Agenda

NOTE: This agenda has been replaced by the version issued on 22 March 2019

Meeting of
West Dunbartonshire Council

Date:	Wednesday, 27 March 2019
Time:	14:00
Venue:	Civic Space, Council Offices, 16 Church Street, Dumbarton
Contact:	Christine McCaffary Tel: 01389 737186 – christine.mccaffary@west-dunbarton.gov.uk

Dear Member

Please attend a meeting of **West Dunbartonshire Council** as detailed above. The business is shown on the attached agenda.

Yours faithfully

JOYCE WHITE

Chief Executive

Distribution:-

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

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

Date of issue: 14 March 2019

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WEST DUNBARTONSHIRE COUNCIL

WEDNESDAY, 27 MARCH 2019

AGENDA

1 STATEMENT BY CHAIR – AUDIO STREAMING

The Chair will be heard in connection with the above.

2 APOLOGIES

3 DECLARATIONS OF INTEREST

4 MINUTES OF PREVIOUS MEETING 7 – 17

Submit for approval as a correct record, the Minutes of meeting of West Dunbartonshire Council held on 14 February 2019.

5 OPEN FORUM

The following question has been submitted.

Mrs Rose Harvie, Dumbarton – Climate Change

Context: I am aware that WDC has appointed an officer to represent the Council on Climate Ready Clyde. This organisation represents all the local authorities within the Clyde and Loch Lomond areas, which are likely to be affected by climate change. I have read all the documents in the CRC website with great interest. These detail the various mechanisms by which local authorities are planning to adapt their communities to the threats of rising sea and river levels. If global temperatures are not reduced in line with internationally agreed and recommended targets, it is predicted that large areas at sea level will be subjected to flooding. There is a great deal about adaptation to climate change, but very little mention about mitigation, that is prevention, in the CRC documents.

Climate Change is the greatest threat to the planet. While adaptation to its effects is of course of vital importance, climate change scientists recommend stringent and urgent measures of mitigation, to reduce carbon and other harmful emissions.

Question: What measures is WDC considering, not only to adapt to climate change, but to help prevent it; and would the Council consider setting up a 'working group', of Councillors, officers, representatives of community groups etc.

to consider possible mitigation measures, so that our grandchildren do not look back at our generation and say of us 'they knew what to do, but they did not do it.....'?

6 GENERAL SERVICES – BUDGETARY CONTROL REPORT TO 28 FEBRUARY 2019 (PERIOD 11) **To Follow**

Submit report by the Strategic Lead – Resources advising on the General Services revenue budget and the approved capital programme to 28 February 2019 (Period 11).

7 HOUSING REVENUE ACCOUNT – BUDGETARY CONTROL REPORT TO 28 FEBRUARY 2019 (PERIOD 11) **To Follow**

Submit report by the Strategic Lead – Housing & Employability providing an update on the financial performance to 28 February 2019 (Period 11) of the HRA revenue and capital budgets.

8 GENERAL SERVICES BUDGET PREPARATION 2019/20 TO 2021/22 – BUDGET UPDATE AND BUDGET SETTING 2019/20 **19 - 58**

Submit report by the Strategic Lead – Resources on the above.

9 CAPITAL STRATEGY 2019/20 TO 2028/29 **59 - 89**

Submit report by the Strategic Lead – Resources providing the capital strategy for the period 2019/20 to 2028/29.

10 PRUDENTIAL INDICATORS 2018/19 TO 2025/26 AND TREASURY MANAGEMENT STRATEGY 2019/20 TO 2028/29 **91 - 127**

Submit report by the Strategic Lead – Resources seeking approval of the proposed Prudential Indicators for 2018/19 to 2021/22 and Treasury Management Strategy (including the Investment Strategy) for 2019/20 to 2021/22.

11 DUMBARTON COMMON GOOD FUND BUDGET UPDATE 2019/20 **129 - 132**

Submit report by the Strategic Lead – Resources providing an update on the Dumbarton Common Good budget and seeking approval for a revised budget for 2019/20.

12 NOTICE OF MOTION

(a) Motion by Councillor Iain McLaren – Scottish Property Awards

Council notes the award presented at the 2019 Scottish Property Awards for "Regeneration Project of the Year" in recognition of the outstanding work undertaken to redevelop the former Dumbarton Academy building into new offices for the Council.

Council congratulates our staff, our partner Hub West Scotland and all involved in the project for their achievement, and thanks them for their excellent efforts and hard work in bringing this project to fruition.

WEST DUNBARTONSHIRE COUNCIL

At the Meeting of West Dunbartonshire Council held in the Council Chamber, Town Hall, Dumbarton Road, Clydebank on Thursday, 14 February 2019 at 2.03 p.m.

Present: Provost William Hendrie, Bailie Denis Agnew and Councillors Jim Bollan, Jim Brown, Karen Conaghan, Ian Dickson, Diane Docherty, Jim Finn, Daniel Lennie, Caroline McAllister, Douglas McAllister, David McBride, Jonathan McColl, Iain McLaren, Marie McNair, John Millar, John Mooney, Lawrence O'Neill, Sally Page and Martin Rooney.

Attending: Joyce White, Chief Executive; Angela Wilson, Strategic Director – Transformation & Public Service Reform; Richard Cairns, Strategic Director – Regeneration, Environment & Growth; Beth Culshaw, Chief Officer, West Dunbartonshire Health & Social Care Partnership; Peter Hessett, Strategic Lead – Regulatory (Legal Officer); Stephen West, Strategic Lead – Resources; Laura Mason, Chief Education Officer; Victoria Rogers, Strategic Lead – People & Technology; Malcolm Bennie, Strategic Lead – Communications, Culture & Communities; Jim McAloon, Strategic Lead – Regeneration; Peter Barry, Strategic Lead – Housing & Employability;; Gillian McNeilly, Finance Manager; and Christine McCaffary, Senior Democratic Services Officer.

Also Attending: Carol Hislop, Senior Audit Manager and Zahrah Mahmood, Senior Auditor, Audit Scotland.

Apologies: Apologies for absence were intimated on behalf of Councillors Gail Casey and Brian Walker.

Provost William Hendrie in the Chair

STATEMENT BY CHAIR – AUDIO STREAMING

The Provost advised that the meeting was being audio streamed and broadcast live to the internet and would be available for playback.

URGENT ITEM OF BUSINESS

The Provost advised that he had received and accepted a request from Councillor McColl for an urgent item of business to be considered in connection with Balloch Road West Phase 1 works and that this would be considered after the last item of business on the agenda.

DECLARATIONS OF INTEREST

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

MINUTES OF PREVIOUS MEETING

The Minutes of Meeting of West Dunbartonshire Council held on 19 December 2018 were submitted and approved as a correct record.

MINUTES OF AUDIT COMMITTEE

The Minutes of Meetings of the Audit Committee held on (a) 26 September 2018; and (b) 12 December 2018 were submitted and approved as correct records.

OPEN FORUM

The Council noted that no open forum questions had been submitted by members of the public.

GLASGOW CITY DEAL CITY REGION - UPDATE

A report was submitted by the Strategic Lead – Regeneration advising of the progress with the implementation of the Glasgow City Region, City Deal.

After discussion and having heard the Strategic Director – Regeneration, Environment & Growth, the Council agreed:-

(1) to note the progress of the Glasgow City Region (GCR) City Deal; and

(2) to note the draft Glasgow City Region – Regional Skills Investment Plan (RSIP).

REVIEW OF PLANNING AUTHORITY SCHEME OF DELEGATION

A report was submitted by the Strategic Lead – Regulatory seeking approval of a revised Scheme of Delegation.

Councillor Docherty, seconded by Councillor McColl moved:-

> That the first and third references to Committee in paragraph (4) of Appendix 3, Planning Hearing – Procedure for Planning Committee, be changed to Chair.

As an amendment Councillor Bollan, seconded by Councillor Douglas McAllister moved the recommendation contained in the report.

Following discussion and with Councillors Docherty and McColl's agreement, the motion was withdrawn.

The Council then agreed to approve the recommendation in the report that the proposed new scheme of delegation, as shown as Appendix 2 to the report, be referred to the Scottish Ministers for approval.

GENERAL SERVICES BUDGETARY CONTROL REPORT TO 31 DECEMBER 2018 (PERIOD 9)

A report was submitted by the Strategic Lead – Resources advising on the General Services revenue budget and the approved capital programme to 31 December 2018 (Period 9).

The Council agreed:-

(1) to note that the revenue account currently shows a projected annual favourable variance of £0.044m (0.02% of the total budget); and

(2) to note that the capital account shows that planned expenditure and resource for 2018/19 is lower than budgeted by £27.062m (32.32% of the budget), made up of £27.365m relating to project slippage, partially offset by £0.302m relating to an in year overspend.

HOUSING REVENUE ACCOUNT BUDGETARY CONTROL REPORT – TO 31 DECEMBER 2018 (PERIOD 9)

A report was submitted by the Strategic Lead – Housing & Employability providing an update on the financial performance to 31 December 2018 (Period 9) of the HRA revenue and capital budgets.

The Council agreed:-

(1) to note the contents of the report which shows a projected favourable revenue variance of £0.061m (0.1%); and

(2) to note the net projected annual position in relation to relevant capital projects which is highlighting a variance of £8.044m (24.6%) due to projected slippage of £8.637m (25.9%) and an overspend of £0.593m (-1.8%).

COUNCIL TAX SETTING 2019/20 AND BUDGET UPDATE 2019/20

A report was submitted by the Strategic Lead – Resources providing an update in relation to the budget process for 2019/20 to 2021/22 and seeking Members' approval to set the Council Tax for 2019/20.

Councillor Dickson, seconded by Councillor McColl moved:-

> Council notes the current estimates and agrees the recommendations at 2.1 of the report.
>
> Council further agrees to set a Council Tax band D level of £1,233.83, which represents a 3% increase.
>
> Council recognises the on-going budget challenges in future years and officers will continue to present members with options to reduce our costs going forward, however ….
>
> Council notes that thanks to an increased settlement from the Scottish Government and excellent work from our officers across departments, West Dunbartonshire Council will be in a position to set a balanced budget on 27th March 2019, without implementing any of the savings options from the officers' savings options list.
>
> Council would like to particularly thank our Resources Strategic Lead, Stephen West and our Finance Manager, Gillian McNeilly, and their team for their continuing work on finalising the revenue estimates in 2019/20.
>
> With no savings options required to balance the budget, Council agrees that there is no need to hold a public consultation and agrees that officers will continue to work on finalised figures for the March 27th budget setting meeting.

As an amendment Councillor Rooney, seconded by Councillor McBride moved:-

> This Council thanks officers for the report at Item 11 of the Council which sets out the various changes that have taken place since the December Council meeting and the various options now open to elected members.
>
> Council also notes that as a result of Barnet consequential the Scottish Government will receive a budget increase in 2019/20 of around £950m from the UK Government.

At the same time the Scottish Government is failing to properly fund Scottish Councils.

As a consequence, The Scottish Government Grant to West Dunbartonshire will be reduced by 1.56% in 2019/20. If inflation is taken into account this is a real terms cut of between 3% and 4%.
West Dunbartonshire Council does not accept another year of SNP cuts and agrees the only way that this Council's financial situation will improve is through fair funding from the SNP Government.

In November opposition councillors called on the Leader of the council to go back to the Scottish Government for a fair deal for West Dunbartonshire.

In December, the SNP Councillors called on the Council Leader to hold "high level discussions" with the Scottish Government.

Excerpt from SNP Motion 19th December 2018:

"The Scottish Government budget consultation remains open until January 11th 2019, and Council notes that while COSLA lobbying continues, the Leader of the Council will also be having high level discussions with the Scottish Government on behalf of West Dunbartonshire Council; Council fully supports the Leader of the Council to lobby on our behalf and asks Council officers and other members to provide appropriate assistance when required."

As can be seen below, the Leader of the council failed to act upon the Council instruction.

SCOTTISH PARLIAMENT WRITTEN ANSWER, 5 February 2019, Index Heading: Education, Communities and Justice

Jackie Baillie (Dumbarton) (Scottish Labour): To ask the Scottish Government whether the Cabinet Secretary for Finance, Economy and Fair Work has met Councillor Jonathan McColl of West Dunbartonshire Council in the last six weeks to discuss the budget and, if so, when; what was discussed, and what additional funds he has agreed to commit to the local authority.

Kate Forbes: The Cabinet Secretary for Finance, Economy and Fair Work has not met Councillor Jonathan McColl, Leader of West Dunbartonshire Council, to discuss the budget in the last six weeks. Negotiations on the annual local government finance settlement are conducted between the Scottish Government and COSLA, on behalf of all 32 local authorities, including West Dunbartonshire Council.

Given the above this council agrees:

- To reject the Management Adjustments presented to the November Council meeting totalling £2.239m;

- To reject the savings options presented to the December Council totalling £1.717m; and
- To agree to set the 2019/20 Council Tax at **3%** as per the November 2018 assumption resulting in a Band D council Tax of £1,233.83 for 2019/20.

Council notes that the updated projected cumulative funding gap for 2019/20 is now £4.173m which takes account of the new Management Adjustment to save £150k through the better management of the costs of overtime. This Council accepts the new £150k overtime saving which has a full year effect of £300k.

In rejecting the November Management Adjustments the budget gap is increased by £2.239m to £6.412m. However, the Change Fund is restored to £1.5m which could be used to help close the budget gap.

The Council notes that there are a number of variables and that we still have a responsibility to close the budget gap in 2019/20and in order to do so this Council agrees the following:

ITEM	AMOUNT	TOTAL	BALANCE
Revised Gap	0	0	-£6,412,000
Change Policy on Treatment of Capital Receipts in 2018/19	£1,700,000	£1,700,000	-£4,712,000
Change Policy on Treatment of Capital Receipts in 2019/20	£3,000,000	£4,700,000	-£1,712,000
Use of £2.8m balance of Sinking Fund monies to Offset Principal Repayments.	£445,000	£5,145,000	-£1,267,000
Use of previously un-earmarked reserves in excess of Prudential Reserve target	£426,000	£5,571,000	-£841,000
Use free un-earmarked reserves	£182,000	£5,753,000	-£659,000
Loans Fund Review 2018/19	£2,000,000	£7,753,000	£1,341,000
Loans Fund Review 2019/20	£2,000,000	£9,753,000	£3,341,000

The above means that the budget gap for 2019/20 is closed and we have over £3m available for future years.

At this point in the meeting Councillor Page, seconded by Bailie Agnew moved that the meeting be adjourned to allow consideration of Councillor Rooney's amendment.

On a vote being taken, 7 members voted to adjourn and 11 voted against an adjournment. The adjournment was not agreed therefore the meeting continued.

At the request of Councillor O'Neill the Council proceeded by way of a roll call vote.

On a vote being taken 8 members voted for the amendment, namely Councillors Bollan, Lennie, Douglas McAllister, McBride, Millar, Mooney, O'Neill and Rooney, 11 members voted for the motion, namely Provost Hendrie, Bailie Agnew and Councillors Brown, Conaghan, Dickson, Docherty, Finn, Caroline McAllister, McColl, McLaren and McNair, and 1 member abstained, namely Councillor Page.
The motion was accordingly declared carried.

HOUSING REVENUE ACCOUNT (HRA) ESTIMATES AND RENT SETTING 2019/20

A report was submitted by the Strategic Lead – Housing & Employability seeking approval of the updated HRA capital programme; the HRA revenue budget for 2019/20 and the level of weekly rent increase for 2019/20.

The Council agreed:-

(1) to note the outcome of the tenant consultation process, as detailed in Appendix 1 to the report;

(2) to note the progress made, per Appendix 2 to the report, in the HRA capital programme for 2018/19 as approved by Members at the Council meeting of 5 March 2018;

(3) the updated five year capital programme of work set out in Appendix 3 to the report inclusive of the Council's new house building programme and the overall resources to fund the programme;

(4) the revenue budget for 2019/20 as detailed in Appendix 4 to the report;

(5) the weekly rent increase for 2019/20 at an average £1.56 on a 52 week basis (£1.73 on a 47 week basis), equating to 2% to meet the planned revenue HRA budget as detailed in Appendix 4 to the report;

(6) to increase rents at the Gypsy Travellers site by the 2%;

(7) to maintain the existing level of lock-up rent levels at £5.55 per week on a 52 week basis (£6.14 on a 47 week basis) at the same levels as for 2018/19; and

(8) to note the increase in the prudential reserve target for 2018/19 (from £0.864m to £0.850m).

<u>Note</u>:- Councillor Finn left the meeting at this point.

NOTICE OF MOTIONS

(a) Motion by Councillor Jim Bollan – Request for Information

Council agrees to provide a suitably redacted full copy, to any Councillor requesting one, of the joint Police/Internal Audit report into allegations of contract Fraud and Corruption by senior Council officers. If agreed, the full suitably redacted report should be made available within 7 days of today's meeting.

During discussion, the Legal Officer reminded Councillor Bollan of the Standards Commission's Code of Conduct regarding public criticism of Council officers.

The motion was agreed.

ADJOURNMENT

Having heard the Provost, the Council agreed to adjourn the meeting for a period of 10 minutes. The meeting reconvened at 4.40 p.m. with all Members listed in the sederunt present, with the exception of Councillor Finn.

(b) Motion by Councillor Jim Bollan – Referral to Audit Scotland

Council agrees that the joint Police/Internal Audit report into the allegations of Fraud and Corruption by senior council officers will be referred to Audit Scotland and no officer implicated in the report will be allowed to leave the Council's employment voluntarily with any type of a package until Audit Scotland have reached a conclusion.

The Council agreed the motion.

(c) Motion by Councillor Sally Page - Passivehaus Standard

Councillor Page moved:-

This Council will support the future building of social and affordable homes to a Passivehaus standard.

It is understood that the current Council building programme to 2021 builds to a Scottish Silver Active Standard.

The Passivehaus standard will exceed this with the dual benefits of lower carbon emission and affordable, comfortable living.

Having heard Councillor Page agree to accept an amendment and addendum to her motion from Councillor McBride, the following adjusted motion was agreed by Council:-

This Council will explore the future building of social and affordable homes to a Passivehaus standard.

It is understood that the current Council building programme to 2021 builds to a Scottish Silver Active Standard.

The Passivehaus standard will exceed this with the dual benefits of lower carbon emission and affordable, comfortable living.

Council requrests that a report on the pros and cons of the proposal be submitted to a future meeting of the Housing & Communities Committee. The report should include the financial implications and should be subject to consultation with WDTRO.

(d) Motion by Councillor Sally Page – Fairer Settlement for Councils in Scotland

Councillor Page moved a motion on the above.

Councillor Dickson, seconded by Councillor McLaren moved:-

Council agrees that we could always use more money and we will continue to lobby the Scottish Government for the resources Council needs.

Council does however note that the Scottish Government could do much more for Councils and public services across Scotland, if they did not have to keep mitigating against damaging policies from the Tory Government in Westminster; policies deliberately targeted at the poorest and most vulnerable in our society.

Council calls on Cllr Sally Page, as Leader of the Conservative group on the Council, to write to her colleague Prime Minister Theresa May asking the UK Government to live up to its publicly stated promise to end austerity and provide Councils and devolved governments across the UK with the resources they need to provide vital local services and grow the UK economy.

Councillor McBride asked if Councillor Page was willing to accept an addendum to her motion. Councillor Page declined to accept the addendum and in view of her motion having failed to obtain a seconder it fell.

As an amendment, Councillor McBride, seconded by Councillor O'Neill then moved Councillor Page's original motion with his addendum, as follows:-

West Dunbartonshire Council acknowledges the increase in money for Scotland through the Barnett consequentials; strongly condemns the amount awarded to Local Government in the Holyrood Budget and agrees to write to the Finance Secretary to request a fairer settlement for Council's across Scotland.

In addition Council notes the Tory Government has attached public services in almost a decade of austerity. Council rejects Tory/SNP austerity and calls on both Governments to fund all public services fairly.

On a vote being taken 7 members voted for the amendment and 11 for the motion, which was accordingly declared carried.

Note:- Councillor McBride left the meeting at this point.

URGENT ITEM OF BUSINESS
BALLOCH ROAD PHASE 1 CARRIAGEWAY WORKS

Councillor McColl moved:-

> Council notes that a number of genuine concerns have been raised with Ward 1 members by local residents and businesses, regarding the work being undertaken under the Regeneration title of ‘Balloch Road West Phase 1’.
>
> For members’ reference, the budget for this work was agreed by the Infrastructure, Regeneration and Economic Development Committee at its meeting in August 2017 but the design and implementation was carried out under delegated authority and did not require planning permission due to permitted development rights applying.
>
> The concerns raised include:
>
> 1. Removal of space for approximately 4 vehicles picking up and dropping off of patrons at the Lomond Park Hotel/Glenroy Bar/Raffles Lounge/The Back Room by narrowing the road.
>
> 2. Plans to move a bus stop closer to the Roundabout at the west end of Balloch Road, which residents and local members feel may not be optimal due to a tight swept path analysis.
>
> 3. Removal of space used for on street parking outside residential properties to narrow the road at the junction with Drumkinnon Gate Residential Estate.
>
> After considering these concerns Officers, under delegated authority, have agreed to amend the scheme to resolve these issues as follows:
>
> 1. Discussions are taking place with taxi operators with a view to formalising a taxi rank in the vicinity to allow safe pick up and drop off of licensed premises’ patrons, particularly in relation to the operation of late night entertainment venues.
>
> 2. The bus stop will be more appropriately located, further back from the roundabout but still adjacent to the build-out to meet new disability access requirements.

These amendments to the original scheme will not incur any additional costs as no construction changes are required.

Council thanks the officers involved for their positive engagement with local elected members to understand local concerns and for having a shared vision of delivering the best outcome for local residents and potential visitors to Balloch village.

The outstanding issue cannot be resolved under delegated authority, therefore Council agrees to authorise £16.5k spend from free reserves for the following work:

3. Removal of the road narrowing build-outs at the junction with Drumkinnon Gate Residential Estate, and reinstatement of the original road/footpath layout.

Council further agrees that local elected members must be given the opportunity to be consulted on the detail of certain construction work (to be defined by Committee in the future) in their ward that will be carried out under delegated authority, prior to any report being brought to Committee for a funding decision. Officers will bring a report to a future Infrastructure, Regeneration and Economic Development Committee with a view to agreeing a protocol/process for this to happen.

The Council agreed the motion.

The meeting closed at 5.20 p.m.

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Council: 27 March 2019

Subject: General Services Budget Preparation 2019/20 to 2021/22 – Budget Update and Budget Setting 2019/20

1. Purpose

1.1 To provide Members with an update in relation to the budget process for 2019/20 to 2021/22.

1.2 To provide Members with information in relation to the proposed updated capital plan and its relationship with the revenue budget, seeking approval of the update to the plan.

1.3 To provide Members with an update on a review of charging undertaken by officers with options for increasing charges.

1.4 To seek Members approval to set the General Services revenue and capital budgets for 2019/20 through approval of options to close the 2019/20 budget gap.

2. Recommendations

2.1 Members are asked to:

(a) Note the updated projected cumulative funding gaps as: 2019/20 £5.060m; 2020/21 £13.109m; and 2021/22 £20.473m (para 4.7.1);

(b) Note that elements of the above projections remain subject to funding confirmation in relation to the potential costs of the teachers' pension scheme employer contributions from 2019/20 onwards;

(c) Note the range of budget options available to Council in setting the budget and closing the projected gap as detailed in Appendix 1;

(d) Agree any changes to the Council's charging policy based on the information on options provided at 4.2 in the report and Appendices 2 and 3;

(e) Note the updated position regarding projections for the revenue budget in 2018/19 as identified at 4.3 in this report;

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

(g) Note the projected outturn position for capital for 2018/19 as detailed in Appendix 4 including information in relation to the re-profiling of a number of projects and resources into future years;

(h) Agree the proposed updated capital plan from 2019/20 as detailed in at 4.5 in the report and Appendices 5 and 6 including approval of the recurring projects for 2019/20 to 2021/22 to allow officers to effectively plan ahead and new projects within the capital plan as detailed at 4.5.2 and 4.5.3 in this report; and

(i) Agree the options to be taken to set the General Services Revenue budget for 2019/20 noting the significant projected funding gaps for the next 2 financial years identified at 4.7 in this report and that officers will generate options to reduce costs for future consideration.

3. Background

3.1 Council on 14 February 2019 agreed to:

- Set the Council Tax for financial year 2019/20 at 3%; and
- Set the budget at Council on 27 March 2019 with no further savings options to be considered.

3.2 The Scottish Government has progressed its budget through the parliamentary process without any further amendments to the local authority settlement for 2019/20 from those that were advised to Council on 14 February 2019.

3.3 The following funding gaps were reported to the February 2019 Council:

- 2019/20 £4.173m;
- 2020/21 £11.961m; and
- 2021/22 £19.225m.

3.4 These gaps would require to be met from implementation of savings options and/or from reserves. As no savings options are to be considered per Council decision there remains the options provided to February 2019 Council around the use of reserves, capital receipts, etc.

3.5 Within the Long-term Finance Strategy reported to Council in November 2018 Members were advised that officers were reviewing charges to identify options for potentially raising additional income through charging changes over the existing assumed 4% uplift. This was being undertaken as part of the work being done to consider Commercialisation options.

3.6 The report in November 2018 identified the following funds available to the Council as at 31 March 2018:

	£m
Reserves	**10.975**
Of which:	
Earmarked	6.671
Unearmarked	4.304
Prudential Target	**4.122**
Projected Free Reserves	**0.182**
Provision – for Equal Pay settlements	**0.317**

4. Main Issues

4.1 Scottish Government Settlement to Councils 2019/20

4.1.1 As was reported to February 2019 Council a letter received on 31 January 2019 provided additional funding and additional flexibilities for councils in setting their budgets for 2019/20. Of these the flexibility to offset their adult social care allocations to Integration Authorities in 2019-20 by 2.2% compared to 2018-19 remains available to Council in consideration of its revenue budget for 2019/20.

4.1.2 The letter also advised, in relation to the Teacher Pensions Fund employer contributions increase from 2019/20, that the UK Government has committed to part fund the additional costs and the Scottish Government has committed to pass on the UK Government funding to Councils. The letter also advises that Scottish Government analysts have determined that the cost increase estimated by Council as 33% is too high and should be 21%.

4.1.3 The letter advises, in relation to the potential for Councils to implement a change in policy in relation to a Loans Fund Review the letter states that the Cabinet Secretary:

"*intend(s) to bring forward as early as I can (early in the new financial year) changes to legislation which will allow Councils to vary loans fund repayments for advances made before 1 April 2016. Changes to repayments must be based on prudent principles and we will work with COSLA and Audit Scotland to reach a solution*."; and

4.1.4 The letter also advises that the Scottish Government has committed to:

"*subject to the successful outcome of negotiations with teachers, the Scottish Government will fully fund its contribution to the cost of the Teachers' Pay deal, providing local authorities with the additional funding required to meet our share of the pay offer.*".

4.1.5 In relation to the change in the settlement offer described at 4.1.1 above the change to funding rules between Councils and HSCPs would allow the Council to reduce the level of funding to HSCP by £0.850m (based on 1.7% of

£50m), this figure replacing the figure provided to Council in December 2018 of £0.477m.

4.1.6 In relation to teacher pension costs, since the December 2018 Council information has been received that the UK Government will not provide funding for the whole change to the pensions costs. The changes are in two parts:

- Discount rate applied reducing from 3% to 2.8% - advised that this will not be funded; and
- Discount rate further reduced to 2.4% - this is expected to be funded.

The assumptions used in generating the gap at February 2019 Council were that all costs for the move from 2.8% to 2.4% would be funded.

Since the February 2019 clarification on the meaning of the wording within the letter received on 31 January 2019 mentioned at 4.1.2 above has been received. This confirms that the expectation remains as described at 4.1.2 above. There remains a risk that this element does not receive full funding and in order to be prudent £0.500m has been added to the budget to mitigate against this risk.

4.1.7 In relation to the Council's contribution to the HSCP for 2019/20, as was reported to November 2018 Council; the current policy set within the Long-term Finance Strategy is that the contribution would be set in relation to the Council's funding position from the Scottish Government. Following the improved funding from the Scottish Government on 31 January 2019 the Council's contribution to the HSCP would increase by £0.338m, this being partially offset by a reduction in specific funding for Free Personal Care for people under 65 of £0.046m. This will change the payment to the HSCP for 2019/20 to £67.813m.

4.2 Charging Review

4.2.1 As noted at 3.5 above, officers have been reviewing charges as part of the Commercialisation target within the draft budget book. The assumption within the growth in the Commercialisation target from £0.250m in 2018/19 to £0.500m in 2019/20 is that increase of £0.250m would be achieved through the review of charges.

4.2.2 Council last considered and agreed changes to the charging policy at Council on November 2009. Since then charges have generally increased by an agreed annual uplift as agreed by subsequent Council decisions in approving annual updates to the Long Term Financial Strategy. This was the case in agreeing the Long Term Finance Strategy at November Council which approved a 4% increase.

4.2.3 Officers have analysed benchmarking information on charges from 24 Scottish Local Authorities (including West Dunbartonshire) in November 2017. This review has identified that for a number of charges West Dunbartonshire was in the top quartile for charges. However there are a number of charges where, depending on flexibility of demand against price, there is an opportunity to increase charging income based on the cost of service delivery (i.e. for service areas where charges currently do not recover the cost of delivery). The total potential additional income for these options at the time of this benchmarking was estimated at £0.350m per annum by increasing charges beyond inflation to recover the cost of service delivery.

4.2.4 The benchmarking information received in November 2017 did not provide officers with sufficient time to undertake a full costing review and identify options for charging changes for the 2018/19 budget. During the budget setting process to date for 2019/20 a review of the sales, fees and charges levied was undertaken. This review has identified that most services that the Council charges for are not recovering the cost of service delivery. Some services require to be provided by the Council without direct charge, e.g. Children's education; some are charged on a statutory basis, e.g. Central Government set (or cap) the charge; though some remain within Council control.

4.2.5 In undertaking the review consideration was given to:

- What is the level of budgeted income anticipated?
- Is the charge a statutory charge (i.e. set by legislation outwith Council control)?
- Is the charge likely to be one which affects equalities groups?
- What is the current price charged versus current cost to the Council to provide the service?
- Is there full cost recovery where this is within the control of the Council?
- What has the historic impact on demand been, following previous price increases, where this is known?
- What do other local authorities or other bodies charge for a similar service, where comparable?

4.2.6 Other than charges that are outwith the control of the Council or capped by guidance, it is possible for the Council to set prices for other charges that are higher than the cost of provision, though care would need to be taken in terms of competitiveness of such charges in the local market and the potential for drops in uptake.

4.2.7 Following the review by officers, options for charging changes have been identified within Appendix 2 together with Appendix 3 which provides some comparator information. Officers have identified options for consideration for each charge area as follows:

- A simple 10% increase in charges over and above the 4% already agreed from the Long Term Finance Strategy – if applied is estimated to increase income by £0.413m;
- A full cost recovery position – if applied is estimated to increase income by £3.137m; and

- A recommended increase based on consideration of a realistic increase and price sensitivity on demand – if applied is estimated to increase income by £0.638m.

4.2.8 Within the appendix there are a number of charges identified for the HSCP. Under legislation the responsibility for setting charges for social care services remains with the local authority rather than the Integration Joint Board. As a result all social care current charges are included within this review. In addition HSCP have identified two new charges for: Sheltered Housing Community Alarms; and Day Services charge for Physical Disabilities; and a proposed change of approach for Learning Disabilities and Elderly Day Services. £0.377m of the proposed charging changes for HSCP on the appendix are derived from HSCP savings options and if agreed would assist in closing the HSCP budget gap.

The remaining options are therefore valued at £0.261m and are in excess of the expected £0.250m.

4.2.9 It should be noted that the Appendix only illustrates potential based on the three options for each charge as described at 4.2.7, and Members can choose any of these or an alternative, including a no change option. A no change option if applied to all would increase the budget gap by £0.250m, as other Commercialisation options being developed are not yet available for consideration. It should be noted that any increase may affect the Council's ability to increase charges in future years.

4.2.10 In relation to benchmarking with other Councils, some charges set by other local authorities were not always on a like for like basis, and some councils did not provide information to some or all of the charges in the review. This resulted in some difficulties in considering how competitive the Council's charges were.

4.2.11 In reviewing and agreeing revised charges, Members will wish to consider:

- The potential effect on demand (highlighted within Appendix 2, where identified);
- The potential effect on those residents/ service users within equalities group, or who may have difficulty in paying and be left vulnerable; and
- Where the Council sits in comparison to charges set by other local authorities or local competitors.

4.3 <u>Budgetary Control Projection for 2018/19</u>

4.3.1 Since the last Council meeting in February 2019 officers have produced an updated budgetary control position for 2018/19. A separate report on this subject is submitted to this meeting and shows a projected year-end favourable position of £0.118m.

4.4 <u>Review of Reserves and Provisions</u>

4.4.1 Based on the updated budget for 2019/20 officers have revised the Prudential Target to £4.192m. This requires an additional £0.070m to be retained as free reserves in setting the budget.

In considering the target and the policy and reserves of the WDC HSCP, as the Council's contribution to the HSCP is seen as a requisition then, based on the end position at 31 March 2018 and based on current budgetary control reports presented to the HSCP Board, the HSCP had insufficient reserves to have a material impact on the Council's consideration.

4.4.2 Officers have revised the reserves and provisions since the Long-term Finance Strategy was reported to Council in November 2018 and the updated position is as follows:

- Officers have reviewed the required Equal Pay provision and the current provision of £0.317m remains appropriate; and

- Earmarked funds have been reviewed as and it has been identified that three previously earmarked reserves are no longer required, valued at £0.426m; the remaining earmarked funds have either been spent or continue to be required for the purposes originally identified. Information on this is provided as Appendix 1.

The above is summarised in the following which shows the projected levels of reserves and provisions held by the end of 2018/19:

<u>Unearmarked Reserves</u>	**£m**
Position at 31/3/18	**4.304**
<u>Changes</u>	
Budgetary control projection 2018/19	0.118
Council Decisions 2018/19: Use of reserves	-0.114
Projected Unearmarked Reserves at 31/03/19	**4.308**
Prudential Target for 2019/20	4.192
Projected Free Unearmarked Reserves	**0.116**

4.4.3 Should Members identify efficiencies or growth options to be funded from reserves, then the Prudential Reserve level should be considered. This level of free reserves is considered to be the free reserve level which the Council should not plan to be below.

4.4.4 Our external auditors in their annual report following the audit of the Council's accounts for 2017/18, identified that the Council has low levels of reserves compared to other Councils in Scotland, and suggested that Members would wish to consider this position. It would be possible to increase the level of reserve in the Council's prudential policy to be higher than 2%.

4.4.5 In terms of the adequacy of reserves – the prudential level of reserves is viewed as being an adequate level to deal with any financial shocks to the budget, based on previous experience and future expectations specifically in relation to income streams. As can be seen the level of projected reserves is significantly above the prudential level and are therefore judged as being adequate.

4.5 Capital Plan Update

4.5.1 At Council on 5 March 2018 an update of the 10 year capital plan was approved. Officers have reviewed the plan to update it recognising progress made and any re-phasing of projects and anticipated funding that have been necessary, as detailed in Appendix 4. In addition a small number of new projects are proposed for inclusion in the plan from 2019/20. The result of this update is shown as Appendix 5 (spend) and Appendix 6 (resources) to this report and the new loan charges reflect the values anticipated within the draft budget book as adjusted by the changes made to the gap projections in December 2018 and February 2019 and the effect of new projects are shown below in 4.5.2.

4.5.2 Included in Appendix 5, are a number of new projects identified during the budget preparation process which have been agreed by the CMT to be recommended for approval by Council. These are listed in the table below and will have an effect on the draft revenue budget of £0.0.40m from 2020/21 with offsetting revenue savings of £0.080m, so a net saving of £0.040m, if approved:

Ref	Project Name	Value 19/20 (£m)	Project Life Value (£m)
1	Road Upgrade - B857 Main St Renton	0.210	0.420
2	Road Upgrade - A814 Glasgow Rd Dumbarton Phase 1	0.250	0.550
3	Road Upgrade - Townend Rd Dumbarton	0.200	0.200
4	Spend to Save - Water Meter Downsize	0.016	0.016
5	Spend to Save - Urinal Controls	0.045	0.045
6	Spend to Save - Electricity Automatic meters	0.028	0.028
7	Spend to Save - Energy Projects	0.010	0.060
8	Audio-Visual Equipment Refresh	0.150	0.900
9	System Purchase - Making Tax Digital	0.040	0.040
	Totals	**0.949**	**2.259**
	Revenue impact from 2020/21 - borrowing	**0.040**	
	Expected saving from Spend to Save Projects from 2020/21	**-0.080**	
	Total Net Revenue Impact from 2020/21	**-0.040**	

4.5.3 All of the above are new projects and this report seeks approval of funding for all projects detailed above.

4.5.4 As a result of the above the capital funding requirement has been adjusted for re-phasing and the anticipated approval of the new bids listed at 4.5.2. This is reflected in the Treasury Strategy which is subject of another report to this meeting.

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

4.5.6 As has been previously reported to Council, in the years leading up to the development of the longer term approach to capital planning the Council's level of investment in its General Fund assets was low as evidenced, for example, in the spend required to bring the schools estate to an acceptable standard. The current capital plan shows a cluster of planned spend concentrated from 2018/19 to 2022/23 and then reducing significantly thereafter. In addition to the required capital investment in "backlog" projects the Council has taken a pro-active approach to regeneration with two significant projects valued at over £40m over the next few years, with expectations of funding streams linked to these in terms of Queens' Quay and the Exxon site.

4.5.7 As was previously reported to Council, in considering affordability it is suggested that a key measure is not the value of borrowing, but the impact of the borrowing on future revenue streams. This aspect of borrowing is identified in the Council's Treasury Strategy and is considered when setting this strategy each year. The Strategy (which is a separate paper to be reported to this council) covers the period 2019/20 to 2028/29 and shows the ratio of cost of borrowing : net revenue stream ranging between 10.55% in 2019/20; 11.1% in 2020/21; and 11.17% in 2021/22.

4.5.8 The above reflects the current to medium-term picture and we must consider the impact of new borrowing into future years. Projections of this indicator for the Council show that at its peak (based on the attached draft refreshed capital plan) the Prudential Indicator will be 13.42% in 2037/38. Clearly there are numerous variables between now and that future date, such as future levels of investment; future levels of Scottish Government funding support; rates of interest at which borrowing is secured; and whether Councils will have the ability to vary their own revenue streams (i.e. removal of restrictions on Council Tax increases or any successor). The current model assumes revenue streams reducing by 0.6% per year.

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

4.5.10 In line with best practice Appendix 7 provides information as to how the various elements of the capital plan link to the Council's Asset management Strategy and Plans.

4.6 Brexit

4.6.1 As discussed in previous budget reports, there remains significant uncertainty as to how Brexit progresses and how this affects the UK economy and whether the UK budget requires to be revisited, as was stated to be a potential outcome by the Chancellor when making his recent budget statement. Depending on the route taken in exiting the EU it is possible that the UK economy will encounter a range of pressures which could result in the Bank of England base rate either increasing or decreasing. There is also the potential for price increases. Neither of these outcomes can be evaluated accurately in financial terms. It is expected that such potential price variations can be accommodated through ongoing budgetary control processes and careful monitoring of the impacts of whatever Brexit decision is reached by the UK Parliament.

4.7 Updated Gap Projections to 2021/22

4.7.1 In the period since the December 2018 Council, officers have continued to review the budget projections for the next three years which, together with the effects of the various changes detailed above, updates the cumulative gap projections as follows:

UPDATE DETAIL	**2019/20 £m's**	**2020/21 £m's**	**2021/22 £m's**
GAP AT FEBRUARY 2019 COUNCIL	**4.173**	**11.961**	**19.225**
TEACHERS PENSION FUND RISK	0.500	0.500	0.500
BUDGET ESTIMATES UPDATES	0.095	0.396	0.496
REVENUE IMPACT: DRAFT CAPITAL PLAN	0	-0.040	-0.040
HSCP REQUISITION CHANGE	0.292	0.292	0.292
CUMULATIVE REMAINING GAPS	**5.060**	**13.109**	**20.473**

4.7.2 In order to continue to meet the Council's desire to identify and plan for medium term budgets and issues, indicative budgets for the following two years have been prepared which assume the same level of service as implicit within the 2019/20 budget along with further appropriate burdens. It is clear from the funding gap projections over the next three years that it is expected that significant gaps will be encountered, on this basis Members will wish to consider – when setting the budget in March 2019 – cost reduction options that manage this position over the next three years.

4.8 Options to set the revenue budget 2019/20

4.8.1 As reported to February 2019 Council officers have identified a number of opportunities to close the 2019/20 budget gap through different approaches to revising policy on use of capital receipts, loans fund payments and reserves. These options are detailed within Appendix 1 to this report, which identifies potential such opportunities valued at £4.929m in 2018/19 and a further £4.640m in 2019/20.

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

4.8.2 The following provides an update on these options:

- Loans Fund Review
  In the period since the February 2019 officers have monitored ongoing communications regarding this issue and, while the Scottish Government will bring new legislation on this during 2019/20 and this legislation will allow Councils to revise loan repayment period for debt borrowed since 1996, it is not at all clear that this will allow retrospective adjustments to be made on borrowing prior to 2016 legislation. On that basis, and being prudent in this regard, two options were identified which do not involve retrospective revision:

  - For borrowing since 2016 legislation and guidance – review repayment periods based on prudential review of expected asset lives for remaining borrowing as at 1 April 2019; and
  - For borrowing prior to 2016 – review repayment periods based on prudential review of expected asset lives on the basis that legislation will be enacted in 2019/20 to allow this.

  Based on the letter of 31 January 2019 the above are clearly in line with the stated intentions within that letter. These options generate a reduction in loan charges of £1.037m in 2019/20, £3.050m in 2020/21 and £3.300m in 2021/22.

  Should the promised 2019/20 legislation allow retrospective review then this opportunity would be available for consideration at that time. When this legislation is approved the Section 95 officer will undertake a further review of the prudential approach and updates future gaps as part of the next refresh of the Long-term Finance Strategy.

- Capital Receipts
  As reported to February 2019 Council, under legislation and guidance councils are able to use capital receipts in different ways:

- As currently used in the capital plan;
- Use to pay debt; and
- Use to fund debt

Of the three options above, the third option has the largest immediate revenue impact and if this was agreed by Council allows £2.1m in 2018/19 (which would be added to reserves and able to be used in setting the 2019/20 budget). Note this figure has been updated from the figure detailed in the February 2019 Council report as capital receipt information has been clarified as we move closer to the financial year-end.

Based on the capital plan appended to this report capital receipts of £12.687m are scheduled to be achieved in 2019/20. However officers would recommend a prudential expectation of capital receipts which could be safely assumed to be received in 2019/20 of £3m which could be used as described above to reduce loan charges in 2019/20 thereby reducing the gap;

- PPP Sinking Fund – Currently there is £2.829m held within this capital reserve and is budgeted to fund revenue costs at a rate of around £0.450m per year;

- Change Fund – as at 31 March 2018 the fund held £2.038m, and based on commitments made during 2018/19 and potential costs arising from staffing changes linked to management adjustments and savings options, £0.506m remains. Given the significant financial challenges over the next three financial years it is clear that there is an ongoing requirement for a Change Fund. On that basis officers recommend that this fund should not be used to close the 2019/20 gap and, ideally, the Change Fund should be increased to allow funding to be in position for likely changes required in future years. Members should consider this issue in setting the budget in March 2019;

- Previously earmarked reserves – officers have reviewed reserves that are currently earmarked and identified three previous earmarked funds which can now be released at a value of £0.426m; and

- Free Reserves – at the end of financial year 2017/18 the Councils free reserves were £0.182m in excess of the current prudential reserve at that time. Council has committed some reserves since that time and the Period 11 budgetary control position has been identified as £0.118m favourable. The reserves position identified at 4.4.2 above, shows potentially available free reserves by 31 March 2019 of £0.116m.

5. People Implications

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

6. Financial and Procurement Implications

6.1 The main variables within the current projections will be refined throughout the budgeting process as more information becomes available.

6.2 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 remain risks, as described above, around teachers' pension costs and how the UK exits the European Union.

7.2 The updated budget position mitigates against the risk of the expected additional teachers pension costs not being fully funded through Barnett Consequential though there remains a risk that this is insufficient.

7.3 The current budget assumptions are based on the UK budget announced in the Autumn of 2018 which stated that in the event of a "no deal" Brexit it was likely that the UK Government would require to reset the county's finances. Such a move or any other impact of Brexit could have a significant impact on the Council and its financial position for 2019/20 and subsequent years.

7.4 There are a number of assumptions within the charging review (particularly levels of demand or a customer's ability to pay), these assumptions could vary from that indicated, resulting in e.g. a reduction in demand (and reduced income levels); higher bad debt (due to ability to pay); additional vulnerability of particular client groups. The effectiveness of any increase in charges agreed would be monitored and reported through the ongoing budgetary control reporting process.

8. Equalities Impact Assessment (EIA)

8.1 Equality impact screening or assessment of each savings option are carried out within the relevant services and will be made available to Members as part of the background papers for the Council decision on setting the budget in February 2019.

9. Consultation

9.1 Council agreed at its meeting in February 2019 that there should be no public consultation on the setting of the 2019/20 budget. The views of Legal Services have been requested on this report and feedback incorporated herein. The public consultation process is defined within the detail 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.

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.

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Stephen West
Strategic Lead - Resources
Date: 14 March 2019

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Appendices:

1: Options;
2: Charging Review – Options;
3: Charging Review – Comparator Information;
4: Capital – 18/19 Forecast Outturn;
5: Capital Plan – Spend;
6: Capital Plan – Resources; and
7: Capital Plan – Links to Asset Management Strategy

Background Papers:

1. Long Term Finance Strategy and Budget Update Report – 28 November 2018;
2. Minute of Council meeting – 28 November 2018;
3. Council Draft Budget Book 2019/20 to 2021/22;
4. Budget Update Report – 19 December 2018;
5. Minute of Council meeting – 19 December 2018;
6. Budget Update Report and Council Tax 2019/20 Setting – 14 February 2019;
7. Minute of Council meeting – February 2019; and
8. Equalities Impact Screening.

Wards Affected: All

APPENDIX 1

OPTIONS - RESERVES, ETC.

OPTION	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**COMMENTS**
LOANS FUND REVIEW	£0	£1,037,000	£3,050,000	£3,300,000	BASED ON PRUDENT REAPPRAISAL OF BORROWING REPAYMENT PERIODS FOR ALL BORROWING FROM 1996/97 TO DATE, APPLIED TO CURRENTLY REMAINING BORROWING - NO RETROSPECTIVE ADJUSTMENT
CHANGE POLICY ON TREATMENT OF CAPITAL RECEIPTS	£2,100,000	£3,000,000	£0	£0	2018/19 BASED ON AVAILABLE RECEIPTS RECEIVED TO DATE, 2019/20 BASED ON CONSERVATIVE ESTIMATE OF EXPECTED CAPITAL RECEIPTS, 2020/21 ASSUMED CAPITAL RECEPTS REMAIN AS PER CAPITAL PLAN AS PRUDENT APPROACH
CHANGE USE OF PPP SINKING FUND	£2,829,000	-£445,000	-£451,000	-£456,000	USE AS ONE-OFF TO OFFSET PRINCIPAL REPAYMENTS, REVENUE IMPACT SHOWN 19/20 ONWARDS
CHANGE FUND	£0	£506,000	£0	£0	IS AVAILABLE, BUT NOT RECOMMENDED FOR USE BY OFFICERS
USE OF PREVIOUSLY EARMARKED RESERVES	£0	£426,000	£0	£0	ONE-OFF IN 19/20, COMPRISES: £300,000 SILVERTON FLAT ROOFS - CAN NOW CHARGE ANY COSTS TO CAPITAL; COMMUNITY LOANS FUND - NOT ACCESSED SINCE STARTING £101,000; AND £25,000 CONTINGENCY HELD FOR BUSINESS GATEWAY
USE OF FREE UNEARMARKED RESERVES	£0	£116,000	£0	£0	THIS VALUE IS THE CLOSING FREE RESERVE BALANCE AT 31/3/18 AND BASED UPON CURRENT BUDGETARY CONTROL POSITION THIS WOULD BE ABLE TO BE USED TO CLOSE THE GAP
TOTALS - INCLUDING LOANS FUND REVIEW	**£4,929,000**	**£4,640,000**	**£2,599,000**	**£2,844,000**	

						increased income - assuming no change in demand		Recommendation	
External income Stream - external services we currently charge for	**income received during 2017/18 for charge**	**annual usage projected (from 17/18)**	**total cost of providing the service by unit**	**Current WDC Price Charged (excluding VAT)**	**Other considerations, including historic impact on demand following price increases**	**10% INCREASE BEYOND INFLATIONARY RISE 4%**	**FULL COST RECOVERY**	**Recommendation - beyond 4% inflationary**	**additional income - if no demand reduction**
REGULATORY									
Wasps	£ 4,025	161	£ 29.66	£ 25.00	Demand for wasp treatment dropped by 54% between 2014/15 & 2016/17 which officers consider was due to a combination of local competition and the weather. It was agreed at Council in November 2017 to reduce our current rate of £45 to £25. It was recommended that this price change was applied for the summer season only to determine whether the drop in charge resulted in more requests. Service has confirmed an increase in demand of 200%.	£ 403	£ 751	leave at 4% to cover inflationary uplift - recent price increases; local companies; historic impact on demand	£ -
Rats, Mice, Insects	£ 38,970	866	£ 103.32	£ 47.00		£ 3,897	£ 50,501	10% additional - recent cost increase; however not full cost recovery	£ 3,897
Cockroaches and Fleas	£ 1,935	43	£ 114.32	£ 95.00		£ 194	£ 2,981	leave at 4% to cover inflationary uplift - recent price increases; minimal demand/income	£ -
Bed Bugs	£ 405	9	£ 206.64	£ 160.00		£ 41	£ 1,455	leave at 4% to cover inflationary uplift - recent price increases; minimal demand/income	£ -
Squirrels	£ 607	14	£ 108.32	£ 81.00		£ 61	£ 910	leave at 4% to cover inflationary uplift - recent price increases; minimal demand/income	£ -
Seagulls	£ 270	6	£ 218.17	Private Landlord £45, Private Landlord 4 in a block £135, Tenement or Block of Flats £225.42	Seagull requests are completed by an external contractor. A management charge and central support charge have been included in cost	£ 27	£ 385	increase to full cost recovery - most costs are variable - fall in demand results in reduced costs (equivalent 140%)	£ 385
Council Housing	£ 41,412	716	£ 29.66	set fee of £5.57 per house for 1819 - equivalent to £57.84 per service call		£ 5,292	n/a	leave at 4% to cover inflationary uplift - current service call covers costs	£ -
Private Water Supply	£ 2,401	7	£ 432.26	£ 343.00		£ 240	£ 625	increase to full cost recovery (equivalent 26%)	£ 625
National Assistance Act Funerals	£ 3,851	varies - income often received different year to spend	£ 660.00	£ 600.00	The council has a statutory obligation to provide this service where there is possibly no family/friends who can bury the deceased. Recently entered 3 year contract - charge to WDC £600. *currently no recovery of WDC admin costs*. Costs recovered from the deceased Estate if available.	£ 350	£ 350	recovery of WDC admin fee (equivalent 10%)	£ 385
Food Export Certification	£ 21,408	451	£ 98.31	£ 101.56	increased from £47.50 in 17/18 to £101.56 in 18/19.	£ 2,141	n/a	leave at 4% to cover inflationary uplift- recent price increases; full costs now recovered	£ -
Licensing - Animals	£ 2,373	7 approx on average income level	varies	£ 363.00	National benchmarking suggests discretionary licenses are second highest in Scotland	£ 237	n/a	leave at 4% to cover inflationary uplift - higher than other councils & fully recovered	£ -

External income Stream - external services we currently charge for	income received during 2017/18 for charge	annual usage projected (from 17/18)	total cost of providing the service by unit	Current WDC Price Charged (excluding VAT)	Other considerations, including historic impact on demand following price increases	10% INCREASE BEYOND INFLATIONARY RISE 4%	FULL COST RECOVERY	Recommendation - beyond 4% inflationary	additional income - if no demand reduction
Licensing - Leisure & Public Entertainment	£ 10,380	52 approx on average income level	varies	varies from £49 1 day non commercial; to £1696 3 years; amendment £49	National benchmarking suggests discretionary licenses are second highest in Scotland	£ 1,038	n/a	leave at 4% to cover inflationary uplift - higher than other councils & fully recovered	£ -
Registrars - accommodation	£ 2,196	22	accomodation only - average (based muni builds) £75	£75 leven room , Dumbarton; council chamber - M-F £190 & £217 Sat	report considered by CSC August 2017 regarding costs/ prices/ comparison to other WoS councils	£ 220	n/a	leave at 4% to cover inflationary uplift - recent review & full cost recovery	£ -
Registrars - external venue supplement	£ 7,973	28	n/a - savings in accomodation > additional travel & travel time	£ 284.00	report considered by CSC August 2017 regarding costs/ prices/ comparison to other WoS councils	£ 797	n/a	leave at 4% to cover inflationary uplift - recent review & full cost recovery	£ -
Registrars - Saturday supplement	£ 5,166	52	£100	£ 100.00	report considered by CSC August 2017 regarding costs/ prices/ comparison to other WoS councils	£ 517	£ -	leave at 4% to cover inflationary uplift - recent review & full cost recovery	£ -
Registrars - Sunday / Bank Holiday supplement	n/a	n/a	£140	£ 325.00	report considered by CSC August 2017 regarding costs/ prices/ comparison to other WoS councils	n/a	n/a	leave at 4% to cover inflationary uplift - recent review & full cost recovery	£ -
Letters Of Comfort	£ 11,821	41	£ 155.18	£286; pre inspection £85	charges for larger jobs are calculated separately	£ 1,182	n/a	councils vary - 10% additional	£ 1,182
Other Planning - Building Standards miscellaneous income - eg letter of comfirmation - exempt work	£ 11,000	varies	varies	£70		£ 1,100	n/a	councils vary - 10% additional	£ 1,100
CCC									
Photocopying	£ 6,640	44,267	£0.0023 b/w & £0.023 colour	B&W: A4 15p, A3 25p Colour: A4 60p, A3 £1.20		£ 664	n/a	leave at 4% to cover inflationary uplift	£ -
Genealogy research	£ 153	15	£ 16.87	Free for the first half hour/ £15 per hour thereafter - for enquiries outwith the area. Microfilm prints 60p per page.		£ 15	£ 105	full cost recovery & no free research (equivalent 12%)	£ 105
DVD rental	£ 2,762	1,841	£ 3.38	3 different rates (according to how new the film is) - £2.00, £1.50 and £1 for a weekly hire.		£ 276	n/a	leave at 4% to cover inflationary uplift	£ -
Art Classes	£ 1,545	206	£ 40.74	£ 7.50		£ 155	£ 6,847	increase by £2 per session - significant increase required to recover costs; consideration to those benefiting	£ 412
Art Classes - more than paint (adult with support needs)	£ 1,732	433	£ 9.38	£ 4.00	Equalities consideration	£ 173	£ 2,328	leave at 4% to cover inflationary uplift	£ -
Events	£ 3,184	840	£ 3.23	£ 3.79		£ 318	n/a	leave at 4% to cover inflationary uplift	£ -
Youth Theatre Classes	£ 1,830	610	£ 11.73	£ 3.00	There are three classes, split by age group: P1-3; P4-7; S1+. The first class lasts an hour, the second two each last an hour and a half. All classes carry a £3 participation fee per person. There is a risk if class isn't full. Average attendance per class is 13. The max per class is between P1-P3 15, the other classes are 20	£ 183	£ 5,327	increase by £2 per session - significant increase required to recover costs;	£ 1,220

External income Stream - external services we currently charge for	income received during 2017/18 for charge	annual usage projected (from 17/18)	total cost of providing the service by unit	Current WDC Price Charged (excluding VAT)	Other considerations, including historic impact on demand following price increases	10% INCREASE BEYOND INFLATIONARY RISE 4%	FULL COST RECOVERY	Recommendation - beyond 4% inflationary	additional income - if no demand reduction
HSCP									
Day Care Charges to Other Councils	£ 7,210	1	£ 94.64	£ 58.09	This is a fixed charge which was set when the charging policy was written and gets inflated each year by the council SFC policy	£ 721	£ 11,747	full cost recovery	£ 11,747
Community Alarms	£ 236,391	2,000	£ 5.12	£ 2.62	Non Means Tested	£ 23,639	£ 295,781	Increase to £5 in line with cost	£ 228,000
NEW CHARGE - sheltered housing (community alarm charge)	£ -	n/a	£ 5.12	£ -	Non Means Tested			To introduce charge (£5) similar to those living outwith sheltered housing (part year impact)	£ 40,000
Meal Charges - Day Centres Learning Disabilities	£ 15,821	16,900	£7.23	£ 2.62	Non Means Tested. Higher cost pu to elderly as staffing levels are higher	£ 1,582	£ 106,366		
Day Care Services Learning Disabilities - Transport - Each Journey	£ 32,239	16,900	£11.66	£ 1.63	Non Means Tested	£ 3,224	£ 164,815		
Day opportunity (LD) - meal/ transport / activities		4,000	current cost for only transport & meals £18.89	£ -	Remove previous charges & implement new all-encompassing charge			£10 per day	£ 40,000
NEW CHARGE: Day opportunity (Physical Disability) - meal/ transport / activities	£ -	1,560	similar to LD costs	£ -	Implement new all-encompassing charge			£10 per day	£ 15,600
Meal Charges - Day Centres Older People	£ 47,739	26,520	£4.61	£ 2.62	Non Means Tested	£ 4,774	£ 74,518		
Day Care Services Older People- Transport - Each Journey	£ 47,433	26,520	£8.68	£ 1.63	Non Means Tested	£ 4,743	£ 182,761		
Day opportunity (older people) - meal/ transport / activities		5,356	current cost for only transport & meals £11.29		Remove previous charges & implement new all-encompassing charge			£10 per day	£ 53,560
Care at Home / Housing Support	£ 665,506	846,976	£ 17.98	£0 to £63.50	Charge is means tested based upon the amount of home care / housing support provided less any applicable personal care. Maximum charge is £63.50 or cost of service if less. Charge has been capped since the policy was written and inflated by council charges increase. Based upon the COSLA charging guidance using a 50% taper but charge cap also applied in West Dun. Cancellation of the service can occur when a charge is implemented. Income from charges will decrease in 19/20 as personal care will no longer be chargeable for clients under 65. It is anticipated that funding will come from the Scottish Government to compensate the loss.	n/a	n/a	leave at 4% to cover inflationary uplift - caps involved	£ -
Residential Care	£ 4,594,096	51,100	£ 938.46	Full cost of home less any applicable free personal / nursing care rate	Means Tested. If client is assessed as self funder and cannot pay due to assets being tied up in property, Council fund costs and apply for access to funds / security over property and reclaim later.	n/a	n/a	leave at 4% to cover inflationary uplift - full cost recovery	£ -

External income Stream - external services we currently charge for	income received during 2017/18 for charge	annual usage projected (from 17/18)	total cost of providing the service by unit	Current WDC Price Charged (excluding VAT)	Other considerations, including historic impact on demand following price increases	10% INCREASE BEYOND INFLATIONARY RISE 4%	FULL COST RECOVERY	Recommendation - beyond 4% inflationary	additional income - if no demand reduction
Respite Charges	£ 62,588	4,007	£148.64 per night	Nightly charges - Age 18-24 - £11.08, Age 25-64 - £13.67, Age 65 and over - £20.93	Fixed charge per night based upon client type, which was set when the policy was written and is inflated each year by 4%. Due to the new carers act we will no longer be able to charge for respite when it is for the carer.We can charge for respite for the cared for person but not the care and it could be argued that all respite is for the carer as the cared for person is in respite to give the carer a break so we may lose all of our income. All the Councils are looking for clarity on this from the Scottish government.	£ 6,259	£ 533,012	leave at 4% to cover inflationary uplift - ongoing issue re changes due to carers act	£ -
EDUCATION									
ASN - Section 23 - recharges to other local authorities for placements within WDC special school	£ 28,312	1	£ 35,095.72	£ 28,312.00	Total income has been declining since 2013/14 (£200k) as LAs seek to minimise children placed outwith their area.	£ 2,831	£ 6,784	full cost recovery (equivalent 25%)	£ 6,784
Early years - Hourly Nursery charges	£ 174,297	33,705 hours per annum	£ 10.42	£3.79 - £4.57		£ 17,430	£ 176,909	increase by 10% - significant increase required to recover costs	£ 17,430
Early years - Out of school charges per hour	£ 74,391	21,428 hours	£ 7.57	£3.29 (morning) or £3.46 (afternoon)		£ 7,439	£ 87,875	increase by 10% - significant increase required to recover costs	£ 7,439
School meals - nursery/ primary / secondary	£ 1,183,911	526,000	£ 4.10	nursery £2.15; pupil £2.25; adult £2.70		£ 118,391	£ 973,100	increase by 5% - significant increase required to recover costs	£ 59,196
School lets	£ 109,547	7,659	£ 22.00	income varies depending on day/ venue/ time - from £6 small gym to +£107 for all weather pitch for 2 hrs	Cost varies - depending on venue / time of year/ etc	£ 10,955	£ 58,959	increase by 10% - significant increase required to recover costs - possibly demand sensitive for full cost recovery	£ 10,955
Instrumental Music Concert - Xmas	£ 1,830	261	£ 39.61	£ 7.00		£ 183	£ 8,509	leave at 4% to cover inflationary uplift - demand/ price sensitive	£ -
Instrumental Music Concert - Spring	£ 1,460	208	£ 51.07	£ 7.00		£ 146	£ 9,163	leave at 4% to cover inflationary uplift - demand/ price sensitive	£ -
Repair of musical instruments	£ 5,668	varies	varies	varies	The costs charged to external LA's and other agencies are based on the number of hours it will take to repair the instrument. There is a basic price list but until they get the instrument they don't know the full extent of the repair. A price is then worked out based on number of hours it will take to repair the instrument. The hourly rate is used. *The service does not add on for NI or Sup Ann*, there is a threat that if this is added on they may not get the repair. Should any materials be required, they are also recharged.	£ 567	£ 1,360	ful cost recovery - add employer on costs for hourly rate (equivalent 24%)	£ 1,360

External income Stream - external services we currently charge for	income received during 2017/18 for charge	annual usage projected (from 17/18)	total cost of providing the service by unit	Current WDC Price Charged (excluding VAT)	Other considerations, including historic impact on demand following price increases	10% INCREASE BEYOND INFLATIONARY RISE 4%	FULL COST RECOVERY	Recommendation - beyond 4% inflationary	additional income - if no demand reduction
Hire of musical instruments	£ 20,995	247	varies depending on instrument	£ 85.00	Currently there are 589 pupils registered on the programme. Of that, 247 are eligible for the hire charge. Guitar and Drums are not eligible for the musical instrument charge. Lessons are free. Exclusions of the £85 fee are students who receive free school meals, are sitting their SQA in music or own their own instrument. Rental is in no way linked to the cost/maintenance of the instrument. Each type of instrument can vary in price eg Flute/Clarinet £200-£500, Trumpet can be £300-5000, Tuba and Bassoon £3000-5000. The instruments last for years, they do not need to buy instruments each year, it all depends on demand. Charging for instrument hire has only started in 2018/19	£ 2,100	n/a	increase to £100	£ 3,705
Dance Classes	£ 3,572	1,191	£ 6.57	£ 3.00		£ 357	£ 4,257	increase by £2 per session - significant increase required to recover costs	£ 2,382
ENVIRONMENT & NEIGHBOURHOOD									
Burial Grounds - other - including eg erect memorial foundation / permit fee	£ 13,609	n/a	varies	£194 Res £194 Non Res		£ 1,361	n/a	leave at 4% to cover inflationary uplift	£ -
Internment Fees & internment of ashes / cremated remains	£ 289,623	557	£ 718.18	INTERNMENTS: Adult £641 (res) £991 (non Res), Adult Sat Res £707 Non Res £1,065, Adult (Pub Hol) Res £751 Non Res £1,110; INTERNMENT OF ASHES: Residents £141 (Mon-Fri) £177 (Sat) non residents £257 (Mon-Fri) £290 (Sat) [Other Crematoria]		£ 28,962	£ 110,404	increase by further 10% - local comparators	£ 28,962
Burial Grounds - Purchase of Lairs	£ 148,550	149	Land + Admin charge £17	Full lair (Coffins & Cremated Remains) £835 resident & £1812 non resident. The cost of burial is additional whenever it takes place		£ 14,855	n/a	increase by further 10% - local comparators	£ 14,855
Crematorium - Burial Ground Lairs	£ 1,606	2-3	admin charge £17 & land cost	£632 Resident, £1186 non resident		£ 161	n/a	increase by further 10% - cover admin charge	£ 161
crematorium Interments	£ 114,913	575	£ 179.55	£141 resident, £257 non resident.		£ 11,491	n/a	leave at 4% to cover inflationary uplift - current surplus received	£ -
Cremations	£ 1,051,754	1,799	£ 246.60	Adult (16+) £668 Res £924 Non Res, Adult Sat Res £750, non Res £991, Adult Pub Hol Res £795, Non Res £1032		£ 105,175	n/a	leave at 4% to cover inflationary uplift - current surplus received	£ -
crematorium - Miscellaneous Income	£ 32,719								
Use of Chapel (half hour service)			£82.50	£310 Resident £385 Non Resident				leave at 4% to cover inflationary uplift - current surplus received	£ -
Book of Remembrance			e.g. 2 Line Entry £27, 5 Lines £36, 8 Lines £47; crest £79	2 Line Entry £108, 3-5 Lines £135, 5 Lines + Crest £195, 6-8 Lines £168, 6-8 Lines + Crest £229				leave at 4% to cover inflationary uplift - current surplus received	£ -
Dispersal of cremated remains from other crematoria			£ 20.00	£88				leave at 4% to cover inflationary uplift - current surplus received	£ -

External income Stream - external services we currently charge for	income received during 2017/18 for charge	annual usage projected (from 17/18)	total cost of providing the service by unit	Current WDC Price Charged (excluding VAT)	Other considerations, including historic impact on demand following price increases	10% INCREASE BEYOND INFLATIONARY RISE 4%	FULL COST RECOVERY	Recommendation - beyond 4% inflationary	additional income - if no demand reduction
Plaques (New)			£ 65.19	2 lines (inc 10 yr display) £263, 3 Lines (inc 10 yr display) £304 Ten Year Renewal £130				leave at 4% to cover inflationary uplift - current surplus received	£ -
Golf	£ 57,054	12,903 rounds (including season tickets)	£ 19.51			£ 5,705	£ 194,682	increase all fees by 20% to better recognised the value of the service provided, whilst remaining lower than local competitors	£ 11,411
Golf Season Tickets		180, including OAP, concessionary, juvenile		Adult Resident £364, Juvenile Resident £56, OAP £110 Concession £145					
Locker fee				£28.00					
Club permit (medal tee)				£364.00					
Green fees Summer		2,880		Adult weekday £11.30 weekend £18 lesser rates for juveniles					
Green Fees Winter				Adult weekday £8.50 weekend £11.30 lesser rates for juveniles					
Public conveniences	£ 1,470	19,600	£ 9.07	£ 0.10		n/a	n/a	increase charge to 30 pence where charges are in place	£ 2,940
Care of Gardens	£ 14,000	1600 - includes paying (240) & non paying	£ 275.00	£58.33 per annum		£ 1,400	£ 52,001	full cost recovery - cost increase to £275	£ 52,001
Refuse Collection - commercial	£ 354,246	400 clients with differing values of contracts - 354 customers invoiced for <£1.000			Commercial Business Officer employed to increase usage of Council service	n/a	n/a	leave at 4% to cover inflationary uplift - contract related - commercial business officer - leave at present for re-negotiations at end of contracts	£ -
residual waste 240 lt bin			£ 2.31	£ 4.39	This is the bulk of the waste				
residual waste 360 lt bin			£ 3.45	£ 5.73					
residual waste 660 lt bin			£ 6.34	£ 10.04					
residual waste 1100 lt bin			£ 10.57	£ 14.80					
dry recyclate 240 lt bin			£ 2.31	£ 3.16					
dry recyclate 360 lt bin			£ 3.45	£ 7.25					
dry recyclate 1100 lt bin			£ 10.57	£ 10.07					
food waste 240 lt bin			£ 2.31	£ 5.14					
food waste 500 lt bin			£ 4.81	£ 9.24					
glass recycle 240 lt bin			£ 2.31	£ 2.22					
glass recycle 240 lt bin			£ 3.45	£ 2.42					
glass recycle 240 lt bin			£ 6.34	£ 3.17					
glass recycle 240 lt bin			£ 10.57	£ 4.18					

External income Stream - external services we currently charge for	income received during 2017/18 for charge	annual usage projected (from 17/18)	total cost of providing the service by unit	Current WDC Price Charged (excluding VAT)	Other considerations, including historic impact on demand following price increases	10% INCREASE BEYOND INFLATIONARY RISE 4%	FULL COST RECOVERY	Recommendation - beyond 4% inflationary	additional income - if no demand reduction
wheelie bins	£ 52,197	822	£ 28.79	£ 63.50	WDC charge for all general waste bins (new houses / replacements) & no charge for blue/ brown bins	n/a	n/a	leave at 4% to cover inflationary uplift - current surplus & other council comparators	£ -
special uplifts	£ 120,215	6,327	£ 20.88	£19 standard charge; larger requests carried out (quotes provided) - starting at £87.30 per hour		£ 12,022	£ 11,895	full cost recovery (equates to 10%)	£ 11,895
MOTs - staff	£ 18,000	£ 400	£ 21.90	£30 for staff £54 for public		£ 1,800	n/a	additional £10 charge to staff - possibly demand sensitive to price if taken to statutory level	£ 3,000
Roads - majority of income is statutory therefore not listed	In 2017/18 £106,000 (excluding DGC income for Christmas lights) with 356 invoices valued < £1,000 (£58,000). Balance £48k = 19 one off invoices mainly design work. Assume £5,000 income for discretionary charges		varies - one off			£ 5,300	n/a	increase by 10% for one-off & discretionary	£ 5,300
					TOTAL	**£ 413,092**	**£ 3,137,461**		**£ 637,992**
					HSCP	**-£ 44,221**	**-£ 1,357,253**		**-£ 377,160**
					TOTAL EXCLUDING HSCP	**£ 368,871**	**£ 1,780,207**		**£ 260,832**

WEST DUNBARTONSHIRE COUNCIL
SALES, FEES & CHARGES COMPARISON TO OTHER ORGANISATIONS

APPENDIX 3

	Inverclyde	East Renfrewshire	Renfrewshire	East Dunbarton	Stirling	Glasgow	Argyll and Bute	Local private company - if relevant
REGULATORY								
Wasps	£52 + £25.50 per additional nest	£48 1 visit; free follow-up	£ 41.25	£ 26.00	£ 54.00	£ 43.00	Survey £22.46; no treatment required £44.96; eradication £67.50	£ 25.00
Rats, Mice, Insects	£ -	£48 3 visits; free follow-up	£ -	£ 41.60	£ 69.00	£24.65 p/h; £85 out of hours		£ 25.00
Cockroaches and Fleas	£ -	£48 3 visit; £22 follow-up	£ -	£ 41.60	£ -			
Bed Bugs	£ -	£48 3 visit; £22 follow-up	£ -	£ 41.60	£ -			
Squirrels	£ -	n/a	£ -	£ 41.60	n/a	n/a		
Seagulls	n/a - advice on website DIY	don't deal with birds	don't deal with birds	n/a - advises of private firm	don't deal with birds	don't deal with birds	n/a - advice on website DIY	
Council Housing/ housing association	to contact HA to make arrangements	make own arrangements	rats/mice £101.65; other £59.40	n/a	£86 rats; £85-£99 cockroaches; bed bugs free	n/a	Survey £22.46; no treatment required £44.96; eradication £67.50	
Private Water Supply	£ 70.00	type A £180; type B £122	£ 70.00	n/a	type A £133-138; type B £115		routine £145; enhanced £207.42; further tests £58	
National Assistance Act Funerals - The council has a statutory obligation to provide this service where there is possibly no family/friends who can bury the deceased.	n/a	n/a	n/a	n/a		£ 650.00	£ -	
Food Export Certification	£ 92.00		£ 17.05	£ 35.00		£ 93.50	n/a	
Licensing - Animals	£ 168.00	£70.55 (pet shop/ riding £209.75)	not given	£ 104.00	not given	£23 (exc dangerous/ performing £84)	£175 boarding; £323 dangerous animals/ dog breeders; £165 pet shop; £410 riding	n/a
Licensing - Leisure & Public Entertainment	caravans £241 (change £81); hypnosis £165; theatre £326 (change £81)	theatre £131; £40 amendment	not given	£79 theatres	not given	£ 597.00	£166.86 theatres	n/a
Registrars - accommodation	info varies & unclear							
Registrars - Saturday supplement	£368	£354	£278-£308	£256-£385	£176	£315-£355	£315.50-£410.15	
Registrars - external venue supplement	£311-£426	£280-£480	£259-£420	£315-£413	£139-£269	£340-£370	£374.40-£461.65 plus 0.60p per mile	
Registrars - Sunday / Bank Holiday supplement	£382-£426	£406	£420	£256-£385	£219			
Letters Of Comfort		£132 (without site visit/ additional inspection)-£258 (no completion cert)		£50.00 prior to 1975 / £350 unauthorised prior to 1st May 2005	£124 no inspection - £338 with 1st inspection	min £263.00 cost of works dependant		

	Inverclyde	East Renfrewshire	Renfrewshire	East Dunbarton	Stirling	Glasgow	Argyll and Bute	Local private company - if relevant
other planning BS miscellaneous income - eg letter of comfirmation - exempt work				£200.00	£98.00			
CCC								
Photocopying	a4 b/w 10p; A3 b/w £20p; a4 colour 60p; a3 colour 1.20	A4 Single 20p A4 Double Sided 30p A3 Single 35p A3 Double Sided 50p	A4 b/w Single 10p Double 20p A4 colour Single 40p Double 80p A3 b/w Single 30p Double 60p A3 colour Single £1.20 Double £2.40	A4 30p A3 60p A4 Self Service 15p A3 Self Service 30p	B/w A4 20p A3 40p Colour A4 30p A3 60p	B/w A4 10p A3 20p Colour A4 £1.00 A3 £2.00		
Genealogy research	£15 ph	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DVD rental	£ 2.10	£2.00 New Release £1.00 Standard £1.00 Non-Fiction	-	£1.50 Fiction FREE Non-fiction	£1.50-£2.60	0		
Art Classes	n/a	adult £62; +60 £52; consession £32; child £24-£36; child concession £12-£18	£ -	£ -	£63.75-£85; over 60s £32-£42.50; consession £12.75-£32	n/a	n/a	£ -
Art Classes - More than Paint (Adults with support needs)	n/a	n/a	n/a	£ -	£ 4.10	n/a	n/a	£ -
Events	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Youth Theatre Classes	n/a	n/a	£ -	£ -	n/a	£60; free if EMA/ School meals/ clothing grant	n/a	n/a
HSCP								
Day Care Charges to Other Councils		£ 110.00						
Community Alarms	£ 2.50	£ 2.30		£ 4.06	£ 2.60			
Day opportunity elderly				£ 10.61		£ 15.38		
Day opportunity PD				£ 10.61		£ 34.22		
Meal Charges - Day Centres Learning Disabilities	£ 2.65	£ 4.40		£ 2.75	£ -			
Meal Charges - Day Centres Older People	£ 2.65	£ 4.40		£ 2.75	£ -			
Day Care Services Older People- Transport - Each Journey	£ 6.45	£ -		£ 4.20	£ -			
Day Care Services Learning Disabilities - Transport - Each Journey	£ 6.45	£ -		£ 4.20	£ -			
Care at Home / Housing Support		£ 13.65						
Residential Care		£ 623.00						
Respite Charges	per week £64 (18-24 ys) to £136 (age 60+)							

	Inverclyde	East Renfrewshire	Renfrewshire	East Dunbarton	Stirling	Glasgow	Argyll and Bute	Local private company - if relevant
EDUCATION								
ASN - Section 23 - recharges to other local authorities for placements within WDC special school	no comparators							
Early years - Hourly Nursery charges	£ 4.00		£3.85 per hour/£2.70 for concessions	£4.33 (2-5 year olds) and £4.74 (0-2 year olds			no additional hours	
Early years - Out of school charges per hour	£ 4.00		£3.85 per hour/£2.70 for concessions	£4.33 (2-5 year olds) and £4.74 (0-2 year olds			no additional hours	
School meals - nursery/ primary / secondary	P £2; S £2.20; adult £2.60	primary £2.15; secondary £2.45; Adult £3.90	primary £2.05-£2.25; secondary £2.60	P snack £2.08 & meal £2.34; S £2.44			primary £2.20; secondary £2.10	
School lets	prices vary from £18 1/2 pitch child 30 mins to £70 full pitch 1 hr adult; classroom £29-£58 ph	grass pitch £21.60 under 12 to £51.50 adult;floodlit synthetic £25 half pitch under 12 to £62.30 full pitch adult			full pitch (age) £27-£60 ph; 1/2 pitch ££21-£42; others available; schools M-F standard rate £8.7-£28 (size) S-S £27 - £51		class £58; games hall £13 - £38; pitch £55 - £93 - non profit / commerical	
Instrumental Music Concert - Xmas	£117; free if EMA/ School meals/ clothing grant	music: adult £4-£10; consessions £1-£6; £300 py = £20 ph; membership choir £65; singing games (p2&3) £104	£150 1st child; £50 thereafter; free for study music s4-s6/ EMA etc	musical tuition £50; registration £177 annually	£267 annually for group lessons; £198 if EMA/HB; £69 if free school meals/ clothing grant	£60; free if EMA/ School meals/ clothing grant	n/a	n/a
Instrumental Music Concert - Spring							n/a	n/a
Repair of musical instruments	n/a	n/a	n/a	£ -	free unless negligent	n/a	n/a	n/a
Hire of musical instruments	n/a	n/a	£ -	£ -	£ -	n/a	n/a	n/a
Dance Classes	£ -	n/a	£ -	£ -	n/a	n/a	n/a	n/a

	Inverclyde	East Renfrewshire	Renfrewshire	East Dunbarton	Stirling	Glasgow	Argyll and Bute	Local private company - if relevant
ENVIRONMENT & NEIGHBOURHOOD								
Burial Grounds - other - including eg erect memorial foundation / permit fee	£ 155.70	£ 112.00	Headstone foundation charge £66.05	Foundation for headstone £405.80				
Internment Fees & internment of ashes / cremated remains	BURIAL:£866; S-S & PH £1416; CREMATED REMAINS £145; S-S & PH surcharge £124;	BURIAL: resident M-F £816; S-S & PH £1416; non resident M-F £1848 S-S & PH £2238 CREMATED REMAINS resident M-F £246; S-S & PH £516; non resident M-F £546 S-S & PH £876	Over 16 resident £479.25; non resident £1,437.75 / cremated remains £105.55 & £316	Internment fees for graves no more than 2 metres deep £1,006; cremated remains in casket £477; charges increase by £505 for weekend		£ 980.00		
Burial Grounds - Purchase of Lairs	£ 933.00	£912 resident; £2094 non resident	£460 resident; £1380 non resident	£ 1,221.00		£ 1,309.00		
Crematorium - Burial Ground Lairs	no comparators							
crematorium Interments			n/a privately run			£ 287.00		
Cremations	£681; surcharge SS & PH £129		n/a privately run			£ 650.00	£647 M-F; £176 S; +£230 PH in 17/18	
crematorium - Miscellaneous Income	no comparators							
Use of Chapel (half hour service)			n/a privately run			£ 159.00	£203.33 in 17/18	
Book of Remembrance	£71 2 lines; £101 5 lines; 8 lines £137		n/a privately run			£108 2 lines; £138 5 lines;£246 crest	£92 2 lines; £172 5 lines; £253 8 lines ; +65 crest	
Dispersal of cremated remains from other crematoria	£22.40		n/a privately run			£ 82.00	£25 in 17/18	
Plaques (New)	£55 10 yr lease		n/a privately run			£ 426.00		
Golf	no comparators							
Golf Season Tickets	£ 260.00					Adult £425 7 days pw (mid week £310);consession £340 7 days pw (mid week £250); junior £105		VoL £595 annual (£395 yr 1) - £630 Dumbarton (£250 yr1); C'bank £730
Locker fee	no comparators							
Club permit (medal tee)	no comparators							
Green fees Summer	£ 12.00							mid week - Clydebank £30; Dumbarton £20; VoL £24
Green Fees Winter	£ 8.00							
Public conveniences	no comparators							
Care of Gardens			owner occupier £220.75					

	Inverclyde	East Renfrewshire	Renfrewshire	East Dunbarton	Stirling	Glasgow	Argyll and Bute	Local private company - if relevant
Refuse Collection - commercial						prices given in sacks		
residual waste 240 lt bin	£ 5.50	£ 5.70	£ 3.70					
residual waste 360 lt bin	£ 7.50	£ 8.12	£ 5.05					
residual waste 660 lt bin	£ 13.50	£ 13.68	£ 8.20					
residual waste 1100 lt bin	£ 22.00	£ 19.95	£ 14.65					
dry recyclate 240 lt bin		£ 4.20						
dry recyclate 360 lt bin								
dry recyclate 1100 lt bin								
food waste 240 lt bin		£ 5.70						
food waste 500 lt bin								
glass recycle 240 lt bin		£ 4.20						
glass recycle 360 lt bin								
glass recycle 660 lt bin								
glass recycle 1100 lt bin								
wheelie bins		£ 79.50	£ 22.05			£ 49.75		
special uplifts	£82 (min 1/2 hr charge) - £164 (1 hr); bulk uplift 1-5 items £23.2	£ 30.50	domestic 1-20 items £32.30; ground clearance £76.60; commercial special uplift £76.6; bulky £41.30; white goods £32.30			£67 min charge +£33.50 every 15 mins		
MOTs - staff			£ 54.85					kwikfit charge £27 , halfords £35 and there a few local garages charging £45
Roads - one off jobs	no comparators							

Appendix 4

Capital Projects Forecast Outturn and Rephasing 2018/19

	Budget 2018/19	Forecast 2018/19	Rephasing 2018/19	(Over) / Under Spend
	£000	£000	£000	£000
Resources				
Resources Carried Forward - non cash	321	225	96	0
General Services Capital Grant	8,557	8,557	0	0
Ring Fenced Government Grant Funding	9,127	8,464	663	0
Match-funding/other grants & contributions	10,822	7,259	3,116	447
Anticipated Capital Receipts	10,264	428	9,110	726
Prudential Borrowing	44,316	29,593	16,498	(1,775)
CFCR	370	38	90	242
TOTAL	**83,777**	**54,564**	**29,573**	**(360)**

Expenditure

Transformation and Public Service Reform	**8,587**	**5,810**	**3,235**	**(458)**
Strategic Lead - Resources	**10**	**3**	**7**	**0**
Electronic Insurance System	7	0	7	0
Valuation Joint Board	3	3	0	0
Strategic Lead - Regulatory	**180**	**149**	**29**	**2**
E Building Standards	3	3	0	0
GP/GIS in Planning	51	26	25	0
Antonine Wall	28	28	0	0
Legal Case Management System	33	33	0	0
Air Quality Monitoring	30	28	0	2
Supporting the mobilisation of environmental health and trading standards officers	25	25	0	0
Trading Standards Scam Prevention	10	6	4	0
Strategic Lead - People and Transformation	**1,496**	**1,220**	**276**	**0**
ICT Modernisation / Infrastructure - ICT	1,265	989	276	0
ICT Core Infrastructure/ ICT Security & DR	227	227	0	0
Workforce Management System	4	4	0	0
Strategic Lead - Communications, Culture and Technology	**737**	**353**	**397**	**(13)**
Multi Channel Queries	33	32	1	0
Upgrade of Clydebank Library	239	252	0	(13)
Civic Heart Works	24	0	24	0
Heritage Capital Fund	0	0	0	0
Customer Services Transformation	5	4	1	0
Telephone System Upgrade	15	15	0	0
Transformation of Infrastructure Libraries and Museums	421	50	371	0
Strategic Lead - Education, Learning and Attainment	**6,164**	**4,085**	**2,526**	**(447)**
Kilpatrick School - New Build	61	61	0	0
OLSP - New Build	177	584	0	(407)
Aitkenbar PS, St Peters PS, Andrew Cameron EE&CC	460	250	0	210
Haldane PS, St Kessog's PS, Jamestown PS & EECC (New Balloch)	206	456	0	(250)
Schools Estate Refurbishment Plan	126	126	0	0
Schools Estate Improvement Plan	570	570	0	0
Children and young persons / Early Years	3,383	1,173	2,210	0
Choices Programme	731	600	131	0
New Levenvale Primary School All Weather Pitch	250	75	175	0
New MUGA for St. Patricks Primary School and playground improvements	200	190	10	0
Regeneration, Environment and Growth	**63,653**	**42,903**	**20,415**	**335**
Strategic Lead - Environment and Neighbourhood	**29,093**	**16,029**	**13,019**	**45**
Auld Street Clydebank - Bond	188	0	188	0
Infrastructure - Flooding	100	50	50	0
Infrastructure - Roads	5,016	4,452	564	0
Vehicle Replacement	4,012	40	3,972	0
Gruggies Burn Flood Prevention Scheme	349	100	249	0
New Clydebank Leisure Centre	432	376	0	56
Kilmaronock Cemetery Extension	225	25	200	0
Vale of Leven Cemetery Extension	490	150	340	0
Cycling, Walking and Safer Streets	114	82	32	0
Levengrove Park	2,160	2,025	135	0
New West Bridgend Community Centre	635	4	631	0
Strathclyde Partnership for Transport	425	115	310	0
Footways/Cycle Path upgrades	180	0	180	0
Turnberry Homes	7	0	7	0
New Play & Recreation at Radnor Park, including MUGA	250	88	162	0
Sports Pitch/Facilities Upgrades	124	30	94	0
Posties Park Sports Hub	1,742	75	1,667	0
Clydebank Community Sports Hub	2,386	2,373	13	0

Appendix 4

Capital Projects Forecast Outturn and Rephasing 2018/19

	Budget 2018/19	Forecast 2018/19	Rephasing 2018/19	(Over) / Under Spend
	£000	£000	£000	£000
New Dalmonach Community Centre and Nursery	1,110	800	310	0
Flood Risk Management	757	200	557	0
Strathleven Park and Ride	285	178	107	0
Protective overcoating to 4 over bridges, River Leven	270	0	270	0
A813 Road Improvement Phase 1	750	650	100	0
A811 Infrastructure Works	1,500	1,425	75	0
A811 Lomond Bridge	100	100	0	0
Holm Park & Yoker Athletic FC	750	400	350	0
Community Sports Fund	201	100	101	0
New Sports Changing Facility at Lusset Glen in Old Kilpatrick	150	0	150	0
Public non adopted paths and roads	179	100	79	0
Bereavement Services Office Conversion	128	139	0	(11)
Street Lighting and asssociated electrical infrastructure	109	34	75	0
Invest in creating an Environmental Improvement Fund	915	663	252	0
Allotment Development	400	37	363	0
Community Capital Fund	1,454	935	519	0
Mandatory 20mph Residential communities	395	30	365	0
Free School Meals	138	10	128	0
Online Payment System for Education Establishments	52	0	52	0
Electrical Vehicle Charging	165	100	65	0
New Sports Changing Facility (Old OLSP site)	150	143	7	0
New Sports Changing Facility at Duntocher	300	0	300	0
Strategic Lead - Housing and Communities	**896**	**556**	**410**	**(70)**
Integrated Housing Management System	331	401	0	(70)
Invest in "Your Community Initiative"	565	155	410	0
Strategic Lead - Regeneration	**33,664**	**26,318**	**6,986**	**360**
Building Upgrades and H&S	5,222	5,121	101	0
Depot Rationalisation	100	30	70	0
Depot Urgent Spend	36	36	0	0
Regeneration/Local Economic Development	2,320	456	1,507	357
Exxon City Deal	792	300	492	0
Queens Quay	11,763	9,939	1,824	0
Queens Quay District Heating Network	10,153	9,750	403	0
Regeneration Fund - Clydebank Charrette, A814	500	0	500	0
Regeneration Fund - Bowling Joint Venture Investment	250	0	0	250
Regeneration Fund - Dumbarton Charrette, Walkway	500	0	500	0
Regeneration Fund - Balloch Charrette, Public Spaces	600	150	450	0
Regeneration Fund - Further projects to be developed	0	0	250	(250)
Office Rationalisation	418	518	(100)	0
Elevated Platforms (Building Services)	45	0	45	0
Automatic Meter Readers	48	0	48	0
Solar panel installation	135	0	135	0
Oil to Gas Conversion	187	0	187	0
Upgrade Lighting	95	0	95	0
Pappert Woodland Wind Farm	169	6	163	0
Welfare Units	78	0	78	0
Change of heating fuel- schools	0	4	0	(4)
Leisure Energy projects	244	6	238	0
Solar panel installation	9	2	0	7
Health and Social Care Partnership	**8,855**	**2,931**	**5,924**	**0**
Aids & Adaptations	709	709	0	0
Replace Elderly Care Homes and Day Care Centres	8,146	2,222	5,924	0
Direct Project Support	**2,682**	**2,920**	**0**	**(238)**
Direct Project Support	2,682	2,920		(238)
TOTAL	**83,777**	**54,564**	**29,574**	**(361)**

Appendix 5

General Services Capital Plan

	Forecast Outturn 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Projected Spend 2018/19 to 2028/29	Project Life Budget	Projected Project Life Spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Recurring Budgets	**15,380**	**22,176**	**14,986**	**12,383**	**12,592**	**12,702**	**12,729**	**12,758**	**11,452**	**11,454**	**11,456**	**150,067**	**150,067**	**150,067**
Aids & Adaptations	709	757	777	802	824	850	875	902	902	902	902	9,201	9,201	9,201
Building Upgrades and H&S	5,121	3,191	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	36,122	36,122	36,122
ICT Modernisation / Infrastructure - ICT	989	975	751	753	755	757	759	761	763	765	767	8,795	8,795	8,795
ICT Core Infrastructure/ ICT Security & DR	227	390	390	402	1,000	0	0	0	0	0	0	2,409	2,409	2,409
Infrastructure - Flooding	50	150	100	100	100	100	100	100	100	100	100	1,100	1,100	1,100
Infrastructure - Roads	4,452	4,744	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	37,816	37,816	37,816
Vehicle Replacement	40	4,531	1,363	631	218	1,300	1,300	1,300	1,300	1,300	1,300	14,583	14,583	14,583
Flood Risk Management	200	757	500	350	350	350	350	350	350	350	350	4,257	4,257	4,257
Cycling, Walking and Safer Streets	82	149	117	117	117	117	117	117	117	117	117	1,284	1,284	1,284
Footways/Cycle Path upgrades	0	240	100	100	100	100	100	100	100	100	100	1,140	1,140	1,140
Street Lighting and asssociated electrical infrastructure	34	175	100	100	100	100	100	100	100	100	100	1,109	1,109	1,109
Public non adopted paths and roads	100	529	450	450	450	450	450	450	450	450	450	4,679	4,679	4,679
Regeneration/Local Economic Development	456	2,566	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,022	12,022	12,022
Direct Project Support	2,920	3,022	3,068	1,308	1,308	1,308	1,308	1,308	0	0	0	15,550	15,550	15,550
Transformation and Public Service Reform	**4,594**	**4,366**	**12,933**	**8,230**	**4,170**	**180**	**0**	**0**	**0**	**0**	**0**	**34,473**	**84,129**	**84,569**
Strategic Lead - Resources	**3**	**7**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**10**	**78**	**78**
Valuation Joint Board	3	0	0	0	0	0	0	0	0	0	0	3	28	28
Electronic Insurance System	0	7	0	0	0	0	0	0	0	0	0	7	50	50
Strategic Lead - Regulatory	**149**	**31**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**180**	**343**	**343**
E Building Standards	3	0	0	0	0	0	0	0	0	0	0	3	101	101
GP/GIS in Planning	26	25	0	0	0	0	0	0	0	0	0	51	51	51
Antonine Wall	28	0	0	0	0	0	0	0	0	0	0	28	63	63
Legal Case Management System	33	0	0	0	0	0	0	0	0	0	0	33	33	33
Air Quality Monitoring	28	2	0	0	0	0	0	0	0	0	0	30	60	60
Supporting the mobilisation of environmental health and trading standards officers	25	0	0	0	0	0	0	0	0	0	0	25	25	25
Trading Standards Scam Prevention	6	4	0	0	0	0	0	0	0	0	0	10	10	10
Strategic Lead - People and Transformation	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4**	**99**	**99**
Workforce Management System	4	0	0	0	0	0	0	0	0	0	0	4	99	99
Strategic Lead - Communications, Culture and Technology	**353**	**747**	**1,820**	**1,830**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,750**	**5,245**	**5,258**
Civic Heart Works	0	24	0	0	0	0	0	0	0	0	0	24	271	271
Upgrade of Clydebank Library	252	0	0	0	0	0	0	0	0	0	0	252	500	513
Multi Channel Queries	32	1	0	0	0	0	0	0	0	0	0	33	33	33
Heritage Capital Fund	0	350	1,820	1,830	0	0	0	0	0	0	0	4,000	4,000	4,000
Customer Services Transformation	4	1	0	0	0	0	0	0	0	0	0	5	5	5
Transformation of Infrastructure Libraries and Museums	50	371	0	0	0	0	0	0	0	0	0	421	421	421
Telephone System Upgrade	15	0	0	0	0	0	0	0	0	0	0	15	15	15
Strategic Lead - Education, Learning and Attainment	**4,085**	**3,581**	**11,113**	**6,400**	**4,170**	**180**	**0**	**0**	**0**	**0**	**0**	**29,529**	**78,364**	**78,791**

Appendix 5

General Services Capital Plan

	Forecast Outturn 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Projected Spend 2018/19 to 2028/29	Project Life Budget	Projected Project Life Spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Lennox and St Ronan's	0	0	0	0	0	0	0	0	0	0	0	0	1,581	1,581
Schools Estate Refurbishment Plan	126	0	0	0	0	0	0	0	0	0	0	126	5,500	5,498
Schools Estate Improvement Plan	570	1,080	9,000	5,000	4,170	180	0	0	0	0	0	20,000	20,000	20,000
Kilpatrick School - New Build	61	0	0	0	0	0	0	0	0	0	0	61	10,571	10,570
OLSP - New Build	584	-30	0	0	0	0	0	0	0	0	0	554	3,677	4,054
Aitkenbar PS, St Peters PS, Andrew Cameron EE&CC	250	0	0	0	0	0	0	0	0	0	0	250	10,636	10,426
Haldane PS, St Kessog's PS, Jamestown PS & EECC (New Balloch)	456	18	0	0	0	0	0	0	0	0	0	474	16,464	16,727
Children and Young Persons / Early Years	1,173	2,210	2,100	1,400	0	0	0	0	0	0	0	6,883	8,522	8,522
Choices Programme	600	131	0	0	0	0	0	0	0	0	0	731	750	750
New Levenvale Primary School All Weather Pitch	75	162	13	0	0	0	0	0	0	0	0	250	250	250
Education ICT Active Equipment	0	0	0	0	0	0	0	0	0	0	0	0	213	213
New MUGA for St. Patricks Primary School and playground improvements	190	10	0	0	0	0	0	0	0	0	0	200	200	200
Regeneration, Environment and Growth	**32,368**	**26,090**	**23,999**	**20,849**	**15,291**	**10,220**	**2,719**	**2,950**	**0**	**0**	**0**	**134,486**	**202,309**	**202,514**
Strategic Lead - Environment and Neighbourhood	**11,071**	**15,873**	**10,893**	**1,100**	**570**	**0**	**270**	**2,950**	**0**	**0**	**0**	**42,727**	**82,058**	**82,171**
River Leven Flood Prevention Scheme	0	100	0	400	300	0	0	0	0	0	0	800	800	800
Gruggies Burn Flood Prevention Scheme	100	4,249	9,800	700	0	0	0	0	0	0	0	14,849	15,000	15,000
Energy efficient street lighting apparatus	0	0	0	0	0	0	0	0	0	0	0	0	5,694	5,694
Auld Street Clydebank - Bond	0	188	0	0	0	0	0	0	0	0	0	188	400	392
Strathclyde Partnership for Transport	115	310	0	0	0	0	0	0	0	0	0	425	2,453	2,453
Turnberry Homes	0	7	0	0	0	0	0	0	0	0	0	7	60	60
Electrical Vehicle Charging	100	65	0	0	0	0	0	0	0	0	0	165	165	165
Strathleven Park and Ride	178	107	0	0	0	0	0	0	0	0	0	285	285	291
Protective overcoating to 4 over bridges, River Leven	0	270	270	0	270	0	270	0	0	0	0	1,080	1,080	1,080
A811 Infrastructure Works	1,425	75	0	0	0	0	0	0	0	0	0	1,500	1,500	1,500
A811 Lomond Bridge	100	3,570	230	0	0	0	0	0	0	0	0	3,900	3,900	3,900
A813 Road Improvement Phase 1	650	900	150	0	0	0	0	625	0	0	0	2,325	2,325	2,325
A813 Road Improvement Phase 2	0	0	0	0	0	0	0	2,325	0	0	0	2,325	2,325	2,325
Levengrove Park	2,025	135	0	0	0	0	0	0	0	0	0	2,160	3,639	3,639
Free School Meals	10	127	0	0	0	0	0	0	0	0	0	137	200	199
New Clydebank Leisure Centre	376	-16	0	0	0	0	0	0	0	0	0	360	23,810	23,738
New Dalmonach Community Centre and Nursery	800	235	75	0	0	0	0	0	0	0	0	1,110	1,150	1,150
Online Payment System for Education Establishments	0	52	0	0	0	0	0	0	0	0	0	52	146	146
Kilmaronock Cemetery Extension	25	200	0	0	0	0	0	0	0	0	0	225	225	225
Vale of Leven Cemetery Extension	150	340	0	0	0	0	0	0	0	0	0	490	650	650
Bereavement Services Office Conversion	139	0	0	0	0	0	0	0	0	0	0	139	130	141
Posties Park Sports Hub	75	1,581	86	0	0	0	0	0	0	0	0	1,742	1,802	1,802
Clydebank Community Sports Hub	2,373	67	0	0	0	0	0	0	0	0	0	2,440	3,865	3,865
Sports Pitch/Facilities Upgrades	30	94	0	0	0	0	0	0	0	0	0	124	1,476	1,476
Community Capital Fund	935	518	0	0	0	0	0	0	0	0	0	1,453	3,431	3,608
Community Sports Fund	100	101	0	0	0	0	0	0	0	0	0	201	472	472
Holm Park & Yoker Athletic FC	400	350	0	0	0	0	0	0	0	0	0	750	750	750

Appendix 5

General Services Capital Plan

	Forecast Outturn 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Projected Spend 2018/19 to 2028/29	Project Life Budget	Projected Project Life Spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Invest in creating an Environmental Improvement Fund	663	252	0	0	0	0	0	0	0	0	0	915	1,690	1,690
Allotment Development	37	363	0	0	0	0	0	0	0	0	0	400	400	400
New West Bridgend Community Centre	4	631	0	0	0	0	0	0	0	0	0	635	675	675
New Sports Changing Facility (Old OLSP site)	143	190	17	0	0	0	0	0	0	0	0	350	350	350
New Sports Changing Facility at Duntocher	0	300	0	0	0	0	0	0	0	0	0	300	300	300
New Play & Recreation at Radnor Park, including MUGA	88	162	0	0	0	0	0	0	0	0	0	250	260	260
New Sports Changing Facility at Lusset Glen in Old Kilpatrick	0	150	0	0	0	0	0	0	0	0	0	150	150	150
Mandatory 20MPH Residential communities	30	200	265	0	0	0	0	0	0	0	0	495	500	500
Strategic Lead - Housing and Communities	**556**	**140**	**90**	**90**	**90**	**0**	**0**	**0**	**0**	**0**	**0**	**966**	**1,624**	**1,624**
Integrated Housing Management System	401	0	0	0	0	0	0	0	0	0	0	401	624	624
Invest in "Your Community Initiative"	155	140	90	90	90	0	0	0	0	0	0	565	1,000	1,000
Strategic Lead - Regeneration	**20,741**	**10,110**	**13,016**	**19,659**	**14,631**	**10,220**	**2,449**	**0**	**0**	**0**	**0**	**90,826**	**118,627**	**118,719**
Queens Quay	9,939	1,824	0	0	0	0	0	0	0	0	0	11,763	15,620	15,620
Queens Quay District Heating Network	9,750	3,550	453	0	0	0	0	0	0	0	0	13,753	15,100	15,100
Exxon City Deal	300	1,100	2,188	9,500	8,500	9,000	2,449	0	0	0	0	33,037	34,050	34,050
Regeneration Fund - Clydebank Charrette, A814	0	391	2,850	1,059	0	0	0	0	0	0	0	4,300	4,300	4,300
Regeneration Fund - Dumbarton Charrette, Walkway	0	500	1,051	0	0	0	0	0	0	0	0	1,551	1,551	1,551
Regeneration Fund - Balloch Charrette, Public Spaces	150	315	135	600	0	0	0	0	0	0	0	1,200	1,200	1,200
Regeneration Fund - Further projects to be developed	0	100	2,000	2,000	2,931	1,000	0	0	0	0	0	8,031	8,031	8,031
Office Rationalisation	518	430	0	0	0	0	0	0	0	0	0	948	21,702	21,839
Depot Rationalisation	30	1,070	4,000	3,000	400	0	0	0	0	0	0	8,500	8,535	8,535
Depot Urgent Spend	36	0	0	0	0	0	0	0	0	0	0	36	209	209
Pappert Woodland Wind Farm	6	4	339	3,500	2,800	220	0	0	0	0	0	6,869	6,900	6,900
Welfare Units	0	78	0	0	0	0	0	0	0	0	0	78	78	78
Elevated Platforms (Building Services)	0	45	0	0	0	0	0	0	0	0	0	45	45	45
Automatic Meter Readers	0	48	0	0	0	0	0	0	0	0	0	48	48	48
Oil to Gas Conversion	0	187	0	0	0	0	0	0	0	0	0	187	187	187
Upgrade Lighting	0	95	0	0	0	0	0	0	0	0	0	95	95	95
Change of heating fuel- schools	4	0	0	0	0	0	0	0				4	440	401
Leisure Energy projects	6	238	0	0	0	0	0	0	0	0	0	244	277	277
Solar panel installation	2	135	0	0	0	0	0	0				137	259	253
Health and Social Care Partnership	**2,222**	**9,100**	**2,000**	**342**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**13,664**	**27,463**	**27,463**
Replace Elderly Care Homes and Day Care Centres	2,222	9,100	2,000	342	0	0	0	0	0	0	0	13,664	27,463	27,463
New Capital Bids Received	**0**	**949**	**680**	**90**	**60**	**60**	**60**	**60**	**120**	**120**	**60**	**2,259**	**2,259**	**2,259**
B857 Main St Renton	0	210	210	0	0	0	0	0	0	0	0	420	420	420
A814 Glasgow Rd Dumbarton	0	250	300	0	0	0	0	0	0	0	0	550	550	550
Townend Rd Dumbarton	0	200	0	0	0	0	0	0	0	0	0	200	200	200

Appendix 5

General Services Capital Plan

	Forecast Outturn 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Projected Spend 2018/19 to 2028/29	Project Life Budget	Projected Project Life Spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Water Meter Downsize	0	16	0	0	0	0	0	0	0	0	0	16	16	16
Urinal Controls	0	45	0	0	0	0	0	0	0	0	0	45	45	45
Electricity Automatic meters	0	28	0	0	0	0	0	0	0	0	0	28	28	28
Energy Projects quick wins	0	10	20	30	0	0	0	0	0	0	0	60	60	60
AV Equipment - Education	0	150	150	60	60	60	60	60	120	120	60	900	900	900
Making Tax Digital	0	40	0	0	0	0	0	0	0	0	0	40	40	40
	54,564	**62,714**	**54,598**	**41,894**	**32,113**	**23,162**	**15,508**	**15,768**	**11,572**	**11,574**	**11,516**	**334,982**	**466,227**	**466,872**

Appendix 6

Capital Plan - Identification of Anticipated Resources

	Forecast Outturn 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2018/19 to 2028/29	Project Life Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Resources Carried Forward - non cash	**225**	**96**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**321**	**520**
Turnberry Homes	7	0	0	0	0	0	0	0	0	0	0	7	7
Auld Street Bond	188	0	0	0	0	0	0	0	0	0	0	188	287
ICT Modernisation	0	36	0	0	0	0	0	0	0	0	0	36	51
Insurance Receipts	0	0	0	0	0	0	0	0	0	0	0	0	11
HRA Contribution re Dalmuir Works	0	0	0	0	0	0	0	0	0	0	0	0	37
Keil School Planning Gain	30	60	0	0	0	0	0	0	0	0	0	90	127
General Services Capital Grant	**8,557**	**9,913**	**8,557**	**8,557**	**8,557**	**8,557**	**8,557**	**8,557**	**8,557**	**8,557**	**8,557**	**95,483**	**139,517**
Grant Awarded	8,958	10,314	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	99,894	146,171
Less PSHG to HEEDS	(384)	(384)	(384)	(384)	(384)	(384)	(384)	(384)	(384)	(384)	(384)	(4,224)	(6,238)
Less Stairlift revenue maintenance to CHCP	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(187)	(296)
Less Leisure Trust gym equipment												0	
Ring-fenced Government Grant funding	**8,464**	**6,653**	**11,260**	**8,841**	**7,425**	**7,853**	**2,244**	**147**	**147**	**147**	**147**	**53,328**	**57,294**
Scottish Government													
Cycling, Walking, Safer Streets	207	147	147	147	147	147	147	147	147	147	147	1,677	2,177
Gruggies Burn Flood Prevention Scheme	100	3,464	7,840	560	0	0	0	0	0	0	0	11,964	12,000
Clydebank Community Sports Hub	0	0	0	0	0	0	0	0	0	0	0	0	1,000
Early Years	1,800	2,100	1,400	0	0	0	0	0	0	0	0	5,300	5,300
Queens Quay District Heating Network	6,100	0	0	0	0	0	0	0	0	0	0	6,100	6,100
Exxon City Deal - grant allocation applied to city deal project	257	942	0	0	0	0	0	0	0	0	0	1,199	1,866
Exxon City Deal - accrued grant	0	0	1,873	8,134	7,278	7,706	2,097	0	0	0	0	27,088	27,088
Exxon City Deal - grant applied to non city deal projects in year	0	0	0	0	0	0	0	0	0	0	0	0	329
Hub West													
Bellsmyre Schools Project	0	0	0	0	0	0	0	0	0	0	0	0	592
Clydebank Leisure Centre	0	0	0	0	0	0	0	0	0	0	0	0	250
Scottish Futures Trust													
Balloch Campus	0	0	0	0	0	0	0	0	0	0	0	0	592
Match-funding/other grants & contributions	**7,259**	**3,988**	**1,356**	**1,505**	**330**	**30**	**480**	**930**	**0**	**0**	**0**	**15,877**	**21,844**
Scottish Government													
Vale of Leven Workshops	0	0	0	0	0	0	0	0	0	0	0	0	900
River Leven Flood Prevention	0	0	0	300	300	0	0	0	0	0	0	600	600
Sustrans													
Footways/Cycle Path upgrades	0	30	30	30	30	30	30	30	0	0	0	210	605
Lussett Glen												0	19
Clydebank Town Centre and Waterfront												0	50
Strathclyde Partnership for Transport													
Recurring	115	310	0	0	0	0	0	0	0	0	0	425	2,818
Strathleven Park and Ride	0	70	0	0	0	0	0	0	0	0	0	70	76
A813 Road Improvement Phase 1	0	0	0	0	0	0	450	450	0	0	0	900	900
A813 Road Improvement Phase 2	0	0	0	0	0	0	0	450	0	0	0	450	450
Historic Scotland													
New Dumbarton Offices	100	50	0	0	0	0	0	0	0	0	0	150	500
Heritage Lottery Fund													
Levengrove Park	2,522	168	0	0	0	0	0	0	0	0	0	2,690	2,856
Sports Scotland													
Clydebank Community Sports Hub	500	0	0	0	0	0	0	0	0	0	0	500	500
All Weather Tennis Court (Argyll Park)	0	40	0	0	0	0	0	0	0	0	0	40	40
Others													
Developer contributions re Dumbarton Walkway	0	0	0	682	0	0	0	0	0	0	0	682	682
Sustrans (Connecting Clydebank)	0	182	1,326	493	0	0	0	0	0	0	0	2,000	2,000
Queens Quay	0	0	0	0	0	0	0	0	0	0	0	0	(8)
John Muir Trail	0	0	0	0	0	0	0	0	0	0	0	0	22
Transport Scotland	165	0	0	0	0	0	0	0	0	0	0	165	165
Queens Quay District Heating - accrual of income	2,900	3,100	0	0	0	0	0	0	0	0	0	6,000	6,000
Scottish Futures Trust - OLSP	0	0	0	0	0	0	0	0	0	0	0	0	1,654
Green Infrastructure Fund	262	0	0	0	0	0	0	0	0	0	0	262	262
Gaelic Athletic Association - CCSH	300	0	0	0	0	0	0	0	0	0	0	300	300
The Robertson Trust - CCSH	0	0	0	0	0	0	0	0	0	0	0	0	20
Scottish Rugby Union - CCSH	40	0	0	0	0	0	0	0	0	0	0	40	40
Cashback for Communities Fund -CCSH	150	0	0	0	0	0	0	0	0	0	0	150	150
EB Scotland (Landhill) - CCSH	20	0	0	0	0	0	0	0	0	0	0	20	20
Clydebank Community Sports Hub	100	0	0	0	0	0	0	0	0	0	0	100	100

Appendix 6

Capital Plan - Identification of Anticipated Resources

	Forecast Outturn 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2018/19 to 2028/29	Project Life Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Lawn Tennis Association	40	38	0	0	0	0	0	0	0	0	0	78	78
Match funding re Community Capital Fund - Crown Avenue/Second Avenue	30	0	0	0	0	0	0	0	0	0	0	30	30
Match funding re Community Capital Fund - Community Park HCI	15	0	0	0	0	0	0	0	0	0	0	15	15
Capital Receipts excluding from proposed projects	**278**	**501**	**6,100**	**790**	**1,000**	**1,000**	**1,000**	**1,000**	**0**	**0**	**0**	**11,669**	**13,812**
Specific Capital Receipts on proposed projects	**150**	**7,986**	**3,143**	**3,678**	**3,358**	**1,245**	**698**	**3,043**	**0**	**0**	**0**	**22,501**	**25,504**
Prudential Borrowing	**29,593**	**45,136**	**37,054**	**6,015**	**5,407**	**614**	**1,933**	**4,173**	**0**	**0**	**0**	**129,924**	**263,144**
Previously Approved Borrowing	(14,723)	17,713	0	0	0	0	0	0	0	0	0	2,990	3,357
Prudential Borrowing Identifed from Project Savings	18,290	2,905	7,598	3,878	340	65	65	65	0	0	0	33,206	106,067
Additional Prudential Borrowing Agreed February 2013	17,928	17,198	13,780	11,641	10,228	0	0	0	0	0	0	70,775	97,063
Community Capital Fund Agreed February 2013	0	0	0	0	0	0	0	0	0	0	0	0	1,500
Community Leisure Fund Agreed February 2014	573	0	0	0	0	0	0	0	0	0	0	573	1,000
Roads Upgrades Agreed February 2014	0	0	0	0	0	0	0	0	0	0	0	0	1,000
Additional Prudential Borrowing Agreed February 2014	542	(9,652)	0	0	0	0	0	0	0	0	0	(9,110)	13,954
Additional Prudential Borrowing Agreed February 2015	(3,965)	9,776	1,939	549	175	0	0	0	0	0	0	8,474	33,946
Additional Prudential Borrowing Agreed February 2016	(14,730)	11,041	578	(10,912)	(11,502)	830	(2,192)	(3,040)	0	0	0	(29,927)	(49,662)
Adjustment to Prudential Borrowing re Exxon Acceleration	0	0	0	0	0	0	0	0	0	0	0	0	499
Adjustment to Prudential Borrowing re Clydebank Library	0	0	0	0	0	0	0	0	0	0	0	0	11
Adjustment to Prudential Borrowing re Vehicles	87	0	0	0	0	0	0	0	0	0	0	87	1,500
Prudential Borrowing re Community Capital Fund -Bonhill	0	0	0	0	0	0	0	0	0	0	0	0	40
Additional Prudential Borrowing re Inler Park	237	0	0	0	0	0	0	0	0	0	0	237	250
Additional Prudential Borrowing Agreed February 2017	34,923	(12,305)	(4,768)	(1,867)	2,580	68	3,265	6,143	0	0	0	28,039	28,039
Additional Prudential Borrowing for Clydebank Community Sports Hub	850	0	0	0	0	0	0	0	0	0	0	850	850
Additional Prudential Borrowing Agreed March 2018	(10,419)	8,460	17,927	2,437	3,297	(638)	795	1,005	0	0	0	22,864	22,865
Additional Prudential Borrowing Agreed November 2018 (City Deal)	0	0	0	289	289	289	0	0	0	0	0	866	866
Funded from Revenue	**38**	**91**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**129**	**2,034**
Workforce Management Systems	0	0	0	0	0	0	0	0	0	0	0	0	40
Education ICT	0	0	0	0	0	0	0	0	0	0	0	0	213
Online Payment System for Education Establishments	0	52	0	0	0	0	0	0	0	0	0	52	60
E-Building Standards	3	0	0	0	0	0	0	0	0	0	0	3	50
GP/GIS in Planning	5	0	0	0	0	0	0	0	0	0	0	5	5
Wind Turbines	30	39	0	0	0	0	0	0	0	0	0	69	100
Care Homes - HSCP Reserves	0	0	0	0	0	0	0	0	0	0	0	0	136
Local Economic Development	0	0	0	0	0	0	0	0	0	0	0	0	1,430
Total - all	**54,564**	**74,364**	**67,470**	**29,386**	**26,077**	**19,299**	**14,912**	**17,850**	**8,704**	**8,704**	**8,704**	**329,232**	**523,669**

Resources held on Balance Sheet	225	96	0	0	0	0	0	0	0	0	0	321	520
General Capital Grant	8,557	9,913	8,557	8,557	8,557	8,557	8,557	8,557	8,557	8,557	8,557	95,483	139,517
Ring Fenced Capital Grant	8,464	6,653	11,260	8,841	7,425	7,853	2,244	147	147	147	147	53,328	57,294
Match-funding	7,259	3,988	1,356	1,505	330	30	480	930	0	0	0	15,877	21,844
Capital Receipts	428	8,487	9,243	4,468	4,358	2,245	1,698	4,043	0	0	0	34,970	39,316
Previously Agreed Prudential Borrowing	29,593	45,136	37,054	6,015	5,407	614	1,933	4,173	0	0	0	129,924	263,144
Revenue contributions	38	91	0	0	0	0	0	0	0	0	0	129	2,034
	54,564	**74,364**	**67,470**	**29,386**	**26,077**	**19,299**	**14,912**	**17,850**	**8,704**	**8,704**	**8,704**	**330,032**	**523,669**
Additional Prudential Borrowing Requirement to Fund Recommendations	0	(11,650)	(12,872)	12,509	6,037	3,863	596	(2,082)	2,868	2,870	2,812	4,949	(56,798)
Total Resource required to fund recommendations	**54,564**	**62,714**	**54,598**	**41,894**	**32,113**	**23,162**	**15,508**	**15,768**	**11,572**	**11,574**	**11,516**	**334,982**	**466,872**

Appendix 7

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

Recurring Budgets	
Aids & Adaptations	The provision of Aids and Adaptations links some of our main strategic priorities of Early Intervention, Access and Resilience – which ties into the Scottish Government's 2020 Vision of "supporting people to live longer, healthier lives at home or in a homely setting" for as long as is reasonably possible and also to support WD residents (mainly older people and physical disabilities) to be discharged home from hospital as soon as possible – a key Strategic Priority as set out in the HSCP Strategic Plan
Building Upgrades and H&S	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (2.4) & (5.4)
ICT Modernisation / Infrastructure - ICT	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
ICT Core Infrastructure/ ICT Security & DR	ICT Asset Management Plan commits to delivering a secure and resilient but cost effective infrastructure to support service delivery and minimise disruption
Infrastructure - Flooding	AMP states that we will develop and produce a Flood Protection Study.
Infrastructure - Roads	This links to the Roads Asset Management Plan - to provide an improved Roads Infrastructurewhich supports the Council's strategic aims & objectives with respect to connectivity and access to employment, education, health , leisure and transport opportunities.
Vehicle Replacement	The Asset Management Plan - Vehicle Fleet 2016-2021 establishes the replacement intervals for light commercial vehicles (10 Years) and heavy vehicles (7 years) from the date of first registration. The capital budget for replacement vehicles is aligned to replacement dates of the vehicles.
Flood Risk Management	SEPA licensing & delays incurred by 3rd party utilities resulted in slippage of programme & therefore budget Linking to AMP Flood protection of River Leven & surrounding water courses & critical drainage infrastructure.
Cycling, Walking and Safer Streets	Variance due to c/f part of 18/19 grant. Issue caused by limited resource in 18/19 & inclement weather. Planned works include surfacing part of cycle path @ Fourth Ave/Dumbuck Rd Dumbarton. AMP states that we will undertake footway/cycleway Capital improvements.
Footways/Cycle Path upgrades	AMP states that we will undertake footway improvements as part of the Capital Programme.
Street Lighting and asssociated electrical infrastructure	AMP states that we will continue with our ongoing programme of column and infrastructure replacement.
Public non adopted paths and roads	Upgrading paths is mentioned in the following sections of the Open Space Asset Management Plan - Amenity Greenspace, Public parks, Green Corridors and Cemeteries.
Regeneration/Local Economic Development	The LED budget contains numerous sub-projects. The key delay in expenditure is related to the £1.5m budget for former st eunan's primary site regeneration into a Bio-diversity park. A planning condition that was required to be satisfed has delayed the project by 3 months and more recent issues regarding the former school site may delay this key project further. Contracts are in place for signing with Robertsons to commence works on site.
Direct Project Support	This is a general support budget that is not linked to a specific asset management plan
Transformation and Public Service Reform	
Strategic Lead - Resources	
Valuation Joint Board	This is linked to the VJB capital plan
Electronic Insurance System	Although not linked to a specific AMP this system will improve the working processes within the insurance team, streamlining reporting and claims handling processes being dealt with. It will improve the digitalisation of the work within the team.
Strategic Lead - Regulatory	
E Building Standards	This is now committed to the upgrade of the Civica portal which will be spent by end of March 2019
GP/GIS in Planning	This will provide a modern mapping system and is committed and will be implimented before end of Marxch 2019
Antonine Wall	This is part of a wider project with 4 other Councils and Historic Environment Scotland for the next 3 years.
Legal Case Management System	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Air Quality Monitoring	Replacement of obsolete equipment in order to achieve compliance with CS/EH/997
Supporting the mobilisation of environmental health and trading standards officers	This capital budget links to action REGU/1819/023 in the Regulatory Delivery Plan 2018/19 to further improve the agility and flexibility of officers by the provision of enhanced handheld mobile technology which will reduce administrative and paper based processes.
Trading Standards Scam Prevention	The project involves the provision of devices which prevent nuisance and scam phone calls to residents who are vulnerable due to conditions such as dementia. It is well established that victims of scams suffer both financially and in terms of their general health. Loss of confidence and emotional distress can also impact on an individual's ability to live independently and in their own home.
Strategic Lead - People and Transformation	
Workforce Management System	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative

Appendix 7

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

Strategic Lead - Communications, Culture and Technology	
Civic Heart Works	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (2.4)
Upgrade of Clydebank Library	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (2.4)
Multi Channel Queries	This was capital spend allocated following the transformation of customer services (now citizen services) and the ambition was to introduce automated technology to reduce telephone calls and introduce Webchat functionality. It is not linked to an Asset Management Service Plan.
Heritage Capital Fund	Administration budget commitment
Customer Services Transformation	This was money allocated to support the removal of scancoin devices in OSS branches. It was a small-one off spend.
Transformation of Infrastructure Libraries and Museums	Committee approved spend to invest in the improvement of the Libraries and Culture Service. This fits in with efficient, effective, frontline services from the Strategic Plan.
Telephone System Upgrade	This funding was awarded as part of the centralisation of telephone contact across the Council. The money is being used to improve the Housing Repairs telephone platform for incoming calls, providing improved Management Information. It fits in with Housing Strategy and the Council's Strategic Plan.
Strategic Lead - Education, Learning and Attainment	
Lennox and St Ronan's	Contained within Asset Management Plan Property 2016-21 (2.4) & Corporate Asset Management Strategy 2016-21 (1)
Schools Estate Refurbishment Plan	Current school Estate Management Plan is being revised to reflect the changing needs in education delivery. A revised action plan will be produced to reflect key priorities in each geographical area and will be presented to committee in 2019. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (2.4) & Corporate Asset Management Strategy 2016-21 (1)
Schools Estate Improvement Plan	Current school Estate Management Plan is being revised to reflect the changing needs in education delivery. A revised action plan will be produced to reflect key priorities in each geographical area and will be presented to committee in 2019. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (2.4) & Corporate Asset Management Strategy 2016-21 (1)
Kilpatrick School - New Build	Current school Estate Management Plan is being revised to reflect the changing needs in education delivery. A revised action plan will be produced to reflect key priorities in each geographical area and will be presented to committee in 2019. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. - Corporate Asset Management Strategy 2016-21 (1)
OLSP - New Build	Current school Estate Management Plan is being revised to reflect the changing needs in education delivery. A revised action plan will be produced to reflect key priorities in each geographical area and will be presented to committee in 2019. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21 (1)
Aitkenbar PS, St Peters PS, Andrew Cameron EE&CC	Current school Estate Management Plan is being revised to reflect the changing needs in education delivery. A revised action plan will be produced to reflect key priorities in each geographical area and will be presented to committee in 2019. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21 (1)
Haldane PS, St Kessog's PS, Jamestown PS & EECC (New Balloch)	Current school Estate Management Plan is being revised to reflect the changing needs in education delivery. A revised action plan will be produced to reflect key priorities in each geographical area and will be presented to committee in 2019. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21 (1)
Children and Young Persons / Early Years	This is linked to the Early Year Strategy
Choices Programme	Current school Estate Management Plan is being revised to reflect the changing needs in education delivery. A revised action plan will be produced to reflect key priorities in each geographical area and will be presented to committee in 2019. This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (2.4) & Corporate Asset Management Strategy 2016-21 (1)
New Levenvale Primary School All Weather Pitch	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
Education ICT Active Equipment	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
New MUGA for St. Patricks Primary School and playground improvements	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
Regeneration, Environment and Growth	

Appendix 7

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

Strategic Lead - Environment and Neighbourhood	
River Leven Flood Prevention Scheme	AMP states that we will develop and produce a Flood Protection Study of the River Leven. Continued participation in CaLL - Clyde & Loch Lomond Flood Prevention Management Group.
Gruggies Burn Flood Prevention Scheme	Project design is ongoing as optioneering has produced alternative design solutions ongoing discussions with Consultants, Contractors & SEPA have permitted us to appoint a Specialist Contractor via Scape framework to produce a "Buildabilit"y statement. Ground investigation works instructed under Scape framework. Specialist Consultant appointed via SLC Professional Services Framework. AMP - continuation of the developement of Gruggies Burn and subsequent implementation of Gruggies Burn Flood Prevention Scheme.
Energy efficient street lighting apparatus	This links to the Roads Asset Management Plan - to provide an improved Roads Infrastructurewhich supports the Council's strategic aims & objectives with respect to connectivity and access to employment, education, health , leisure and transport opportunities.
Auld Street Clydebank - Bond	Works to be carried out from recovered Road Bond include C/way, F/Way resurfacing, roundal & street lighting.It is expected to progress within next 3-6 months. On completion these works will then be adopted as a WDC asset.
Strathclyde Partnership for Transport	These projects improve & support connectivity and equal access to Public transport & assist in encouraging Modal shift, thus helping reducing emissions.
Turnberry Homes	Final tranche of these works to be completed in conjuction with Dumbarton East footway improvements. As previously noted AMP states we will deliver capital footway improvements to facilitate safe pedestrian routes and encourage active travel.
Electrical Vehicle Charging	AMP states that we will continue to work with other service deprtments and organisations to install Electric Vehicle Charging points.
Strathleven Park and Ride	Access issues currently being progressed. Agreement on Heads of Terms should be progressed within next 8 weeksintention is to procure works through Minor Civils Framework.This project will result in Modal shift and reduced emissions.
Protective overcoating to 4 over bridges, River Leven	Slippage required due to a comprehensive works package which will be created from the Bridge Principal inspections which have been undertaken. AMP states that we will continue with programme of both Principal & General bridge inspections and implement Capital improvements identified from these inspections.
A811 Infrastructure Works	A811 forms a strategic link from the settlements witing WDC & neighbouring authorities both Carriageway and geometery required upgrading to current specifications and was named in current AMP.
A811 Lomond Bridge	In our AMP it states we will develop and implement design solution for failing bridge deck @ Lomond Road Bridge Balloch.
A813 Road Improvement Phase 1	A813 forms a strategic link from the settlements witing WDC both Carriageway and geometery require upgrading to current specifications and is named in current AMP.
A813 Road Improvement Phase 2	A813 forms a strategic link from the settlements within WDC. Both Carriageway construction and road geometery require upgrading to current specifications and this is named in current AMP.
Levengrove Park	The Open Space Asset Management Plan states that we will provide as a minimum provision in our Urban Parks - car parking, toilet provision, nature area and play opportunities.
Free School Meals	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan.
New Clydebank Leisure Centre	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21 (1)
New Dalmonach Community Centre and Nursery	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. . Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
Online Payment System for Education Establishments	The update to the FM Cashless Catering system and associated timescalesd are linked to the development of the Education online payment system.
Kilmaronock Cemetery Extension	The Open Space Asset Management Plan states that we will construct an extension to Kilmaronock Cemetery.
Vale of Leven Cemetery Extension	The Open Space Asset Management Plan states that we will identify a new Cemetery site in the Vale of Leven.
Bereavement Services Office Conversion	Not mentioned in Asset Management Plan
Posties Park Sports Hub	Within the Open Space Asset Management Plan it states that the provision of new 3G pitches and new pavillions has improved the overall sports pitch asset, however there are some facilities still classed as poor which require addressing.
Clydebank Community Sports Hub	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21 (1)
Sports Pitch/Facilities Upgrades	Within the Open Space Asset Management Plan it states that the provision of new 3G pitches and new pavillions has improved the overall sports pitch asset, however there are some facilities still classed as poor which require addressing. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)

Appendix 7

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

Community Capital Fund	There is a section within the Open Space Asset Management Plan Action Plan on Playspace for children and teenagers. This states that we will utilise developer contributions to address the quality of current stock and achieve better contributions to increase the scale of provision and underpin the continued maintenance of any new provision. We will enhance the accessibility and inclusivity of play provision and work towards providing inclusive play provision in all new and refurbished play areas.
Community Sports Fund	This is a fund that allows sports clubs to apply for funding to improve existing and develop new facilities. Within the Open Space Asset Management Plan it states that the provision of new 3G pitches and new pavillions has improved the overall sports pitch asset, however there are some facilities still classed as poor which require addressing.
Holm Park & Yoker Athletic FC	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
Invest in creating an Environmental Improvement Fund	The Open Space Asset Management Plan states that we will select amenity Greenspace sites to increase the proportion that is managed for biodiversity.The plan states that we will upgrade and make green corridors more useable.
Allotment Development	There is a section within the Open Space Asset Management Plan Action Plan on Allotments. This states that in line with the Councils obligations under the Community Empowerment Act we will provide three new allotment sites of at least 0.66 hectares.
New West Bridgend Community Centre	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
New Sports Changing Facility (Old OLSP site)	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
New Sports Changing Facility at Duntocher	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
New Play & Recreation at Radnor Park, including MUGA	There is a section within the Open Space Asset Management Plan Action Plan on Playspace for children and teenagers. This states that we will utilise developer contributions to address the quality of current stock and achieve better contributions to increase the scale of provision and underpin the continued maintenance of any new provision. We will enhance the accessibility and inclusivity of play provision and work towards providing inclusive play provision in all new and refurbished play areas.
New Sports Changing Facility at Lusset Glen in Old Kilpatrick	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
Mandatory 20MPH Residential communities	AMP - Creating safer communities for the residents of WDC.
Strategic Lead - Housing and Communities	
Integrated Housing Management System	ICT Asset management plan commits to delivering ICT assets that are fit for purpose in terms of ease of use, meeting business requirements and innovative
Invest in "Your Community Initiative"	The H+E Delivery Plan clearly sets out the challenge of the competing demands of delivering joined-up services to local areas, against a backdrop of financial and resourcing challenges. The Delivery Plan confirms that the Your Community Inititative, which includes Community Budgeting and the Improvement Fund, is the council's approach to delivering services to local areas and involving local communities. The Communities Team continue to work to embed this approach across relevant council services and CPWD to improve ways of delivering the required services, while improving community participation and engagement. This re-phasing of the budget will allow the fund to benefit a number of different communities / community projects.
Strategic Lead - Regeneration	
Queens Quay	Project funding of £15.62m was re-scheduled to align with District Heating network project and landscaping works during growing season in summer 2019. Explained further in BCR report to Council.
Queens Quay District Heating Network	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21 (1)
Exxon City Deal	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21 (1)
Regeneration Fund - Clydebank Charrette, A814	The is a Roads service project where planning was submitted to committee in August 2018 and continued. It finally received planning approval on 14 Nov 2018. The procurement process can now commence and works aligned with DH pipework crossing the A814. Explained in IRED 21 Nov Regeneration Fund update paper.
Regeneration Fund - Dumbarton Charrette, Walkway	This complex project requires full support of the four landowners to develop the pathway and this has been a challenge in securing their permissions, discovery of invasive species on site and enabling works that landowners need to complete prior to pathway being constructed have also contributed towards delays. Fuller explaination in IRED 21 Nov Regeneration Fund Update paper. The gross contribution is £1.727m and net cost for WDC equates to £0.867m once balance recovered from landowners contributions.

Appendix 7

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

Regeneration Fund - Balloch Charrette, Public Spaces	There was a delay in securing a finalised design for the Village square works that has now been approved and with tender approved 21 Nov 2018 progress on works can now commence. Anticipate works early 2019 extending until June 2019. The works for Balloch Station square will be delayed by almost 12 months to ensure that Lomond bridge works are completed and once west riverside development has obtained planning permmission or otherwise this is important to minimise traffic flow disruption around Balloch.
Regeneration Fund - Further projects to be developed	The figure has significantly increased over the period to take account of the unallocated £12.4m regeneration Fund for this to be allocated to 'further project to be developed'.
Office Rationalisation	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
Depot Rationalisation	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4) & Corporate Asset Management Strategy 2016-21 (1)
Depot Urgent Spend	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Contained within Asset Management Plan Property 2016-21 (5.4)
Pappert Woodland Wind Farm	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. Corporate Asset Management Strategy 2016-21 (1)
Welfare Units	The purchase of mobile welfare units links directly to Building Services service and asset plans and will reduce the cost of hiring static welfare units.
Elevated Platforms (Building Services)	The purchase of elevated platforms links to Building Services service and asset plans and should reduce the use and cost of scaffolding.
Automatic Meter Readers	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Oil to Gas Conversion	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Upgrade Lighting	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Change of heating fuel- schools	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Leisure Energy projects	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Solar panel installation	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Health and Social Care Partnership	
Replace Elderly Care Homes and Day Care Centres	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan.
New Capital Bids Received	
B857 Main St Renton	Project would be full carriageway resurfacing & associated works B857 Renton Main St from Place of Bonhill to Burns St
A814 Glasgow Rd Dumbarton	Carriageway surfacing & associated works A814 between Dalreoch Toll & Church St Roundabout
Townend Rd Dumbarton	Full carriageway resurfacing & associated works Townend Rd between Meadow Rd to Bonhill Rd
Water Meter Downsize	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Urinal Controls	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Electricity Automatic meters	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
Energy Projects quick wins	This links to key objectives within the Regeneration Delivery Plan, Asset Management Service Plan and Property Asset Management Plan. To continue to reduce energy consumption and deliver savings through effective asset management.
AV Equipment - Education	The current Education audio visual estate numbers ~650 teaching boards. ~200 boards are currenty aged 7+ years old and/or faulty. The project aims to create and maintain a 'fit for purpose' learning enviroment to ensure compatability with emerging and futre technology by replacing ageing and faulty audio visual teaching boards.
Making Tax Digital	Although not linked to a specific AMP this is a statutory requirement as from April 2020 all aspects of the VAT return must be digital. This is a mandatory requirement from HMRC. Looking at options (e.g. Agresso) with potential costs of circa £20k - this will potentially require an upgrade to Agresso if this was the supplier chosen which could cost circa £20k also.

West Dunbartonshire Council

Report by the Strategic Lead - Resources

Council: 27 March 2019

Subject: Capital Strategy 2019/20 to 2028/29

1. Purpose

1.1 The purpose of this report is to provide Members with the capital strategy for the period 2019/20 to 2028/29.

2. Recommendations

2.1 Members are requested to approve the capital strategy as appended to this report.

3. Background

3.1 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities are required to prepare a Capital Strategy which is intended to provide the following:

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

3.2 The intention to submit the capital strategy to members for approval in December 2018 was contained within the prudential indicator and treasury management strategy approved on 5 March 2018.

4. Main Issues

Capital Strategy

4.1 The capital strategy covers the period 2019/20 to 2028/29 which is the time period covered by the capital plan refresh which will be reported to Council as part of the budget report in March 2019.

4.2 The format and content of the capital strategy is as follows:

- Overview;

- Long term capital planning;
- Investments and guarantees;
- Treasury management and Prudential Indicators;
- Section 95 officer statement on the delivery, affordability and risk; and
- Action plan.

4.3 The capital strategy will be reported to Council on an annual basis to ensure that it remains up to date and relevant.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no personnel issues.

7. Financial and Procurement Implications

7.1 There are no direct financial or procurement implications arising from this report.

8. Risk Analysis

8.1 While the appended report provides the capital strategy of the Council there are 3 main risks associated with long term capital planning. These risks are noted below; however the Council has robust capital appraisal and monitoring processes in place and provides regular reports to Council:

- Capital plans are not fully aligned to Council strategic objectives and the Council has robust controls included within the prioritisation and approval process to mitigate this risk;

- The risk of non-deliverability of capital investment plans must also be taken into account; however the Council has robust management and monitoring controls included within its capital investment governance process that will assist in mitigating this risk; and

- Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available. The Council has a robust capital governance process in place to mitigate and manage this risk.

9. Equalities Impact Assessment

9.1 An equalities impact screening has been carried out and has determined that a detailed assessment was not required in relation to this report.

10. Environmental Sustainability

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

11. Consultation

11.1 The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

12. Strategic Assessment

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

12.2 The capital strategy contributes to the Financial Strategy via the interdependency that exists between pro-active long term capital planning and the formulation of long term financial plans.

Stephen West
Strategic Lead – Resources
18 February 2019

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Appendix: Capital Strategy 2019/20 to 2028/29

Background Papers: Prudential Indicators 2018/19 to 2025/26 and Treasury Management Strategy 2018/19 to 2025/26 (Council 5 March 2018)

EIA Screening

Wards Affected: No wards directly affected.

West Dunbartonshire Council

Capital Strategy

2019/20 to 2028/29

December 2018

Contents

Chapter One - Overview

Introduction

The Capital Strategy for West Dunbartonshire Council drives the Council's capital investment ambition while ensuring the links between capital investment, capital financing, treasury management, asset management plans/strategies and the council's revenue budgeting cycle and long term financial planning are maintained.

It is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across the Council's services and informs decisions on capital spending priorities within both the General Fund 10 year capital plan (2019/20 to 2028/29) and the Housing Revenue Account (HRA) 5 year capital plan (2019/20 to 2023/24). Included within this strategy document is a statement by the Section 95 Officer on the delivery, affordability and risks associated with this strategy.

Capital Investment is a highly regulated area of finance and is clearly defined both externally and internally as detailed below:

- CIPFA's Code of Practice (underpinned by financial reporting standards); and
- The council's Capital Guidance document which can be located in the Treasury and Capital section of the council's intranet.

In summary capital investment is defined as expenditure that can be directly attributed to the acquisition, creation or enhancement of items of property, plant and equipment or the acquisition of rights over certain longer term intangible benefits. In contrast revenue expenditure is incurred in providing a service on a day to day basis and the benefit is immediately consumed by the council.

The value of the council's assets as at 31 March 2018 is detailed in the table below and illustrates the diversity and scale of the asset base.

Asset Classification	**£000**
Operational land and buildings	312,516
Commercial land and buildings	44,491
Surplus assets	10,049
Assets under construction	38,652
Council dwellings	391,050
Infrastructure assets	62,013
Vehicles, plant and equipment	12,109
Assets held for sale	9,069
Other	1,406
Total Asset Value	**882,560**

While this strategy focuses on the council's management of its own investment in assets, a wider view of capital investment throughout the Council area (by other public organisations and the private sector) will influence both the council's capital spend and the ability of the council to meet its strategic priorities:

- Reducing inequalities for the people of West Dunbartonshire Council;

- A strong local economy and improved job opportunities;
- Supported individuals, families and carers living independently and with dignity;
- Meaningful engagement with active, empowered and informed citizens who feel safe and engaged;
- Open, accountable and accessible local government; and
- Efficient and effective frontline services that improve the everyday lives of residents.

The Capital Strategy sets out a number of guiding principles, however a balance is required between guidance and prescription to allow a flexible approach to be taken and to enable the council to adapt and reflect in times of uncertainty.

The management of both the General Fund and HRA capital plans are supported by both the council's financial regulations and code of practice.

Guiding principles
Long term capital investment plans cannot be developed in isolation but instead are informed by a number of key principles which are explored in more detail further in this document:

- Approach to borrowing - Ensuring that the council complies with the CIPFA prudential code and that borrowing is prudent, affordable and sustainable in the long term;
- Approach to development and monitoring of long term capital investment plans - Ensuring that all plans make a positive contribution to the overall council strategic priorities and that all plans are clearly linked to asset management planning and any other relevant plans/strategies;
- Approach to treasury management - Ensuring that there is a close relationship between long term capital investment plans and overall treasury management; and
- Approach to financial planning - Ensuring that the impact of long term capital investment plans are clearly detailed within the both the council's long term financial plan and annual budget reports.

Linkage of capital plan to internal plans and strategies
Any capital investment plans that are undertaken by the council must link to one of the council's key priorities and contribute to the documented aims and objectives. While this is achieved through the scoring of capital bids (as detailed on page 12) the capital bids themselves are determined by a number of internal plans and strategies.

<u>Asset management plans</u>
The council has a number of asset management plans, each of which covers a 5 year period. The diagram on page 6 shows the time period covered and when the last plan was approved by committee.

The overarching document is the Corporate Asset Management Strategy. The aim of the Asset Management Strategy is to ensure that our assets are managed in a corporate, coherent and prioritised fashion, as a mechanism to support the delivery of key services; ensuring their efficiency and effectiveness in meeting the current and future needs of communities within West Dunbartonshire.

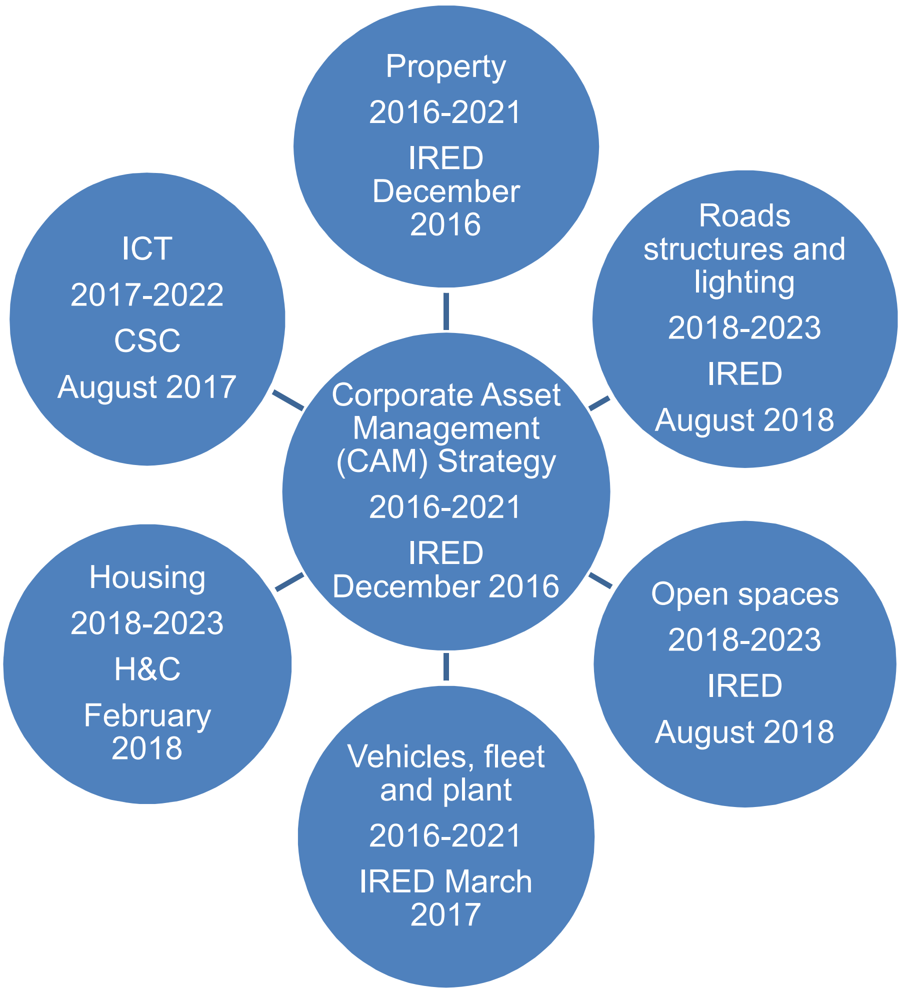
Strategic well-executed asset management is an essential component for West

Dunbartonshire Council and is fundamental to being able to demonstrate that the Council is delivering in the context of the Best Value agenda. The Council therefore has a responsibility to ensure that:

- Assets are managed on a strategic basis so that they enhance and improve service delivery; and
- The asset base is aligned to the organisations strategic priorities and objectives and that they are managed in an active, effective and efficient manner.

Sound and efficient management of our assets has a significant part to play in continuing to improve and develop our services to the Community. Therefore, core services such as Education, Health & Social Care Partnership, Housing, etc., must continue to articulate their strategic direction in the short, medium and long term and support the translation of these priorities and their implications in terms of assets to enable the effective development of Services to take place. Effective Asset Management as well as improving efficiency and effectiveness, can:

- Generate resources through income by selling surplus assets; and
- Generate long term revenue savings as those assets would no longer be a burden on resources.



The corporate Asset Management Strategy is therefore supplemented by individual asset management plans. These supplementary plans follow the guidance from the Chartered Institute of Public Finance and Accounting (CIPFA) advising that local authorities should classify assets under 6 categories:

- Property (including investment and disposals);
- Open Spaces;
- Roads Structures & Lighting;
- Housing;
- Vehicle Fleet & Plant; and
- Information and Communication Technology (ICT).

West Dunbartonshire Council's approach to the management of these "asset groups" require detailed asset management plans which have been developed within the context of this strategic framework and approved by the appropriate Committee for each of the areas as outlined above.

Each of the asset management plans takes account of six key drivers which are promoted by CIPFA as being critical to effective asset management. These drivers in turn will influence the capital projects that are both in the current capital investment plan and are proposed for future inclusion. The key drivers are:

- Condition;
- Suitability;
- Sufficiency;
- Revenue Costs;
- Accessibility; and
- Value.

<u>Other plans and strategies</u>
In addition to the asset management plans outlined above there are a number of other plans and strategies that influence the level and type of capital investment undertaken by the council.

- West Dunbartonshire Strategic Plan;
- Strategic service delivery plans;
- Schools Estate Strategy;
- Early Years Strategy;
- Asset Disposal Strategy; and
- Regeneration charrettes.

External influences on capital planning
The internal plans and strategies outlined in the previous section will determine the capital strategy for both the management of the existing asset base and capital investment requirements; however external influences will impact on the council's ability to deliver the aims and objectives. The level to which the council is able to mitigate against these externalities will depend on both the risk and materiality of them.

External influences can be considered under a PESTLE analysis and some of the main externalities are explored in more detail below:

Political

Much of the activity undertaken by the council is governed by statute and in turn this has implications for capital investment required by the council. Examples of such statutory implications are:

- New Early Learning and Childcare service model for 2020 whereby the Scottish Government and local authorities are committed to additional investment in early learning and childcare to increase the funded entitlement from 600 to 1140 hours per year from August 2020. This applies to all 3 and 4 year olds, as well as eligible two year olds;
- National housing policy;
- School regeneration; and
- Scottish housing standards
- Energy efficiency standards

Economic

Both the UK and the wider global economy have an impact on both the council's ability to undertake capital borrowing and effectively manage its asset disposal strategy.

- Capital borrowing considerations:

  - While the council is able to borrow money from the money market or from the Public Works Loans Board to fund capital investment it is essential that this is done in as efficient a way as possible to ensure best value for both council tenants and council tax payers; and

  - The council takes a prudent approach to borrowing, paying particular regard to the robustness of the management and monitoring of the capital investment plan, loan charge forecasting models and the impact that any deviations will have on the level of prudential borrowing required.

- Asset Disposal considerations:

  - Those properties which have been declared surplus are grouped into three separate categories based on importance. In prioritised order, they are:

    - Strategic sites – sites that could bring significant economic impact;
    - Rationalisation programme – land and buildings that are to be disposed of as part of any council rationalisation programme; and
    - Commercial and private – land and buildings with commercial and/or private benefit to interested parties.

  - The economic climate impacts on the council's ability to dispose of surplus sites as developers may or may not be able to move forward with development plans. The council will fully consider the best way to market surplus assets/sites taking all relevant factors into account.

Social
Changes in the social and demographic profile of West Dunbartonshire Council (e.g. changes in age profile, household size, poverty levels, gender mix and life expectancy) all have implications for service delivery on a day to day basis and ultimately for the long term management of the council's assets.

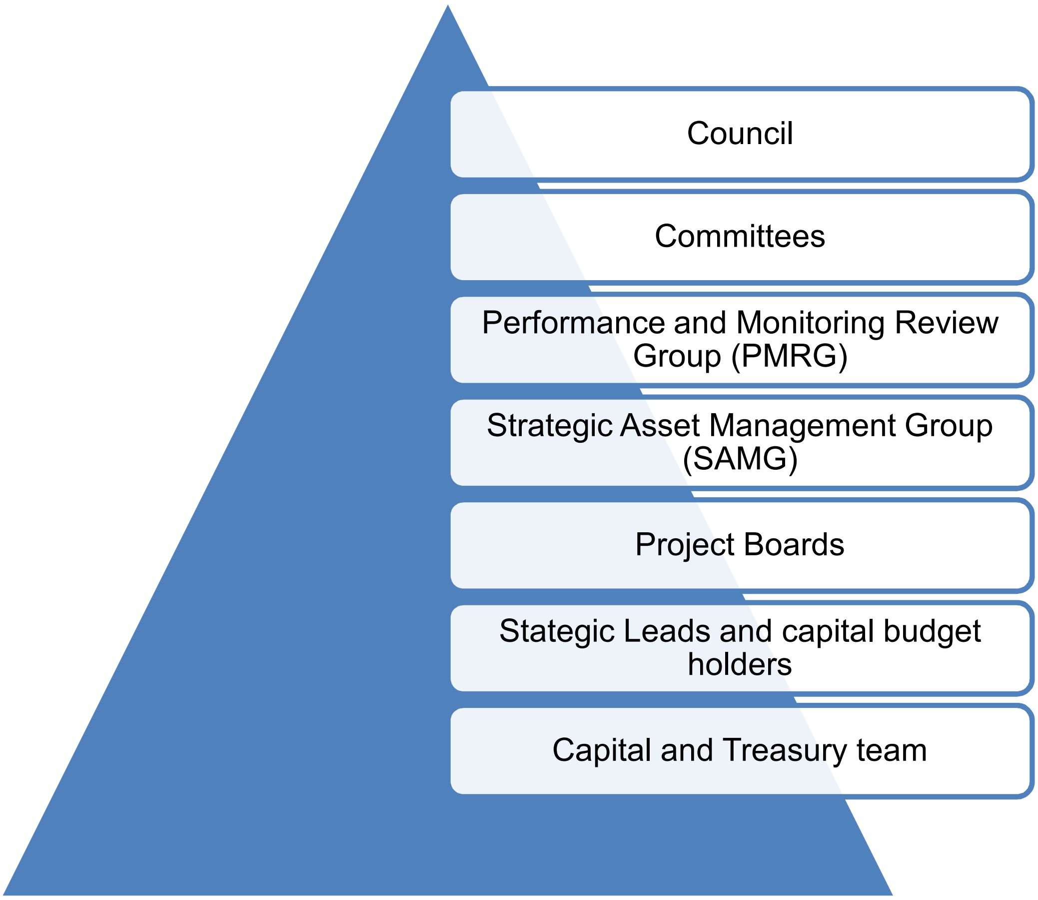
Technological
Changes in technology such as new ways of working, advances in delivering heating and lighting, etc. has the potential to impact on capital investment plans both in relation to the cost of implementation and the frequency of updates required.

Legal
Increasing complex capital investment plans invariably result in complex legal negotiations. In addition legal and regulatory responsibilities of the Council have the potential to result in capital investment requirements such as protecting vulnerable residents.

Environmental
Climate change is widely reported in the news and has far reaching impacts on the Council for capital investment. An example of this is the requirement to tackle the resulting environmental impacts such as flood management.

Chapter Two – Long term capital planning

Governance process
Capital investment within West Dunbartonshire Council is governed by a hierarchy of approval, scrutiny and monitoring processes.



<u>Council</u>
In accordance with the CIPFA Prudential Code all capital investment must be approved by full council prior to project commencement and any expenditure being incurred. The General Fund 10 year capital plan (2019/20 to 2028/29) and the HRA 5 year capital plan (2019/20 to 2023/24) will be submitted to Council in March 2019 for approval and include both recurring and one off projects with one off project budgets being approved in principle subject to business case approval. The responsibilities of council in relation to capital are noted below.

- Approval of capital plans;
- Approval and scrutiny of capital plan budget monitoring reports;
- Approval of budget virements; and
- Oversight of specific capital projects if deemed appropriate.

Committees
Service committees are responsible for scrutiny of capital budgets, approval of business cases (if delegated authority from council) and oversight of specific capital projects where required. The main committees this applies to are as noted below.

- Corporate Services Committee;
- Educational Services Committee;
- Housing and Communities Committee; and
- Infrastructure, Regeneration and Economic Development Committee.

In addition the Health and Social Care Partnership is responsible for capital projects that would previously have been classed as social work projects.

Performance and Monitoring Review Group (PMRG)
The PMRG is led by the Chief Executive and membership includes Strategic Directors and Strategic Leads. This group is responsible for scrutiny of capital plans, budget monitoring reports and any other issues that require discussion prior to reporting to committee/council.

Strategic Asset Management Group (SAMG)
The SAMG was established in 2010 initially as a short life small working group to take a more strategic focus in relation to asset management and the contribution that an effective asset management strategy could make to the wider issues across the Council.

Since that time the group has increased in both members and remit. Standing members include the following:

- Strategic Director Regeneration, Environment & Growth (Chair);
- Chief Executive
- Strategic Lead Regeneration;
- Strategic Lead Resources;
- Strategic Lead Environment & Neighbourhood;
- Capital Programme Manager;
- Manager of Legal Services;
- Manager of Procurement Services;
- Service Manager ICT;
- Corporate Assets Manager; and
- Finance Business Partner (Capital).

With other Strategic Leads and/or project sponsors of existing major capital projects (where variance in delivery, budget, or risk is being reported) or proposed new capital projects being required to attend on a case by case basis.

The remit of the group is to:

- Ensure the most efficient use of the Council's capital assets in pursuit of the Councils strategic priorities;
- Review Asset Management plans prior to PMRG/Committee consideration;
- Ensure that capital spending is aligned to the Council's strategic priorities;

- Make recommendations on the prioritisation of spending to maximise the impact on those strategic priorities including recommendations on annual refresh of the capital programme;
- Drive the rationalisation of the Councils operational properties, and decide on the allocation of space to services as required by that process
- Receive updates on the financial and physical progress of capital spending and individual capital projects;
- Scrutinise the performance of the capital spending programme and of individual capital projects and make recommendations to PMRG where necessary;
- Scrutinise delivery of the Asset Disposal Strategy and linked capital funding expectations; and
- Drive improvements in capital programme and capital project management.

<u>Project Boards</u>
Major capital projects within similar themes are reported to individual Project Boards. Each project board has a project sponsor who is ultimately responsible for the project objectives and outcomes. One example of this is the schools project board which oversees all major capital investment in schools such as new builds and/or major refurbishments.

<u>Strategic Leads and capital budget holders</u>
Once a capital project has been approved capital budget holders (and ultimately Strategic Leads) are responsible for the implementation of the project. Depending on the scale and nature of the project the budget holder may need to engage the services of other council departments such as planning, consultancy services, procurement, etc.

<u>Capital and Treasury Team</u>
The capital and Treasury Team is responsible for preparing annual capital plan refresh documentation, budget monitoring, determining capital finance requirements and assisting with financial/business case analysis as and when required. The team also undertake all treasury management functions within the Council including the preparation of the annual treasury management strategy and prudential indicator information thus ensuring the linkage between capital investment and these core documents.

Prioritisation and approval
The Council has separate capital plans for both the General Fund and the HRA. The General Fund plan covers a 10 year period with the next refresh in March 2019 being for the period 2019/20 to 2028/29. The HRA capital plan covers a shorter period of 5 years for the period 2019/20 to 2023/24 (albeit this is backed up by a 30 year HRA business plan).

Both the updated general fund and the HRA capital plans will be submitted to council in March 2019 for approval and is just one part of the cyclical annual capital process. The prioritisation and approval process for each are slightly different due to the different nature of the projects involved and the strategies/plans that underpin them. It is important to maintain a list of “shovel ready” projects to ensure sufficient flexibility in the process to take advantage of any funding opportunities that may occur mid-year or fill any gaps where programme slippage occurs.

Capital investment cycle

Existing capital projects are subject to an annual review to determine the likely profile of capital spent taking into account the nature, complexity and risk of the project. This exercise is carried out in conjunction with ongoing budget monitoring.

It is always difficult to make choices between competing priorities as funding requests will normally be in excess of finance available. As highlighted above the process involved is slightly different for both General Fund and the HRA with the key differences detailed below:

General Fund – due to the nature of the general fund being multi-functional if a specific scheme is to be recommended for approval there will be a requirement for a capital bid template to be completed and submitted to the capital and treasury team. The following are some of the details to be provided by prospective budget holders prior to bids being considered:

- Confirmation that the project meets the definition of capital investment;
- The project must be scored by the budget holder according to how well the project meets a number of corporate priorities, financial and non-financial criteria;
- Anticipated budgetary requirements;
- Anticipated resources which may be either full or partial grant funding;
- Anticipated revenue impact of the project which may be either positive, neutral or negative; and
- Risk analysis.

Once all capital bids have been received they are allocated a weighted score to enable the projects to be ranked from ones that are more likely to assist the council in meeting its corporate aims and objectives to the ones least likely to.

HRA – Unlike the general fund capital investment plans are not subject to a bidding process but instead are primarily driven by stock condition survey results; ongoing housing regulations; and new build investment plans. The proposed capital investment must be affordable within the parameters of the HRA 30 year business plan.

Once all potential capital investment has been identified an analysis of likely capital resources (e.g. grants, receipts and contributions) is carried out to identify any funding gap which in turn will:

- Determine the level of prudential borrowing and likely revenue impact re loan charges that would be required if all potential capital investment was approved by council;
- Flow through to both the treasury management strategy and prudential indicator calculations;
- Inform the revenue budget process; and
- Inform the long term finance strategy.

The draft capital plan refresh for the General Fund (covering both investment plans and the anticipated resources in place to finance those plans) is reviewed and scrutinised by the SAMG prior to being submitted to council for approval. This group further challenges the phasing and realism of the draft capital plan by holding challenge panels for high risk, high value projects whereby budget holders, strategic leads, finance and an independent member of the SAMG meet to discuss phasing updates submitted by budget holders

Documents are produced for Council outlining recommendations for both updates to the existing capital plan and inclusion of new capital projects. These documents form part of an overall finance budget report covering both capital and revenue to ensure that the linkage between both types of expenditure are maintained.

In addition to approving the recommended capital plan refresh council may add new projects to the capital plan that have been identified out with the bidding process. Where this is the case any revenue impact is included within the budget papers thus maintaining the links.

Capital projects are defined as either recurring or one off projects. Recurring projects relate to ongoing investment requirements on the core asset base such as building upgrades and roads infrastructure works. The funding for one off projects are approved in principle with a detailed business case requiring to be approved by the relevant service committee prior to project commencement. Any projects which are subject to unconfirmed external funding are also approved in principle and should not commence until grant offer letters have been received.

There are a number of business case templates that have been used within the council and officers are currently working towards development a corporate template that can be used for all appropriate projects in a scalable way. The development of a corporate template will ensure a consistent approach to business case development and ensure that business cases are aligned to the principles contained within the Treasury Green Book.

Once the capital plan is updated for all approvals obtained at Council, final confirmation of available budget is communicated to budget holders to allow the management and monitoring part of the capital cycle to commence.

Management and monitoring of the capital plan
The capital plan is monitored on a monthly basis via a combination of verbal updates for small/low risk budgets and face to face meetings for material/high risk budgets. Monitoring is carried out for both investment expenditure and anticipated resources and is reported on an exception basis using a red, amber, green status as detailed below:
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Red
Projects are forecast to be overspent and/or significant delay to completion
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
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

Monitoring reports follow the governance cycle and are reported in a hierarchy from the SAMG and PAMG to Council and Service Committees with the Project Boards receiving more detailed project updates. An example of the monitoring reports prepared can be found on the West Dunbartonshire Council's Committee Management Information System (CMIS) under the relevant council/committee meeting.

Funding of the capital investment plan

Capital grants and capital contributions
Grants may be awarded to the Council for the purpose of carrying out either a specific project or a general aim, but in either case certain conditions will be imposed by the establishment awarding the grant which will have to be adhered to. Failure to adhere to the conditions may require the grant to being repaid. Grant finance can come from a number of sources such as the Scottish Government, The Big Lottery Fund, Strathclyde Partnership for Transport (SPT), and so on. Some examples of grant income received by the council in the past are:

- Scottish Government - General Services capital grant;
- Scottish Government – schools regeneration funds;
- Scottish Government - Early years schools funds;
- Scottish Government - Cycling, walking, safer streets;
- Strathclyde Partnership for Transport (SPT); and
- Lottery funding.

Capital contributions arise when funds are provided to the Council by way of a non-refundable and unconditional gift. The capital involved can vary in nature. Cash is an obvious example, but a capital contribution may also be by way of property or services provided.

Capital receipts strategy

Capital receipts that are received are held in either the Capital Receipts Reserve or Capital Fund and can only be used for “defraying any expenditure of the authority to which capital is properly applicable, or in providing money for repayment of the principal of loans (but not any payment of interest on loans)”.

As such it is generally considered that use of the Capital Fund is extremely restricted to (a) funding capital expenditure by the council or (b) repayment of loans principal.

The Council takes a balanced view in the application of capital receipts and the current strategy is to apply capital receipts wholly to funding capital expenditure.

Revenue funding

The situation may arise where the Council requires to either create or enhance an asset; however the project is not part of the approved capital plan. In this case where no capital resources have been previously allocated to the project a funding option that can be utilised is known as Capital Funded From Current Revenue (CFCR).

As the name suggests under CFCR revenue budgets are used to finance the capital project. This allocation must be taken account of when estimating future revenue budget.

Other forms of funding

In addition to the traditional sources of funding outlined above the council will explore the following where appropriate:

- Leasing and Hire Purchase Agreements
  A lease is a form of contract whereby the Council (lessee) pays an annual charge which is comprised of capital and interest to the finance company (lessor) for the use of an asset. This is normally used for vehicles, plant, furniture and equipment.

- Public Private Partnerships (PPP)
  PPP’s are normally used as a method of financing new buildings and some of the types of buildings as reported by HM Treasury range from new schools and leisure centres to hospitals. Under a PPP scheme the Council does not own the asset but the asset is constructed and financed by a private contractor and the Council pays an annual charge for the use of the asset for a specified period of time. This is also known as private finance initiative (PFI).

- Unconventional Finance
  If the Council has any fixed assets bought or constructed with financing that does not take the form of simple borrowing, the future liability should be capitalised.

Borrowing

The current guidance for a council’s level of borrowing is the CIPFA Prudential Code – revised December 2017. The following extracts from the Code and the Local Government Scotland Act 2003 summarise the Code’s approach to level of borrowing (self-regulating) and the governance that should apply:

- Prudential Code (Executive summary – E3) : "*The objectives of the Prudential Code are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable*"; and

- Local Government Act 2003 (Part 7 [Finance] – 35(1)): "*It is the duty of a local authority to determine and keep under review the maximum amount which it can afford to allocate to capital expenditure*".

Under the prudential system, individual authorities are responsible for deciding the level of their affordable borrowing, having regard to CIPFA's Code, which has been given legislative backing. The system is designed to encourage authorities that need and can afford to undertake capital investment to do so.

The Council's Section 95 officer is responsible for determining and presenting possible capital investment options to members and offering them professional advice. However, it is the duty of elected members to balance the constraints of affordability with the demands of services for capital investment, and in all but most exceptional cases it will be for elected members to make the necessary judgement.

The ability to borrow additional money in this way comes with increased responsibility and a need for greater transparency in decision making such as what capital projects to borrow for, how much to borrow and when, where to borrow from, how long to borrow over, and so on.

The risks associated with a significant capital plan and a significant level of borrowing can be mitigated and indeed should be mitigated as "business as usual". All capital projects are supported by the council's governance process and should have:

- Adequate project management and/or project boards;
- Suitable skills for the delivery of the project, tax planning, cash flow;
- Clear operational plan for the use of the asset;
- Clear assumptions on phasing of spend taking into account optimism bias;
- Clear business case analysis where appropriate;
- Use of specific committees;
- Security and due diligence on loans and purchases;
- Use of external advice where appropriate;
- Project contingencies;
- Full tender process; and
- Regular and transparent reporting to members.

Alternative funding and delivery opportunities
The Council will consider alternative methods of supporting capital investment within West Dunbartonshire Council using alternative funding and delivery opportunities where:

- Opportunities arise;
- Such opportunities are financially viable; and
- Such opportunities positively contribute to the council's strategic priorities.

Two such opportunities that the Council is currently engaged with is the partnership with Clydeside Regeneration Limited (CRL) in relation to the redevelopment of the former John Brown site at Queens Quay in Clydebank and the developments at the former Exxon Mobil site which is part of the Glasgow City Deal £1.13bn project.

Capacity to deliver
The capacity of the Council to deliver its long term capital investment plans depends upon the following:

- Affordability of capital investment plans;
- Ability to have “off the shelf” and “ready to go” capital projects;
- Project officer capacity;
- Interdependencies with other projects; and
- Skills and knowledge.

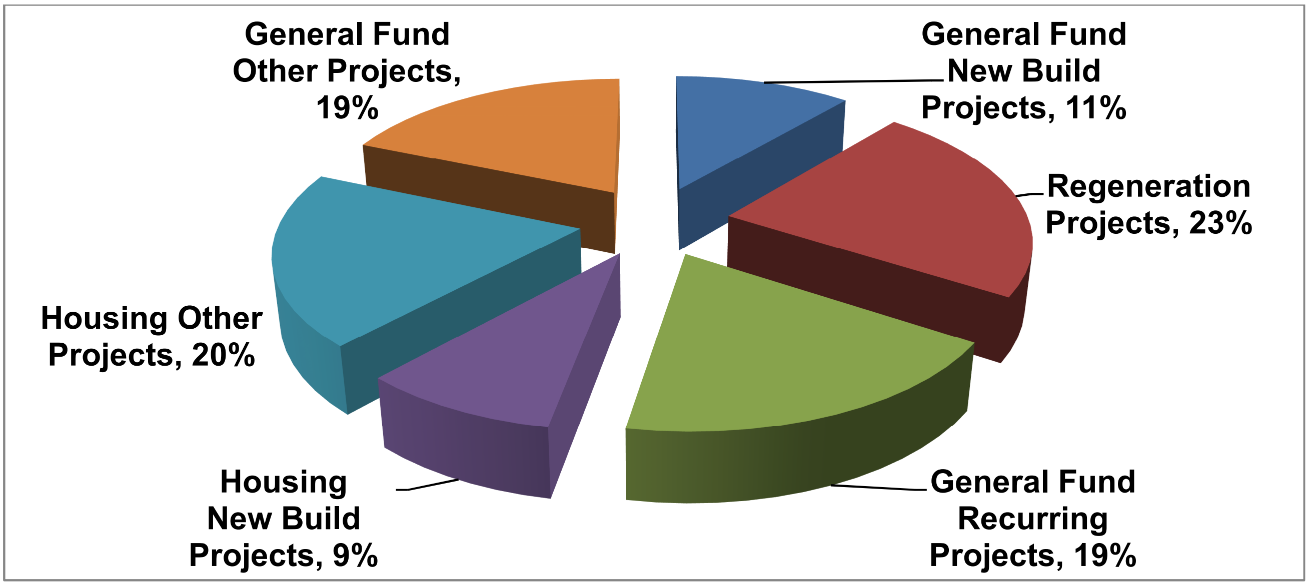
The affordability of capital investment plans is covered both within the capital investment cycle as detailed on page 12 and the treasury management and prudential indicators section of the strategy covered in chapter 4.

The ability to have “off the shelf” and “ready to go” capital projects primarily relates to recurring capital investment projects such as building upgrades. Such investment plans are mostly driven by the outcome of condition surveys which enable officers to plan capital investment needs in advance of funding being available. This combined with the long term planning horizon of the capital investment plan mitigates the risk of lack of capacity in this area.

Project officer capacity relates to the reliance of the project on the ability of the Council to both access and co-ordinate technical and professional expertise which is primarily internal to the council and varies depending on the complexity and nature of the capital investment required such as:

- Project managers;
- Planning and building control;
- Environmental health;
- Roads;
- Legal;
- Financial;
- Procurement; and
- Other stakeholders

The following chart shows the nature of the overall capital investment plan for 2018/19 and all projects require technical and professional expertise at key milestones within the project life.



The long term planning approach to capital investment will ensure that project officer resources are aligned appropriately to the needs of each project as required.

While many capital investment projects are "stand alone" such that the delivery of them has no material impact on the delivery of others (other than potentially competing for technical and professional expertise), there are a number of capital investment projects where there is a high level of interdependency and thus increased levels of risk associated with delivery. Examples of such projects are:

- Wider Queens Quay Regeneration;
- Queens Quay District Heating Network;
- Clydebank care home;
- Clydebank NHS facility (NHS lead); and
- Connecting Clydebank.

Where such interdependencies exist the Council will ensure that project officers and all those involved in project development and implementation maintain regular communication with any issues/concerns/decisions required being highlighted and discussed as appropriate via the capital governance process as detailed on page 9.

Skills and knowledge

The Council will seek to draw upon internal skills and knowledge wherever possible; however this may not be possible for a variety of reasons.

- Project officer capacity issues may arise where the available resource in-house is insufficient to meet project demand either due to staffing vacancies or a number of projects requiring the same technical and professional expertise at the same time thus creating a bottleneck; and
- The expertise required is highly specialised and the council does not have any resource in-house with the knowledge base at the appropriate level.

Where the Council is unable to utilise internal skills and knowledge (and it is considered essential to the successful implementation of the capital investment project) external expertise will be brought in on a contract by contract basis in accordance with procurement rules. The cost of such expertise will be included in the overall budget set aside for the relevant project. External expertise is more likely to be contracted in where projects are highly complex and/or of a specialist nature.

Chapter Three – Investments and Guarantees

Approach, due diligence and risk appetite
The approach to investments and guarantees will be to fully consider the following prior to recommendation:

- Level of financial and economic benefit to the council;
- Whether held on a cash or non-cash basis;
- Impact on wider service objectives;
- Impact on wider community; and
- Risk profile of investment.

Investment properties
Linked to its approach to asset management planning and the increasing trend for commercialism the Council will consider, where appropriate, the purchase or development of land and property as an investment to both generate an ongoing income stream or to realise an increase capital value in the future.

Any such purchase or development will only be recommended to members for approval following the development of a robust business case that clearly demonstrates financial and economic benefit to the council.

Impact of capital planning on investment strategy
Long term capital planning has a material impact on the council's investment strategy which forms part of the annual treasury management and prudential indicators strategy report covered in chapter 4 of this document.

The process for investment strategy covers a wide range of Council investments and will be broadly managed in the following way:

- Short term cash – Cash relating to day to day cash flow will be maintained on a shorter term basis in cash type products with consideration to the liquidity requirements outlined above;
- Longer term cash – Cash relating to reserves, provisions and balances on the balance sheet may be held for longer periods of time in cash type products or in longer term bonds or funds depending on:

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

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

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

In relation to cash investments it is important to determine the likely profile of capital spend as the timing of such investment plays a crucial part in the ability of the council to maximise the investment return on surplus funds.

In relation to service and non-service type investments the investment strategy must be future proofed in that all potential investments must be listed as a permitted investment

Summary of material investments and guarantees

Material investments
The Council currently holds two long term investments which generate annual investment income as noted below.

- Clydebank Property Company
  Previously known as Clydebank Rebuilt this was a pathfinder urban regeneration organisation, limited by guarantee and included a commercial letting company (industrial units) and a registered charity (the Titan Trust). On 11 August 2014, following the transfer of the Titan Crane to the Property Company, the council bought the commercial letting company with a view to continuing its regeneration objective.

- Hub West Scotland
  This is a public private joint venture development organisation established in 2012. They work with the public sector partners to plan, design, build, and fund and maintain buildings in the most efficient and effective manner delivering better value for money and ultimately improving public services.

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Further long term investments will be considered as appropriate where there is a clear financial and economic benefit to the council. It is further noted that the holding of such investments may originate as fulfilling a service need or objective whereby the generation of financial return is a secondary consideration.

Any such investments will be included in the list of permitted investments within the council's investment strategy.

Guarantees
Loans for a capital purpose may be approved by council subject to an appropriate business case and due diligence including, as appropriate, guarantees to secure the repayment of the loan.

- West of Scotland Loans Fund
  This is a consortium of 12 local authorities incorporated as a company limited by guarantee in June 1996. In this respect, each member local council provides a level of loan finance for companies in their area and this is augmented by European Regional Development Funding (ERDF).

In all investments and/or guarantees entered into by the council the risks associated with the activity will be clearly weighed up against the long term benefits which may be both financial and non-financial in nature. The Council will seek to protect its position at all times via robust governance and legal processes.

Chapter Four – Treasury Management and Prudential Indicators

Governance process
The treasury management service is an important part of the overall financial management of the Council's affairs with the council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA code of practice on treasury management – revised December 2017).

Closely linked with treasury management is the prudential regime for capital investment. Whilst prudential indicators consider the affordability and impact of capital investment decisions, the treasury service covers the effective funding of these decisions.

Section 56 of the local government (Scotland) act 1973 Act permits local authorities in Scotland to discharge their functions by committees. Exceptions include setting the council tax (s56 (6) (b)) and borrowing money (s56 (6) (d)), which requires the authority, that is full Council, to discharge.

As a result of Section 56, both the prudential indicators and the treasury management strategy are required to be approved by full Council before the start of the financial year.

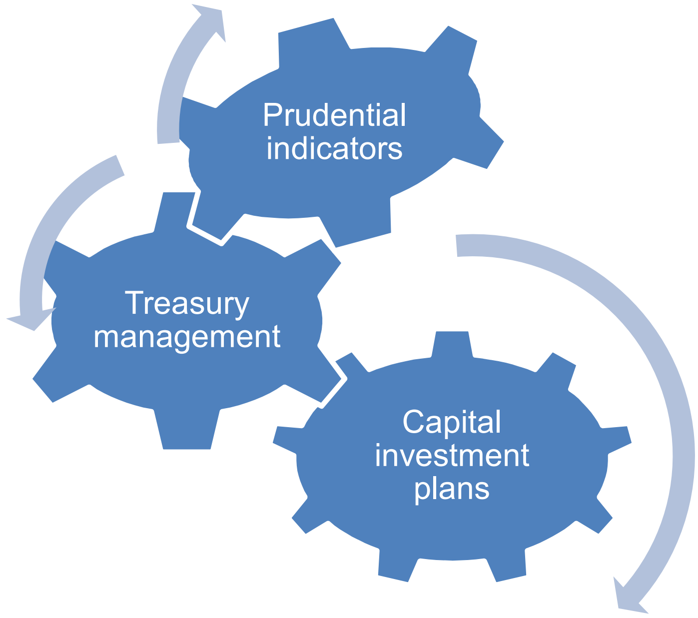
The CIPFA Treasury Management Code of Practice requires greater elected member scrutiny of the treasury polices with one of the key clauses being that a responsible body is required to ensure effective scrutiny of the treasury management strategy and polices. Within West Dunbartonshire Council the Audit Committee provides further scrutiny after Council has considered the policies.

As a requirement of the Code the Council included the following documents within its "Prudential Indicators 2017/18 to 2025/26 and Treasury Management Strategy 2018/19 to 2025/26" report which was approved by members in March 2018:

- Treasury Management Policy Statement (the policy);
- Treasury Management clauses; and
- Treasury Management role of the Section 95 Officer.

The Policy requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years, however in line with the longer term capital planning current treasury management (and prudential) indicators are provided (where appropriate) covering the period to 2025/26. The strategy that will be submitted for approval in February/March 2019 will extend this period to 2028/29.

Impact of capital investment on treasury management and prudential indicators
There are clear links between the Capital Investment Plan to the Treasury Management Strategy and Prudential Indicators. These are also subject to review and oversight by members at Audit Committee and Council.



Treasury management

The treasury management strategy covers:

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

Any new borrowing increases the council's overall liabilities that will need to be repaid in the future. This is a greater risk as the value of borrowing increases. In addition this increases the council's level of fixed interest and repayment costs that it will incur each year. This is currently increasing and the updated 2018/19 Treasury Management Strategy indicated that the Council could generate a borrowing liability of £667.454m and ongoing fixed costs of over £30m per annum by 2020/2021 (between General Fund and HRA).

Interest rates remain at historically low levels and the current strategy is to borrow short term while converting a fixed percentage of short term into longer term debt over a 20 year period. Based on current economic forecasts an average borrowing cost of between 2% to 2.3% for new borrowing is assumed for 2019/20.

The Treasury Management and investment Strategy of the Council takes full cognisance of the capital plan refresh and is reported to members in accordance with the treasury management code of practice.

There are a number of risks associated with the funding of capital investment decisions which are explored (including mitigation strategies) in more detail within the individual strategy documents. In summary these can be defined as:

- Increasing borrowing liability;
- Increasing revenue impact of capital investment (loan charges);
- Interest rate risk;
- Counterparty risk; and
- Security and liquidity in financial markets.

Prudential indicators

The Council is required to approve the following prudential indicators to ensure the financial risk of borrowing are recognised and considered appropriately:

- Capital Expenditure;
- Capital Financing Requirements ; and
- Forecast and estimates of the ratio of financing costs to Net Revenue Stream .

In addition to the above Council is also required to approve the policy for loans fund advances.

Prudential indicators are prepared taking both the audited financial accounts and the capital plan refresh into consideration and therefore the risk that the indicators vary from forecast is directly correlated to the extent to which the capital investment plans and the associated resourcing of those plans is managed effectively.

Chapter Five – Section 95 Officer Statement on delivery, affordability and risk

Delivery
The delivery of the individual projects in the capital plan are directly linked to the original approval of the capital plan supported by the governance process outlined with projects being support by budget holders and (where appropriate) project sponsors who are responsible for the delivery of the project and the subsequent achievement of the objectives of that project.

The governance process enables the SAMG, PMRG and elected members to review and challenge the delivery of projects and any changes to both the timing and value of the Capital Plan.

Affordability
Affordability is critical in applying the capital strategy and approving projects for inclusion in the capital plan. This is demonstrated by the interdependency of the annual capital plan refresh, the revenue budget report and the annual treasury management strategy.

All projects need to have a clear funding source. If external funding such as an external grant is to be used there needs to be a clear funding commitment in place prior to the project commencing.

The affordability of each project needs to be clear, not only for the funding of the capital spend but also to cover any ongoing costs of the operation and funding of that capital spend.

Where borrowing is to be used the affordability is of greater importance and the affordability has to include the interest costs of that borrowing and the provision for the repayment of the borrowing. This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The “rules” around the governance of this borrowing is outlined in the Prudential Code.

At no stage should the asset value be lower than the value of outstanding debt unless there is a clear plan to mitigate that shortfall or to sell that asset.

Risks
A number of key risks (as listed below) have been identified throughout this strategy along with associated mitigating actions and members need to be aware of them.

- Economic risks (page 7)
    - Mitigated by capital borrowing and asset disposal considerations
- General capital investment plan risk (page 16)
    - Mitigated by the governance structure in place to recommend, monitor and review the capital investment plans of the Council.
- Capacity to deliver (page 17)
    - Mitigated by both an assessment of the affordability of the capital investment plan supported by the governance structure and clear communication between all relevant parties
- Treasury management and Prudential risks (page 23)

- Mitigated by the preparation and monitoring of clear treasury management (investment) strategy and calculation of prudential indicators

Ultimately all risks impact on the level/timing of borrowing required to be undertaken to finance the capital investment plans of the council. The current system of borrowing is a self-regulatory system which means that responsibility for borrowing decisions, and the level of borrowing incurred, by a council is determined on a local level. Therefore elected members have a key role.

It is the duty of elected members to balance the constraints of affordability with the demands of services for capital investment, and in all but most exceptional cases it will be for elected members to make the necessary judgement.

The Section 95 Officer's professional view is that, as all borrowing decisions result in a long term commitment to fund that borrowing, all decision-making should be as transparent as possible to all elected members and the residents of West Dunbartonshire Council.

The pace and level of change in the Council's borrowing is significant, up to £667.454m of borrowing, an ongoing revenue cost in excess of £30m. Therefore all members need to be fully informed as to all implications of its capital investment decisions, in particular those funded from borrowing.

In reporting capital plans to Council each year the consideration of future risk around affordability is provided to elected members with a projection of the percentage of revenue funding stream that is being used to fund the borrowing required within the capital plans.

Chapter Six – Action Plan

Long term capital planning is not an exercise that can be carried out in isolation and as such is supported by a number of plans, strategies and processes that are required to be refreshed on a regular basis. The following action plan outlines key actions with timescales, lead officer details, outputs and anticipated outcomes.

Action	Timescales	Lead Officer	Output	Outcomes
Asset management planning (pages 5 to 7)	Dec 2021 March 2022 Aug 2022 Feb 2023 Aug 2023 Aug 2023	Property/CAM – Craig Jardine Vehicles – Rodney Thornton ICT- Patricia Kerr Housing – John Kerr Roads – Raymond Walsh Open Spaces – Ian Bain	Updated asset management plans	This will ensure that asset management plans remain relevant
Asset disposal strategy (page 7)	Summer 2019	Michelle Lynn	Updated asset disposal strategy	This will ensure that the disposal of surplus council assets are managed effectively and link to corporate and service objectives.
Business case development (page 13 to 14)	Summer 2019	Craig Jardine	Development and roll out of an updated business case template and guidance that is aligned to green book principles	This will ensure a robust consistent approach to all business cases and where development of a full business case is not appropriate that the process is scalable.
Annual capital plan refresh	February / March annually	Jennifer Ogilvie Alan Young	Updated capital investment plans for both the general fund the and the HRA	This will ensure that long term capital plans are robust and clearly linked to corporate and service objectives
Annual treasury management and prudential indicator strategy report	February / March annually	Jennifer Ogilvie	Updated strategy documents for treasury management, investment strategy and prudential indicators	This will ensure that the council complies with the CIPFA codes and that the financial impact of long term capital plans are clearly laid out and understood

WEST DUNBARTONSHIRE COUNCIL

Report by the Strategic Lead - Resources

Council: 27 March 2019

Subject: Prudential Indicators 2018/19 to 2028/29 and Treasury Management Strategy 2019/20 to 2028/29

1. Purpose

1.1 The purpose of this report is to seek Council approval of the proposed Prudential Indicators for 2018/19 to 2021/22 and Treasury Management Strategy (including the Investment Strategy) for 2019/20 to 2021/22.

1.2 The report also advises Council of the indicative prudential indicators for the period from 2022/23 to 2028/29.

2. Recommendations

2.1 Council is requested to:

(a) Agree the following Prudential Indicators and Limits discussed in Appendix 1 and set out within Appendix 6 for the period 2019/20 to 2021/22:

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

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

(c) Approve the Treasury Management Strategy for 2019/20 to 2021/22 (including the Investment Strategy) contained within Appendices 2 to 6;

(d) Agree the following Treasury Prudential Indicators and Limits discussed in Appendix 2 and set out within Appendix 6 for the period 2019/20 to 2021/22:

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

(e) Note the draft Prudential and Treasury Management Indicators for the period 2022/23 to 2028/29 discussed in Appendices 1 and 2 and set out within Appendix 6;

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

(g) Refer this report to the Audit Committee to ensure further scrutiny takes place.

3. Background

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

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

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

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

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

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

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

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

3.7 The proposed and draft Prudential Indicators 2018/19 to 2028/29 and Treasury Management Strategy 2019/20 to 2028/29 should be referred to the Audit Committee once approved by Council to ensure further scrutiny takes place.

4. Main Issues

4.1 The Local Government in Scotland Act 2003 requires Council to adopt the CIPFA Prudential Code and to produce prudential indicators. Appendix 6 of this report details the Council's expected year end indicators for 2018/19, revises the indicators for 2019/20 to 2021/22 and projects the indicators to 2028/29, with those for the period 2022/23 to 2028/29 being indicative at this time.

4.2 Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the treasury management strategy (which includes details of both debt and investment) for 2019/20 to 2028/29 is included in Appendix 6 (with the period 2022/23 to 2028/29 being indicative at this time) to complement the prudential indicators relating to the treasury activity.

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

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

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

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

4.4.2 The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

4.4.3 The Council's Capital Strategy is included in the papers presented to Members at March Council to ensure compliance with the updated Code.

4.4.4 The attached treasury strategy includes information as to the potential implementation of a loans fund review based on current understanding of planned changes to legislation in 2019/20.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no people implications arising from this report.

7. Financial and Procurement Implications

7.1 The prudential indicators detailed in Appendix 6 show the Council's likely and indicative capital financing for the period 2017/18 to 2025/26 while the treasury management indicators detailed in Appendix 6 show the likely borrowing requirement for the same period.

7.2 Table E in Appendix 6 indicates that in each year the gross borrowing requirement (which includes short term borrowing for cashflow purposes) is below the capital financing requirement and does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and following two financial years (Appendix 2 – section 2.1 and 2.2).

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

7.4 There are no procurement issues arising from this report.

8. Risk Analysis

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

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

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

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

9. Equalities Impact Assessment

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

10. Environmental Sustainability

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

11. Consultation

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

12. Strategic Assessment

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

Stephen West
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Date: 14 March 2019

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Appendices:

1 Prudential Indicators 2018/19 to 2028/29
2 Treasury Management Strategy 2019/20 to 2028/29
3 West Dunbartonshire Council and Common Good Funds Permitted Investments, Associated Controls and Limits
4 Counterparty Rating Explanations
5 Approved Countries for Investment
6 Prudential and Treasury Indicators

Background Papers: Treasury Management Strategy – Council 5 March 2018

Wards Affected: All wards affected.

Appendix 1

Prudential Indicators 2018/19 to 2028/29

1. The Capital Expenditure Plans

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

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

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

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

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

1.4 The summary of capital expenditure, as per the capital plan update reported to Council on 14 February 2019 and 27 March 2019 for HRA and General Services respectively, is shown in the table A in Appendix 6. The HRA capital plan refresh extends to 2023/24 with the period from 2024/25 to 2028/29 extracted from the HRA Business Plan for the purposes of Prudential Indicator calculations.

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

1.6 The capital plan update for General Services reported to Council on 27 March 2019 assumes the use of £7.795m of capital receipts to fund the principal element of loan charges between 2018/19 and 2021/22.

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

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

2.2 Following accounting changes the CFR includes any other long term liabilities (i.e. PPP schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £105.914m of such schemes within the CFR.

2.3 The CFR projections for both General Services and HRA are shown in table B in Appendix 6 and show that the CFR for the HRA is projected to increase each year from 2018/19 to 2028/29 with the CFR for General Services being anticipated to increase each year from 2018/19 to 2022/23 and then decreasing from 2023/24 to 2028/29 due to reduced levels of projected capital spend.

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

3. Loans Fund Review and the Statutory repayment of loans fund advances

3.1 As reported to Council in November and December 2018 officers have been undertaking a review of the Council's loans fund. While Cabinet Secretary's letter provided clarity of the Scottish Government's approach to setting new legislation to allow this it is planned for the new financial year.

In the period since the December 2018 officers have monitored ongoing communications regarding this issue and, while the Scottish Government will bring new legislation on this during 2019/20 and this legislation will allow Councils to revise loan repayment period for debt borrowed since 1996, it is not at all clear that this will allow retrospective adjustments to be made on borrowing prior to 2016 legislation. On that basis, and being prudent in this regard, two options were identified which do not involve retrospective revision:

- For borrowing since 2016 legislation and guidance – review repayment periods based on prudential review of expected asset lives; and

- For borrowing prior to 2016 – review repayment periods based on prudential review of expected asset lives for remaining borrowing as at 1 April 2019 on the basis that legislation will be enacted in 2019/20 to allow this.

As a result of this officers have reported the second option above to Council in March 2019 for consideration.

Should the promised 2019/20 legislation allow retrospective review then this opportunity would be available for consideration at that time. When this legislation is approved the Section 95 officer will undertake a further review of the prudential approach and updates future gaps as part of the next refresh of the Long-term Finance Strategy

The Council is required to set out its policy for the statutory repayment of loans fund advances. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

Given the uncertainty around the ongoing loans fund review the undernoted policy remains unchanged at this time, however once the position is clearer regarding the ongoing loans fund review the policy will require to be amended,

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

- **Statutory method** – loans fund advances will be repaid by the annuity method (option 1). The Council is permitted to use this option for a transitional period only, of five years until 31 March 2021, at which time it must change its policy to use alternative approaches based on depreciation, asset life periods or a funding/income profile as detailed below.

- **Depreciation method** – annual repayment of loans fund advances will follow standard depreciation accounting procedures (option 2);

- **Asset life method** – loans fund advances will be repaid with reference to the life of an asset using either the equal instalment or annuity method (option 3);

- **Funding / Income profile method** – loans fund advances will be repaid by reference to an associated income stream (option 4).

3.3 Council is recommended to approve the following policy for loans fund advances at the current time due to the uncertainty surrounding the ongoing loans fund review.

- For loans fund advances made before 1 April 2016, the policy will be to maintain the practice of previous years and apply the **Statutory Method** (option 1), with all loans fund advances being repaid by the annuity method.

- Recognising that the Council has forward capital expenditure plans, has already committed to that plan and the revenue implications of that plan, the policy for loans fund advances made from 1 April 2016 to 31 March 2021 the policy will be to mainly apply the **Statutory Method** (option 1), with all loans fund advances being repaid by the annuity method unless an alternative method is more appropriate. Advances will be considered on a case by case basis to determine the method to be used.

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

    - **Asset life method** – loans fund advances will be repaid with reference to the life of an asset using either the equal instalment or annuity method (option 3). It is likely that the equal instalment method will be used;

    - **Funding / Income profile method** – loans fund advances will be repaid by reference to an associated income stream (option 4).

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

3.5 Table C in Appendix 6 details the loans fund repayment profile for 2018/19 onwards based on the balance outstanding at 31 March 2018 and capital expenditure plans 2018/19 to 2028/29 as per Table A. The profile does not assume any impact of the ongoing loans fund review.

4. Affordability Prudential Indicators

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

4.2 Actual and Estimates of the ratio of financing costs to net revenue stream

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

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

Appendix 2

Treasury Management Strategy 2019/20 – 2028/29

1. Background

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

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

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

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

1.4 The policy requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years, however in line with the longer capital planning process treasury management indicators have been provided (where appropriate) covering the period to 2028/29. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. Further reports are issued as follows:

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

1.5 This strategy covers:

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

2. The Council's debt and investment projections

2.1 The Council's forecast treasury portfolio position at 31 March 2019 with forward projections are summarised in Table E in Appendix 6 and shows the gross debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any under or over borrowing.

2.2 Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. This is illustrated by comparing the estimated gross debt as at 31 March 2019 with the CFR as at 31 March 2022.

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

3. Limits to Borrowing Activity

3.1 The Operational Boundary is detailed in Table F in Appendix 6 and is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

3.2 The Authorised Limit for External Borrowing – a further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is not allowed to exceed. This needs to be set or revised by Members. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35(1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The Council is asked to approve the authorised limit detailed in Table G in Appendix 6.

3.3 **Advance Borrowing -** This Council will not borrow more than or earlier than required purely in order to profit from the investment return of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

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

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

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

4. Prospect for Interest Rates

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

4.2 The interest rate forecasts detailed in Table H are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

4.2.1 In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.

4.2.2 If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus. However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

4.3 **Balance of risks to the UK** - The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

4.3.1 One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

4.3.2 Downside risks to current forecasts for UK gilt yields and PWLB rates currently includes:

- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth.

- Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March 2018 of a government which has made a lot of anti-austerity noise. The EU rejected the original proposed Italian budget and demanded cuts in government spending. The Italian government nominally complied with this rebuttal – but only by delaying into a later year the planned increases in expenditure. This particular can has therefore only been kicked down the road. The rating agencies have downgraded Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold Italian debt. Unsurprisingly, investors are becoming increasingly concerned by the actions of the Italian government and consequently, Italian bond yields have risen sharply – at a time when the government faces having to refinance large amounts of debt maturing in 2019.

- Weak capitalisation of some European banks. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.

- German minority government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD had a major internal debate as to whether it could continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she has continued as Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.

- Other minority EU governments. Sweden, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. The Spanish government failed to pass a national budget in mid February so a snap general election is now scheduled for April 28.

- Italy, Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU. Elections to the EU parliament are due in May/June 2019.

- The increases in interest rates in the US during 2018, combined with a potential trade war between the USA and China, sparked major volatility in equity markets during the final quarter of 2018 and into 2019. Some emerging market countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to investor flight from equities to safe havens, typically US treasuries, German bunds and UK gilts.

- There are concerns around the level of US corporate debt which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.

- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

4.3.3 Upside risks to current forecasts for UK gilt yields and PWLB rates includes:

- Brexit – if both sides were to agree a compromise that removed all threats of economic and political disruption.

- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

4.4 Given the level of uncertainty around BREXIT and the assumptions contained within the interest rate forecasts the following is a summay of the BREXIT timetable and process:

- March 2017 - UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- 25.11.18 EU27 leaders endorsed the withdrawal agreement
- Dec 2018 vote in the UK Parliament on the agreement was postponed
- 21.12.18 – 8.1.19 UK parliamentary recess
- 15.1.19 Brexit deal defeated in the Commons vote by a large margin
- 28.1.19 Further votes in the Commons
- 14.2.19 Further votes in the Commons
- 27.2.19 Further votes in the Commons
- 21.3.19 European Council summit at which a Brexit option could be considered
- By 29.3.19 another vote (?) in UK parliament
- By 29.3.19 if the UK Parliament approves a deal, then ratification by the EU Parliament requires a simple majority
- By 29.3.19 if the UK and EU parliaments agree the deal, the EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
- 29.3.19 Either the UK leaves the EU, or asks the EU for agreement to an extension of the Article 50 period if the UK Parliament has been unable to agree on a Brexit deal.
- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed transition period ending around December 2020.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transition period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.

- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

5. Borrowing and Debt Strategy 2018/19 – 2028/29

5.1 At the end of 2017/18 the Council was temporarily over-borrowed due to securing PWLB borrowing of £15m on 28 March 2018 at advantageous interest rates. Table E in Appendix 6 forecasts that the Council will return to a broadly neutral borrowing position at the end of 2018/19 and will maintain this going forward. This indicates that the capital borrowing need (the Capital Financing Requirement) will be fully funded with external borrowing which is a mixture of short term and long term debt.

5.2 Against this background and the risk within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Section 95 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

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

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

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

6. Investment Strategy

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

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

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

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

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

6.2.2 Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Link Asset Services in producing its colour codings which show the varying degrees of creditworthiness.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.5 Council Permitted Investments – The Investments Regulations (Code on the Investment of Money by Scottish Local Authorities) requires Council approval of all the types of investment to be used and set appropriate limits for the amount that can be held for each investment type.

These types of investment are termed permitted investments and any investments used which have not been approved as a permitted investment will be considered ultra vires.

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

- **Cash Type Instruments**

  - Deposits with the Debt Management Account Facility (UK Government);
  - Deposits with other local authorities or public bodies;
  - Money Market Funds
    - Constant Net Asset Value
    - Low Volatility Net Asset Value;
  - Call accounts, deposit accounts with financial institutions (banks and building societies;
  - Term deposits with financial institutions (banks and building societies);
  - UK Government Gilts and Treasury Bills;
  - Certificates of deposits will financial institutions (banks and building societies); and
  - Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates, etc).

- **Other Investments**

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

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

6.6 Investment Counterparty Selection Criteria

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

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

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

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

6.6.2 Credit rating type and definitions are attached as Appendix 6.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.6.10Use of additional information other than credit ratings – Additional requirements under the Code of Practice now requires the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

6.6.11Economic Investment Considerations – Current forecasts on shorter-term interest rates, on which investment decisions are based, show a potential for the current 0.75% Bank Rate increasing to 1% in September 2019. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.

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

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

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

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

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

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

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

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

6.8.3 In order to give effect to its commitment to this policy the Strategic Lead (Resources) contacted all investment counterparties on 9 January 2018 advising of our policy.

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

7. Treasury Management Limits on Activity

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

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

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

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

- *Total principal funds invested for greater than 364 & 365 days* - These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

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

8. Performance Indicators

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

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

8.2 The results of these indicators will be reported in the Treasury Annual Report for 2017/18.

9. Treasury Management Advisors

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

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

9.2 The current treasury advisor contract was awarded to Link Asset Services following a quick quote exercise and commenced on 1 May 2018 for a period of two years till 30 April 2020 with an option to extend for a further one year until 30 April 2021.

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

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

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

10. The Monitoring of Investment Counterparties

10.1 The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Strategic Lead - Resources and, if required, new counterparties which meet the criteria will be added to the list.

Appendix 3

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

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Cash Type Instruments			
Deposits with the Debt Management Account Facility (UK Government) (**Very low risk)**	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	Little mitigating controls required. As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.	As shown in Table J.
Deposits with other local authorities or public bodies **(Very low risk)**	These are considered quasi UK Government debt and as such counterparty risk is very low, and there is no risk to value. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty, and penalties can apply. Deposits with other non-local authority bodies will be restricted to the overall credit rating criteria.	Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment. Non- local authority deposits will follow the approved credit rating criteria.	As shown in Table J.
Money Market Funds (MMFs) **(Very low risk)**	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the MMFs are either Constant Net Asset Value (CNAV) or Low Volatility Net Asset Value (LVNAV), and the fund has a “AAA” rated status from either Fitch, Moody’s or Standard & Poors.	As shown in Table J.
Call account deposit accounts with financial institutions (banks and building societies) **(Low risk depending on credit rating)**	These tend to be low risk investments, but will exhibit higher risks than the first three categories above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody’s and Standard and Poors. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table J.

Type of Investment	Treasury Risks	Mitigating Controls	Council and Common Good Limits
Term deposits with financial institutions (banks and building societies) **(Low to medium risk depending on period & credit rating)**	These tend to be low risk investments, but will exhibit higher risks than the first three categories above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table J.
Government Gilts and Treasury Bills **(Very low risk)**	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates (no loss if these are held to maturity.	Little counterparty mitigating controls are required, as this is a UK Government investment. The potential for capital loss will be reduced by limiting the maximum monetary and time exposures.	As shown in Table J.
Certificates of deposits with financial institutions **(Low risk)**	These are short dated marketable securities issued by financial institutions and as such counterparty risk is low, but will exhibit higher risks than the first three categories above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in Table J.

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

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

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

Appendix 4

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

Appendix 5

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

Based on lowest available rating

AAA

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

AA+

- Finland
- Hong Kong
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- U.K.

AA-

- Belgium
- Qatar

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

Table A - Net Capital Financing Need

General Services and HRA Shown Separately

£000	Revised 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
General Services	**54,564**	**62,714**	**54,598**	**41,894**	**32,113**	**23,162**	**15,508**	**15,768**	**11,572**	**11,574**	**11,516**
Financed by:											
Capital receipts	428	8,487	9,243	4,468	4,358	2,245	1,698	4,043	-	-	-
Capital grants	24,505	20,650	21,173	18,903	16,312	16,440	11,281	9,634	8,704	8,704	8,704
Revenue	38	91	-	-	-	-	-	-	-	-	-
Net financing need for the year	**29,593**	**33,486**	**24,182**	**18,523**	**11,443**	**4,477**	**2,529**	**2,091**	**2,868**	**2,870**	**2,812**
£000	**Revised 2018/19**	**Forecast 2019/20**	**Forecast 2020/21**	**Forecast 2021/22**	**Forecast 2022/23**	**Forecast 2023/24**	**Forecast 2024/25**	**Forecast 2025/26**	**Forecast 2026/27**	**Forecast 2027/28**	**Forecast 2028/29**
HRA	**25,362**	**57,902**	**52,260**	**26,330**	**23,590**	**23,590**	**20,152**	**13,960**	**14,309**	**14,666**	**16,288**
Financed by:											
Capital receipts	-	-	-	-	-	-	-	-	-	-	-
Capital grants	5,744	15,204	4,594	2,360	2,360	2,360	-	-	-	-	-
Revenue	7,429	7,257	6,117	5,573	4,277	3,577	2,140	2,229	2,868	2,771	1,772
Net financing need for the year	**12,189**	**35,441**	**41,549**	**18,397**	**16,953**	**17,653**	**18,012**	**11,731**	**11,441**	**11,895**	**14,516**

General Services and HRA Combined

£000	Revised 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
General Services	54,564	62,714	54,598	41,894	32,113	23,162	15,508	15,768	11,572	11,574	11,516
HRA	25,362	57,902	52,260	26,330	23,590	23,590	20,152	13,960	14,309	14,666	16,288
Capital Expenditure	**79,926**	**120,616**	**106,858**	**68,224**	**55,703**	**46,752**	**35,660**	**29,728**	**25,881**	**26,240**	**27,804**
Financed by:											
Capital receipts	428	8,487	9,243	4,468	4,358	2,245	1,698	4,043	-	-	-
Capital grants	30,249	35,854	25,767	21,263	18,672	18,800	11,281	9,634	8,704	8,704	8,704
Revenue	7,467	7,348	6,117	5,573	4,277	3,577	2,140	2,229	2,868	2,771	1,772
Net financing need for the year	**41,782**	**68,927**	**65,731**	**36,920**	**28,396**	**22,130**	**20,541**	**13,822**	**14,309**	**14,765**	**17,328**

Table B - Capital Financing Requirement

£000	Revised 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Capital Financing Requirement											
CFR – General Services	323,747	348,952	363,966	373,643	376,096	371,392	364,365	356,658	349,595	342,836	336,682
CFR – HRA	218,434	247,316	281,932	293,075	301,993	311,129	319,718	321,812	323,655	325,942	330,333
Total CFR	**542,181**	**596,268**	**645,898**	**666,718**	**678,089**	**682,521**	**684,083**	**678,470**	**673,250**	**668,778**	**667,015**
Movement in CFR	27,833	54,087	49,629	20,820	11,371	4,432	1,562	(5,613)	(5,220)	(4,472)	(1,764)

Movement in CFR represented by											
Net financing need for the year (above)	41,782	68,927	65,731	36,920	28,396	22,130	20,541	13,822	14,309	14,765	17,328
Less scheduled debt amortisation and other financing movements	(13,949)	(14,840)	(16,102)	(16,100)	(17,025)	(17,698)	(18,979)	(19,435)	(19,529)	(19,236)	(19,091)
Movement in CFR	**27,833**	**54,087**	**49,629**	**20,820**	**11,371**	**4,432**	**1,562**	**(5,613)**	**(5,220)**	**(4,472)**	**(1,764)**

Table C - Loan Fund Repayment Profile

£000	General Services	HRA	Total
Under 12 months	4,925	6,312	11,237
2 years to 5 years	21,495	28,781	50,277
6 years to 10 years	27,606	46,783	74,389
11 years to 15 years	27,534	53,409	80,943
16 years to 20 years	30,244	54,296	84,540
21 years to 25 years	33,887	48,358	82,245
26 years to 30 years	38,650	48,703	87,353
31 years to 35 years	31,632	28,163	59,795
36 years to 40 years	26,221	10,605	36,826
41 years to 45 years	12,935	2,817	15,752
46 years to 50 years	13,497	2,693	16,190
51 years to 55 years	19,394	3,245	22,639
56 years to 60 years	23,505	4,086	27,591
60 years plus	34,086	49,859	83,945
Total	**345,612**	**388,110**	**733,722**

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

Table D - Ratio of Financing Costs to Net Revenue Stream

	Revised 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
General Services	10.32%	10.55%	11.10%	11.17%	11.35%	11.49%	11.63%	11.66%	11.59%	11.36%	10.96%
HRA	27.54%	27.72%	29.70%	31.59%	33.29%	34.32%	36.13%	36.26%	35.53%	35.11%	35.75%

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

£000	Revised 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
External Debt											
Debt at 1 April	425,291	438,836	496,026	549,266	573,777	588,534	596,119	601,286	600,005	599,510	599,711
Maturing Debt	(185,560)	(164,439)	(14,499)	(485)	(11,091)	-	(8,750)	(6,158)	-	-	(5,000)
New Borrowing - Maturing Debt	168,560	164,439	14,499	485	11,091	-	8,750	6,158	-	-	5,000
New Borrowing - CFR	30,546	57,189	53,240	24,511	14,757	7,585	5,167	(1,280)	(496)	201	2,013
Debt at 31 March	**438,836**	**496,026**	**549,266**	**573,777**	**588,534**	**596,119**	**601,286**	**600,005**	**599,510**	**599,711**	**601,724**
Long Term Liabilities at 1 April	105,914	103,201	100,099	96,488	92,797	89,412	86,258	82,654	78,321	73,597	68,924
Change in Long Term Liabilities	(2,713)	(3,102)	(3,611)	(3,691)	(3,385)	(3,153)	(3,605)	(4,333)	(4,724)	(4,673)	(3,777)
Long Term Liabilities at 31 March	**103,201**	**100,099**	**96,488**	**92,797**	**89,412**	**86,258**	**82,654**	**78,321**	**73,597**	**68,924**	**65,147**
Gross Debt at 31 March	542,038	596,124	645,754	666,574	677,945	682,377	683,939	678,326	673,106	668,635	666,871
Capital Financing Requirement	542,181	596,268	645,898	666,718	678,089	682,521	684,083	678,470	673,250	668,778	667,015
Under / (Over) Borrowing	**144**	**144**	**144**	**144**	**144**	**144**	**144**	**144**	**144**	**144**	**144**

Table F - Operational Boundary

£000	Revised 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
External Debt	596,241	655,737	710,329	706,269	729,507	742,271	746,650	747,567	740,962	735,277	731,343

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

Table G - Authorised Limit

£000	Revised 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
External Debt	650,445	715,349	774,904	770,475	795,826	809,751	814,527	815,528	808,323	802,120	797,829

Table H - Interest Rate Forecast

Link Asset Services Interest Rate View	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%
5yr PWLB Rate	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
10yr PWLB Rate	2.20%	2.30%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.00%
25yr PWLB Rate	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%

Table I - Historic Risk of Default

Long term rating	1 year	2 years	3 years	4 years	5 years
AAA	0.04%	0.10%	0.18%	0.27%	0.36%
AA	0.02%	0.04%	0.10%	0.17%	0.24%
A	0.05%	0.15%	0.28%	0.42%	0.59%
BBB	0.16%	0.44%	0.77%	1.15%	1.55%
BB	0.71%	2.00%	3.47%	4.92%	6.22%
B	2.90%	7.00%	10.67%	13.74%	16.12%
CCC	18.74%	26.47%	31.60%	35.37%	38.17%

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

Table J - Counterparty Limits

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

Table K - Sensitivity to Interest Rate Movements

£000	2019/20 Estimate	1%	-1%
Variable Rate Debt Payments	N/A	N/A	N/A
Variable Rate Investment income	75	150	(75)

Table L- Treasury Management Limits on Activity

	2019/20 Upper	2020/21 Upper	2021/22 Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	50%	50%	50%

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

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Council: 27 March 2019

Subject: Dumbarton Common Good Budget Update 2019/20

1. Purpose of Report

1.1 The purpose of this report is to provide Council with an update on the Dumbarton Common Good budget and seek approval for a revised budget for 2019/20.

2. Recommendations

2.1 Members are asked to:

i) Note the probable outturn for 2018/19 as set out in the Appendix;;
ii) Approve the revised 2019/20 budget as set out in the Appendix; and
iii) Note the projected balances carried forward of £0.503m at 31 March 2019 and £0.361m at 31 March 2020 (based upon the revised draft budget 2019/20).

3. Background

3.1 Following a report to Council on 5 March 2018 Members agreed a five year budget for Dumbarton Common Good for the period from 2018/19 - 2022/23.

3.2 Updates to the budget and probable outturn continue to be reported to Corporate Services Committee and Council. There have been revisions to the 2019/20 budget due to the level of spend on the Town Centre Management Budget.

4. Main Issues

4.1 The Appendix provides details of the financial performance of the Common Good Budget for 2018/19, together with draft budget for 2019/20 for consideration and approval, with indicative budgets updated to 2022/23.

4.2 The probable outturn shows a favourable variance (underspend) of £0.273m and the main variances are:

Town Centre Management not yet spent	(£0.229m)
Bellsmyre Digital grant not paid as yet	(£0.036m)
Small Grants budget not spent	(£0.007m)
Total	**(£0.273m)**

4.3 The original five year budget agreed a total spend of £0.265m towards Town Centre Management with anticipated spend being in 2019/20. This is administered through a grant process managed by the Economic Development Team. The availability of this grant fund has been advertised, however the budget is now projected to spend less than budgeted.

At present grants to the value of £0.026m have been paid with a total committed expenditure of £0.072m, but with £0.036m of this expected to be spent in 2018/19. Therefore the anticipated underspend of £0.229m will be carried into 2020/21, though around £0.036m is already committed through the approved grant applications already agreed within 2018/19, leaving £0.192m available.

4.4 In relation to Bellsmyre Digital the funding available for 2018/19 has not been issued as yet and discussions are ongoing, but at present it is anticipated that this will not be spent and will result in an underspend within the Common Good budget in 2018/19.

4.5 To date no grant applications have been processed for approval for the small grants budget, though one grant application has been received but pending awaiting further information. It is likely that this will be for consideration during 2019/20.

4.6 The five year budget set in March 2018 projected that reserves would be £0.515m as at 31 March 2019 with the Prudential Reserve target being £0.025m. However the actual brought-forward figure was £0.409m due to the carried-forward balance in the estimates being overstated. As a result the reserves at 31 March 2019 are now projected at £0.503m, and based on the proposed budget are projected at £0.361m by 31 March 2020 if the budget for 2019/20 were to be approved.

4.7 In terms of the adequacy of reserves – the prudential level of reserves is viewed as being an adequate level to deal with any financial shocks to the fund, based on previous experience and future expectations specifically in relation to income streams. As can be seen the level of reserves remains significantly above the prudential level and are therefore judged as being adequate.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no people implications.

7. Financial and Procurement Implications

7.1 Other than the financial position noted above, there are no financial or procurement implications.

8. Risk Analysis

8.1 The Council must consider financial and reputational risks when considering funding to external organisations. The financial risk is that the Dumbarton Common Good remains within budget and a robust budgeting being agreed and ongoing monitoring and review will ensure that this is protected. There is a risk that the voluntary organisations awarded grants don't remain financially sustainable and that grant payments made are not used for purposes expected. Organisations funded by the Common Good must comply with conditions of grant which includes providing financial accounts etc. to the Council on a regular basis. This allows officers to monitor spend as being in line with expectations as well as the financial sustainability of the organisations.

9. Equalities Impact Assessment (EIA)

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

10. Environmental Sustainability

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

11. Consultation

11.1 Legal and Financial Officers have been consulted in preparing this report.

12. Strategic Assessment

12.1 Good financial governance is essential to the delivery of each of the Council's Strategic Priorities.

Stephen West
Strategic Lead, Resources
Date: 6 March 2019

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Appendices: Appendix: Financial Analysis and Revised Budget

Background Papers: Report to Council – 5 March 2018 – *Dumbarton Common Good Fund budget 2018/19*

Wards Affected: 2 and 3.

DUMBARTON COMMON GOOD FUND **Appendix**

Statement of Income & Expenditure

Description	17/18 Final Outturn	18/19 Approved Budget	18/19 Probable Outturn	18/19 Variance	19/20 Original Budget	19/20 Draft Budget	20/21 Draft Budget	21/22 Draft Budget	22/23 Draft Budget
Alcoholics Anonymous - Grant for Property	10,074	11,700	10,000	(1,700)	11,700	11,700	11,700	11,700	11,700
Alternatives	5,000	5,000	5,000	0	5,000	5,000	5,000	5,000	5,000
Bellsmyre Digital Project	35,601	35,601	0	(35,601)	35,601	35,601	35,601	35,601	35,601
Bellsmyre Schools Out	6,000	6,000	6,000	0	6,000	6,000	6,000	6,000	6,000
Christmas Lights	15,000	15,000	15,000	0	15,000	15,000	15,000	15,000	15,000
Dumbarton Senior Citizens	10,000	10,000	10,000	0	10,000	10,000	10,000	10,000	10,000
Dumbarton Fireworks	9,050	9,050	9,050	0	9,050	9,050	9,050	9,050	9,050
Town Centre Management - Capital	7,282	265,886	36,807	(229,079)	0	229,079	0	0	0
Rockvale Rebound - Rent	2,600	2,630	2,630	0	2,630	2,630	2,630	2,630	2,630
Scottish Maritime Museum	50,000	50,000	50,000	0	50,000	50,000	50,000	50,000	50,000
Small Grants	0	7,000	0	(7,000)	7,000	7,000	7,000	7,000	7,000
West Dunbartonshire Citizen's Advice Bureau	40,000	40,000	40,000	0	40,000	40,000	40,000	40,000	40,000
Central Admin Allocation	11,280	14,000	14,000	0	14,000	14,000	14,000	14,000	14,000
Estates Dept - Management Fee	10,840	10,840	10,840	0	10,840	10,840	10,840	10,840	10,840
Total Expenditure	**212,727**	**482,707**	**209,327**	**(273,380)**	**216,821**	**445,900**	**216,821**	**216,821**	**216,821**
Interest on Revenue Balance / Investments	(1,604)	(1,100)	(1,100)	0	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
Misc Income	0	(400)	0	400	(400)	0	0	0	0
Rental Income	(279,552)	(302,693)	(302,693)	0	(302,693)	(302,693)	(302,693)	(302,693)	(302,693)
Total Income	**(281,156)**	**(304,193)**	**(303,793)**	**400**	**(304,193)**	**(303,793)**	**(303,793)**	**(303,793)**	**(303,793)**
Net Expenditure	**(68,429)**	**178,514**	**(94,466)**	**(272,980)**	**(87,372)**	**142,107**	**(86,972)**	**(86,972)**	**(86,972)**
Balance b/fwd	(340,501)	(515,189)	(408,930)	106,259	(336,675)	(503,396)	(361,289)	(448,261)	(535,233)
Balance c/fwd	**(408,930)**	**(336,675)**	**(503,396)**	**(166,721)**	**(424,047)**	**(361,289)**	**(448,261)**	**(535,233)**	**(622,205)**