

Supplementary Agenda



Meeting of West Dunbartonshire Council

Date: Wednesday, 20 December 2017

Time: 17:00

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

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

Dear Member

ITEMS TO FOLLOW

I refer to the agenda for the above meeting which was issued on 7 December 2017 and now enclose a copy of **Items 7 and Appendix 2 to Item 11** which were not available for issue at that time.

I would advise that the report relating to **Item 12** has been withdrawn from the agenda as discussions are continuing with partner Councils. A briefing has been issued to all Members providing an update on this issue.

Yours faithfully

JOYCE WHITE

Chief Executive

Note referred to:-

7 GLASGOW CITY REGION CITY DEAL – UPDATE 147 - 154

Submit report by the Strategic Director – Regeneration, Environment & Growth on the progress with the implementation of the Glasgow City Region, City Deal and Council's City Deal project.

11 GENERAL SERVICES BUDGET PREPARATION 155 - 158
2018/19 TO 2020/21 – BUDGET UPDATE

Submit **Appendix 2** to the report by the Strategic Lead – Resources on the above.

12 SHARED SERVICES – ROADS AND TRANSPORTATION

Note: Due to continuing discussions with partner Councils, the report on this matter has been withdrawn from the agenda.

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

Date of issue: 15 December 2017

WEST DUNBARTONSHIRE COUNCIL

Report by the Strategic Lead for Regeneration

Council: 20 December 2017

Subject: Glasgow City Region City Deal – Update

1. Purpose

- 1.1** To note the progress with the implementation of the Glasgow City Region, City Deal and the Council's City Deal project.

2. Recommendations

- 2.1** It is recommended that Council:

- i) notes the progress of the Glasgow City Region City Deal; and
- ii) notes progress with the Council's project for the Exxon site.

3. Background

- 3.1** The Glasgow City Region City Deal Infrastructure programme equates to £1.13bn of investment for over 20 projects over a ten year period. These projects are progressing and have reached various stages from Strategic, Outline and Full Business cases stages of approval.
- 3.2** The Outline Business Case (OBC) for the Exxon site project was approved at Council on 22 February 2017 and at the City Region Cabinet on 11 April 2017. Work continues towards development of the Final Business Case due in December 2019.

4. Main Issues

- 4.1** The Final Business Case (FBC) for the Council's infrastructure project at the Exxon site is due for completion in December 2019. The maximum budget available for the production of the FBC is £2.948m.
- 4.2** Heads of Terms have now been agreed with Esso Petroleum Company Limited (the Company within the ExxonMobil group which holds the land) with regard to the transfer of the former Exxon site to the Council. Whilst not binding on either party these provide a framework for discussions with Esso going forward with a view to concluding missives of sale in the next financial year. Before any terms are finalised and binding, a report will be brought to the Council providing the proposed commercial position and inviting members to approve or reject the proposals.

5. Glasgow City Region City Deal Update

5.1 Glasgow City Region- Cabinet Meeting Updates

- 5.1.1** At the Cabinet meeting on 12 December 2017 the Council Leaders were informed about Financial and management monitoring audits that have taken place and also a follow up audit related to Compliance with the Assurance Framework. As part of the 2017/18 Internal Audit Plan, Glasgow City Council Internal Audit carried out a review of Skills and Employability Programme Governance. Follow up audits were also completed in relation to Financial Transactions, Financial Monitoring, and compliance with the Assurance Framework which highlighted progress and a small number of outstanding recommendations due for completion by February 2018.
- 5.1.2** The Cabinet also approved a budget allocation of up to £20,000 from the Programme Management Office (PMO) budget for business case training for Member Authorities (MAs) and the PMO. The Cabinet also agreed a budget allocation of up to £50,000 to carry out an exercise to support MAs to ensure that previously approved Business Cases are compliant with the treasury green book standard. WDC's outline business case already meets the required standard.
- 5.1.3** The Scottish Parliament Local Government and Communities Committee's inquiry into City Region Deals commenced on 4 April 2017 with a remit '*To explore rationale, prioritisation and value for money in relation to city region deals, including the progress to date of city region deals in delivering job creation and economic growth, and the structure and governance of city region deals in Scotland.*' Following written evidence a number of organisations representatives were called to provide evidence during November 2017. The Committee visited Glasgow Airport with regards to the Airport Access and Airport Investment Area projects. A number of key themes arose during the evidence sessions most of which align with the general focus of the inquiry and with the views of organisations represented, as set out within their written submissions. The following points were highlighted;
- The development of individual deals / selection of projects was considered, where it was largely felt that neither the business community nor communities had been part of the process. Some questioned whether projects selected were aligned to local and national strategic priorities.
 - Governance is seen as a key issue, with questions raised both by those giving evidence and by Committee members as to the transparency of decision making and available information. Engagement with the business community and communities generally was considered something most deals have not been successful at achieving. It was considered important that people understood the purpose of their local City Deals and how projects would benefit them and their communities.

- In relation to Evaluation and Monitoring, it was considered by some that clarity was required as to the actual purpose of the deals themselves – again how these would benefit communities but also towns, as opposed to just cities. Accessible information on how City Deals are performing at a local and also collectively at a national level was felt to be missing.

5.1.4 Inclusive Growth continued to focus highly throughout the sessions. The Committee was reminded that the original purpose of City Region Deals, instigated by the UK government in 2011, was to grow GVA. However, it was recognised that Inclusive Growth is a fundamental element of the Scottish Government's economic strategy, launched in 2015. It was recognised that clarity is required as to exactly how Inclusive Growth is defined and understood. Detail was provided on work underway by the Commission on Economic Group for the Glasgow City Region Cabinet. This will involve advice on criteria to evaluate the programme as a whole as well on as individual projects within it, in relation to Inclusive Growth. A pilot exercise will help to establish the recommendations.

5.1.5 It was considered that narratives from City Deals in relation to retro-fitting or re-engineering of projects may signal an opportunity to ensure that projects are better able to deliver inclusive growth.

5.1.6 A summary of the main points raised in the 39 submissions was collated by the Scottish Parliament Information Centre and is available on the Scottish Parliament website

5.1.7 Following the launch of the Glasgow City Region Economic Strategy (RES) 2017-2035 the RES Action Plan was developed which identifies 51 actions across the eight policy portfolios each led by one of the eight Member Authorities of Glasgow City Region, namely:

- Land Use and Sustainability - East Dunbartonshire
- Infrastructure and Assets - East Renfrewshire
- Inward Investment and Economic Growth - Glasgow
- Tourism and Destination Marketing - Inverclyde
- Transport and Connectivity - North Lanarkshire
- Enterprise - Renfrewshire
- Skills and Employment - South Lanarkshire
- Housing and Equalities - West Dunbartonshire

Three Senior Portfolio Development Officers have been appointed to advance actions under the themes of People, Place and Business. The Senior Portfolio Development Officers have now allocated actions across the eight Policy Portfolios and will seek to work with the relevant portfolio leads, groups and partners to further the ambitions set out in the RES Action Plan.

5.1.8 An updated Assurance Framework is being finalised and will be brought to a future Chief Executive's meeting in spring 2018.

5.2 Glasgow City Region Infrastructure Programme Update

5.2.1 The following projects were approved/noted by the City Deal Cabinet on 12 December 2017:

- i) East Renfrewshire Council - Business Boost, Full Business Case (FBC) approved. This FBC seeks approval to invest £5.6m of capital costs in contracts for the construction and associated services over a 3 year period for the development of the Business Boost Initiative comprises interventions at two discrete locations: the majority of funding is for the delivery of a new Greenlaw Business Incubation & Innovation Centre in Newton Mearns with £0.150m towards improvements at The Foundry leisure and civic centre at Barrhead. These projects are part of the wider M77 Strategic Corridor programme, the Outline Business Case (OBC) for which was approved in August 2015.
- ii) North Lanarkshire Council - Pan Lanarkshire Orbital Transport Corridor, Strategic Business Case (SBC) approved. The SBC is a re-submission of the Business Case originally approved by the Cabinet in August 2015. North Lanarkshire Council sought agreement from the Cabinet that the former Ravenscraig infrastructure, originally proposed for finance through Tax Increment Financing (TIF), will be now included as a sub-project within the revised SBC and in turn incorporated into the City Deal Infrastructure Programme. The total cost of the project is £189.5m. This represents an increase of £95.9m from the approved £93.6m within the Infrastructure Fund. The additional cost may be funded from several sources including NLC's own resource, review and re-scoping of the current NLC projects, private sector funding, or from Member authorities City Deal funded projects in the event funds become available in the future.
- iii) Airport Access Project - Outline Business Case Audit. The Cabinet noted commentary on the Audit which was commissioned by Transport Scotland and carried out by Jacobs consultancy. The approved recommendation was that Cabinet:
 - 1. noted the report and that work will continue with the Executive Steering Group to allow a full discussion of the issues raised in the Jacob's Audit;
 - 2. notes that until this exercise has been completed any further expenditure will be kept to a minimum; and
 - 3. asks that a further report is presented to a future Cabinet setting out the outcomes of the exercise and the solutions identified by the Steering Group to mitigate against the issues raised in the Audit.

5.3 National Evaluation Panel

- 5.3.1** The National Evaluation Framework and draft Local Evaluation Framework were presented to and approved by GCR Cabinet on 11 October 2017. SQW, the consultant leading on the development of the evaluation framework for Gateway Review 1 (GR1), is currently developing the Local Evaluation Plan (LEP) and has been in contact with MAs to discuss the approaches that could be adopted to evaluate the impact of their projects at the first gateway review. SQW will consult with the Commission on the draft LEP and provide the draft to the PMO in December. The LEP will contain details of the methodologies, data requirements, and potential financial requirements for the evaluation of the City Deal infrastructure fund projects for GR1. The PMO will seek to arrange a session for senior officers from MAs to discuss the draft plan prior to Christmas. It is anticipated that the draft Local Evaluation Plan will be presented to the Chief Executives' Group and Cabinet in February 2018.

5.4 Commission on Economic Growth

- 5.4.1** The Commission for Economic Growth met on 8 November 2017 and was chaired by Des McNulty, vice chair of the Commission. The discussion included an update on the inclusive growth pilot project, the evaluation of the City Deal skills & employment and innovation projects, how the Commission can respond to the discussion that took place at the Cabinet on 11 October 2017, and support for the wider consideration of how the City Region Deal can deliver inclusive economic growth.

5.5 Finance Group Update

- 5.5.1** The revised Assurance Framework is being finalised and will be brought to a future Chief Executive's meeting in the Spring of 2018, along with revised Business Case guidance to meet the Governments' expectations.
- 5.5.2** The PMO have continued discussions with the Scottish Government to finalise the terms of the 2017/18 grant letter and expected to be completed before Christmas 2017.
- 5.5.3** Expenditure of the Council's £1.198m budget is anticipated in 2017/18 and at this stage is on target.

5.6 Labour Market Working Group (LMG) Update

- 5.6.1** The recent Cabinet heard a presentation from the consultants EKOSGEN a review of working matters. The review showed that although progress had been slow, it was now expected that Working Matters should be able to meet its original targets, and that the programme is proving more effective than the Work Programme in helping clients back into work. The evaluation found that Working Matters was also achieving significant non-work positive

outcomes in health, self-reliance and skills that would ultimately be of benefit to clients.

- 5.6.2** It was agreed at Cabinet that in the next stage of the evaluation the consultants would do more work to capture and quantify the benefit and value of non-work outcomes, and would also benchmark Working Matters against other employability initiatives.
- 5.6.3** The City Deal Working Matters programme continues to support West Dunbartonshire residents claiming Employment Support Allowance or Universal Credit with a health condition to improve their wellbeing, confidence and employability skills. In the current reporting period (24th August 2015 – 23rd November 2017) the Council has supported 126 residents. In West Dunbartonshire the main barriers are unemployment and mental health, with 123 participants being long-term unemployed, with 96 people stating that they have issues with their mental health. West Dunbartonshire has the longest average length of unemployment in the City Region.
- 5.6.4** Case Managers continue to take a person-centred approach with participants, undertaking and reviewing their Individual Needs Assessments and putting supports in place according to their needs. This has led to participants undertaking a variety of activities to improve their health: confidence building; stress management; mindfulness; subscription to the Live Active Programme; and referral to mental health condition management with Work Connect. Participants also take part in certificated Working4U Learning courses such as computing, literacies, Child Development, Intro to Counselling and Wellbeing. We have also agreed to provide placement opportunities for students studying Occupational Therapy at Glasgow Caledonian University, which starts in January 2018. This will provide additional support to clients.
- 5.6.5** Of the 126 participants, 102 have taken part in activities to remove barriers and increase skills. The number of people obtaining work remains at 4, which reflects the length of the journey clients are facing. Given the number and nature of referrals, the City Region has obtained approval from the DWP to extend the programme until March 2019 and to reduce targets by 20%. Feedback has highlighted that the person-centred approach has been key in providing support, achieving progression and securing positive outcomes. Ongoing challenges include: achieving targets; maximising numbers and appropriateness of referrals; increasing attachments; and progressing clients, given the increasingly complex barriers newer clients are facing.

6. West Dunbartonshire Council City Deal Project

- 6.1** The Council City Deal project for the Exxon site has funding of £27.897m. The project has progressed through Outline Business Case stage and work

is progressing on the development of the Final Business Case for December 2019.

- 6.2** It is now anticipated that the Council's Environmental Impact assessment and a negotiated position for the transaction between the Council and Esso Petroleum Limited will be brought to the Council for agreement in summer 2018.
- 6.3** Exxon provided information related to the site remediation to our consultants in November 2017. A remediation strategy is anticipated in early 2018, and subject to approval, to progress the remediation anticipated to commence by mid 2018. The remediation to be carried out Exxon is expected to take 2 years approximately with an anticipated completion date of July 2020. It is possible that elements of our project may take place prior to this completion date.
- 6.4** In terms of engagement with the 3rd Party landowners the Council has engaged extensively with all landowners related to the Exxon Development. The consultation process in relation to the location of the access road has now been concluded and the route will be finalised. Once the finalised route is completed each landowner will be presented with it early in 2018.

7. People Implications

- 7.1** There are a number of senior officers involved in the City Deal initiative across services of the Council and as part of the project board.

8. Financial Implications

- 8.1** As at 30 November 2017 the total project Capital expenditure was £0.884m.
- 8.2** The anticipated spend on the City Deal Exxon project for the following financial years are as follows:
- 2017/18 £1.198m; and
 - 2018/19 £1.750m.

9. Risk Analysis

- 9.1** There are a number of project risks associated with the development at the Exxon site contained as part of the Outline Business Case. These are being developed as the project moves towards a Final Business Case.

10. Equalities Impact Assessment

- 10.1** An updated Equalities Impact Assessment will be developed as part of the Final Business Case.

11. Consultation

- 11.1** Consultation with all key stakeholders is progressing as we are working towards the Full Business Case.

12. Strategic Assessment

- 12.1** This report contributes to the Council's Strategic Priorities of economic growth and employability.

Jim McAloon

Strategic Lead, Regeneration

Date: 13 December 2017

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Appendices:	None
Background Papers:	Glasgow City Region City Deal – Council updates on the following dates: 25 October 2017, 30 August 2017, 28 June 2017, 26 April 2017, 22 February 2017, 21 December 2016, 26 October 2016, 31 August 2016, 29 June 2016, 27 April 2016, 24 February 2016, 16 December 2015, 25 August 2015.
Wards Affected:	All

**WEST DUNBARTONSHIRE COUNCIL
BUDGET UPDATE 2018/19 – APPENDIX 2**

1. The Cabinet Secretary for Finance and the Constitution has laid out the Scottish Government's draft spending and tax plans for 2018/19 on 14 December 2017.
2. Details of indicative allocations to individual local authorities were also published on 14 December, through Finance Circular 5/2017, accompanied by a letter to the President of COSLA copied to the Leaders of all local authorities.
3. The settlement provides Scottish local authorities with total revenue funding of £9,630.77m compared to £9,639.48m in 2017/18; however the 2018/19 figures include new funding of £153.2m for the following:

Purpose	Funding
Health and Social Care funding pressures (£30m Living wage costs for care providers; £10m Sleepover costs; £19m Carers Act costs; £2m Free Personal Care; and £5m UK Budget consequentials)	£66m
Implementation of Early Years (towards 1,140 hours)	£52.2m
Teachers Pay uplift	£24m
Implementation of Early Years (towards 600 hours)	£11m
Total	£153.2m

4. The settlement is stated to be a “no sanctions” settlement; however the letter received from the Cabinet Secretary states:

“The measures set out in the settlement offer must be viewed as a package to protect our shared priorities. In order to access all of the benefits involved, including those priorities supported by specific financial benefits, local authorities must agree to deliver all of the measures set out in the package and will not be able to select elements of the package.

Any individual authority not intending to agree the offer and accept the full package of measures and benefits should write to me by no later than 19 January 2018. For those authorities not agreeing the offer a revised, and inevitably less favourable, offer will be made.”

5. The package referred to is not clear, particularly as the settlement is stated to have no sanctions. Key issues highlighted in the settlement and letter to Leaders are as follows, and these are likely to be the main issues in terms of the package referred to in the settlement:
 - a. *“For 2018-19 local authorities will continue to have the flexibility to increase Council Tax by up to a maximum of 3%. This local discretion will preserve the financial accountability of local government, whilst also potentially generating around £77 million to support services.”;*

- b. *“We will require local authorities to achieve a pupil:teacher ratio of 13.7, and ensure that places are provided for all probationers who require one under the Teacher Induction Scheme.”;*
 - c. *“In 2018-19 an additional £66 million is included in the settlement allocations to support additional expenditure by local government on social care in recognition of a range of pressures they and integration authorities are facing... This funding is provided directly to local authorities and is in addition to the £355 million baselined provision transferred from NHS Boards to Integration Authorities. I will look to local authorities to continue to prioritise their financial support for social care.”*
 - d. The provision of revenue and capital funding for the implementation of Early Years expansion; these funds are ring-fenced for this purpose.
6. **In order that the Council can write to the Cabinet Secretary by 19 January 2018 Members require to consider this issue in any motions to this meeting.**
7. The next steps for the Scottish Government budget approval process is:
 - Consultation on settlement closes 5 January 2018;
 - Councils to respond to funding offer 19 January 2018;
 - Budget Debate in Parliament 21 February 2018; and
 - Local Government Finance Order 22 February 2018.
8. In addition to the above there is the usual period for Councils and COSLA to check the settlement and distribution and the Finance Circular states that this should be collated via COSLA and issued to Scottish Government by 12 January 2018. It is therefore possible that the distribution and level of grant may change as a result of this process, as had happened previously. The figures in this document are based on the information provided to date by the Scottish Government, further detailed analysis will be provided and it is possible that the understanding of the settlement could change once this information has been received.
9. The Cabinet Secretary also announced a planned change to Non-Domestic Rates (NDR), as follows:
 - a. Following the Barclay Review any further reduction to NDR as a result of further transfers to charitable trusts would result in reduction Revenue Grant Funding; and
 - b. A new relief is proposed for day nurseries, both private and public, at 100%. It is assumed at this stage that this will be effective from April 2018. The change in NDR for day nurseries is estimated to save £0.065m on an ongoing basis from 2018/19.

10. In the long term finance strategy presented to Council in October 2017 the estimated settlement for 2018/19 was £162.713m (as adjusted for funding not yet allocated and budgeted funding). The circular received on 14 December 2017 provides a settlement of £165.868m. A net increase of £3.155m - this excludes the Council's share of the additional £153.2m noted above, which is assumed will all be used for the purposes specified by the Scottish Government.
11. The settlement also includes new funding for the consequences of the British Sign Language (Scotland) Act 2015, which requires local authorities to publish a British Sign Language plan by October 2018.
12. In his speech to Parliament the Cabinet Secretary announced pay increases for the parts of the public sector that are under his influence or control as:
 - 3% uplift in pay for those earning £30,000 or less (including teachers);
 - A 2% uplift in pay for those earning above £30,000; and
 - A cap of £1,600 for those earning more than £80,000.
13. At present the assumption for pay award in the long term finance strategy for the next three financial years was 1.75%. If the above indicative increase was to be implemented in local government then this would result in an estimated additional £1.6m cost for West Dunbartonshire. In order, therefore to be prudent the assumption on pay award for 2018/19 has been increased by £1.6m, though clearly the final pay settlement will be subject to the normal negotiation process.
14. The gaps identified in the report were before any changes to the settlement, as:
 - 2018/19 £2.708m;
 - 2019/20 £7.674m; and
 - 2020/21 £13.549m.
15. Following the above changes the gaps change as follows:

	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)
Gap per October 21017	2.708	7.674	13.549
Settlement variance	-3.155	-3.155	-3.155
NDR change - day nurseries	-65	-65	-65
British Sign Language	11	11	11
Change to pay assumption	1.600	1.628	1.656
Updated gap	1.099	6.093	11.996

16. **Due to the planned date of the Parliamentary debate on the draft budget coinciding with the scheduled date for 21 February 2018 Council meeting, Members may wish to consider moving the date of the budget-setting Council meeting as part of any motions for this meeting to the**

following week, to allow any changes at Parliament to be taken into account.

17. Members will be aware that the position reported in October 2017 included an assumption of a reduction in funding to the WDC IJB of £1.560m per year from 2018/19. This sum was in line with the limitations placed in the previous settlement for 2017/18 that across Scotland funding for IJBs could not be reduced by more than £80m in total. There is no such limitation in place within the 2018/19 settlement and Members may wish to consider the level of funding reduction applied in their budget proposals.
18. In terms of the settlement for capital funding, the settlement reduces the 2018/19 funding compared to 2017/18 by £60m for core capital funding. There is a new provision of £150m for the expansion of early years towards the 1,140 hours expectation by 2020. The impact of the capital allocation changes will be worked through the capital plan alongside the update of the plan which will come to Council in February 2018.

Stephen West
15 December 2017