficiencies which balanced the 2016/17 budget and left target efficiencies to be determined for 2017/18 of £2.5m and a further £4.8m for 2018/19.
- 3.3 The strategy has now been rolled-forward to 2019/20 and the gap identified for 2019/20 is a further £3.9m. The reconciliation between the 2016/17 position and the 2019/20 position is showing as Annex 8 – part 1.
- 3.4 A sensitivity analysis has been undertaken (as detailed as Annex 8, parts 1, 2 and 3) on the main areas of financial pressure to 2019/20 and this provides the range of anticipated outcomes in terms of future budget gaps based on a best case, worst case and likely case outcomes as follows:

Table 2 – Outcome of sensitivity analysis – General Fund Revenue projections

GAP ANALYSIS UNDER DIFFERENT SCENARIOS			
	2016/17 £m's	2017/18 £m's	2018/19 £m's
BEST	2.055	3.924	6.283
LIKELY	3.691	7.110	10.969
WORST	7.706	14.124	27.882

The above illustrates that following the review of the financial position and under the "Likely" set of assumptions that the gaps for 2017/18 and 2018/19

are likely to be different to the current unallocated target figures. This is due to the reviewed assumptions which are highlighted in Annex 7.

The expectation is that Council will plan on the likely case outcome above, however Members may consider a prudent approach and consider the worst case.

Housing Revenue Account Budget

- 3.5 The Housing Revenue Account Budget for 2016/17 was agreed on 24 February 2016 with a 4% increase in rent for 2016/17. Draft forecasts for future years continue to indicate budget pressures in many areas: effects of the DWP Welfare Reform; the ongoing provision of housing which meet the Scottish Housing Quality Standards; and compliance with Energy Efficiency Standards. In setting the budget for 2016/17 the expectation is that the HRA income will meet projected costs and therefore shows no funding gaps for 2017/18 to 2019/20, assuming rent increases remain at the levels noted to Council on 24 February 2016.
- 3.6 As for the general fund a sensitivity analysis has been carried out for the HRA revenue account and shows the following range:

Table 3 – Outcome of sensitivity analysis – HRA Revenue projections

GAP ANALYSIS UNDER DIFFERENT SCENARIOS			
	2017/18 £m's	2018/19 £m's	2019/20 £m's
BEST	-£0.006	0	0
LIKELY	0	£0.318	£0.632
WORST	£0.283	£0.775	£1,596

Capital Budgets

- 3.7 An refresh of the General Services 10 year Capital Plan for 2016/17 to 2025/26 was agreed by Council on 24 February 2016. The three years from 2016/17 to 2017/18 have been approved in detail with the remaining years being indicative at this stage. This long term capital plan takes into account revenue resource available to support capital investment into the future, however, as stated above a key element of the long term capital plan was to develop projects which generate funding (either capital receipts or revenue efficiencies) that can be used to fund the capital plan. Thus, the strategy considers any revenue implications to be funded to support the ongoing capital plan. The capital plan is due, based on approved policy, to be reviewed for consideration at Council in February 2019.
- 3.8 The Housing Capital Plan for 2016/17 to 2020/21 was agreed at Council on 24 February 2016.
- 3.9 Table 4 provides a summary of the Council's projections for General Services and HRA Revenue and Capital for 2017/18 to 2019/20. At this point, Scottish Government Funding is unknown beyond 2016/17 and therefore assumptions have been made. Note these projections are based on the "likely" outcome from the sensitivity analysis identified at 3.4 and 3.6 above; together with a range of assumptions, as identified on Annexes 7 and 8.

Table 4 - Three Year Summary - Revenue and Capital

	2017/18 £0	2018/19 £0	2019/20 £0
General Services Revenue Budget	214,312	214,395	215,158
<u>Funded by:</u>			
Government Grant	-167,021	-162,550	-158,214
Council Tax	-42,236	-43,472	-44,708
Reserves	-169	0	0
Cumulative Funding Gap	4,886	8,373	12,236
Housing Revenue Budget	44,448	46,225	48,074
Financing	-44,448	-46,225	-48,074
Cumulative Funding Gap	0	0	0
General Services Capital Budget			
Anticipated Spend	53,143	42,875	41,431
<u>Funded by:</u>			
Prudential Borrowing	32,479	20,849	22,864
Capital Grant	9,413	15,446	14,896
Capital Receipts	9,560	6,339	3,430
Revenue Contributions	242	242	242
	51,693	42,875	41,431
Housing Capital Budget			
Anticipated Spend	24,290	20,410	20,089
<u>Funded by:</u>			
Prudential Borrowing	18,911	15,391	14,569
Capital Grant	2,500	1,500	1,500
Capital Receipts	0	0	0
Revenue Contributions	2,879	3,519	4,020
	24,290	20,410	20,089

4. National Context

The Financial Settlement

- 4.1 The Scottish Government has provided settlement figures for 2016/17 only at this stage. It is expected that the next settlement in December 2016 will cover only a single year – for 2017/18.

The settlement for 2016/17 provided the Council with Revenue Grant/Non-Domestic Rates Income/Specific Grant of £171.630m; including a grant of £1.186m for freezing the Council Tax.

- 4.2 When the Council's own projection of Council Tax Income based on a 97.25% collection rate is added (£40.550m) then the gross available resource for the Council in 2016/17 is budgeted at £212.180m.
- 4.3 For 2017/18 onwards there is no information available from the Scottish Government, however early indications from economic commentators suggest that for 2017/18 to 2020/21 it is very likely, based on the national UK economic situation, that the UK Government will wish to implement further austerity measures. This strategy anticipates that this is likely to result in reduced funding being made available to the Scottish Parliament and hence reductions to Council funding from 2017/18 onwards. For the purposes of this strategy it is anticipated that this reduction will be a total reduction of 3% reduction in funding to the Council in 2017/18, valued at around £4.6m. For 2018/19 and 2019/20 a reduction of a further 3% per year is assumed. These projected reductions include the anticipated impacts of demographic change (at around 0.5% per year). For 2016/17 to 2019/20 the anticipated Scottish Government funding is:
- 2016/17 £171.630m
 - 2017/18 £167.021m;
 - 2018/19 £162.550m; and
 - 2019/20 £158.214m.

The level of funding from the Scottish Government anticipated in this strategy assumes Council will continue to meet the commitments required by the Scottish Government.

Funding for Social Care for 2016/17

- 4.4 For the 2016/17 settlement, whilst there was a significant funding reduction to Councils which was higher than had been anticipated, new funding was provided through the Government's £250m fund to support Social Care. This funding is intended to fund: new burdens in social care; the effect of expected changes to Social Care charging guidance; and the implementation of the living wage from October 2016.

For 2017/18 it is anticipated that this funding will continue to be delivered in this way in future. COSLA are pressing the Scottish Government to fully fund the implementation of the living wage. Within this strategy it is assumed that there is no further funding for living wage implementation from the Scottish Government.

- 4.5 The £250m was split into two elements, as follows:
- £125m to support the aims of integration boards including costs arising from increased demand; also to fund any changes made to social work charging regime; and
 - £125m to help local authorities meet a range of existing costs in the delivery of effective and high quality health and social care services. Councils can access up to their share of this £125m though it is expected that this will include the funding of the increase in the living wage to £8.25 per hour.
- 4.5.1 In relation to the first £125m funding stream, the Council's share (1.97%) of this is £2.46m. Discussions between the s95 officers of the Council and the IJB identified increased demand in relation to demographics around

older people and additional costs of £0.300m already built into the Council's draft budgeted contribution to the IJB for 2016/17. It was agreed to allocate funding of £0.300m from this £2.46m to cover these additional costs. The remainder (£2.16m) of this will be used to fund any future change in the social care charging guidance and to support the aims of the IJB.

- 4.5.2 In relation to the second £125m, the West Dunbartonshire share (1.97%) of this is £2.46m. The Scottish Government has estimated living wage to cost £76m in a full year (£20m relating to the national care homes contract and £56m for wider social care workforce). The first £20m takes effect from April 2016 and the latter takes effect from 1 October 2016. Discussions between the s95 officers took place around the £49m remaining of the £125m (£125m - £76m) and agreed that the Council can reduce its contribution to the IJB in 2016/17 by the relevant percentage share of the £49m – equating to £0.960m.

The Scottish Government position regarding this £250m and the implications of the actual cost of the living wage are not yet clear, at this stage the Strategy assumes the £250m continues into 2017/18 and any additional cost of the living wage is for Councils to fund. The implementation of the living wage is now estimated to be £1.493m in a full year.

- 4.5.3 In relation to the Inteongoing use of this funding, the initial allocation of savings for the IJB to consider was valued at £2.607m. In addition to this the IJB identified additional burdens of £0.441m, giving a total target to manage of £3.048m. The IJB has £2m of uncommitted funds from the share of the £250m available to use to meet this funding pressure, leaving £1.048m for the IJB to identify as efficiencies for 2017/18.

Council Tax Reform

- 4.6 During 2016/17 the Scottish Government announced that it plans to change the way that Council Tax operates in two ways:
1. Remove the freeze on Council Tax increases, allowing Councils to increase Council Tax by a maximum of 3%. However the funding previously provided to Council to support the freeze will no longer be provided; and
 2. Increase the level of Council Tax payable by residents living in houses that are within Council Tax bands E to H. This funding to be used to assist in achieving better results in educational attainment.

The impact of the above changes are as follows:

1. If a Council decides not to increase its Council Tax by up to 3% then this will result in reduced funding – as the freeze support funding previously provided by the Scottish Government was worth around 3% of a Council Tax freeze. As a result, this strategy assumes that WDC will increase Council Tax by 3%, otherwise additional efficiencies will require to be identified and implemented;
2. The banding value increase will generate additional income to the Council and the equivalent value of the additional sum generated will

be removed from the Council's block grant from the Scottish Government, the Government will then distribute this funding to Councils through an additional grant with the distribution to be based on free school meals. This strategy assumes that the result of this is a net sum of nil to the Council, as the additional funds generated and distributed require to be spent on attainment activities.

The Apprenticeship Levy

- 4.7 The UK Government has decided to implement an Apprenticeship Levy on all larger employers, as part of its approach to creating work and training opportunities to support people into work. The apprenticeship levy will come into effect in April 2017, and is payable by all employers with a paybill in excess of £3m per year at 0.5% of paybill. All employers will receive an allowance of £15,000 to offset against payment of the levy.

For West Dunbartonshire it is anticipated that the value of the levy for 2017/18 will be around £635,000.

The UK Government has provided the Scottish Government powers to decide how the scheme will operate in Scotland and the Scottish Government undertook consultation on this issue in the summer of 2016, though the outcome has yet to be announced.

At this stage it is anticipated that the Council will be in receipt of a proportion of the levy and that this can be used to substitute for existing spend on apprenticeships. There is the potential that the use of the levy will also allow substitution for other types of employee development and trainee posts, though this will only become clear once the Scottish Government issues guidance.

At this point it is anticipated that the levy will have no net impact on the Council due to the level of spend planned over the next 3 years.

5. Local Context

- 5.1 The environment within which the Council operates has changed significantly in recent years and is likely to alter further over the period of this strategy due to changes in legislation, policy and other national and local developments.

The Planning Context

- 5.2 The overall strategic framework within which the Council operates is outlined in the Strategic Planning and Budget Process which is published annually – this framework links the budgetary development process to the Strategic Plan, and Directorate Plans. The framework was revised to take account of the introduction of a Single Outcome Agreement with the Council and its Community Planning partners.

- 5.3 The Council's Strategic Plan for 2012-17 sets out a clear vision for the area:

'A prosperous West Dunbartonshire recognized as a dynamic area within a successful Scotland'.

- 5.4 To achieve this vision for West Dunbartonshire, the Council will work with its key partners in the public, voluntary and community sectors, as well as the business community.

- 5.5 Members have acknowledged the overall challenge for the Council remains the continuing financial challenges, balanced with the need to deliver sustainable services, encourage economic growth and develop long term management of our assets. The Strategic Priorities to 2016/17, agreed at Council on 26 September 2012 are to:
- Improve economic growth and employability;
 - Improve life chances for children and young people;
 - Improve care for and promote independence with older people;
 - Improve local housing and infrastructure; and
 - Improve the wellbeing of communities and protect the welfare of vulnerable people.
- 5.6 The Financial Strategy underpins the delivery of the vision, priorities and objectives identified in the Strategic Plan.
- 5.7 Community Planning, West Dunbartonshire, (CPWD) is a partnership of agencies and groups from the public, third sector and community sector that are committed to working together to make a positive contribution to the development and well-being of the individuals and communities that reside in this area.
- 5.8 The Single Outcome Agreement (SOA) is a high level agreement between the CPWD and the Scottish Government. It identifies areas for improvement and sets out how the CPWD will deliver better outcomes for the people of West Dunbartonshire. It is a three year document and the SOA for 2014/17 was approved by partners in February 2014.
- 5.9 This latest version of the SOA focuses on the work of the Community Planning Partnership but reflects the learning and progress made in earlier versions.
- 5.10 The priorities agreed are consistent with the Council's five priorities described in paragraph 5.5 above. All activity described in the SOA 2014/17 links to these priorities. The four priorities are:
- Employability & Economic Growth
 - Supporting Children & Families
 - Supporting Older People; and
 - Safe, Strong & Involved Communities; with
 - The cross-cutting priorities of Tackling Health Inequalities and Promoting Physical Activity being incorporated within the four priority areas noted above.

Demographics

- 5.11 One of the most significant challenges facing West Dunbartonshire is depopulation and demographic change – this has been recognised as a priority by the Council.
- 5.12 The 2015 mid-year population for West Dunbartonshire is 89,590; a decrease of 0.1% from 89,710 in 2014. This represents a total population loss since the 2011 census of 0.9% of the population. This continues the trend in population loss which began in the 1990's. In contrast the population of Scotland has risen by 0.6% since 2011 to its current figure of 5,373,000. The

population of Scotland increased by 0.5% in the same between 2014 and 2015 mid-year estimates.

- 5.14 This year, 18% of the population are under the age of 16 (17% for Scotland), with 63% of the population working age (63% for Scotland) and persons aged 60 and over making up the 19% of West Dunbartonshire's population (20% for Scotland).
- 5.15 Even though the population is contracting, the number of households is projected to grow. The structures of households and families will continue to be complex with a growing number of single adult households driven by the continuing high divorce rate, low rate of marriage, the rising numbers of children born to unmarried mothers and the ageing of the population.
- 5.16 The SIMD 2016 data shows that 40% of West Dunbartonshire's 121 data zones are in the most deprived 20% of all data zones in Scotland. West Dunbartonshire is one of five local authorities with the largest proportion of data zones in the 20% most deprived category.
- 5.17 In terms of economic context the Council area has:
- 19% of population in income deprivation versus the average of 13% for Scotland;
 - 24% of children in the area living in poverty versus the average of 17% for Scotland; and
 - 3.7% of working population claim JSA versus 2.3% for Scotland
- 5.18 Scottish Government funding to Councils is linked to a number of indicators of need, which are known as the Primary Indicators used to generate the Grant Aided Expenditure (GAE) for all Councils in Scotland. Of the Primary indicators, 38% are linked directly to school pupil indicators and 23% are linked directly with population. In effect this means that 61% of all indicators are linked directly to demographics. If the West Dunbartonshire population (including school pupil numbers) falls, relative to the average position for the rest of Scotland, this is likely to have a direct impact on funding received from Scottish Government.
- 5.19 Even with additional allocations to take account of deprivation Scottish Government funding is likely to reduce in real terms if population decline in West Dunbartonshire continues in comparison with the rest of Scotland. Based on current population projections for West Dunbartonshire (in comparison to Scotland) and the primary indicators used in the generation of the GAE (pupil numbers and general population) it is anticipated that West Dunbartonshire's share of government support will continue to reduce at the same rate as was included in the movement in settlement between 2015/16 and 2016/17 (around 0.5% due to demographic change).
- 5.20 The future reduction in projected population to 2037 is illustrated in Table 5 which shows the Council and Scottish population projections and the proportional change expected for West Dunbartonshire. It is significant as it shows the percentage of the Scottish population which resides in West Dunbartonshire is expected to reduce from 1.7% in 2012 to 1.44% in 2037. This is due to ongoing decline in West Dunbartonshire while the total for Scotland is anticipated to increase.

Table 5 – Population projections 2012 to 2037

Age Group	West Dunbartonshire Council					
	Base Year	Projected Years				
	2012	2017	2022	2027	2032	2037
0-15	15,913	15,796	15,915	15,318	14,481	13,530
16-29	16,034	15,163	13,765	13,047	13,151	13,215
30-49	24,489	21,954	20,619	20,485	19,477	18,355
50-64	18,633	19,976	19,992	17,950	15,584	14,258
65-74	8,388	9,276	10,038	11,074	12,133	11,640
75+	6,883	7,160	8,031	9,187	10,459	12,063
Total	90,340	89,325	88,360	87,061	85,285	83,061

Age Group	Scotland					
	Base Year	Projected Years				
	2012	2017	2022	2027	2032	2037
0-15	914,700	919,300	954,500	965,600	973,200	965,000
16-29	975,800	967,300	910,100	895,300	909,300	938,600
30-49	1,450,700	1,387,600	1,389,000	1,436,600	1,441,400	1,424,500
50-64	1,046,600	1,109,300	1,141,800	1,077,200	1,006,500	979,100
65-74	507,300	563,900	589,500	634,700	693,400	694,400
75+	418,500	459,600	534,700	616,400	689,700	778,700
Total	5,313,600	5,407,000	5,519,600	5,625,800	5,713,500	5,780,300

Age Group	WDC as percentage of Scotland					
	Base Year	Projected Years				
	2012	2017	2022	2027	2032	2037
0-15	1.74%	1.72%	1.67%	1.59%	1.49%	1.40%
16-29	1.64%	1.57%	1.51%	1.46%	1.45%	1.41%
30-49	1.69%	1.58%	1.48%	1.43%	1.35%	1.29%
50-64	1.78%	1.80%	1.75%	1.67%	1.55%	1.46%
65-74	1.65%	1.64%	1.70%	1.74%	1.75%	1.68%
75+	1.64%	1.56%	1.50%	1.49%	1.52%	1.55%
Total	1.70%	1.65%	1.60%	1.55%	1.49%	1.44%

- 5.21 The projected population movement will have an impact on all service areas, particularly Education and Social Care, where there will be a need to actively manage the transition from current service delivery arrangements to new models that are built around the needs of the future population.
- 5.22 As can be seen from the West Dunbartonshire projections the only age groups with projected growth to 2037 is for the two bands for those aged 60 and over. This has the potential to become a significant issue if population decline in younger aged population is not halted or, ideally, reversed over this period. The Council is aiming to increase total housing supply over the period to 2022 by 5,000 houses; this may mitigate this downward trend.

- 5.23 The deprivation profile will have major implications for services as research indicates that those vulnerable to poverty are more likely to require greater social intervention and a targeted focus to move out of poverty.
- 5.24 The predicted demographic changes also have other implications. A decline in younger economically active people with a growth in the older, more vulnerable age group with fewer informal carers. This is likely to result in a higher dependency on services provided, such as Social Care.

6. Financial Management

Corporate Governance

- 6.1 The Council positively promotes the principles of sound corporate governance within all aspects of its activities.
- 6.2 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Council. It is based around key principles of openness, equality, integrity and accountability.
- 6.3 The fundamental principles of corporate governance should be reflected in the various dimensions of Council business, including:
- Ensuring a community focus underpins the Council's vision and priorities;
 - Ensuring the effective delivery of local services on a sustainable basis;
 - Establishing effective management structures and processes which include clearly defined roles and responsibilities for officers;
 - Developing and maintaining effective risk management systems that form part of the Council's strategic decision making process;
 - Ensuring high standards of propriety and probity in the stewardship of the Council's funds and the management of the Council's affairs; and
 - A commitment to openness in the Council's affairs and the provision of full, accurate and clear information to all stakeholders.
- 6.4 The Council's Financial Regulations and any amendments are approved by Council and are an essential component of the corporate governance of the Council.
- 6.5 The Chief Financial Officer (CFO) or 'Section 95 Officer' has been designated as "the proper officer" and is responsible for advising the Council on all financial matters including the determination of Accounting Policies. This role is part of the responsibility of the Strategic Lead - Resources.
- 6.6 The Financial Regulations are designed to facilitate the smooth running of the Council, protect its interests and the interests of members and officers, and ensure the proper administration of the Council's financial affairs, including, Trading Accounts, Trust Funds, The Common Good and Sundry Accounts.
- 6.7 Head Teachers must comply with the Financial Regulations, with the exception of virement which is defined for schools within the Council's scheme of Devolved Management of Resources Scheme (DMR).

Roles and Responsibilities

- 6.8 It is important to set out clearly the roles and responsibilities of the key parties involved in the Financial Strategy and the management of overall financial resources of the Council. Further detail is noted within the Financial Management and Control Code of Practice.

Elected Members

- 6.9 Council Members, through the Full Council and Committees are responsible for considering, monitoring and approving budgets and the overall Financial Strategy for the Council. Approved budgets must be financially balanced and demonstrate value for money and sustainability.
- 6.10 The Audit and Performance Review Committee, with representation from Members as well as lay-persons, scrutinises performance and management of resources of the Council, with internal and external audit information reported. The Council's year end position and relevant audit comments are reported and monitored at this Committee.
- 6.11 Throughout the year Council and Committees receive reports which allow progress against approved budgets to be scrutinised. All members are provided with the opportunity to attend appropriate training in the areas of Financial Strategy, Local Government Finance and key specialist areas such as Treasury and Risk Management. Members' personal development opportunities are provided through an ongoing annual programme of seminars which will include updates on financial aspects.

Corporate Management Team

- 6.12 The Chief Executive, Strategic Directors and the Strategic Lead officers form the Corporate Management Team (CMT), chaired by the Chief Executive. The CMT is responsible, individually and collectively, for ensuring that best value and value for money is achieved across the Council, in service delivery, internal processes and systems of control, procurement of goods/services and the use of assets.
- 6.13 As Budget Holders, members of the CMT are responsible for the budgets delegated to deliver the services within their respective Directorates in line with the priorities of the Council. Whilst they may delegate this responsibility within their Directorate they remain accountable in exercising overall financial control.

Chief Financial Officer

- 6.14 The CFO has a statutory role to ensure the correct arrangements are in place for the proper administration of the financial affairs of the Council. The CFO has the authority to comment on any financial decision and advises CMT, Chief Executive and elected members on all financial matters. As noted above, this role within responsibility of the Strategic Lead - Resources, under the current structure.

Strategic Directors and Strategic Leads

- 6.15 Strategic Directors and Leads officers are responsible for ensuring that the services within their remit are delivered in line with the agreed policy, and support the strategic direction of the Council. As Budget Holders they are responsible for the budgets delegated to them to deliver their service in line with the priorities within the Strategic Plan.

Finance Business Partners

- 6.16 The main role of the service-linked Finance Business Partners is to advise the Strategic Directors and Strategic Leads and their management teams on all financial matters and to be responsible for the preparation of budget reports. They will also provide specialist advice and general guidance on financial systems including rules and procedures
- 6.17 However responsibility for budgetary control lies with the Strategic Directors and Strategic Leads as delegated budget holders, together with their associated Service Managers.

Internal Audit

- 6.18 Internal Audit provides assurance to Elected Members, the Chief Executive and management that the internal processes of the Council are being managed appropriately in line with the overarching policies and outcomes are being delivered in the most efficient and effective manner.

External Audit

- 6.19 The role of External Audit is to provide assurance to the Auditor General and the Accounts Commission that the Council has spent public money properly to deliver outcomes in an efficient and effective manner.
- 6.20 They provide assurance to the elected members, the CMT and general public that the Council's performance is reported in accordance with the extant financial standards and presents a fair account of the Council's activities.

Managing the Budget

- 6.21 The Council has an effective method of developing both the revenue budget and capital programme that has aims to align resources with the strategic outcomes the Council wants to achieve for the area.

Revenue Budget - Pressures and Savings

- 6.22 The current process for considering the development of the revenue budget is undertaken collectively between the CMT and individual political groups. The process is undertaken with due consideration of, and agreement on, current policy and financial parameters for the budget, corporate and political expenditure pressures and/or savings options.
- 6.23 The CMT collectively evaluates all expenditure pressures and savings options to ensure that they are sufficiently robust and deliverable.
- 6.24 All pressures and savings options generated are evaluated in the context of the current Strategic Plan, which informs consideration by both the CMT and individual political groups. In generating these options due regard is made to the Council's equalities and environmental sustainability policies.

Public Private Partnership

- 6.25 In 2008/09 the Council reached financial conclusion on a PPP project. Unitary Charges became due payable in 2009/10, along with savings, Government financial support and the use of a Sinking Fund to pay for these charges. The Council's Facilities Management Service is involved in providing services to the Council (catering, grounds maintenance and cleaning services). BAM is the company contracted to provide the PPP buildings and managing the PPP

project. Administration and monitoring of the project continues to be strictly managed.

- 6.26 The Council's ongoing budget build-up requires to take into account the full value of the annual unitary charge for the provision of the schools.

Capital Programme

- 6.27 The Council is committed to developing its strategic financial planning. As referred to above, a process was developed which allowed the Council to agree a 10 year General Services capital plan in conjunction with agreeing the revenue budget. The agreement of this plan has allowed the Council to more accurately project the effect of capital projects on the revenue budget, considering both costs and efficiencies, as well as levels of prudential borrowing on spend to save initiatives. This also allows the Council to forward plan on funding aspects of the Council's strategic commitments. As stated elsewhere in this document the HRA investment plan has been reviewed in setting the budget for 2016/17 onwards with a five year plan.

Service Specific Funding (Ring-fenced funding)

- 6.28 With changes in Scottish Government Settlement due to the introduction of the Concordat, there remain some small areas of ring-fenced Government funding. In essence, the reduction of ring-fencing allows the Council to prioritise which services it aligns resources to, whilst recognising statutory duties, Strategic Plan priorities and our local outcome agreement.

Time Limited Funding

- 6.29 The following issues need to be considered when considering time limited funding:
- Clear monitoring that the funding is delivering and achieving the required impact, within the approved funding level;
 - Such funding should not result in any ongoing commitment for the Council and the project or initiative should cease once the funding ends - this should be clear from the outset with severance costs and other termination costs factored into the overall budget for the project or initiative; and
 - If this type of funding has been used to pilot a new approach to develop services in line with corporate priorities, a full evaluation of the financial and service implications would be needed before consideration is given to ongoing funding.
- 6.30 The overall reduction in the level of ring-fenced or time limited funding may minimise the need for this type of approach but it is important that it is included as part of the overall Financial Strategy.

Additional Income

- 6.31 There is a need to ensure that any additional income to the Council, for example from the Scottish Government or a partner, should be considered through a structured process that would allow initial appraisal. This will ensure that all relevant factors are taken into account and that provision is made for administration costs, any time constraint on the funding is considered and, where necessary, provision is made for severance costs.

- 6.32 The overall reduction in the level of ring-fencing by the Scottish Government may reduce the need for this type of approach but is important that it is part of the overall Financial Strategy.

Income Generation

- 6.33 The generation of income is an important aspect of the overall financial strategy and continues to be reviewed annually by the CMT and Council, through the budget process. For the purpose of this strategy an assumption has been made that charges that are set by Council will be uplifted each year at 4% on an ongoing basis, except for those services where charges are not permitted to exceed the cost of provision. This will be revisited following any future decision on a revision of charges following the above-noted future report to Council.

Contingency

- 6.34 Based on the Contingency Fund Policy if fortuitous savings are identified by departments, i.e. are outwith their control, these savings are removed through virement from departmental budgets to the Council's Contingency Fund. Departments also have the right to apply for funding from the Contingency Fund during the year for costs arising outwith their control. A copy of the policy is appended as Annex 6 to this strategy.

Freedoms and Flexibilities

- 6.35 Virement between budgets are allowed, subject to the limitations and approval requirements identified in the Financial All virements require to be authorized through the Virement Approval Form to provide a clear audit trail.

Council Tax

- 6.36 The council tax has been frozen in line with the concordat agreement with the Scottish Government since 2008/09 to 2016/17. Funding has been made available through the financial settlement equivalent to a 3.14% increase in council tax each year. The funding provided is subject to the Council agreeing to freeze the council tax in each of the financial years over the period from 2012/13 to 2015/16. As stated above, it is anticipated that the freeze will be removed for 2017/18 onwards, though a cap at 3% increase is likely. Current Band D is equivalent to £1,163 in comparison to the Scottish average of £1,149.
- 6.37 Due to proactive debt collection management, the Council continues to show a steady and consistent improvement in collection performance over the past few years, increasing the in-year collection rate by 4.82% since 2005/06 to 94.45% in 2015/16. Full collection rates anticipated for the purposes of this strategy remain, as in recent years at 97.25%. However, due to the current financial climate (including the, as yet, unknown local economic impact of ongoing welfare reform and austerity), the levels of debt written off by the Council due to sequestrations and trust deeds, the levels of bad debt provision will be subject to annual review during the budget setting process. This will be considered during the budget process.

7. Financial Outlook

- 7.1 Key financial issues are known or anticipated events and activities which will have to be addressed within the Council's overall financial resources in the

short-term (within three years), medium-term (within five to ten years) or long-term (over ten years). Annexes 2, 3 and 4 provide an analysis of issues in the short, medium and longer term, and some of these are discussed further in this section.

- 7.2 Events and activities includes efficiencies, planned savings, changes to service priorities and delivery, and known potential pressures - the financial impact of an event or activity may be one-off, recurring or time-limited.
- 7.3 West Dunbartonshire Council is expected to receive Scottish Government Funding of £171.630m in 2016/17. This includes funding of £1.186m to continue to freeze Council Tax.
- 7.4 When the Council's own projection of Council Tax Income based on 97.25% collection rate is added (£40.550m) then the budgeted gross income for the Council in 2016/17 is £212.180m.
- 7.5 This Financial Strategy provides revenue forecasts covering the next 3 financial years, 2017/18 to 2019/20. The forecasts for the first year being more accurate as expected levels of demand and cost for Council services are more likely to be accurate in 2017/18 than in future years. The level of Scottish Government funding for 2017/18 onwards is not yet known and will be announced late in 2016. The strategy projects that ongoing funding will be lower than had been assumed in the previous financial strategy, due to the likely impact of the ongoing UK austerity measures and due to demographic change.
- 7.6 The level of resources available to the Council to fund its revenue expenditure is also dependent on Council Tax. The Financial Strategy currently assumes an increase for 3% for each year from 2017/18 to 2019/20.
- 7.7 As part of the budget process for 2016/17 the Council agreed a Reserve Strategy which identifies an optimum target for an unallocated Prudential Reserve of £4.165m for General Services and £0.855m for the HRA.

At present this strategy assumes that the Prudential Reserve is calculated in the same manner for the period to 2018/19, however the position regarding reserves will be reviewed in setting the budget for 2017/18 in February 2017.

- 7.8 In the annual report from the Council's external auditors the value of the Council's prudential or free reserves was highlighted as a risk. It was highlighted that, whilst operating within suggested prudential guidance of between 2% and 4% of the net budget, that the current policy of 2% is at the lower end of this range and the finite value of free reserves is relatively low in comparison to other Councils in Scotland. The issue regarding the guidance band of between 2% and 4% has now been clarified by the auditors as not being laid down in any guidance.

This reserves position needs to be considered in light of the ongoing financial challenges faced by the Council and a recent historic position of a few years ago when free reserves were around £0.3m. The position has certainly improved to the current position through ongoing tight financial management. The overall position of the Reserves was considered as part of the budget process for 2016/17 and will continue to be reviewed on an annual basis, see Section 10.

Short to Medium Term Revenue Issues

Leisure Trust

- 7.9 The West Dunbartonshire Leisure Trust, commenced on 5 April 2012 and the Strategy reflects both costs and benefits going forward. Since the start of the Trust up until now the Trust has not resulted in any additional financial pressures. In February 2015 Council approved the transfer of Outdoor Recreation services to the Leisure Trust. Ongoing consideration as to whether further services should be transferred to the Trust to manage is likely to feature in future efficiency options.

DWP Welfare Reform

- 7.10 The UK Government's emergency budget (22 June 2010), the Comprehensive Spending Review proposals (20 October 2010) and the Welfare Reform Bill (February 2011) have confirmed a number of changes to Housing Benefit and Council Tax Benefit currently administered by the Council on behalf of the Department of Works and Pensions (DWP), as well as other Welfare Benefit changes.

Following the "emergency" UK budget of 8 July 2015 it is clear that further UK-wide steps to reduce the DWP budget will introduce further challenges for residents of West Dunbartonshire. The main impacts are likely to be in the ongoing controls being placed around benefits payments, as follows:

- No automatic housing benefit for 18- to 21-year-olds;
- Free 30 hours of childcare for three- and four-year-olds;
- Freeze working age benefits for four years;
- Rents in social housing cut by 1%;
- Child tax credits restricted to two children by 2017;
- Benefits capping; and
- Cuts to employment and support allowance payments for new claimants deemed capable of "work-related activity".

This not only has potentially significant impact on the Council financially (both in HRA and General Services budgets) but also strategically. These changes will further reduce the general spending power of the residents of the area and are likely to lead to increased elective demand for Council services, or result in further reactive spend by the Council.

- 7.11 The financial effects to the Council (and its residents) of Welfare Reform commenced in 2013/14 and continues. Limited information is known on the overall impact to the Council and its residents.

Assumptions have been made on the information available and this has been worked through this Financial Strategy, but will require to be reviewed on an ongoing basis as more information becomes available. Further action is being taken on non-financial strategic areas to best minimize the impact of the reform to residents within the Council area. There is an expectation that elements of the reforms will be funded, either in full or in part, and discussions are ongoing between COSLA, the Scottish Government and the UK Government. The assumptions currently made around the continuing financial

effects of Welfare Reform as it develops in this document will vary (potentially significantly) by the date of setting the budget for the years to 2018/19.

- 7.12 Universal Credit started to roll-out in West Dunbartonshire in February 2015 on a limited approach which will build over time.
- 7.13 DWP is presently considering its position regarding any TUPE for current Council employees as Universal Credit when implemented will remove the majority of work currently done to administer housing benefit. As the position develops the Council requires to manage workforce implications arising from this decision.
- 7.14 At this time, the full impact to the Council of the changes already made by the Department of Works and Pensions are available, as many of the changes have been in place at least since 1 April 2013. The strategy has been updated to reflect the better intelligence following these implemented changes. The main financial issues arising from Welfare Reform are as follows:
- **Introduction of a benefit “cap” was introduced from July 2013.**
This affects a number of residents and has a financial impact on the Homelessness budget where the Council is in receipt of Housing Benefit to cover the rental and service charge payment for people who use this service. The impact of the cap has been slower than anticipated and assumptions around the ongoing impact have been revised due to experience since July 2013. The value of the cap will be reduced from November 2016 to £20,000 for a couple or person with children and £13,400 for a single person.
 - **Introduction of an under-occupancy reduction on Housing Benefit payments from 1 April 2013 “bedroom tax”.**
The UK Government has specified bedroom number criteria for households and if a household has excess bedrooms then Housing Benefit will be reduced by 14% (excess of 1 bedroom) or 25% (excess of 2 or more bedrooms). This was expected to have a significant effect on the both the General Fund and the HRA as the potential is that people will not be able to afford to pay the rent element no longer covered by Housing Benefit. However in 2013/14 the Council was able to obtain additional Discretionary Housing Payment funding from the DWP and this significantly reduced the impact in year 1. The Scottish Government has announced and has provided funding in order to mitigate in full the impact on tenants. As a result of this assumptions for this strategy are based on the basis that the Scottish Government (and DWP) will continue to provide funding at sufficient levels to allow the Council to fully mitigate the impact of this benefit reduction – for the 3 year short term period covered in this strategy to 2019/20.
 - **Termination of Council Tax Benefit and replacement with a new scheme operated by each Council from 1 April 2013.**
Within Scotland it has been agreed between COSLA and the Scottish Government that this will be a national scheme. On transferring responsibility the UK Treasury have decided to reduce funding by a total of £40m in 2013/14 and a share of this cost will require to be met by the

Council. The Scottish Government has provided a share of this funding gap since then and it is assumed for future years that this will continue;

- **Transition from Housing Benefit to Universal Credit**
Originally anticipated to start (by DWP) in West Dunbartonshire in May 2014, this process has now commenced in a limited manner within West Dunbartonshire since February 2015.

This change will see Universal Credit payments paid directly to claimants rather than the housing element being paid to landlords (as is currently the case). There is significant risk that this, in combination with the cap (along with other changes to in-work and out of work benefits) will see a reduction in funding to both the General Fund and the HRA, as some tenants are likely to have less capacity to pay their rents and potentially other Council charges for General Fund services. This will be implemented in a phased manner as claimants circumstances change. The impact for this has been re-assessed and due to the delays in implementation it is now estimated to impact from 2016/17 in the General Services revenue budget as this relates to homeless people where circumstances change frequently, whereas no estimate has been added at this stage to the HRA revenue budget as these tenants tend to be more stable. This will be revised as more information becomes available;

- **Social Fund replacement scheme from 1 April 2013.**
Certain elements of funding previously provided by the DWP have now transferred to Councils to be administered under the Scottish Welfare Fund provisions. This has been funded by the Scottish Government initially for a 2 year trial period and has now been made permanent.

- 7.15 Scottish Independence referendum and Smith Commission
Following the referendum in 2014 the Government formed the Smith Commission to consider further delegation of powers to the Scottish Parliament. It is not yet clear what impact this will have on the implementation of welfare reform in Scotland.

Employee Pay Awards

- 7.16 Future employee pay awards have not yet been agreed. However, for the purpose of the Finance Strategy 1% has been assumed from 2017/18 to 2019/20. The “emergency” budget of July 2015 introduced a cap on public sector pay increases of 1% “for the next four years”, though it is not clear how this will work through for 2017/18 onwards in Scotland.

Demographic Change

- 7.17 As identified from section 5.11 above, the population change projected by 2017/18 is expected to have an adverse effect on the Council’s funding settlement from the Scottish Government and this has been built into the strategy, as described above.

Holiday Entitlement for overtime worked

- 7.18 Recent case law developments identify an issue regarding the appropriate payment or provision of annual leave for time worked outwith normal contractual time. This issue has the potential to result in claims for pay for holidays not provided and additional costs have been built into the projections from 2014/15. The cost of this is already built into budgets and the Council has a contingent liability noted within the annual accounts for 2015/16.

Long-Term Revenue Issues

- 7.19 Looking beyond 2017/18 becomes increasingly difficult with significant uncertainty around how local authorities will be funded let alone the level of funding likely to be available.

Depopulation and Population Change

- 7.20 As stated above, the most significant longer-term challenge facing West Dunbartonshire is depopulation and associated demographic change – this has been recognised as a priority by the Council and is reflected in the Strategic Plan.
- 7.21 The fundamental issue for the Council is that at some point if the decline in population continues at the current pace then Council funding and service provision will come under increasing pressure. Population change will affect both General Fund and the Housing Revenue Account.
- 7.22 The population of West Dunbartonshire is projected to decrease to 83,061 by 2037, a drop of 7.2% from the current population.
- 7.23 In addition to population decline, the numbers of older people living within the Council area is expected to increase significantly with the pensionable age population to increase by 55% (75% in the group 75+) between 2012 and 2037. This is expected to result in additional demand for Council services such as Social Work. The Scottish Government has identified this issue as a significant risk across Scotland and has identified further funding in the shorter term to support this, however the longer-term approach of the Scottish Government is not known at this stage
- 7.24 Potential reductions in levels of local government funding as a result of any further UK austerity measures following the May 2015 UK General Election is a significant risk and this strategy assumes a 4% reduction in funding for 2017/18. As such, this projection of reduced funding will clearly be subject to reconsideration as the settlement becomes available in December 2016. At this time, a further reduction of 4% has been assumed for 2018/19 and 2019/20.
- 7.25 Costs associated with sustainability including waste disposal and recycling, carbon management, energy and fuel costs and general procurement and wage inflation.
- 7.26 Future iterations of this strategy will review the effects of the above key issues.

Capital Projections

General Fund

- 7.27 An update to the General Services 10 year Capital Plan for 2016/17 to 2025/26 was agreed by Council on 24 February 2016. This long term capital plan takes into account revenue resource available to support capital investment into the future. The next full review of the capital plan will take place in 2018.

- 7.28 With the current economic position and uncertainty following the EU referendum in June 2016, the risks are high that anticipated receipts will not be achieved or will be less than assumed, though as the economy has been recovering there have been some positive indications that the local land values are increasing and receipts are more likely to be achieved.
- 7.29 It is recognized that significant investment is required to improve the Council's asset base (as is described in the Council's Asset Management Strategy). As stated above the 10 year capital planning approach requires funding to be identified for future levels of capital investment and elements of this funding will require additional borrowing. The capital plan has been agreed in detail for 2016/17 to 2018/19 and in outline for 2019/20 onwards, thus revenue implications are now included in the gap analysis. For illustrative purposes, current interest rates suggest that an investment in new build properties will require revenue support (if funded through prudential borrowing) is estimated to be as follows:

Capital Investment	Annual Revenue Implication
£10m	£0.573m
£20m	£1.146m
£30m	£1.719m
£40m	£2.291m

- 7.30 Close management controls and monitoring arrangements require to be in place to ensure that the funding anticipated arising from efficiencies are actually generated and that other sources of funding are achieved to support the capital investment. If there is a shortfall in these areas then the burden will fall back on the revenue budget requiring additional savings to be made.

City Deal

- 7.31 The Council is a member of the Clyde Valley Community Planning Partnership which has identified an opportunity for major infrastructure investment in the West of Scotland under the City Deal approach. The anticipated financial impact has been built into the capital plan as approved on 24 February 2016. The final financial impact would be considered by Council as part of the business case approval process.

Housing Revenue Account

- 7.32 The Council's housing stock required much investment to meet Scottish standards by 2015. This target was met in 2015 however ongoing works are required to maintain at this level and to implement improvements in relation to energy efficiency standards. This has been built into the 5 year capital plan for the HRA approved on 24 February 2016.
- 7.33 Since 2011/12, the Council has secured Scottish Government Grant funding towards the construction of 121 new council houses, which have been completed and are tenanted. A planned investment at Second Avenue/Singer Street, Central/Radnor Park of a further 40 units is in process. The Council is committed to the delivery of new Council homes for rent and has current plans to invest a minimum of £19.8m in the new build programme over the next five year period projecting the delivery of over 170 new council homes within that period.

8. Key Organisational Issues

Local Scrutiny Plan

- 8.1 In response to comments from Councils over several years about the burden of the range of scrutiny regimes in place, Professor Lorne Crerar was commissioned to conduct a review of regulation, audit, inspection and complaints handling of public services in Scotland. Following this review it was determined that scrutiny of public services needed to be streamlined.
- 8.2 The result is that the scrutiny bodies have adopted a shared risk assessment approach and the output from this collaborative approach is the Local Scrutiny Plan (LSP).
- 8.3 The LSP involves joint scrutiny by the following agencies:
- Audit Scotland;
 - Education Scotland;
 - Care Inspectorate; and
 - Scottish Housing Regulator.
- 8.4 The LSP is a key document within the Council's improvement process.
- 8.5 The latest update report on the Local Scrutiny Plan: Assurance and Improvement Plan covers 2016-17 (published April 2016) stated that the LAN is of the view that the council continues to demonstrate a strong commitment to best value and has strong leadership, a clear vision and a focus on continuous improvement

A focus on strategic leadership

- 8.6 The Strategic Leadership Group oversees and coordinates progress on the key issue of improving leadership. Its prime aims are:
- to develop a synergistic approach to influencing relations with Members;
 - to drive the strategic priorities and Member involvement;
 - to ensure a corporate approach to key initiatives, through refining decision-making processes, reviewing the progress of the key strategic priorities, overseeing better financial planning, improving scrutiny arrangements and overseeing the implementation of the Council's new self-evaluation model; and
 - to ensure appropriate focus is placed on the accountability of lead officers and members and appropriate governance arrangements are maintained

Strategic Asset Management Group

- 8.7 This group addresses overall corporate asset issues at a strategic level with a view to maximising Council resources in the form of the Council's Asset Management Strategy

9. Treasury Management

- 9.1 West Dunbartonshire Council has adopted the CIPFA "Treasury Management in the Public Services – Code of Practice" which sets out good practice for treasury management governance. The Council must also comply with legal and regulatory requirements in relation to its Treasury Management activities.

- 9.2 The Council has appointed consultants to provide advice on Treasury Management issues, including technical issues and the formulation of views on interest rates.
- 9.3 In complying with the Code of Practice, the Council produces a Treasury Management Practices document which sets out how the Council will manage and control its Treasury Management activities.
- 9.4 The following reports and briefings are also submitted to Council and Committee in accordance with the Code of Practice:
- An annual Treasury Management Strategy submitted at the start of the financial year and which includes the Council's Prudential Indicators and covers issues such as the economic situation, the prospects for interest rates, and the Council's borrowing and investment strategy for the coming year;
 - Quarterly Treasury Management Monitoring briefing notes which include details of interest rates, debt and investment positions and debt restructuring activity;
 - An Annual Report for Treasury Management submitted before the end of September each year and which advises members of Treasury Management activities during the previous financial year; and
 - During 2013/14 a mid-year strategy review will also be prepared and remitted to Council.
- 9.5 Table 8, below shows the Council's debt and investments position as at 31/03/15.

Table 8 – Council's Debt and Investment Position – 31/03/16

Treasury Position	Debt Outstanding at 31/3/16 (£m)	Average Rate
Fixed rate funding	321.958	3.64%
Variable rate funding	0	0
Other long-term liabilities (PPP)	86.296	4.36%
Total Debt	408.254	3.79%
Total Investments	(11.436)	(0.43%)
Net Debt at 31/3/16	396.818	

- 9.6 During 2015 Audit Scotland produced a national report "Borrowing and Treasury Management in Councils". This report provided a range of recommendations for improved practice. Two of the main issues were:
- Providing longer term understanding of the revenue impact of capital investment decisions; and
 - Providing a sensitivity analysis for future projections to show what impact changes in cost factors may have on the revenue position. For capital issues the main variable is the cost of borrowing.

- 9.6.1 The Council's revised 10 year capital plan, agreed February 2016, provided Members with information as to how the recommended projects are planned to be funded. This includes a mixture of grant funding, capital receipts, match funding from other bodies, revenue savings arising from the improvements and prudential borrowing for the balance of financing not covered from these other funding sources.
- 9.6.2 The plan also advised Members as to the anticipated additional revenue impact of the element of planned investment that was not covered by specifically identified funding sources. This projected the additional revenue impact to year 10 of the capital plan and considered the affordability of the potential 10 year plan into the future, with benchmarks with other Councils provided.
- 9.6.3 In terms of a sensitivity analysis there are two main areas of concern:
- that anticipated funding does not materialize e.g. capital receipts; match funding not achieved; and/or revenue savings planned from capital investment not achieved; and
 - significant upwards variation in the cost of borrowing.
- 9.6.4 In relation to the first area of risk – this is monitored on a regular basis in budgetary control reports to Council, Committees and to Management.
- 9.6.5 In relation to the second area of risk – the Council budgets the revenue implications of the capital plan as loan charges to the revenue accounts. The budgeted cost of loan charges is based on expected cost of borrowing at present and into the future, based on advice from the Council's independent treasury advisors. The Council operates a loans fund which pools all borrowing to generate an average loans fund cost of borrowing – this has the effect of dampening the impact of any increases or decreases to the cost of borrowing, as in general any short term reductions or increases in borrowing will only affect new borrowing which will generally not have a significant impact on the average pooled interest rate (cost).

In order to provide some analysis for the current capital plan the following table shows the impact on cumulative loan charges if new borrowing undertaken in 2016/17 varied by specified percentages.

Interest rate variables	Loan Pool Rate	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Per 10 year capital plan	4.32%	-1,213	-144	285	751	164	-491	-509	163
Actual at 31 March 2015	4.27%	-1,206	-143	283	747	163	-488	-506	162
Interest rates rise by 1%	4.45%	-1,234	-146	290	764	167	-499	-518	166
Interest rates rise by 2%	4.97%	-1,318	-156	309	816	178	-533	-553	177
Interest rates rise by 3%	5.50%	-1,402	-166	329	2868	189	-567	-589	188
Interest rates rise by 4%	6.03%	-1,486	-176	349	920	201	-601	-624	199

- 9.6.6 In order to provide an overall governance and control mechanism on the impact of the capital plan, the plan is refreshed on an annual basis and renewed every three years. This will allow a regular consideration of the risks associated with the capital investment plans and where appropriate plans can be varied to mitigate against financial risk implications.
- 9.6.7 The mid year Treasury Strategy update will provide Members with analysis of the above issues.

10. Reserves

- 10.1 A key aspect of the consideration of the Council's Revenue Budget and Capital Programme Budgets is the position of the relevant Reserves.
- 10.2 The Reserves Policy (annex 5) states that the core "Prudential" Reserve be maintained at a level of 2% of net expenditure (excluding requisitions) and it was agreed that the General Fund Reserve for 2016/17 is £4.195m and the HRA Reserve for 2016/17 be £0.855m. These figures are based on the 2016/17 revenue budgets and will be updated as budget levels change.
- 10.3 Reserves can be held for three main purposes:
- A working balance to help cushion the impact of uneven cash flows - this forms part of general reserves;
 - A contingency to cushion this impact of unexpected events or emergencies which also forms part of general reserves; and
 - A means of building up funds, often referred to as earmarked reserves, to meet unknown or predicted liabilities.
- 10.4 For each reserve held, there should be a clear protocol on:
- The reason for/purpose of the reserve;
 - How and when the reserve can be used;
 - Procedures for the reserve's management and control; and
 - A process and timescale for review of the reserve.
- 10.5 The level and use of reserves is determined by the Council, informed by the advice and judgement of the CFO. In order to help the Council reach its decision in respect of reserves, the CFO should report the facts that influenced this judgement and ensure that the advice given is recorded formally. Where the CFO's advice is not accepted, then this should be recorded formally in the minutes of that meeting.
- 10.6 The Council's estimated reserves at the beginning of 2016/17 onwards are summarised below:

Table 9 – Reserves Projection

	31/03/2016	31/03/2017	31/03/2018	31/03/2019
Revenue	£000s	£000s	£000s	£000s
General Service Free Reserve	4,688	5,765	5,765	5,765
General Service Earmarked Reserve	6,515	0	0	0
HRA Free Reserve	855	889	925	961
HRA Earmarked Reserve	5,362	0	0	0
	17,420	6,654	6,690	6,726
Capital				
Capital Item Replacement Fund	527	527	527	527
Capital Grants Unapplied	484	0	0	0
Capital Reserve: Schools Regeneration	3,824	3,619	3,414	3,209
	4,835	4,146	3,941	3,736
Overall total	22,255	10,800	10,631	10,462

11. Monitoring and Reporting Arrangements

- 11.1 The Financial Strategy will be monitored by CMT on a regular basis - there will also be capacity to review the Strategy as and when required, particularly when a new issue arises or the impact of major policy or initiative becomes clearer.
- 11.2 The Financial Strategy will only be revised if there are changes to estimates, projections or policy which have a major financial impact.
- 11.3 The de minimis level which would qualify as a major impact requiring an immediate review is based on 50% of the reserves: at £2.1m for the General Fund and £0.430m for the HRA. Any impact and decision around a requirement to implement an immediate review is always subject to the opinion of the Chief Financial Officer.
- 11.4 The financial management principles and expectations have been communicated and are understood by all Chief Officers and budget holders.
- 11.5 The Financial Strategy has been drawn up with the full involvement of the CMT and, will be communicated throughout the organisation.
- 11.6 It is envisaged that in future, where appropriate, wider consultation will take place regarding the Financial Strategy including with partner agencies as Community Planning processes are developed.
- 11.7 During the years covered in the strategy, it is planned that the Council and Service Committees will receive quarterly/ bi monthly budgetary control reports (capital and revenue for both General Services and HRA) from period 3 onwards, analysing variances over £0.050m or 10%. The CMT receive this information monthly.
- 11.8 As in previous years, the Council, Service Committees and CMT will also receive updates at the same time as the budget monitoring reports which monitor each individual agreed management adjustment and saving to ensure

these are on target. This will allow issues to be identified quickly and early intervention action to be taken, when and if necessary.

- 11.9 The following key performance indicators around the performance of the Council's finances have been identified as follows:

General Services

- The amount of free reserves as a percentage of the prudential reserve target – target a minimum of 100% of the prudential reserve;
- The revenue budget compared to actual outturn – target to be a maximum of 100% of budget;
- The ratio of financing costs to net revenue stream – targets will be defined on an ongoing basis via the Treasury Strategy ; and
- The rate of in-year Council Tax collection – target 94.5% for each year 2017/18 to 2019/20.

Housing Revenue Account

- The amount of free reserves as a percentage of the prudential reserve target – target a minimum of 100% of the prudential reserve;
- The revenue budget compared to actual outturn - target to be a maximum of 100% of budget;
- The ratio of financing costs to net revenue stream – targets will be defined on an ongoing basis via the Treasury Strategy; and
- The value of total arrears as a percentage of net rent due in year – targets are: 6.6% for 2017/18 to 2019/20.

12. Risk Management

- 12.1 The Council's strategic priorities for the next five years are listed above and these are the focus of the Strategic Plan together with enabling factors that contribute to the successful achievement of the strategic priorities. The strategic risks flow from this process., service risks and operational risks, including risks relating to the Financial Strategy and delivery of the Financial Strategy continue to be assessed, reviewed, and managed in line with the strategic priorities. Annex 1 identifies the range of risks which may influence future financial performance and stability of the Council.

13. Approach to Generating Future Budgets and ensuring budgets reflect Council Priorities

- 13.1 Currently revenue budgets are generated through the traditional process known as "Cost of Current Level of Service" with "incremental budgeting". So, in general, budgets follow the current cost of delivery of Council policies allowing for known cost increases/reductions to be built-in and for unavoidable burdens/ reductions to also be recognised as part of the cost of providing a service reflecting current Council policies. In general this process should, in theory, generate a budget which reflects Council priorities on the basis that services are set up to deliver those priorities. In essence, the base position is taken from the previous year's budget and this is adjusted for known movements.

Three alternative ways to prepare budgets were considered:

- zero based budgeting (the budget is built-up anew each financial year, where every cost/ expense being "required" for a service delivery

(based on current Council policies and priorities) needing to be justified;

- priority based budgeting (services receive their allocation of budget based upon priority); and
- participatory budgeting (process of decision-making in which local citizens decide how to allocate all or part of the Council's budget).

13.2 In April 2015, the CMT considered a report around alternative approaches to setting future budgets, and:

- (a) Agreed to implement the use of priority based budgeting with a view to supporting budget preparation processes from 2017/18 onwards, aligning to the new Administration priorities following Council elections in May 2017; and
- (b) Noted that this change in approach will be reported to Council within the next financial update report (incorporating the Long Term Financial Plan).

Risk Factors

This list is not exhaustive

Risk	Action
<p>Projections about the Council's level of income and expenditure are subject to change – e.g.</p> <ul style="list-style-type: none"> • Government funding • Pay and price increases • Income levels • Savings not achieved • Unforeseen expenditure • Unanticipated increase in fuel or energy costs • Pension figures/costs may increase due to future reviews • Unforeseen financial issues following changes within the UK economic climate 	<ul style="list-style-type: none"> • Ensure Finance Circulars are reviewed and reconciled on a regular basis • Longer term financial projections and strategy monitored by the Council to allow timely action • Aim to meet the target of the Prudential Reserve • Use of contingency fund • Monitoring of the budget regularly by departments, the CMT and Members (through Council and/or Committee) • Ongoing monitoring of savings targets built into the budget by the CMT
<p>Failing to achieve or maintain adequate reserves</p>	<ul style="list-style-type: none"> • Prudential Reserve target reported to Members on a regular basis. Working with Members to work towards achieving target. • Longer term financial projections and strategy monitored by the Council to allow identification of possible issues to allow early action to be taken where necessary
<p>Capital receipts do not materialize and/or Expenditure on capital projects is higher than anticipated</p>	<ul style="list-style-type: none"> • Longer term vision on capital programme for both income and expenditure levels • Regular Strategic Asset Management Group updates feeding through to the capital budgetary control report (to both Council and CMT). • Capital Disposal Strategy with longer term vision to allow movement in the assets due sold and timing of those assets. • Capital programme being monitored by CMT, Council and Committees on a quarterly basis • Early identification of possible issues to allow action to reduce spend or identify further surplus assets for possible disposal to minimize shortfall.

Risk	Action
<p>Treasury Management, e.g.:</p> <ul style="list-style-type: none"> • Loss on finances through reserves being invested in unsecure banking sector • Lower than expected investment returns due to economic climate • Interest rates on debt increase significantly, increasing the cost to borrow for capital expenditure 	<ul style="list-style-type: none"> • Ensure the Treasury Management Practices regarding investment counterparties are adhered to. • Regular (daily) updates regarding movement in the banking sector received with the counterparty listing adjusted when necessary. • Ensure prudence in estimating level of investments and interest rates.
<p>Money Laundering – failing to disclose to the National Criminal Intelligence Service suspicions through acquisition retention use or control of criminal property</p>	<ul style="list-style-type: none"> • Ensure the Treasury Management Practices are adhered to. • Work completed by Internal and External Audit, use of the whistle blowing phone line.
<p>Collapse in funding for PPP – if bank goes into liquidation</p>	<ul style="list-style-type: none"> • The Council has identified possible scenarios and what the effects would be. Information through Treasury Advisers and the PPP advisers would ensure the Council would be notified at an early stage
<p>Provision not adequate to cover possible equal pay compensation costs</p>	<ul style="list-style-type: none"> • Review provision on a regular basis, with updated information from the HROD and appropriate legal advice. • Identify action required at an early stage to ensure provision adequate.
<p>Increase in the number of housing benefits claimants – higher risk of error, homelessness, subsidy level not achieved</p>	<ul style="list-style-type: none"> • Staffing profile monitored to ensure adequate staffing resources. • Ensure staff work to same high standards • Regular contact between appropriate services/departments of the Council • Monitoring of the budget regularly by departments, the CMT and Members (through Council and/or Committee)
<p>Current insurers of the Council become financially unviable – resulting in other providers monopolising the market, possible resulting in substantially increases in premiums</p>	<ul style="list-style-type: none"> • Action to ensure early indications of financial stability of company • Appropriate measures taken at tender stage to ensure financial stability of insurers. • Aim to meet the target of the Prudential Reserve • Use of contingency fund

Risk	Action
Breach of legislation resulting in substantial fine, e.g. Health and Safety; Disability Discrimination; Equalities.	<ul style="list-style-type: none"> • Ensure knowledge of relevant legislative issues is up to date. • CMT ensures appropriate systems are in place to seek to ensure no legislation is breached
The Scottish Government reviews the structure of Scottish Local Government.	<ul style="list-style-type: none"> • Action plans discussed and updated at an early stage, if this is announced
The Council's demographic projections continue to be adverse in comparison to national statistics, resulting in further funding reductions	<ul style="list-style-type: none"> • Forward demographic projections for the Council, in comparison to national totals completed regularly and the affected on external funding levels will be included in within forward financial projections to members to allow timeous action by Members.
<p>DWP reform – building in adequate costs to cover changes, e.g.:</p> <ul style="list-style-type: none"> • General Services – effect of capping of rents for homelessness; • General Services – effect on Council tax benefit administrative grant • General Services/ HRA – effect on lower incomes of individuals on all debt of the council – council tax, debtors, rent, etc • HRA – housing benefit levels for individuals in homes with rent greater than capped levels 	<ul style="list-style-type: none"> • Building into the financial projections the anticipated impact of welfare reform changes to allow Council to adequately plan • Regular monitoring of expected costs against budget to allow early intervention if necessary • Aim to retain the Prudential Reserves

The Council operates a Strategic Risk Register covering strategic financial risks to the Council. In addition Finance and Resource Service has prepared an operational risk register which lists control measures and analysis of operational risks.

Short-Term Issues

These issues, which will need to be addressed in some way within the next 3 years, were identified by Directorates during consultation on the Financial Strategy and the impact can be one-off or recurring. Some shorter term issue will continue into the medium term and longer term. This list is not exhaustive.

Service	Issues Identified	Action Taken	Responsible Officer
Strategic Issues	Local Scrutiny Plan	Actions agreed at Council in April 2016	CMT
	Unemployment levels within the area	Improve employability of residents through supporting training, apprenticeships, new jobs (1,000 jobs in 1,000 days); encouraging economic regeneration by providing support to businesses; using procurement to encourage new training and job opportunities for local people; opening of the West Employability Hub in Dumbarton; launch of Working4Business; approval of Queen's Quay Regeneration project; and involvement in City Deal to create more employment opportunities.	Strategic Lead – Housing and Employability; Strategic Lead - Regeneration; and Strategic Lead - Resources
	Impact of major capital investment on service delivery during implementation (e.g. ICT upgrades)	Project leaders allocated to each major project with project implementation documents, risk minimisation/ mitigation action plan	All Strategic Directors and Leads
	Financing of Council budgets / Review Income Targets	3 year detailed budget prepared Ongoing monitoring of target savings done regularly by CMT and Council/Committees Preparation of ongoing detailed budgets	CMT Strategic Lead - Resources
	ICT Modernisation	Major capital programme identified 2012/13 & continued into 2014/15 to 2018/19. Development of Agresso ongoing	Strategic Lead - Resources Strategic Lead – People and Technology
	Capital income decline	Identification of movement through Strategic Asset Management Group – reported to CMT & Council through capital budgetary control; 10 year capital plan monitoring	Strategic Lead - Regeneration Strategic Lead - Resources

Service	Issues Identified	Action Taken	Responsible Officer
Strategic Issues (cont.)	Work Force Planning	Workforce Management functionality system being developed further. Restructuring opportunities considered when appropriate	Strategic Lead – People and Technology
	Asset Management Plan <ul style="list-style-type: none"> - Maintenance Backlog - Disability Discrimination Act - Health and Safety 	Asset Management Group regular meetings Capital resources committed for disability access Risk Assessments where required 10 year capital plan monitoring & development	Strategic Lead - Regeneration Strategic Lead - Resources
	Departmental restructures	Ongoing and monitored regularly by departmental management teams	CMT
	Welfare Reform (current to 2017). This incorporates homelessness rent capping, HRA rent capping, council tax benefit replacement, Social Fund replacement, and bad debt levels	Briefing notes on possible affect produced Situation monitored, action taken as necessary, costs budgeted, Members briefing days & officer working groups Regular updates to CMT	CMT Strategic Lead - Resources

Service	Issues Identified	Action Taken	Responsible Officer
Housing Economic and Environmental Services	Increasing levels of waste - landfill tax impact	Increase recycling targets Budgetary impact within budget	Strategic Lead – Environment & Neighbourhood
	Recycling Initiatives to meet targets	Recent changes in service	Strategic Lead – Environment & Neighbourhood
	Planning Income & building warrant income decline	Budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead - Regeneration
	Investment Property income decline due to economic climate	Budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead - Regeneration
	Cost of vandalism and anti-social behaviour	Budget provided – any impact above this level would require monitored and action taken if necessary	Head of Housing and Community Safety
	Road Maintenance: - access to data - maintenance backlog and strategy for improvement - impact of recent weather	Additional budget provided (capital and revenue), projected require to be prioritised – any impact above this level would require monitored and action taken if necessary	Strategic Lead – Environment & Neighbourhood
	New Council Housing, Private and RSL Housing	Working group meet regularly. Grant funding approved & underway	Strategic Lead – Housing & Employability
	Structural Funds: - ERDF - ESF Impact on RSA (money for businesses)	Requires to be monitored and action taken if necessary	Strategic Lead - Regeneration

Service	Issues Identified	Action Taken	Responsible Officer
Education	PPP monitoring and funding – including use of sinking fund	Ongoing cost of PPP built into the budget and strategy	Strategic Lead – Education, Learning and Attainment Strategic Lead - Regeneration
	Schools Estate Regeneration	Identification on Council priority enhancements and new builds, identification of funding, identification of acceptable specifications within funding available	Strategic Lead – Education, Learning and Attainment Strategic Lead - Regeneration
WDC Integration Joint Board	Financial sustainability	Appropriate burdens and anticipated cost increases have been built into IJB cost projections and IJB identify appropriate efficiencies to manage budget allocation from WDC	Chief Officer – HSCP; S95 Officer - HSCP
Organisational Issues	Corporate Governance - Freedom of Information - Data Protection	Actions identified and in place to ensure information provided is complete and no breaches of data protection	Strategic Lead - Regulatory Services
	New Legislation (general)	Action to ensure available resources to support new legislation that will not leave the Council exposed	Strategic Lead - Regulatory Services, Strategic Lead - People & Technology

Medium-Term Issues

Some short term issues may merge into medium term issues. Some medium term issues may become issues in the longer term. This list is not exhaustive.

Service	Issues Identified	Action Taken	Responsible Officer
Strategic Issues	Scottish Government Funding levels – capital and revenue	Longer term financial strategy to help appropriate officers to identify possible risks on budget gaps to take necessary action at an early stage	Strategic Lead - Resources
	Welfare Reform – including changes in the staffing structure and the duties of the Council; the effect on HRA & GS budgets of benefits thresholds	Briefing notes on possible affect produced Situation monitored, action taken as necessary, costs budgeted, Members briefing days & officer working groups Regular reports to CMT	CMT Strategic Lead - Resources
	Unemployment levels within the area	Improve employability of residents through supporting training, apprenticeships, new jobs (1,000 jobs in 1,000 days); encouraging economic regeneration by providing support to businesses; using procurement to encourage new training and job opportunities for local people; opening of the West Employability Hub in Dumbarton; launch of Working4Business; approval of Queen's Quay Regeneration project; and involvement in City Deal to create more employment opportunities.	Strategic Lead – Housing & Employability
	Accommodation	Identification of staffing requirements and locations through Strategic Asset Strategy Group Approval of Office Rationalisation project – June 2014	Strategic Director - Regeneration, Environment & Growth
	Asset Management Plan - other areas of development - Parks and open spaces - Asset replacement - Asset standards - Space standards	Asset Strategy Group Ongoing development and review of 10 year capital plan	Strategic Director - Regeneration, Environment & Growth Strategic Asset Management Group

Service	Issues Identified	Action Taken	Responsible Officer
	WDC Integration Joint Board - Financial sustainability	Appropriate burdens and anticipated cost increases have been built into IJB cost projections and IJB identify appropriate efficiencies to manage budget allocation from WDC IJB reserves maintained to manage unforeseen spending variations	Chief Officer – HSCP; S95 Officer - HSCP
Housing	HRA: - Scottish Housing Quality Standards	Strategy to meet standards on ongoing basis – identification of capital spend and funding thereof Strategy to meet energy efficiency legislative requirements – identification of capital spend required	Strategic Lead – Housing & Employability
Education	Schools Estate Strategy	Continuation of Schools Estates Team to help identify and move forward on funding and prioritization	Strategic Lead – Education, Learning and Attainment
	Maintaining of Teachers numbers – failure to do so leading to financial penalties	Budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead – Education, learning and Attainment
	Impact of Donaldson Review – use of universities to observe areas within secondary schools – outcome and financial impact still unknown	Possible budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead – Education, Learning and Attainment
	GTC standards – requirement for teachers to undertake a programme of professional updates & possibly further qualifications	Possible budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead – Education, Learning and Attainment
	Transport impact of changes in educational courses for vulnerable children	Possible budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead – Education, Learning and Attainment
Organisational Issues	General Elections election cycle and funding	Action plan to ensure smooth running of election, with maximum update of voting. Ensure appropriate external financial support and internal budgetary provision for outgoing costs	Strategic Lead - Regulatory Services

Long-Term Issues – over 10 Years

Some short and medium term issues may become longer term issues. This list is not exhaustive.

Service	Issues Identified	Action Taken	Responsible Officer
Strategic Issues	Depopulation and Change of Demographics	Monitoring likely movement and action taken when appropriate	CMT Strategic Lead - Regeneration
	WDC Integration Joint Board - Financial sustainability	Appropriate burdens and anticipated cost increases have been built into IJB cost projections and IJB identify appropriate efficiencies to manage budget allocation from WDC IJB reserves maintained to manage unforeseen spending variations	Chief Officer – HSCP; S95 Officer - HSCP
	Unemployment levels within the area	Improve employability of residents through supporting training, apprenticeships, new jobs (1,000 jobs in 1,000 days); encouraging economic regeneration by providing support to businesses; using procurement to encourage new training and job opportunities for local people; opening of the West Employability Hub in Dumbarton; launch of Working4Business; approval of Queen's Quay Regeneration project; and involvement in City Deal to create more employment opportunities.	Strategic Lead – Housing & Employability Strategic Lead - Regeneration; Strategic Lead - Resources
Education	Schools Estate Strategy	Continuation of Schools Estates Team to help identify and move forward on funding and prioritization	Strategic Lead – Education, Learning and Attainment
	Educational ICT infrastructure refresh	Programme being implemented Impact on 10 year capital plan and current ICT modernisation	Strategic Lead – Education, Learning and Attainment

POLICY ON BALANCES AND RESERVES

Introduction

A key component to sound financial and risk management is that the Council maintains adequate reserves and balances to meet either known future commitments or expenditure arising from unforeseen, unexpected or emergency situations. Where appropriate, this policy adopts:

- The Guidance Note on Local Authority Reserves and Balances (LAAP Bulletin 55, February 2003);
- The Statutory Basis for Accounting and Disclosing Reserves in Local Authorities in Scotland (LASAAC, October 2005); and
- CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (revised annually).

The purpose of this policy is to:

- Outline the legislative and regulatory framework underpinning the creation, use or assessment of the adequacy of reserves;
- Identify the principles to be employed by the Council in assessing the adequacy of the Councils balance and reserves;
- Indicate how frequently the adequacy of the Council's balances and reserves will be reviewed, and
- Set out arrangements relating to the creation, amendment and use of reserves and balances.

In common with most local authorities in Scotland, the Council has a range of reserves and balances. These fall into two categories:

- Usable Reserves; and
- Unusable Reserves.

Usable Reserves

As the name indicates, these are reserves, available for use by the Council. They are held on the Council's Balance Sheet for use, as appropriate, through this Reserves Policy.

Usable Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows - this forms part of general reserves;
- A contingency to cushion the impact of unexpected events or emergencies; and
- A means of building up funds to meet unknown or predicted liabilities.

For each reserve held, there should be a clear protocol on:

- The reason for/purpose of the reserve;
- How and when the reserve can be used; and
- A process and timescale for review of the reserve to ensure ongoing relevance and adequacy.

The Usable Reserves held by the Council are:

(a) General Fund Revenue Reserve

The General Fund is held for all services provided by the Council through Revenue Support Grant (RSG) provided by the Scottish Government and Council Tax paid by residents within the Council area. It excludes the Housing Revenue Account (HRA), which is funded from tenant rents.

(b) HRA Revenue Reserve

The Council is required by the Local Government and Housing Act (Scotland) 1987 to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing related services from this account.

For both the General Fund and the HRA Reserves the level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Section 95 Officer (Chief Financial Officer). Where the Section 95 Officer's advice is not accepted, this should be recorded formally in the minutes of the appropriate Council meeting.

The balance of these Reserves normally comprises of three elements:

- Funds that are earmarked or set aside for specific purposes (in Scotland, Council cannot have a separate Earmarked Reserve within the Balance Sheet, but can highlight elements of the General Fund Reserve balance required for specific purposes). The identification of such funds can be highlighted from a number of sources:
 - Future use of funds for a specific purpose, as agreed by Council or Committee; or
 - Commitments made under delegated authority by departmental Directors, which cannot be accrued at specific times (e.g. year-end) due to not being in receipt of the service or goods;
- Funds which are not earmarked for specific purposes, but are set aside to deal with unexpected events or emergencies. Currently using a risk based assessment, the Council has a specific policy agreed each year and at present this 'prudential target' is set at 2% of net expenditure (excluding requisitions); and
- Funds held in excess of the prudential target and the identified earmarked sums. Reserves of this nature can be spent or earmarked at the discretion of Members.

During the Budget Process for both the General Fund and the HRA the budget report should give Council an update on:

- The estimated opening fund reserve balance for the year ahead, the addition to/withdrawal from balances and the estimated year-end balance;
- The adequacy of the reserves and the Provisions* in respect of the forthcoming year and the Council's medium term Financial Strategy; and
- The earmarked funds held within the Reserves.

(c) Capital Receipts Reserve

Under Schedule 3, paragraph 22 of the Local Government (Scotland) Act 1975, capital receipts on the sale of non-current assets received by the Council are retained within this Reserve until capital expenditure dictates the required use for the funds. Receipts for both General Fund and HRA are held separately, as specified above. Any receipts unused at 31 March will be held on the Balance Sheet as at that date.

(d) Capital Grant Unapplied Reserve

Grants and other contributions given to the Council are retained within this Reserve until all conditions agreed by the grant provider are satisfied. The use of this fund is specified within the

CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, as revised each year. Any grants unapplied at 31 March will be held on the Balance Sheet as at that date.

(e) Capital Items Replacement Fund (Other Reserve)

Scottish Councils have explicit statutory powers under schedule 3 of the Local Government (Scotland) Act 1975 to establish Renewal and Repairs Funds. This reserve is used for the purpose of defraying expenditure to be incurred from time to time in repairing, maintaining and renewing any buildings, works, plant, equipment or articles belonging to the authority. At present the Council only holds one such fund, which is held within the Education Service. Separate and specific guidance is available for the use of this Fund. Funds are used for the renewal or repair of school non-current assets, with funds being linked specifically to the individual schools committing their budget for the purpose of repairs and renewals at a future date.

(f) Capital Reserve

This reserve is *used to defray any expenditure of the Council to which capital is properly applicable, or in providing money for repayment of the principal of loans*. It holds income (either specific capital receipts income or agreed contributions from revenue) which has been earmarked by Council for the funding of the Public Private Partnership (PPP) unitary charge on a specific annual phased amount. The PPP unitary charge liability can be split into revenue and capital related charges and this Reserve is used specifically to help fund the capital related charges. The Funds can be added to this Fund as agreed by Council (e.g. the sale of specific Education non-current assets) or at the discretion of the Section 95 Officer (i.e. in the event of a review identifying a risk of shortfall in the funding structure over the life of the project). This Reserve should be reviewed on a regular basis by the Section 95 Officer.

Unusable Reserves

As the name indicates, these are not available for use by the Council. They are held on the Council's Balance Sheet for use as appropriate through the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. The Unusable Reserves held by the Council are:

(a) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings to the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

(b) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

(c) Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements requires benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

(d) Statutory Mitigation Account

The Statutory Mitigation Account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from this account.

(e) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax.

Accounting and Disclosure

Expenditure should not be charged direct to any reserve. Any movement within Revenue Reserves is accounted for as an appropriation and is transparent. Entries within a reserve are specifically restricted to '*contributions to and from the consolidated revenue account*' with expenditure charged to the service revenue account. The appropriation is made from the reserve to the Movement in Reserves to neutralize the impact on the Council Tax or the Housing Rents.

*Provisions – Funds held on the Balance Sheet for a liability of costs with uncertain timing or amounts

CONTINGENCY FUND POLICY

INTRODUCTION

- 1.1 The Council operates central revenue and capital contingency funds (CCF) to accommodate externally led reductions which benefit departmental budgets. These funds are also called upon to address budget increases resulting from external factors.
- 1.2 Budgetary control reporting is more transparent and accountable if the impact of variances outwith departmental influence was removed (or compensated) from departmental budgets.

MAIN ISSUES

- 2.1 It is the responsibility of the Strategic Lead - Resources to maintain a record of all budget transfers in/out of the revenue and capital CCF. It is also be the responsibility of the Strategic Lead - Resources, in discussion with the Chief Executive/Strategic Directors, to determine appropriate budget movements to transfer in/out of the CCF.
- 2.2 An additional line has been introduced into consolidated Council Budgetary Control reports to ensure reconciliation back to the approved budgets.
- 2.3 For the purposes of the CCF, a level of materiality where the individual budget line movement is greater than £50,000 has been implemented.
- 2.4 The CCF will apply to all revenue and capital budgets of the Council, including the Housing Revenue Account and each Trading Organisation. Transfers in/out of the Housing Revenue Account will be subject to legislative constraints.
- 2.5 Similarly, the impact of significant unforeseen expenditure burdens on departmental budgets would be financed by additional budget resources allocated to departmental budgets from the CCF. Departments would be invited to make appropriate application to the Strategic Lead - Resources.

Assumptions built into the 2017/18, 2018/19 and 2019/20 Indicative Revenue Estimates

Government related Assumptions	
The funding settlement for 2017/18 onwards is based on officer's projections of the impact of austerity measures and demographic change (actual settlement for 2017/18 only expected to be received on 15 December 2016). Current assumption is a 3% reduction per year from 2017/18 to 2019/20	
The Council Tax freeze will end from 2017/18, together with Scottish Government support. As a result it is assumed that Council Tax for 2017/18 onwards will be at the 3% cap currently being suggested as likely policy from Scottish Government	
That the Council's share of the £250m additional funding to support social care from 2016/17 continues into the future	
No additional funding is provided by Scottish Government to support implementation of the Living Wage in adult social care	
That the current Scottish Government proposal to redistribute £100m of additional Council Tax revenue to support educational attainment has a net nil impact on WDC	
New parliamentary bills will have no financial impact on the Council (i.e. it is assumed that funding covers the costs associated with the initiative)	
The additional costs anticipated for Homelessness budgets arising from welfare reform will be phased from 2019/20	
DWP reform and additional workload - assumes all employees costs remain as at present	
Landfill tax on refuse tonnage will increase per annum similar to historic annual increases	
Carbon reduction commitment charges will remain at their current level	
Demographic Assumptions	
Burden figures provided by HSCP for the budget projections remain valid - including:	
<ul style="list-style-type: none"> • The number of clients with physical disabilities will increase each year; • The number of clients with learning disabilities will increase; • The demand for older people residential beds will increase each year; • The demand for other services will remain similar to current levels. 	
Workforce Assumptions	
Pay award assumed at 1% for 2017/18 and each year thereafter	
Superannuation rates to remain as at present with no actuarial advice at this point to the contrary	
Equal pay provision as at 31/3/16 is adequate	
Turnover at current levels on appropriate staffing types (3%)	
No changes to workforce terms & conditions	
Operational Assumptions	
That the Council's prudential target remains at 2% of net expenditure	
Income increases within Council control assumed at 4% each year (sales, fees and charges)	
Trading account surpluses do not reduce beyond level currently budgeted	
Recurring savings identified from 2015/16 will be achieved	
No financial impact from the integration of Health & Social Care	
Council tax base increases from 2017/18 onwards by 50 Band D equivalents	
Loan charges and efficiency savings link directly to 10 year capital plan	
No change to the bad debt provision on council tax (2.75% per annum), and the provision identified within the HRA budget.	

WEST DUNBARTONSHIRE COUNCIL
BUDGET GAP ANALYSIS - GENERAL SERVICES
MOVEMENT FROM 2016/17 TO 2019/20
AS AT OCTOBER 2016 - SCENARIO 1 - LIKELY

Annex 8

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Position per Budget Report 24 February 2016		2,500	7,321	0
<u>Variables in Assumptions Considered in Sensitivity Analysis</u>				
Movement in Scottish Government Funding		3,109	3,880	4,337
Assume 3% Council Tax increase				-1,186
Council tax base increase – additional houses				-50
Recurring variances exercise from previous year end	-1,223	-2,982	-3,186	-400
Welfare Reform Impact		-100	-100	
Pay award 1% for all years				1,600
Sales, fees and charges at 4% uplift				-377
Purchase of Vehicles - replace hired vehicles		-222	-222	
Inflation on preserved items				374
Rates Review - assume 5% increase		215	215	
Depot saving delay		400	400	
Timing of Shared Services saving - delay		1,000	500	-500
ORP Slippage		600		
Submission Variance	176	962	161	56
Burdens		452	452	10
Management Adjustments	-30	-1,195	-1,263	-5
HSCP Net Funding Reduction		-1,048	-1,048	
Gap from 2018/19				7,110
Revised (Surplus)/ Gap	-1,077	3,691	7,110	10,969
Prudential Target Reserve for each financial year				
	-4,195	-4,054	-3,989	-3,841
Projected Reserve at end of each financial year				
	-4,688	-5,765	-5,765	-5,765

	ORIGINAL BUDGET 2016/17 £000	REVISED BUDGET 2016/17 £000	P6 PROBABLE OUTTURN 2016/17 £000	DRAFT ESTIMATE 2017/18 £000	DRAFT INDICATIVE ESTIMATE 2018/19 £000	DRAFT INDICATIVE ESTIMATE 2019/20 £000
RESOURCES	4,588	4,321	4,306	4,462	4,566	4,701
REGULATORY	3,593	3,551	3,552	3,531	3,583	3,630
PEOPLE AND TECHNOLOGY	5,689	5,666	5,687	5,827	5,856	5,902
COMMUNICATIONS, CULTURE AND COMMUNITY	5,496	5,481	5,434	5,301	5,340	5,381
EDUCATION, LEARNING AND ATTAINMENT	90,447	88,987	88,765	89,846	90,218	90,875
ENVIRONMENT AND NEIGHBOURHOOD	29,054	28,772	28,986	28,698	28,213	28,011
HOUSING AND EMPLOYABILITY	4,039	3,787	4,107	3,948	4,026	4,097
REGENERATION	(1,714)	(1,005)	(975)	(1,563)	(1,470)	(1,378)
MISCELLANEOUS	4,656	4,546	4,737	4,716	3,739	3,012
LOAN CHARGES	10,728	10,478	10,065	11,257	11,243	11,625
REQUISITION: VALUATION JOINT BOARD	733	733	733	733	733	733
REQUISITION: SPTA	1,843	1,843	1,843	1,843	1,843	1,843
REQUISITION: HEALTH & SOCIAL CARE PARTNERSHIP	61,539	61,535	61,535	61,195	61,987	62,208
ALLOCATION OF NON GAE	(5,778)	(5,778)	(5,482)	(5,482)	(5,482)	(5,482)
CONTINGENCY FUND	0	1,223	0	0	0	0
TOTAL NET BUDGET POSITION	214,913	214,140	213,293	214,312	214,395	215,158
BALANCES (APPLIED)/ SAVED	(1,710)	(1,710)	(1,710)	(169)	0	0
NET BUDGET TO BE FUNDED	213,203	212,430	211,583	214,143	214,395	215,158
SCOTTISH GOVERNMENT FUNDING	(172,653)	(171,630)	(171,630)	(167,021)	(162,550)	(158,214)
COUNCIL TAX	(40,550)	(40,800)	(41,000)	(42,236)	(43,472)	(44,708)
GAP/(SURPLUS)	0	(0)	(1,047)	4,886	8,373	12,236
MANAGEMENT ADJUSTMENTS	0	0	(30)	(1,195)	(1,263)	(1,267)
REVISED GAP/(SURPLUS)	0	(0)	(1,077)	3,691	7,110	10,969
ASSUME GAP CLOSED WITH RECURRING SAVINGS IN 2017/18				-£3,691	-£3,691	-£3,691
ASSUME GAP CLOSED WITH RECURRING SAVINGS IN 2018/19					-£3,419	-£3,419
ASSUME GAP CLOSED WITH RECURRING SAVINGS IN 2019/20						-£3,859
BALANCED BUDGET POSITION				£0	£0	£0

WEST DUNBARTONSHIRE COUNCIL
MANAGEMENT ADJUSTMENTS 2017/18 ONWARDS

Appendix 3

Ref	Option	Savings achieved in 2016/17 (£)	Savings achieved in 2017/18 (£)	Savings achieved in 2018/19 (£)	Savings achieved in 2019/20 (£)	Staffing implications (total)
MA1	Review staffing structures within Transformation and Public Sector Reform Department	29,234	303,677	310,667	311,668	11.00
MA2	Charge for work done on Statement of Claims for Miscellaneous Debt	0	5,000	5,000	5,000	0.00
MA3	Saving in postage due to implementation of MyAccount (net of cost)	0	3,500	3,500	3,500	0.00
MA4	Improvements to Council's e-learn platform means we no longer need to remain members of the Clyde Valley e-learn shared network	1,325	3,125	14,625	14,625	0.00
MA5	Exit Clyde Valley network for learning and development	0	0	3,000	3,000	0.00
MA6	Implement lower cost alternative to H & S Publications	0	5,000	5,000	5,000	0.00
MA7	Decommission one of the Council's two current email archives to reduce costs	0	7,000	7,000	7,000	0.00
MA8	Restructure of Libraries and Culture	0	138,100	138,100	138,100	4.00
MA9	Restructure of Greenspace	0	90,000	90,000	90,000	12.00
MA10	Additional efficiencies from clerical and admin review	0	66,000	66,000	66,000	3.00
MA11	Review Vocational Programme Budget	0	90,000	90,000	90,000	0.00
MA12	Generate efficiencies in supplies and services budgets within Early Years and ASN	0	55,700	55,700	55,700	0.00
MA13	Review Training across Education Services	0	50,000	50,000	50,000	0.00
MA14	Include all Early Learning and Childcare Depute posts in adult/child ratios	0	85,200	129,078	130,369	5.00
MA15	Review the Learning Community Budgets now these groups have become established in West Dunbartonshire	0	125,000	125,000	125,000	0.00
MA16	Implement standardised assessments for literacy and numeracy	0	20,000	20,000	20,000	0.00
MA17	Review of Learning Assistants	0	148,646	150,132	151,634	10.00
		30,559	1,195,948	1,262,802	1,266,596	45.00

Ref	Option	Savings achieved in 2016/17 (£)	Savings achieved in 2017/18 (£)	Savings achieved in 2018/19 (£)	Savings achieved in 2019/20 (£)	Staffing implications (total)	Spend required to implement (£)	Detail of implementation required to achieve the saving, including information of any spend required
SO1	Centralise registration services for West Dunbartonshire in Dumbarton, and no longer offer appointments four days a week in Clydebank	0	18,020	18,200	18,382	1.00	0	Inform National Records of Scotland of closure. Publicise closure in local press and on council website. Transfer equipment to Dumbarton Office. Review staffing structure with likely loss of one registration post via SWITCH policy.
SO2	Increase cost of Food Export Certificate by £10 per certificate.	0	5,000	5,000	5,000	0.00	0	A £10 price increase was introduced in 2016 and has not affected levels of demand.
SO3	Achieve full cost recovery for our work to improve private water supplies to commercial premises	0	2,000	2,000	2,000	0.00	0	Implementation of full cost recovery relating to risk assessments, sampling and analysis costs. In line with current legislation and guidance,
SO4a	Continue to provide 20% discretionary rates relief for all local charities that wholly or mainly benefit the local residents of West Dunbartonshire, and remove it from those which do not.	0	11,000	11,000	11,000	0.00	0	<p>The saving figure is based on the 2015/16 outturn, which can change year on year. However with the revaluation year coming up the rates are due to increase which will see the burden on WDC increase as well.</p> <p>20% Discretionary relief for charities will only be considered in cases where the charity is a local charity that wholly or mainly benefits the local residents of West Dunbartonshire; national charities will not be eligible for discretionary relief.</p> <p>In terms of our current Discretionary Policy where relief is afforded the authority must give at least 12 months' notice advising relief being withdrawn. However this would need to be revised if we want to implement this from Apr'17.</p>

Ref	Option	Savings achieved in 2016/17 (£)	Savings achieved in 2017/18 (£)	Savings achieved in 2018/19 (£)	Savings achieved in 2019/20 (£)	Staffing implications (total)	Spend required to implement (£)	Detail of implementation required to achieve the saving, including information of any spend required
SO4b	Apply full rates to all national charities that do not operate solely for the residents of West Dunbartonshire.	0	19,000	19,000	19,000	0.00	0	<p>The saving figure is based on the 2015/16 outturn, which can change year on year. However with the revlauation year coming up the rates are due to increase which will see the burden on WDC increase as well.</p> <p>20% Discretionary relief for charities will be removed for national charites that are not local to WDC.</p> <p>In terms of our current Discretionary Policy where relief is afforded the authority must give at least 12 months' notice advising relief being withdrawn. However this would need to be revised if we want to implement this from Apr'17.</p>
SO4c	Bring discretionary rates relief down from 20% to 10% for all benefitting organisations	0	40,000	40,000	40,000	0.00	0	The saving figure is based on the 2015/16 outturn, which can change year on year. Based on 2015/16 data this will affect 79 organisations.
SO5	Remove the historic £10 per resident payment made annually through the Elderly Welfare Grant Fund to registered individuals and groups.	0	150,000	150,000	150,000	0.00	0	Either end payments to older people (in total), or to individuals - retaining payments to the Older People Welfare Groups. If option is taken to end all such payments then saving would be £150,000, if payments to Older People groups was to continue the saving would be around £70,000
SO6	Review the funding provided through grants to voluntary organisations (General funding) in order to maintain efficiency and new ways of working	0	50,000	50,000	50,000	0.00	0	Budget for grants to Voluntary Organisations is managed by WDCVS and is set for 2016/17 at £200,000. In 2015/16 actual spend was only £170,000 so only £165,000 has been allocated to WDCVS in 2016/17. Proposal would see the unallocated £35,000 removed in 2017/18 plus a potential further reduction of £15,000 - retaining a total budget of £150,000 for future grant use.
SO7	Reduce funding to strategic partner organisations	0	100,000	100,000	100,000	0.00	0	Total of £1.2m is held between CPP budgets and in departments. Reduce funding provided to Strategic Partner organisations by a percentage. Historically these organisations have been protected from funding reductions. Assume a £100,000 reduction.
SO8	Rationalise pay frequencies by offering each employee the option of either 4 weekly or a monthly payment on 28th of each month	0	11,000	11,000	11,000	0.00	0	Would require collective agreement to bring about this change. Saving would be generated through reduced levels of printing, stationary and postage. There would also be improved capacity levels for the teams involved in pay runs.
SO9	Employees pay own disclosure check cost	10,000	10,000	10,000	10,000	0.00	0	New appointments to posts which require disclosure check will require to fund the cost of the check

Ref	Option	Savings achieved in 2016/17 (£)	Savings achieved in 2017/18 (£)	Savings achieved in 2018/19 (£)	Savings achieved in 2019/20 (£)	Staffing implications (total)	Spend required to implement (£)	Detail of implementation required to achieve the saving, including information of any spend required
SO10	Review of overtime rates paid above plain time – for voluntary overtime hours replace current level of enhanced pay with that of a lesser value (while retaining an element of additional pay to reflect out of hours working)	0	500,000	500,000	500,000	0.00	0	This proposal relates only to the adjustment of enhancements by replacing double and time-and-a-half pay, with time-and-a-quarter plus an additional 8.3% holiday pay uplift.
SO11	Remove the option of cash payment in One Stop Shops to save on cash collection costs, promote channel shift to more efficient online and Direct Debit options, and support local shops by diverting demand to them	0	7,500	15,000	15,000	0.00	0	Redirect payments to local PayPoint options such as Post Office and newsagents where customers are familiar with paying for other essential services such as utilities. This would allow us to remove the Scancoin machines from OSS reducing on-going maintenance and G4S cash collection. It is likely this channel shift would also lead to a reduction in visitor numbers to the OSS which would allow for the team to concentrate their time and skills on the most vulnerable residents in West Dunbartonshire.
SO12	Review Instrumental Music Service with a view to introducing modest instrument hire charges for pupils who are not progressing to examination, or in receipt of school clothing grants	0	20,000	20,000	20,000	0.00	0	Establish an instrument hire charge inclusive of annual servicing and repairs generating an estimated annual income of £14.5k per annum. Currently 72% of local authorities apply charges for Instrumental Music £47.15 - £272 per pupil per annum for tuition and/or instrument hire. Inverclyde having a similar socio-economic profile as West Dunbartonshire charges £95 per pupil for tuition. It is proposed that only a hire and instrument service charge is applied for WD pupils at the national average hire charge of £53.50. This will not apply to pupils in receipt of free school meals or SQA pupils. In addition marketing of WDC Instrumental Repair Service to other authorities will generate an estimated annual income of £ 5.5k p/a.
SO13	Review Council's grass cutting service to identify efficiencies	0	136,000	136,000	136,000	12.00	0	Reduce all weekly grass cutting to fortnightly and all fortnightly grass cutting to three weekly. Stop cutting banked areas and increase the number of uncut biodiversity areas. 12 sessional staff impacted.
SO14	Review Council's street cleaning service to identify efficiencies	0	35,000	35,000	35,000	3.00	0	Advise staff of new levels of service provision. Change street cleaning frequencies. 3 sessional staff impacted.
SO15	Review eligibility for the Care of Gardens scheme to ensure that those who need it most continue to receive the service	0	125,000	125,000	125,000	0.00	0	Determine the exact number of clients affected and advise them of the change in eligibility criteria.

Ref	Option	Savings achieved in 2016/17 (£)	Savings achieved in 2017/18 (£)	Savings achieved in 2018/19 (£)	Savings achieved in 2019/20 (£)	Staffing implications (total)	Spend required to implement (£)	Detail of implementation required to achieve the saving, including information of any spend required
SO16	Review the provision of Christmas trees with an emphasis on West Dunbartonshire's major towns	0	10,000	10,000	10,000	0.00	0	Reduction in number of Christmas trees, to provide trees only in one location per main town
SO17	Review the weed control programme to identify efficiencies	0	30,000	30,000	30,000	0.00	0	Reduce level of weed-killing to reduce costs
SO18	Cease providing festive lighting on several local roads during Christmas	0	10,000	10,000	10,000	0.00	0	Do not instruct works, engage with community and business groups to self fund and mange the christmas lighting.
SO19	Identify and train community groups to undertake the provision of school crossing patrols on non-statutory junctions ie. where pedestrian crossings exist. OPTION TO SO20	0	160,000	160,000	160,000	45.00	0	Replacement of current post holders with community volunteers
SO20	Bring the school crossing patrol service into line with current national guidance by withdrawing patrols from junctions where pedestrian crossings exist. OPTION TO SO19	0	25,000	25,000	25,000	13.00	0	Could be achieved through natural reduction in staffing which would reducer annual saving to £4,000 per annum or by VER. 13 posts affected. This option cannot be achieved in conjunction with option RS4
SO21	Review school menus to offer more cold options instead of hot meals	0	75,000	100,000	120,000	TBC	0	The Council currently provides hot school meals 5 days per week, when there is no statutory duty to provide a hot meal. Replacing a hot meal service on a Friday with a sandwich meal including salad/fruit prepared on Thursday and refrigerated overnight would deliver a saving of £75,000 in 2017/18. Discussions would be required with Education Staff regarding distribution of sandwich lunch on Friday.
SO22	Introduce water as an accompaniment to primary school meals instead of milk or diluted fruit juice in line with national guidance issued to local Councils. All primary school pupils will continue to receive free milk daily at other times	0	55,000	55,000	55,000	0.00	0	This option protects the free school milk provision to all eligible pupils made by Education, and only relates to lunchtime provision. We currently provide milk 4 days per week and diluting juice 1 day per week as an accompaniment to school lunches. This is in addition to the statutory requirement to provide water. The proposal is therefore to review the provision of milk and diluting juice with school lunches. Many other authorities have implemented this option previously

Ref	Option	Savings achieved in 2016/17 (£)	Savings achieved in 2017/18 (£)	Savings achieved in 2018/19 (£)	Savings achieved in 2019/20 (£)	Staffing implications (total)	Spend required to implement (£)	Detail of implementation required to achieve the saving, including information of any spend required
SO23	Cease the historic practice of providing a free school meal to education staff performing a supervisory role	0	33,000	33,000	33,000	0.00	0	We currently provide 33,200 free school meals per annum to Education staff who are present in dining rooms to supervise the lunch service - these staff do not pay for their lunch therefore there is a cost to Facilities Management for providing this service - no recharge is made to Education
SO24	Review the charges for special uplifts in line with other Councils with a likely increase from £17.54 to £35.00 per uplift	0	24,700	24,700	24,700	0.00	0	A previous survey of Councils in Scotland charging for the special uplift of bulky household waste identified that 23 of 32 Council's charge with no exemptions made. Of those remaining two Councils offer a free of charge service; one Council charges owner occupiers but offers a free of charge service to tenants; and six Councils offer a limited number free of charge uplifts to householders and then apply a charge. WDC charges significantly below the average charge of £28.87 .It is proposed that the WDC charge of £17.54 per uplift is increased to a rate of £35.00 per uplift from 1 April 2017. It should be noted that householders can dispose of bulky household waste at the Council's household waste recycling centres without free of charge.
SO25	Review of the annual payments made by Working4U to other bodies	0	51,000	51,000	51,000	0.00	0	Reduction of 7.5% in payment to external organisations who provide advice based services. This is a modest reduction compared to the efficiencies that similar Council services have made in recent years.
SO26	Review the Town Centre Regeneration budget, in line with the new provision of significant capital investment for regeneration	N	20,000	20,000	20,000	0.00	0	The Council has created a major regeneration fund which has prioritised investment in town centres in West Dunbartonshire. This reduces the need for the full budget allocated to the historic Town Centre Regeneration budget. Some of these savings would come from a review of CCTV contributions.
SO27	Review of Community Childminding Budget	15,000	15,000	15,000	15,000	0.00	0	Reduction in budget
SO28	Following low-levels of demand withdraw out-of-hours care provision at Lennox, Clydebank Family Centre, and Linnvale	0	70,538	71,243	71,956	10.00	0	Consultation with staff/parents/trade unions
SO29	5% Reduction in DMR budgets	0	41,667	50,000	50,000	0.00	0	Reduction in budget
SO30	Review of Supported Study Programme across Primary and Secondary schools	0	120,000	140,000	140,000	0.00	0	Reduction in budget
		25,000	1,761,425	1,823,143	1,844,038	39.00	0	

WEST DUNBARTONSHIRE COUNCIL**Report by Strategic Lead – Housing & Employability****Council: 26 October 2016**

Subject: Funding to Community Organisations for Business Stream Water Charges

1. Purpose

- 1.1** The purpose of this report is to provide Council with information in relation to the impact of Scottish Water charges on community organisations, tenants associations and community halls.

2. Recommendations

- 2.1** It is recommended that Members review the risks outlined in this report and agree to:
- Establish a fund of £10,000 from reserves to support affected groups with Scottish Water Business Stream charges;
 - Support affected groups to pursue registered charity status to ensure future exemption from charges; and
 - Authorise the Strategic Lead – Resources to write to the appropriate Scottish Government Minister on this issue; highlighting the risk to community organisations.

3. Background

- 3.1** At a special Council meeting on 5 October 2016, a motion was presented regarding the charging of community organisations, specifically tenants associations, for business stream rates by Scottish Water. This is a recent issue, with tenants' organisations raising the issue with Members and officers.
- 3.2** The charges applied to these organisations are as a result of a change in legislation, following the Water and Sewerage Services to Dwellings (Collection of Unmetered Charges by Local Authority (S) Order 2014. This has resulted in non-domestic properties now being liable for water charges unless registered as a charity.
- 3.3** Community organisations and tenants' associations that are not already registered as a charity, and which have premises have now started to receive business stream bills from Scottish Water.

4. Main Issues

- 4.1** A number of tenants associations and community organisations utilise property provided by the Council, either through a lease or provision of a community flat or similar property. An indicative list of these groups has been prepared, although this is not an exhaustive list as it is reliant on databases developed for other purposes.
- 4.2** Running costs for these organisations are traditionally low. To date they have been exempt from these water charges. The change following the 2014 Order detailed above has only recently resulted in bills being issued to associations and organisations in West Dunbartonshire.
- 4.3** A number of tenants associations are supported by the Tenant Participation Team. These groups utilise community flats provided through the tenant participation budget. To date two of these organisations have been supported, through the tenant participation budget, to pay the bills issued by Scottish Water. A further four have yet to confirm the charges received and clarify if financial support is required.
- 4.4** In addition to these tenants associations there are a number of community managed halls which may be in the same position along with additional tenants groups not currently supported by the tenant participation team.
- 4.5** The initial scoping of affected groups has identified at least 14 groups and organisations that may be affected by the 2014 order and liable for business stream charges. It is likely that this number will be higher following further work. Based on the bills known and paid it is estimated that each organisation may be liable for an annual charge of around £500, however there may also be additional historical charges applied.
- 4.6** These groups do not have recurring funding and could not have anticipated the charges. To manage the impact in future council officers will be working with the groups and organisations to pursue charitable status where this is not already in place. However this may not be a suitable route for all organisations, meaning they have a recurring funding deficit going forward and a need to secure long term sustainable funding to meet this.
- 4.7** As a short term measure to support these organisations and groups to scope future options it may be helpful to these groups to establish a small fund to cover business stream costs. Eligibility would be restricted to community organisations running community venues on behalf of a defined neighbourhood – namely tenants associations and community hall management committees. While this fund could be used to provide crisis support to the groups in question, further work should also be done to identify alternative funding routes.
- 4.8** The changes to exemption criteria following the 2014 order will have an impact on community organisations and tenants' associations across Scotland

and pose a risk to the future of active community representation through these groups. It is suggested that the concerns of the Council should be provided to the relevant Minister in Scottish Government to highlight this significant risk.

5. People Implications

- 5.1** There are no personnel issues associated with this report.

6. Financial and Procurement Implications

- 6.1** The establishment of a fund specifically to support the affected groups would require to be funded from Council reserves. Based on the information known it is recommended that a fund of £10,000 is established.
- 6.2** There are no procurement implications arising from this report.

7. Risk Analysis

- 7.1** There is a risk to the positive dialogue provided through these representative community organisations if this funding is not provided. If a long term solution cannot be found to meeting these new charges the organisations may not be able to continue to function.

8. Equalities Impact Assessment (EIA)

- 8.1** The eligibility criteria for access to the fund will require to be impact accessed to ensure no groups are directly or indirectly disadvantaged.

9. Consultation

- 10.1** This report has been prepared in consultation with the finance and tenant participation teams.

11. Strategic Assessment

- 11.1** The existence of these community organisations and tenants' associations supports the council to deliver on its strategic priority of improving the well-being of communities and protecting the welfare of vulnerable people.

Peter Barry

Strategic Lead- Housing & Employability

14 October 2016

Person to Contact: Amanda Coulthard, Corporate & Community Planning Manager
Amanda.coulthard@west-dunbarton.gov.uk

Appendices: None

Background Papers: Special Council 5 October 2016 – motion
Wards Affected: All