

Supplementary Agenda



Meeting of West Dunbartonshire Council

Date: Wednesday, 25 November 2020

Time: 14:00

Format: Zoom Video Conference

Contact: Christine McCaffary, Senior Democratic Services Officer
Email: christine.mccaffary@west-dunbarton.gov.uk

Dear Member

ITEMS TO FOLLOW

I refer to the agenda for the above meeting that was issued on 12 November and now enclose copies of **Items 7, 9, 12, 13 and 14** which were not available for issue at that time.

Yours faithfully

JOYCE WHITE

Chief Executive

Note referred to:-

- | | | |
|-----------|--|------------------|
| 7 | AUDITED ANNUAL ACCOUNTS 2019/20 – ANNUAL AUDIT REPORT TO MEMBERS AND CONTROLLER OF AUDIT | 129 – 339 |
| | <p>Submit report by the Strategic Lead – Resources advising of Audit Scotland’s findings in relation to the audit of the Council and the audit of the council administered charities for 2019/20.</p> | |
|
 | | |
| 9 | COVID-19 UPDATE | 341 - 363 |
| | <p>Submit report by the Chief Executive providing an update in relation to the above.</p> | |
|
 | | |
| 12 | LONG TERM FINANCIAL STRATEGY REFRESH AND GENERAL SERVICES AND HOUSING REVENUE ACCOUNT REVENUE ESTIMATES UPDATE 2021/22 TO 2023/24 | 365 - 425 |
| | <p>Submit report by the Strategic Lead - Resources providing an update on the Council’s Long Term Finance Strategy, together with information on the estimates process for the General Fund and the Housing Revenue Account (HRA).</p> | |
|
 | | |
| 13 | GENERAL SERVICES BUDGETARY CONTROL REPORT PERIOD 7 | 427 - 493 |
| | <p>Submit report by the Strategic Lead – Resources advising on both the General Services revenue budget and the approved capital programme to 31October 2020 (Period 7).</p> | |
|
 | | |
| 14 | HOUSING REVENUE ACCOUNT (HRA) BUDGETARY CONTROL REPORT PERIOD 7 | 495 - 515 |
| | <p>Submit report by the Strategic Lead – Housing & Employability providing an update on the financial performance to 31 October 2020 (Period 7) of the HRA revenue and capital budgets for 2020/21.</p> | |

Distribution/

Distribution:-

Provost William Hendrie
Bailie Denis Agnew
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: 20 November 2020

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Council – 25 November 2020

Subject: Audited Annual Accounts 2019/2020 – Annual Audit Report to Members and Controller of Audit

1. Purpose

1.1 The purpose of this report is to:

- (a) advise Council of Audit Scotland's findings in relation to the audit of the Council and the audit of Council administered charities;
- (b) submit to Council the audited Financial Statements of the Council for 2019/2020 and to highlight matters of interest; and
- (c) submit to Council the audited 2019/20 Financial Statements of the Charities administered by the Council and highlight matters of interest.

2. Recommendations

2.1 Council is invited to:

- (a) note the contents of this report;
- (b) note the clean audit opinions and the findings of the audits as detailed in Audit Scotland's report dated 25 November 2020; and
- (c) approve the audited Annual Accounts 2019/20 of both the Council and the Council administered Charities and note that these will be reported to the Audit Committee on 10 March 2021 for further scrutiny.

3. Background

3.1 The Council's draft unaudited Annual Accounts (including the Group Accounts) for 2019/20 were reported to Council on 26 August 2020 and passed to the Accounts Commission before the statutory deadline on 30 June 2020.

3.2 The report submitted to the August 2020 Council identified a draft position of an unearmarked General Service reserve of £2.447m and provided Members with information as to variances for the year. The draft unearmarked position for the Housing Revenue Account reserve was £0.883m.

3.3 The Charitable Trusts' draft, unaudited accounts for 2019/20 were also reported to August 2020 Council.

- 3.4** As the external auditor of the Council, it is Audit Scotland's responsibility to undertake their audit work in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.

4. Main Issues

- 4.1** The audits of the Annual Accounts for both the Council and the Council-administered Charities have now been completed. The Council has received Annual Audit Report to Members and Controller of Audit which is appended to this report for consideration (Appendices 1 and 2). The audited Annual Accounts for the Council and the Council-administered Charitable Trusts are appended to this report for consideration and approval (Appendices 3 and 4).

West Dunbartonshire Council and Charities Audit Report

- 4.2** Audit Scotland, as the Council's external auditors, has issued a report dated 25 November 2020 which details the main issues arising from the audit of the Council and its Annual Accounts. The full report is appended to this report (Appendix 1).
- 4.3** The report identifies 7 recommendations for improvement for the Council. It also identifies a further 3 recommendations in relation to the Trust Funds. The report also provides management responses for these actions and an update on the 6 actions identified from the 2018/19 Audit Report (2 of which are noted as partially completed/ ongoing).
- 4.4** The Audit Opinion is detailed on page 8 of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's Annual Accounts. Page 15 reports that Audit Scotland expect to issue an unqualified opinion on the Charities Annual Accounts.
- 4.5** The report also appends (see Appendix 2) the proposed independent auditor's report and the draft letters of representation (ISA 580) which the Strategic Lead - Resources is required to sign and submit to Audit Scotland.

The Council's Accounts

- 4.6** A number of presentational and monetary adjustments were identified within the draft Annual Accounts during the course of the audit, the effect of which results in a net increase in the Council's General Fund reserve balance of £0.305m and a net decrease of £4.463m on the reserves position in the Housing Revenue Account (HRA). Further detail on the updated General Fund position is noted below:

	General Services			HRA		
	Free Reserve £000	Earmarked Reserve £000	Total Reserve £000	Free Reserve £000	Earmarked Reserve £000	Total Reserve £000
Draft Financial Statements	2,447	6,643	9,090	883	7,504	8,387
Change in use of capital receipts	305	0	305	0	0	0
Adjustment to loans fund review value used in year	0	0	0	0	(4,463)	(4,463)
Audited Financial Statements	2,752	6,643	9,395	883	3,041	3,924

4.7 I am pleased to report that a clean audit opinion has been given in relation to these Accounts.

4.8 The management commentary on pages 2 to 17 of the Annual Accounts summarises the major matters contained within the document and provides an explanation of the Council's financial position as at 31 March 2020. In particular:

(a) In relation to the General Fund:

- The accounts show a General Fund balance of £9.395m as at 31 March 2020. Of this balance, £6.643m is earmarked for ring-fenced purposes, leaving an unearmarked balance of £2.752m;
- The unearmarked balance of £2.752m compares to the targeted prudential level of reserve of £4.305m which is considered necessary to safeguard assets and to protect services against financial risk; and
- In addition to the above reserves, a sum of £0.232m has been set aside as a provision for future equal pay claims.

(b) In relation to the Housing Revenue Account, the accounts show an HRA balance of £3.924m as at 31 March 2020. Of this balance £3.041m is earmarked, leaving a free balance of £0.883m which is in line with the recommended prudential level of HRA reserve of £0.883m.

(c) The Council maintains statutory accounts for two trading operations under the provisions of the Local Government Scotland Act 2003: Housing Maintenance and Grounds Maintenance/Street Cleaning. These operations returned a collective surplus in the year of £2.387m and both operations have achieved a break even performance over the last three years in line with their statutory requirements.

4.9 On pages 19 to 27 of the accounts is the Annual Governance Statement. This Statement provides assurance that the Council has in place a sound system of governance control. The Governance Statement identifies a number of areas where officers have identified improvements can be made.

Charitable Trusts' Accounts

4.10 I am pleased to report that a clean audit opinion has been given in relation to these Accounts.

4.11 Page 8 of the Accounts details the Statement of Balances and highlights a decrease in the balances held from £0.283m to £0.277m as at 31 March 2020.

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 as described above there are no financial or procurement implications.

8. Risk Analysis

8.1 No risk analysis was required.

9. Equalities Impact Assessment (EIA)

9.1 No equalities impact was required in relation to the preparation of this report.

10. Consultation

10.1 The views of relevant officers were requested on this report and the appendices and view were taken on board.

11. Strategic Assessment

11.1 The report is in relation to a statutory function. As such, it does not directly affect any of the strategic priorities.

.....
Stephen West
Strategic Lead - Resources
Date: 20 November 2020

Person to Contact: Stephen West, Strategic Lead - Resources, Church Street,
Dumbarton
Telephone (01389) 737191
E-mail: stephen.west @west-dunbarton.gov.uk

Appendices:

1. Audit Scotland's Annual Audit Report to West Dunbartonshire Council and Controller of Audit (incorporating Charitable Trusts);
2. West Dunbartonshire Council – Annual Audit Report – covering letter (including ISA 580) (incorporating Charitable Trusts);
3. Audited Annual Accounts 2019/20 – West Dunbartonshire Council; and
4. Audited Annual Accounts 2019/20 – Charitable Trust Funds.

Background Papers:

1. Report to Council of 26 August 2020: Draft Annual Accounts 2019/2020

Wards Affected:

All

West Dunbartonshire Council

Proposed 2019/20 Annual Audit Report

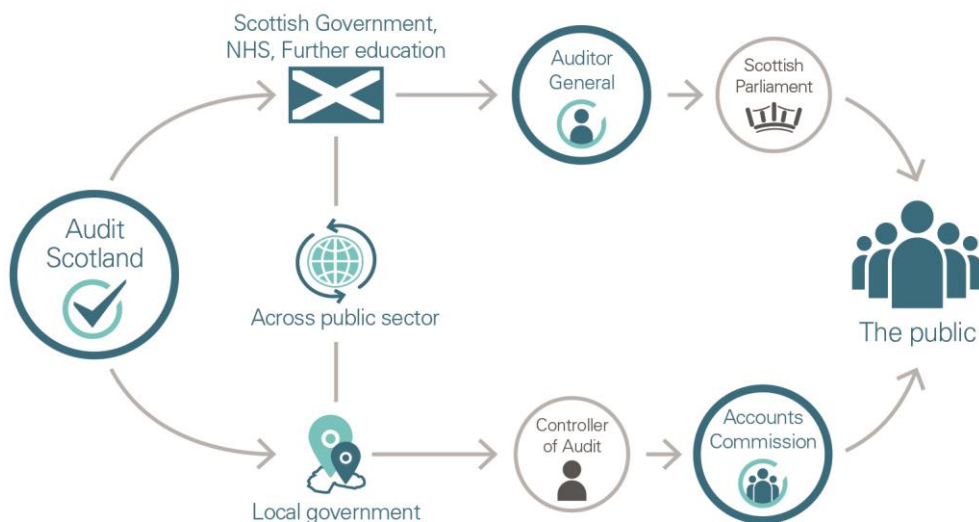


Prepared for the Members of West Dunbartonshire Council and the Controller of Audit
25 November 2020

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

Key messages	4
Introduction	6
Part 1 Audit of 2019/20 annual accounts	9
Part 2 Financial management	17
Part 3 Financial sustainability	23
Part 4 Governance and transparency	29
Part 5 Best Value	32
Appendix 1 Action plan 2019/20	41
Appendix 2 Significant audit risks identified during planning	47
Appendix 3 Summary of national performance reports 2019/20	51

Key messages

2019/20 annual accounts

- 1 The financial statements of West Dunbartonshire Council and its group give a true and fair view of its financial position for the year ended 31 March 2020.
- 2 The council has valued its assets on an appropriate basis. An 'emphasis of matter' paragraph is included in the independent auditor's report to draw attention to the disclosure in the accounts of material uncertainty in property valuations due to the potential impact of Covid-19 pandemic.
- 3 The audited part of the remuneration report, management commentary and annual governance statement are all consistent with the financial statements and prepared in accordance with relevant regulations and guidance.
- 4 The statement of accounts for the six section 106 charities administered by the council properly presents the receipts and payments of the charities for the year ended 31 March 2020 and its statement of balances at that date.

Financial management

- 5 The council has a good track record of delivering services within budget and reported a surplus of £0.586 million for 2019/20.
- 6 The council's budget setting process is operating effectively with member engagement throughout the preparation and approval of the 2019/20 budget.
- 7 The council has effective budget monitoring and control arrangements that allow elected members to carry out effective scrutiny of the council's finances.
- 8 A trend of slippage in the capital programme was reported in the 2018 Best Value Assurance Report. The level of capital slippage significantly improved during 2019/20, although this still represented 23 per cent of the approved capital programme for the year.
- 9 Outstanding loans at 31 March 2020 totalled almost £514 million and the council has high levels of debt relative to annual revenue.

Financial sustainability

- 10 The council is projecting an overspend against the 2020/21 general fund revenue budget, primarily due to the financial impact of Covid-19.
- 11 The council has effective arrangements in place for financial planning that include a long-term financial strategy, however, this will need to be revised to reflect the longer-term financial impact of Covid-19. Additional budget "flexibilities" will be available to Scottish councils in 2020/21 and 2021/22 to mitigate the immediate financial impact of Covid-19.
- 12 The council approved the reprofiling of loans fund advance repayments during the year. This has reduced the annual payments made from the general fund and HRA to the loans fund each year but will also result in annual repayments having to be made over a longer period.

- 13** The council has a low level of reserves as a proportion of net revenue compared to other Scottish local authorities. The uncommitted general fund balance of £2.752 million at 31 March 2020 was below the target of £4.122 million, set by the Council. This increases the risk that the council will have insufficient reserves to respond to unforeseen events.

Governance and transparency

- 14** The council had effective governance arrangements in place during 2019/20. The Covid-19 pandemic has impacted on these arrangements, but we have concluded that the revised arrangements are appropriate and continue to support good governance and accountability.
- 15** Regular cross party meetings were held to share updates on the developments on the Covid-19 pandemic. Members were also kept up to date through regular and comprehensive briefing papers. These included responses to members questions to ensure that all members have the most up-to-date information for any queries raised.

Best Value

- 16** Good progress has been made in addressing the recommendations from the [*Best Value Assurance Report \(June 2018\)*](#) with all five recommendations now implemented. We will continue to monitor the longer-term impact of the improvements made.
- 17** The council demonstrates a clear focus on delivering Best Value and there is evidence of continuous improvement in its services over time.
- 18** The council has effective systems in place to monitor performance and drive continuous improvement, which support scrutiny of service performance. The council reported that 55 per cent of strategic indicators were on target during 2019/20, but 15 per cent were significantly below target.
- 19** The challenge faced by the council in tackling underperformance linked to levels of poverty and inequality will be exacerbated by the impact of Covid-19. The impact on service performance during 2020/21 will be reported in next year's annual audit report.
- 20** Overall, performance against national indicators has improved in recent years and the rate of improvement of West Dunbartonshire Council is slightly above the national trend.

Introduction

1. This report summarises the findings arising from the 2019/20 audit of West Dunbartonshire Council (the council) and its group.

2. We aim to add value to the council through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvement that are accepted by management
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports, [Appendix 3](#), and good practice guides, and
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Scope of our audit

3. The scope of the audit was set out in our [Annual Audit Plan](#) presented to the 18 March 2020 meeting of the Audit Committee. This report comprises the findings from:

- our audit of the council and its group's annual accounts, and the statement of accounts of the section 106 charities administered by the council, including the issue of independent auditor's reports setting out our opinions
- a review of the council's key financial systems
- audit work covering the council's arrangements for securing best value including follow up of the recommendations from our [Best Value Assurance Report \(June 2018\)](#)
- our consideration of the wider audit dimensions of public sector audit, [exhibit 1](#), as set out in the [Code of Audit Practice 2016](#).

Impact of Covid-19

4. Subsequent to the publication of the 2019/20 Annual Audit Plan, in common with all public bodies, the council has had to respond to the Covid-19 pandemic. This impacted on the final month of the financial year and continues to have a significant impact into 2020/21. This has had major implications for the provision and cost of services since March 2020. Our planned audit work has been adapted for the new emerging risks that relate to the financial statements and the wider dimensions of audit.

Ethical considerations

5. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and the 2019/20 audit fee of £271,690 (which includes £2,100 for the audit of the charitable trust funds) as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Exhibit 1

Audit dimensions



Source: *Code of Audit Practice 2016*

Responsibilities and reporting

6. The council has responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The council is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

7. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

8. As public sector auditors we give independent opinions on the annual accounts. We also review and provide conclusions on the effectiveness of the council's performance management arrangements, suitability and effectiveness of corporate governance arrangements, and financial position and arrangements for securing financial sustainability, and best value arrangements.

9. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

10. This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control. An agreed action plan is included at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation.

11. This report is addressed to both the council and the Controller of Audit and will be published on Audit Scotland's website: www.audit-scotland.gov.uk

Extension of audit appointment

12. Auditors appointed under statute by the Accounts Commission are engaged for a five-year period. The current audit engagement was due to end after the

conclusion of the 2020/21 audit. Normally at the end of each five-year period a new auditor is appointed, either Audit Scotland or a private sector accountancy firm.

13. Covid-19 will have implications beyond the immediate challenge of this year's final accounts. As this year's audits will be reported later than normal, planning for and potentially reporting next year's annual audit work will also be affected. At its October meeting Accounts Commission approved the extension of current audit appointments for a year to include the 2021/22 audit year. This decision reflects the need for stability and continuity given the longer-term impact of Covid-19 on audited bodies and the difficulty of running the necessary procurement exercise during the pandemic. Similar extensions are effective for the council's associated bodies, for example, the Dunbartonshire and Argyll & Bute Valuation Joint Board.

Acknowledgement

14. We would like to thank all management and staff for their cooperation and assistance during the audit.

Part 1

Audit of 2019/20 annual accounts



Main judgements

The financial statements of West Dunbartonshire Council and its group give a true and fair view of its financial position for the year ended 31 March 2020.

The council has valued its assets on an appropriate basis. An ‘emphasis of matter’ paragraph is included in the independent auditor’s report to draw attention to the disclosure in the accounts of material uncertainty in property valuations due to the potential impact of Covid-19 pandemic.

The audited part of the remuneration report, management commentary and annual governance statement are all consistent with the financial statements and prepared in accordance with relevant regulations and guidance.

The statement of accounts for the six section 106 charities administered by the council properly presents the receipts and payments of the charities for the year ended 31 March 2020 and its statement of balances at that date.

Our audit opinions on the annual accounts are unmodified

15. The annual accounts for the council and its group for the year ended 31 March 2020 were approved by the Council on 25 November 2020. We reported in our independent auditor’s report that the:

- financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

The annual accounts are the principal means for the council accounting for the stewardship of resources to the public and other external stakeholders.

The council has disclosed a material uncertainty in property valuations related to the potential impact of the Covid-19 pandemic

16. An “emphasis of matter” paragraph is a paragraph added to an independent auditor’s report. It does not qualify or modify the auditor’s opinion on the financial statements. It is used to indicate a matter which is disclosed appropriately in the financial statements, and notes thereto, but which the auditor considers should be drawn to users’ attention as being fundamental to understanding the financial statements.

17. *Note 1: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty* in the council’s audited accounts discloses a material valuation uncertainty in property valuations related to the potential impact of the Covid-19 pandemic. We have included an “emphasis of matter” paragraph in our independent auditor’s report to draw attention to the scale of the uncertainty. We expect that the inclusion of such a paragraph will be a feature of 2019/20 independent auditor reports across the public sector.

18. Further information on the basis for the emphasis of matter paragraph is contained in [Exhibit 3](#).

The annual accounts were signed off in line with the timescales permitted to reflect Covid-19

19. The Scottish Government Local Government Finance Circular 10/2020 confirmed that the provisions made in Schedule 6 of the Coronavirus (Scotland) Act 2020 allow for the completion and audit of the 2019/20 Annual Accounts to be postponed to no later than 30 November 2020.

20. The council used the powers in the Act to delay the publication of the 2019/20 unaudited accounts beyond its original timetable. The unaudited accounts were submitted to us on 29 June 2020, in line with the original pre-Covid timetable, but were not formally considered by the Council until the first virtual meeting after this date on 26 August 2020.

21. Covid-19 had an impact on the time taken to complete audit work as remote working meant that audit tasks took longer than usual as the audit team were unable to access staff, records and systems as readily as when physical access was available.

22. Throughout the audit process there has been on-going discussions with council staff and their support enabled the audit to proceed as planned. The working papers provided to support the unaudited accounts were of a good standard. However, the time taken to respond to some queries was understandably impacted as council staff were dealing with significant additional pressures from Covid-19.

23. The conclusion of the audit and approval of the accounts was in line with the revised timetable permitted by the Scottish Government, with the audited accounts signed after the full Council meeting on 25 November 2020.

Our audit testing reflected the calculated materiality levels

24. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the perceptions and decisions of users of the financial statements. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law). In forming our opinion on the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

25. Our initial assessment of materiality for the financial statements was undertaken during the planning phase of the audit and was based on the gross expenditure reported in the audited 2018/19 Annual Accounts. These levels were reported in our Annual Audit Plan presented to the audit committee on 18 March 2020.

26. On receipt of the unaudited 2019/20 Annual Accounts we recalculated our materiality levels based on the actual gross expenditure for the year ended 31 March 2020. Our materiality levels are summarised in [Exhibit 2](#). We concluded that there was no significant impact on the audit approach of the recalculated materiality levels.

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality: This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2020.	£4.798 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 50% of overall materiality.	£2.399 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of overall materiality.	£0.050 million

Source: Audit Scotland

Our audit identified and addressed the risks of material misstatement

27. [Appendix 2](#) provides our assessment of risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influenced our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the audit team are directed. The appendix also identifies the work we undertook to address these risks and our conclusions from this work.

We reported the significant findings from the audit to those charged with governance

28. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices including accounting policies, accounting estimates and financial statements disclosures.

29. The significant findings are summarised in [Exhibit 3](#). Our audit also identified some presentational and disclosure issues which were discussed with management. These were all adjusted and reflected in the audited annual accounts and none were significant enough to require to be separately reported under ISA 260.

Exhibit 3

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Property valuations uncertainty due to the potential impact of Covid-19</p> <p>The Balance Sheet includes property, plant and equipment with a total value of £1.012 billion at 31 March 2020. The council has a five-year rolling valuation programme as detailed in <i>Note 32: Accounting Policies</i>. The asset valuer has referenced 'material valuation uncertainty' in their valuation report, however the report also outlines that while a higher degree of caution should be applied, this does not mean the valuation cannot be relied upon.</p> <p>The valuation report only covers specific asset categories, in accordance with the rolling valuation programme, but due to the potential impact of Covid-19 from mid-March 2020, we believe that, there is a wider material uncertainty within the property valuations.</p>	<p>Property assets are material and the impact of Covid-19 has increased the uncertainty over associated valuations.</p> <p>The annual accounts appropriately disclose this increased uncertainty at <i>Note 1: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty</i>, and we have also included an 'emphasis of matter' paragraph in our independent auditors' report to draw attention to this disclosure.</p>
<p>2. Revised pension liability</p> <p>In January 2017 an employment tribunal ruled that a group of claimants had been subject to age discrimination when they were transferred to a new career average pension scheme, known widely as the McCloud case. The prior year's audited annual accounts reflected the actuary's best estimate of the impact of this ruling on the pension liability at 31 March 2019.</p> <p>On 16 July 2020, the UK Government released a consultation document on the remedy to the issues. This identified a proposed treatment for pension members affected.</p> <p>Following this, Hymans Robertson (the appointed actuary for Strathclyde Pension Fund) contacted the council to advise that the proposed remedy would result in the estimated pension liability at 31 March 2020 being reduced.</p>	<p>As the proposed remedy had a material impact on the pension liability at 31 March 2020, management obtained a revised actuarial report and made an adjustment to the audited annual accounts to reflect the revised pension liability figure. The impact of these rulings resulted in the pension liability figure in the balance sheet, and the deficit on provision of services figure in the comprehensive income and expenditure statement, both decreasing by £5.894 million.</p>
<p>3. Loans fund reprofiling</p> <p>As detailed at paragraphs 85-91, in March 2020 the council approved moving from the "statutory method" to the "asset life method" for future repayments from the general fund and Housing Revenue Account (HRA) for outstanding debt relating to advances from the loans fund.</p> <p>An element of the accounting treatment for the loans fund review involved profiling a recalculation adjustment value of £19.8 million for the general fund and £9.2 million for the HRA over a prudent period.</p> <p>HRA: For the unaudited accounts a period of 2 years had been used for the profiling of the HRA recalculation adjustment (i.e. repayments over the</p>	<p>HRA: Having reconsidered the approach with full regard to the period and pattern of benefits provided to the community, and based upon the difference between 'original' average debt advances repayment period and the 'revised' repayment period, management advised that 8 years would be a more appropriate period to use.</p> <p>This change is reflected in the audited accounts and results in the annual repayment from the HRA to the loans fund for 2019/20 increasing by £4.463 million, and the HRA reserve balance at 31 March 2020 reducing by the same amount.</p>

next 2 years would be reduced by £9.2 million). We queried with management whether this profiling period was prudent based on the pattern of benefits provided to the community from the assets funded from the loans fund advances.

General fund: For the unaudited accounts, the general fund loans fund repayments were calculated to reflect the asset lives. The charge for 2019/20 was then adjusted by £1.6 million to mitigate the impact of budget pressures caused by less than budgeted capital receipts.

In our opinion this adjustment means that the 2019/20 repayments are not in line with the council's accounting policy for repayments to follow the asset life method. As a result, our view is that the general fund loans fund repayments are understated by £1.6 million. The general fund reserves are overstated by an equal amount.

General fund: The council accepts audit's view and will review the loans fund repayment scheduling in 2020/21. The 'asset life method' will be consistently applied across the repayment periods from 2020/21. Management has decided not to change the general fund loans fund repayments in the 2019/20 accounts.

Audit have accepted this approach as the £1.6 million unadjusted misstatement, while significant, is not a material misstatement of the accounts.



[Recommendation 1 \(Appendix 1 - Action Plan\)](#)

4. Goodwin case

The Goodwin case relates to a recent employment tribunal that changes the pension entitlement of male survivors in opposite sex marriages to take into account the female member's service from 6 April 1978. Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005. The change therefore affects the pension of male spouse survivors where their entitlement arose (i.e. where the female member died) on or after 5 December 2005. This ruling will impact upon the future promised retirement benefits of members but the level of this impact cannot yet be quantified with any certainty.

In accordance with CIPFA/LASAAC guidance, management has included an unquantified contingent liability disclosure in respect of the Goodwin case at *Note 30 – Contingent Assets or Liabilities* in the audited annual accounts

5. Remuneration report disclosure

The [Local Authority Accounts \(Scotland\) Regulations 2014](#) set out the disclosure requirements for the remuneration report in local authority accounts. This includes which individuals require to be included within the report and notes that senior employees to be disclosed include any employee who holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the [Local Government and Housing Act 1989](#).

The Act notes that a post is considered to be politically restricted if any of the following criteria apply:

- (a) a person for whom the head of the authority's paid service is directly responsible;
- (b) a person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the head of the authority's paid service; and
- (c) any person who, as respects all or most of the duties of his post, is required to report

Management updated the remuneration report in the audited annual accounts to include details of the remuneration of the Chief Monitoring Officer and the Strategic Lead for People and Technology.

directly or is directly accountable to the local authority themselves or any committee or sub-committee of the authority.

During the audit we identified two officers who meet the criteria set out above, by virtue of the fact they reported directly to the Chief Executive (i.e. head of the authority's paid service) during 2019/20, but had not been disclosed in the remuneration report in the unaudited annual accounts.

6. Untaken annual leave accrual

Our review of the calculation of the untaken annual leave accrual in the unaudited annual accounts identified an error due to 17 members of staff being duplicated.

Management updated the audited annual accounts to reflect the recalculated annual leave accrual figure which resulted in the accrual at 31 March 2020 decreasing by £0.085 million.



[Recommendation 2 \(Appendix 1 - Action Plan\)](#)

7. Financial Guarantees

During the audit we identified that West Dunbartonshire Council had issued letters of comfort to both West Dunbartonshire Leisure Trust and Clydebank Property Company but neither had been disclosed as financial guarantees within the unaudited annual accounts.

These letters were provided due to the ongoing uncertainty related to Covid-19 and constitute financial guarantees as defined by the Code. However, no actual financial support has been provided to date.

Management updated the audited annual accounts to disclose the assurances provided to West Dunbartonshire Leisure Trust and Clydebank Property Company within *Note 31: Financial Guarantee*.



[Recommendation 3 \(Appendix 1 - Action Plan\)](#)

8. Accounts Payable and Accounts Receivable overstatement

After the submission of the unaudited annual accounts, the council identified an error within debtors and creditors that resulted in both the accounts payable and accounts receivable balances at 31 March 2020 being overstated by £0.670 million.

Management updated the accounts payable and accounts receivable balances in the audited annual accounts. This resulted in both balances reducing by £0.670 million and therefore had a nil impact on the Net Assets at 31 March 2020 in the Balance Sheet.



[Recommendation 4 \(Appendix 1 - Action Plan\)](#)

Source: Audit Scotland

There is one unadjusted misstatement in the audited accounts. Had this been corrected it would have reduced the council's usable reserves balance at 31 March 2020 by £1.6 million.

30. It is our responsibility to request that all misstatements above the reporting threshold are corrected. The final decision on this lies with those charged with governance considering advice from senior officers and materiality.

31. Four adjustments were made as a result of issues that arose during the course of the 2019/20 audit (detailed at issues 2, 3, 6 and 8 in [Exhibit 3](#)). As a result of these changes the Total Comprehensive Income figure in the comprehensive income and expenditure statement increased by £5.979 million and the Net Assets figure in the council's balance sheet also increased by the same amount.

32. We are required to report to those charged with governance, all unadjusted misstatements, other than those of a trivial nature and request that they be corrected. There is one unadjusted misstatement in the audited accounts relating to the repayment from the general fund to the loans fund for 2019/20 (detailed at issue 3 in [Exhibit 3](#)). Had this been corrected it would have reduced the council's usable reserves balance at 31 March 2020 by £1.6 million.

33. We have concluded that the misstatements identified during the audit arose from issues that have been isolated and identified in their entirety, and do not indicate further systemic error.

Good progress has been made in implementing our prior year recommendations

34. The council has made good progress in implementing our prior year recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

We have given an unqualified opinion on the financial statements for the charities administered by the council

35. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charity's legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity administered by the council, where elected members of Scottish local authorities are the sole trustees, irrespective of the size of the charity.

36. West Dunbartonshire Council administer the Dr A K Glen and West Dunbartonshire Charitable Trusts, a registered charity that incorporates five trust funds. A single statement of accounts is produced each year covering all six trust funds and at 31 March 2020 a cumulative balance of £0.277 million was held in these funds, [Exhibit 4](#).

Exhibit 4

Movement in funds held by charities administered by West Dunbartonshire Council

Charitable Trust Fund	Scottish Charity Number	Opening Balance at 1 April 2019 £000	Closing Balance at 31 March 2020 £000
Dr A K Glen	SC018701	24	24
Alexander Cameron Bequest	SC025070	120	116
UIE Award		25	25
Vale of Leven Trust		3	0
Dunbartonshire Educational Trust Scheme 1962		89	90
McAuley Prize for Mathematics		22	22
Total Net Assets		283	277

Source: Dr A K Glen and West Dunbartonshire Trust Funds audited accounts 2019/20

37. It was agreed by Trustees during 2016/17 that the Vale of Leven funds should be disbursed in full and this was completed during 2019/20, leaving the fund with a nil balance. The trust has therefore been wound up, with OSCR confirming removal from the Charities Register on 11 March 2020.

38. The Trust Fund balances are disclosed in a note in West Dunbartonshire's Annual Accounts but do not represent assets of the council so are not included within the cash and cash equivalents figure shown in the council's balance sheet.

39. Our duties as auditors of the charities administered by West Dunbartonshire Council are to:

- express an opinion on whether the charity's financial statements properly present the charity's financial position and are prepared in accordance with charities legislation
- read the trustees' annual report and express an opinion as to whether it is consistent with the financial statements
- report on other matters by exception to the trustees and to the Office of the Scottish Charity Regulator (OSCR)

40. We have given an unqualified opinion on the financial statements for the charities administered by the council and have nothing to report in respect of other matters.

41. Two wider dimension risks were identified during the planning process. These related to the potential dormancy of certain charitable trusts, and the governance and investment documentation for the following charitable trusts:

- Dunbartonshire Educational Trust Scheme 1962
- McAuley Prize for Mathematics
- UIE Award

42. These are issues that have been ongoing for a number of years and have still to be satisfactorily resolved. As a result, they are both included in the agreed action plan at [Appendix 1](#).

43. Four of the charitable trusts did not make any payments during 2019/20. In considering the dormancy of these trusts, it was noted that there is minimal information available regarding the trusts, or the application process to access funds, on the West Dunbartonshire Council website. This could serve to further perpetuate the dormancy of the trust funds if information cannot be easily accessed.

No objections to the annual accounts were received

44. The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The council complied with the regulations and there were no objections to the 2019/20 annual accounts.

The deadline for the submission of the auditor assurance statement on the council's 2019/20 WGA return has been extended to 4 December 2020

45. The whole of government accounts (WGA) are the consolidated financial statements for all branches of government in the UK. The council is required to provide information in a WGA return and external auditors are required to review and provide assurance on the WGA return. In accordance with the WGA guidance we will complete the required assurance statement and submit it to the National Audit Office by the extended deadline of 4 December 2020.

Part 2

Financial management



Main judgements

The council has a good track record of delivering services within budget and reported a surplus of £0.586 million for 2019/20.

The council's budget setting process is operating effectively with member engagement throughout the preparation and approval of the 2019/20 budget.

The council has effective budget monitoring and control arrangements that allow elected members to carry out effective scrutiny of the council's finances.

A trend of slippage in the capital programme was reported in the 2018 Best Value Assurance Report. The level of capital slippage significantly improved during 2019/20, although this still represented 23 per cent of the approved capital programme for the year.

Outstanding loans at 31 March 2020 totalled almost £514 million and the council has high levels of debt relative to annual revenue.

The 2019/20 budget included planned contributions from reserves to address the funding gap

46. During the 2019/20 annual budget setting process we observed that elected members were provided with projected funding gaps and savings options early in the budget setting process to enable them to make soundly based decisions on closing the funding gap. Based on our observations of the budget setting process we are satisfied that the council's budget setting process operates effectively.

47. In March 2019, the Council approved a three per cent increase to council tax and a general fund revenue budget of £219.079 million for 2019/20, which was an increase of £4.556 million from the 2018/19 final budget of £214.523 million. The approved budget identified a projected funding gap of £5.060 million. Plans to address the funding gap included targeted efficiency savings of £2.739 million, a review of the loans fund advances repayment profile, and a transfer of £0.975 million from reserves.

48. The budget was updated during the year to reflect a range of budget revisions and additional funding being provided by the Scottish Government, including funding to cover additional pay and pension costs for teachers, resulting in a revised budget of £223.433 million.

Effective budget monitoring and reporting arrangements are in place

49. During the year, budgetary control reports were reported regularly to senior management and members. These outlined the council's financial performance against budget to date, as well as a projected variance for the year. This allowed for appropriate action to be taken in response to adverse variances. Therefore, we concluded that effective budget monitoring and reporting arrangements are in place.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

The council has a good track record of delivering services within budget and reported a surplus of £0.586 million for 2019/20

50. The council has a good track record of consistently delivering services within budget and again delivered services within budget during 2019/20 with a surplus of £0.586 million reported. The achievement of a surplus was attributable to a range of specific management actions taken to reduce costs and control spending including:

- control of vacancies and staff cover
- general process and efficiency review
- specific restructuring of service delivery, and
- implementation of agreed actions to deliver savings targets.

Educational services reported a £1.455 million overspend for 2019/20 due to in-year cost pressures, including additional staffing costs

51. The overall surplus reported against budget for 2019/20 reflects the outturn of services with favourable variances in some services partially offset by overspends in other areas, particularly Educational Services. The most significant under and overspends are summarised in [Exhibit 5](#).

Exhibit 5

Summary of significant under / overspends against budget

Area	£m	Reason for variance
Underspends		
Corporate Services	£1.101	A number of vacant posts have led to favourable variances, as well as an increase in overpayment recoveries.
Infrastructure, Regeneration and Economic Development	£0.539	Favourable staffing budget due to vacancies, alongside a mild winter which led to lower winter gritting costs; and increased income from a higher volume of work being completed.
Overspends		
Educational Services	£1.455	Spend pressures, particularly within teacher probationary costs, additional specialists needs and secondary schools. An improvement plan has been developed to address overspends within Education Services.

Source: West Dunbartonshire Council 2019/20 Annual Accounts

82 per cent of targeted efficiency savings were delivered during 2019/20

52. As part of the annual budget process, targeted efficiencies of £2.739 million were identified and agreed for action. These were monitored monthly as part of the budgetary control process with £2.244m (82 per cent) being delivered.

The HRA operated within budget, however rent arrears have increased from the prior year

53. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set to a level which will at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. The council does not have the power to budget to accumulate HRA reserves.

54. In February 2019, the Council approved a 2% increase in the average weekly rent levels for tenants for 2019/20. The rent level set reflected the income required to fund the revenue budget of £43.204 million.

55. Total HRA expenditure for the year totalled £42.004 million, £1.200 million less than budgeted. This was primarily due to HRA repairs expenditure where activity is demand led. The spend can fluctuate each month and the lower than anticipated demand across the year resulted in the spend being less than what was originally anticipated. Actual income for the year was £0.027 million less than budgeted, resulting in a surplus for the year of £1.173 million. This, alongside the in-year effect on the Loans Fund Review, brings the total HRA reserves to £3.924 million at 31 March 2020, an increase of £1.606 million from 2018/19.

56. As at 31 March 2020, total rent arrears amounted to £3.922 million (£3.519 million at 31 March 2019) with a bad debt provision of £2.682 million recognised for these amounts.

The level of capital slippage significantly improved during 2019/20, although this still represented 23 per cent of the approved capital programme for the year

57. We reported in the [Best Value Assurance Report \(June 2018\)](#) that there has been a trend of significant levels of capital slippage at the council over a number of years and recommended that the council review its project management processes and consider performing self-assessments to identify areas for improvement. In response to this recommendation the council agreed improvement actions to address the level of slippage. These actions were completed during 2018/19 and the council anticipated these would lead to improvements in the delivery of the capital programme going forward.

58. For 2019/20, the council approved a capital programme of £140.438 million split between £77.722 million for planned general services capital projects and £62.716 million for HRA capital works.

59. Total capital expenditure in 2019/20 was £108.229 million of which £57.079 million related to general services and £51.150 million to the HRA capital programme. This represented total in-year slippage of 32.2 million (23 per cent) with slippage of £20.6 million (27 per cent) against the general services programme and £11.6 million (18 per cent) against the HRA programme.

60. The majority of slippage occurred due to delays in starting individual projects. These delays occurred for various reasons, not all of which were within the council's control, [Exhibit 6](#). However, the nature and scale of some of these delays suggest that there is still a level of optimism bias when setting project start dates for the annual capital programme. When developing future capital programmes officers should ensure they set realistic start dates for each project, and give due consideration to all factors that could impact on the commencement and progress of each project.



[Recommendation 5 \(Appendix 1 - Action Plan\)](#)

61. The overall level of capital slippage of 23 per cent for 2019/20 is a significant improvement on 2018/19 when total slippage was 41 per cent. There is therefore evidence that the actions taken by the council are starting to deliver the intended

improvements in the delivery of the capital programme. We will continue to monitor progress in this area during 2020/21.

Exhibit 6

Capital projects reporting significant slippage in 2019/20

Project	Forecast Spend (£m)	Actual Spend (£m)	Slippage (£m) (%)		Explanation for slippage
Vehicle replacement programme	4.605	0.892	3.714	81	Delivery was expected in March 2020 but was delayed due to Covid-19 restrictions.
Posties Park Sports Hub	1.656	0.019	1.637	99	Contract was awarded in August 2019 and physical works were expected to commence in March 2020 but were postponed due to Covid-19 restrictions.
Gruggies Burn	4.305	0	4.305	100	Project approval granted at August 2019 Tendering Committee meeting but commencement delayed as awaiting sign-off by Legal before project can progress
A811 Lomond Bridge	3.653	541	3.112	85	Project contractor approved at August 2019 Tendering Committee meeting. Physical works were expected to commence in October 2019 but this was revised to November 2019 due to time taken with planning consents. These works have now commenced.
Affordable housing programme	33.984	24.421	8.743	26	The delivery of the council's Affordable Housing Supply Programme has a number of complexities and interdependent actions which have impacted on the delivery of the programme.

Source: 2019/20 Capital Programme final outturn reported to August 2020 meeting of West Dunbartonshire Council

62. The Affordable housing programme shown in [Exhibit 6](#) forms part the council's "More Homes Strategy" which aims to deliver over 1,000 new affordable homes within the area over the period to 2021. We will continue to monitor the council's progress against the "More Homes Strategy" during 2020/21.

Missives have been agreed for the Exxon site in Bowling which means that plans to transform the site by creating industrial and commercial development can now be progressed

63. The Glasgow City Region City Deal was the first in Scotland and involves eight councils, including West Dunbartonshire, working together to deliver infrastructure, innovation and employment projects to improve their economic performance. Launched in August 2014, the £1.1 billion deal includes £500 million from the UK and Scottish governments over a 20-year period, plus £130 million from the eight councils. It is estimated that the deal will attract an estimated £3.3 billion of private-sector investment, create 29,000 permanent jobs and increase gross value added – that is, the value of all the goods and services that the region produces without taxes or subsidies – by £2.2 billion per year.

64. West Dunbartonshire Council is one of the smallest councils involved in the City Deal but is an equal partner and plays an active role in the governance

structure. It is represented on all sub-groups and takes the lead on the housing and equalities portfolio.

65. In 2017/18 we reported that the council were developing an infrastructure project as part of the City Deal: the Exxon Site at Bowling. This is anticipated to cost £34.1 million over 7 years with an expected £29.3 million (86%) funded through grants from the UK and Scottish governments and the remaining £4.8 million (14%) funded by contributions from the council. The project includes a proposal to create an industrial and commercial development at the site and plans for a new road to provide an alternative route in and out of West Dunbartonshire.

66. This project supports the council's priority to generate additional employment opportunities in West Dunbartonshire and increase the Gross Value Added (GVA) of the area. It aims to improve job density, which is low within West Dunbartonshire at 0.55 per head, compared with the Scottish average of 0.8 per head. The project should help address the average length of unemployment which is the longest within the City Deal region.

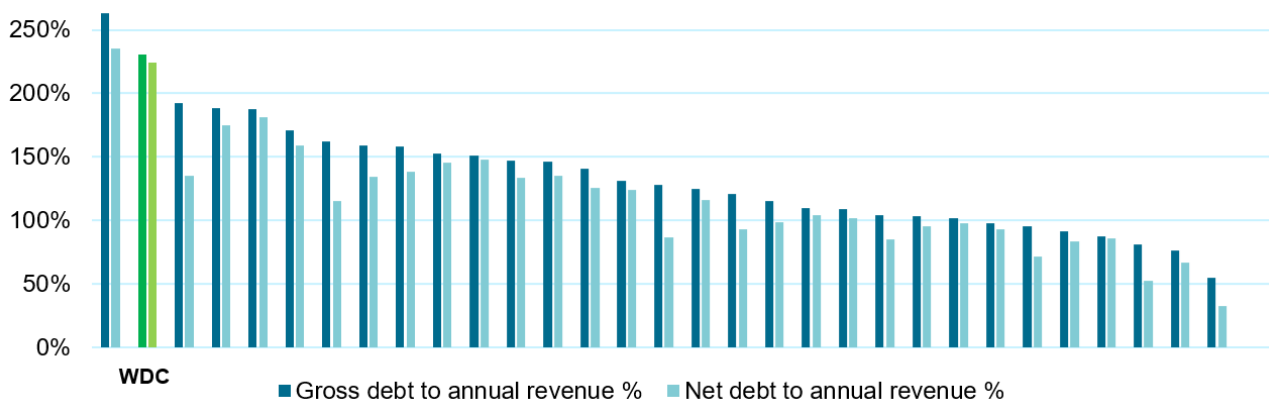
67. A Council report entitled 'ExxonMobil Commercial Agreement' on 24 June 2020 confirmed that a deal to transfer ownership of 150 acres of land at ExxonMobil's former Esso site in Bowling to West Dunbartonshire Council has now been completed. This marks a significant step in the City Deal project and means that the plans to transform the site by creating industrial and commercial development can now be progressed. We will continue to monitor progress with this project and provide an update in 2020/21.

Outstanding loans at 31 March 2020 totalled almost £514 million and the council has high levels of debt relative to annual revenue

68. The council's outstanding loans at 31 March 2020 totalled £513.996 million, an increase of £68.541 million on the previous year. Loan repayments of £201.071 million were made during 2019/20 and new loans of £269.612 million (£50.868 million of new long-term loans and £218.744 million of new short-term loans) were taken out during the year. The additional borrowing was required to help finance the council's capital programme and short-term borrowing was used to take advantage of the continuing low level of interest rates.

Exhibit 7

Gross and net external debt of Scottish local authorities as a percentage of annual revenue for 2019/20



Source: Scottish councils' unaudited 2019/20 accounts (excluding Orkney Islands council)

69. Analysing both gross and net external debt as a proportion of annual revenue gives an indication of the relative indebtedness of the council. [Exhibit 7](#) shows both gross and net external debt as at 31 March 2020 as a percentage of annual revenue (including HRA dwelling rents) for all Scottish councils (excluding Orkney Islands council which has net investments). West Dunbartonshire Council is

highlighted near the upper end of the range of debt levels for both gross external debt and net external debt at 31 March 2020 as a percentage of annual revenue for the year (with net external debt being total external debt less short-term investments). It is recognised that the council's borrowing figure includes debt associated with both the HRA and the council's PPP assets which not all Scottish local authorities have.

Financial systems of internal control operated effectively during the year

70. As part of our audit we identify and assess the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the body has systems for recording and processing transactions that provide a sound basis for the preparation of the financial statements.

71. Due to the timing of our work, and the temporary suspension of council meetings as a result of Covid-19, the findings from our interim work were reported in a management letter to the Section 95 Officer on 24 June 2020.

72. We reported five control weaknesses, one of these had an impact on our audit approach. This related to NDR reliefs; from a sample of 15 reliefs selected for testing, no documentation was retained to evidence secondary/supervisory checks. As a consequence, we carried out additional audit work to allow us to obtain the necessary assurances for the audit of the 2019/20 financial statements. Specifically, we carried out additional work on sample testing of NDR reliefs to ensure reliefs were granted correctly. This testing did not identify any errors or issues.

Part 3

Financial sustainability



Main judgements

The council is projecting an overspend against the 2020/21 general fund revenue budget, primarily due to the financial impact of Covid-19.

The council has effective arrangements in place for financial planning that include a long-term financial strategy, however, this will need to be revised to reflect the longer-term financial impact of Covid-19. Additional budget “flexibilities” will be available to Scottish councils in 2020/21 and 2021/22 to mitigate the immediate financial impact of Covid-19.

The council approved the reprofiling of loans fund advance repayments during the year. This has reduced the annual payments made from the general fund and HRA to the loans fund each year but will also result in annual repayments having to be made over a longer period.

The council has a low level of reserves as a proportion of net revenue compared to other Scottish local authorities. The uncommitted general fund balance of £2.752 million at 31 March 2020 was below the target of £4.122 million, set by the Council. This increases the risk that the council will have insufficient reserves to respond to unforeseen events.

As at period 5, an overspend of £2.309 million is projected against the 2020/21 general fund revenue budget, primarily due to the financial impact of Covid-19

73. The ‘General Services Budget Preparation’ paper was presented at the meeting of the Council on 4 March 2020. During the meeting, members approved a 4.84 per cent increase to council tax and a general fund revenue budget of £229.157 million for 2020/21, which was an increase of £6.724 million from the 2019/20 revised budget of £222.433 million. The budget was developed prior to the Covid-19 outbreak in the UK and will require to be revisited throughout the year as more information on the full cost implications, and additional funding, is known.

74. All councils in Scotland were required to submit returns to the Scottish Government setting out the financial pressures resulting from the impact of Covid-19. West Dunbartonshire Council submitted its initial return in May 2020 and full year return in June 2020, and this highlighted that the estimated overall total cost and lost income as a result of Covid-19 from April to June 2020 was £5.463 million, although this was partially offset by reduced costs of £1.363 million over the same period.

75. The financial update and planning report presented to the Council meeting in September 2020 highlighted that, in addition to other minor budget revisions, additional funding of up to £6.319 million has been made available to the council by the Scottish and UK governments in response to Covid-19. Since the budget was approved, additional funding has been provided by Scottish Government and a revised budget of £234.968 million is being monitored based on confirmed funding as at September 2020. Revenue budget monitoring reports for 2020/21 (up to period 5) indicate that the council is projecting a year end overspend of £2.309 million against the revised budget. £2.229 million of this adverse variance is

Financial sustainability looks forward to the medium and longer term to consider whether the council is planning effectively how it will deliver services in the future.

attributable to the financial impact of Covid-19. This £2.229 million projected overspend, as at period five, is on top of the (to date) £6.319 million of additional funding received for Covid-19.

The reduction in housing services activity since April 2020 is likely to result in a significant underspend against the 2020/21 HRA revenue budget

76. A 2020/21 HRA revenue budget of £44.152 million was approved at the March council meeting. The budgetary position for HRA as at period 5 shows a projected underspend of £1.078 million. This favourable variance is almost entirely attributable to a projected underspend of £1.076 million due to reduced operational activity caused by the impact of Covid-19. The projected Covid-19 impact is based upon a range of assumptions as to how services will restart over the remainder of this financial year and what costs will be borne by the HRA.

A long-term financial strategy is in place, but this will need to be revised to reflect the longer-term financial impact of Covid-19

77. Scottish public finances are fundamentally changing, with significant tax-raising powers, new powers over borrowing and reserves, and responsibility for some social security benefits. This provides the Scottish Parliament with more policy choices but also means that the Scottish budget is subject to greater uncertainty and complexity.

78. A new Scottish budget process has been introduced, which is based on a year-round continuous cycle of budget setting, scrutiny and evaluation. As part of the new budget process, the Scottish Government published an initial five-year Medium-Term Financial Strategy (MTFS) in May 2018. The five-year outlook for the Scottish budget, set out in the MTFS, provides useful context for bodies' financial planning.

79. The council's long-term financial strategy identifies budget pressures and provides clear links to the council's strategic objectives. Given that financial settlements are only made annually, it is difficult for the council to plan with absolute certainty. To address this, the council has included scenario planning (informed by the MTFS) and a risk assessment of the likely impact of any changes in assumptions.

80. The council's annual revenue estimates supplement the long-term strategy and show the projected movement in budget gaps as a result of changes in strategy. Following the setting of the budget in March 2020, the projections identified current expected gaps of £6.051m in 2021/22 and a further £7.017m for 2022/23.

81. In addition, the 2020/21 budget included anticipated capital receipts of approximately £3.4 million from the sale of the Garshake Road and Our Lady & St Patrick High School sites. Given the uncertainty around asset values due to Covid-19, detailed at issue 1 in [Exhibit 3](#), there is a risk that the capital receipts generated from the sale of these sites may be lower than initially anticipated.

82. The long-term financial strategy was developed prior to the Covid-19 outbreak in the UK. This will therefore need to be revised to reflect the longer term impact of Covid-19.



[Recommendation 6 \(Appendix 1 - Action Plan\)](#)

Additional budget “flexibilities” will be available to Scottish councils in 2020/21 and 2021/22 to mitigate the immediate financial impact of Covid-19

83. The Scottish Government Cabinet Secretary for Finance recently wrote to COSLA indicating that the Chief Secretary to the Treasury had agreed some

“flexibilities” to mitigate the immediate financial impact of Covid-19 on Scottish councils. Further details are to be brought forward in the form of statutory guidance and a change to statutory regulations, but councils can now plan on the basis that the following flexibilities will be available:

- Capital receipts may be used to finance Covid-19 revenue expenditure.
- Councils will have the flexibility to amend the accounting treatment of debt included in service concession contracts (for example, public private partnership) contracts, thereby reducing charges to services.
- A Loans Fund repayment holiday will permit councils to defer loans fund repayments due to be repaid in either 2020/21 or 2021/22.

84. The Cabinet Secretary also emphasised that the flexibilities should not be seen as an opportunity to maintain or grow reserves. Councils are expected to consider using reserves to meet Covid-19 funding pressures. It is also expected that councils will first consider the additional resources available from capital receipts and the change in accounting arrangements for service concession contracts before taking advantage of a loans fund repayment holiday.

The council approved the reprofiling of loans fund advance repayments during the year which has reduced the annual payments from the general fund and HRA to the loans fund

85. The [*Local Authority \(Capital Finance and Accounting\) \(Scotland\) Regulations 2016*](#) (the 2016 Regulations) came into force on 1 April 2016. These Regulations replace the statutory provisions for local authority borrowing, lending and loans funds as set out in Schedule 3 of the Local Authority (Scotland) Act 1975.

86. The 2016 Regulations make provision, inter alia, with respect to the powers of local authorities to borrow money and to maintain loans funds. The loans fund operates like an internal bank: it raises money externally and makes advances to council services, typically for large capital projects. The service repays the amount advanced over a specified number of years. Prior to the introduction of the 2016 Regulations this repayment period was fixed at the outset and was not changeable.

87. The 2016 Regulations allowed flexibility to alter repayment periods subsequent to the initial agreement. The interpretation of the regulations specific to repayment periods and their extension became a matter of contention. Following discussions with CIPFA, CoSLA, the Scottish Government and independent legal experts, Audit Scotland agreed in June 2019 that the 2016 regulations could be applied to pre-April 2016 advances.

88. In February 2020, the council’s finance team approached external audit to discuss their proposals for reprofiling the loans fund repayment periods by moving from the “statutory method” (the method required by the Local Authority (Scotland) Act 1975) to an “asset life method” (matching the repayment period to the economic life of the assets financed via the loans fund advances). We reviewed the proposed approach and underlying calculations and said that the methodology used was permitted under the 2016 Regulations.

89. Officers also advised that, based on the reprofiling, payments from revenue to the loans fund since 1996 of £28.925 million (£19.763 million repayments from the general fund and £9.162 million of repayments from the HRA) would be reversed and the amounts returned from the loans fund to the relevant reserves. Therefore, applying the reprofiling retrospectively. At that time, neither council officers or ourselves identified that this approach did not comply with specific transitional provisions set out in [*Local government finance circular 7/2016: Loans Fund Accounting guidance*](#) that only permit the change to be applied prospectively, i.e. in respect of repayments made from the date of change. In the council the revised accounting policy became effective in 2019/20 and the changes should have been applied to loans fund payments made from then on. Payments made in earlier

years reflected the accounting policy in place at that time and no restatement of these amounts is permitted.

90. The loans fund reprofiling was approved at the Council meeting on 4 March 2020 as part of the Treasury Management Strategy 2020/21 to 2029/20. In June 2020 we identified that, the previously discussed accounting treatment did not comply with the guidance and that the repayments from the general fund and HRA to the loans fund between 1996 and 2018/19 cannot be revisited. Instead, annual repayments from 2019/20 onwards are to be reduced to reflect the remaining loans fund advance balances being repaid over a longer period than would have been the case under the “statutory method”. The impact of the loans fund reprofiling on the annual repayments from the general fund and HRA for 2019/20 and 2020/21 is shown in [Exhibit 8](#).

Exhibit 8

Impact of loans fund reprofiling on annual repayments from general fund and HRA for 2019/20 and 2020/21

Payment description	Original repayment profile (£m)	Revised repayment profile (£m)	Reduction in annual payment (£m)
Annual payment from general fund to loans fund for 2019/20	5.5	0*	5.5
Annual payment from HRA to loans fund for 2019/20	6.7	4.5	2.2
Annual payments from general fund and HRA to loans fund for 2019/20	12.2	4.5	7.7
Annual payment from general fund to loans fund for 2020/21	6.1	1.8	4.3
Annual payment from HRA to loans fund for 2020/21	7.0	4.8	2.2
Annual payments from general fund and HRA to loans fund for 2020/21	13.1	6.6	6.5

* As explained at issue 3 in [Exhibit 3](#), the reprofiled payment due from the general fund to the loans fund during 2019/20 was £1.6 million but the actual payment made was zero.

Source: West Dunbartonshire Council 2019/20 Annual Accounts working papers

91. While the loans fund reprofiling has reduced the annual repayments due from the general fund and HRA to the loans fund each year, the total principal to be repaid is unaffected by the change. It should be noted however that the reprofiling means that annual repayments will require to be made over a longer period than would have been the case under the “statutory method”. In addition, the council will incur additional interest charges due to repaying the advances over a longer period than the original repayment profile.

The uncommitted general fund balance of £2.752 million at 31 March 2020 was below the prudential reserve target of £4.122 million, set by the Council for 2019/20

92. The CIPFA Local Authority Accounting Panel (LAAP) bulletin 99 provides guidance on the establishment and maintenance of reserves. It does not prescribe level of reserves, but instead places the responsibility on the chief finance officer to advise the Council on the creation and level of reserves appropriate to its circumstances. The bulletin states that reserves can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows
- a contingency to cushion the impact of unexpected events

- a means of building up funds, often referred to as “earmarked” reserves to meet known or predicted requirements.

93. The level of usable reserves held by the council decreased by £0.257 million, from £16.091 million to £15.834 million, during 2019/20 as shown in [Exhibit 9](#).

Exhibit 9

West Dunbartonshire Council usable reserves

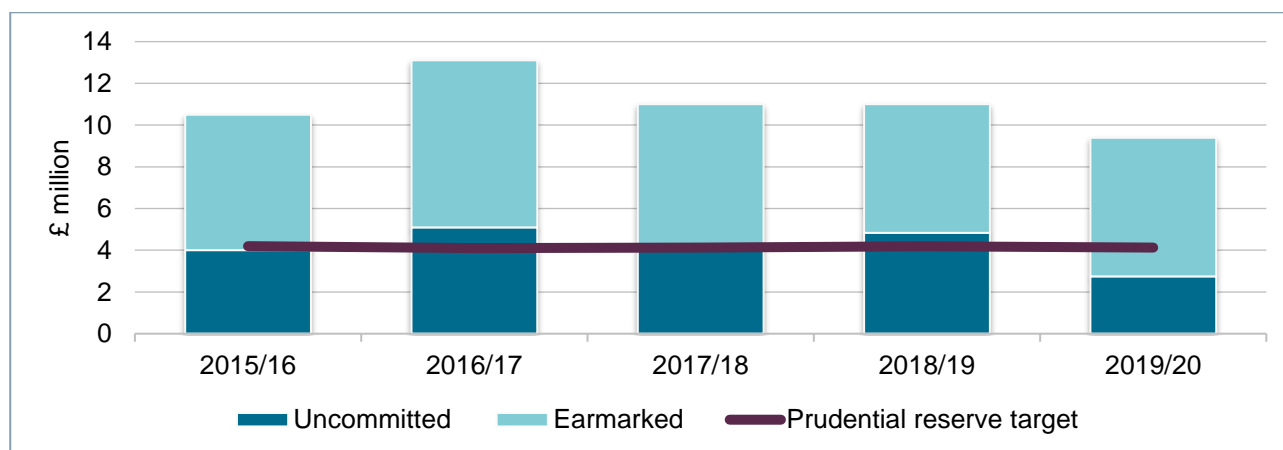
Reserve	31 March 2019 (£m)	31 March 2020 (£m)
General fund	10.998	9.395
Housing revenue account reserve	1.606	3.924
Capital grants and receipts unapplied account	0.278	0.132
Capital reserve	2.847	2.169
Other reserves	0.362	0.214
Total usable reserves	16.091	15.834

Source: West Dunbartonshire Council Annual Accounts 2019/20

94. [Exhibit 10](#) provides an analysis of the general fund balance over the last five years split between the earmarked and uncommitted elements.

Exhibit 10

Analysis of general fund balance over last five years



Source: West Dunbartonshire Council Annual Accounts 2015/16 to 2019/20

95. The council's approved reserves strategy specifies that there should be a prudential reserve of 2% of net adjusted expenditure to safeguard assets and services against financial risk. This equates to £4.122 million for 2019/20. The uncommitted general fund balance of £2.752 million at 31 March 2020 was significantly below this target. We note that the change in accounting treatment for the loans fund review, paragraph 90, has impacted on the year end reserves position for 2019/20. However, as reported in prior years, the council also has a low level of reserves as a proportion of net revenue compared with other Scottish local authorities. This increases the risk that the council will have insufficient reserves to respond to unforeseen events or reductions in future funding.



The council has prepared guidance on the development of business cases for capital projects to support the delivery of the Capital Strategy 2020/21-2029/30

96. In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA), issued revised Prudential and Treasury Management Codes. These included a requirement from 2019/20 for all local authorities to prepare a Capital Strategy to provide:

- 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.

97. The first Capital Strategy was presented to Council in March 2019 and the first annual update of the strategy was presented to Council in March 2020. The updated Capital Strategy covers the period 2020/21-2029/30.

98. The previous Capital Strategy included an action plan with five actions, most of which are ongoing or due at a future point. There was one action which was due in 2019 relating to the preparation of guidance on the development of business cases for capital projects. This was completed and agreed for use by the Strategic Asset Management Group in August 2019 as required.

99. It should be noted that continued improvement in the delivery of the annual capital programmes, discussed at paragraphs [57-61](#), will be essential to the successful delivery of the Capital Strategy.

An “European Union Exit Assurance” plan was agreed by the Council in January 2020

100. We reported in the 2018/19 Annual Audit Report that following a Regional Workshop on 6 February 2019, the council's Resilience Group decided that the council should prepare a bespoke EU Exit Assurance Action Plan. This would be based upon the Scottish Planning Assumptions, to set out the key risks to the council and the mitigating actions to address these.

101. The European Union Exit Assurance plan was presented to the Council at the January 2020 meeting. The plan includes 20 broad risks along with the relevant impact for West Dunbartonshire with the mitigating actions and any relevant comments. The document will remain live on the council's website and will be regularly updated throughout the response to any “No Deal” EU Exit, or delay of Article 50. The council has also kept staff and elected members informed of developments in this area and the steps being taken to prepare for the potential impacts.

Part 4

Governance and transparency



Main Judgements

The council had effective governance arrangements in place during 2019/20. The Covid-19 pandemic has impacted on these arrangements, but we have concluded that the revised arrangements are appropriate and continue to support good governance and accountability.

Regular cross party meetings were held to share updates on the developments on the Covid-19 pandemic. Members were also kept up to date through regular and comprehensive briefing papers. These included responses to members questions to ensure that all members have the most up-to-date information for any queries raised.

Effective governance arrangements were in place during 2019/20

102. Our previous year's conclusion is still relevant, that "effective governance arrangements are in place in the council", as there have been no significant change during 2019/20, with the exception of specific comments below on the response to the Covid-19 outbreak since March 2020.

The Covid-19 pandemic has impacted on governance arrangements since March 2020, but we have concluded that the revised arrangements are appropriate and continue to support good governance and accountability

103. The impact of Covid-19 from March 2020 has been set out in the Annual Governance Statement in the council's annual report and accounts. These allowed the council to manage the unprecedented nature and scale of the threat to its communities and staff. We note that the following steps were taken to allow council staff to prioritise their response to the outbreak:

- Council and committee meetings were agreed to be cancelled up until the end of June 2020, with additional powers delegated to senior officers. The council's existing scheme of governance was used to enable decisions to be taken which would normally be taken by committee.
- Decisions taken by the Strategic Resilience Group have been maintained within a decision log to ensure a clear audit trail of all decisions made.
- Regular elected member briefings and summary FAQs have been reported to all elected members.
- Regular cross party meetings were held to further share updates on the developments on the pandemic.

104. Meetings of the Council and the Audit Committee have been held remotely since April 2020 to allow members to undertake their scrutiny role, with regular Covid-19 updates reported. The Council meetings are streamed live, and recordings are available after the meetings. We have concluded that the revised arrangements are appropriate and continue to support good governance and accountability.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Good Practice – Covid-19 member briefings

Since March 2020 the council has produced regular and comprehensive member briefings to keep them abreast of developments in relation to Covid-19 and how this is impacting on the delivery of services across West Dunbartonshire. These include responses to members questions to ensure that all members have the most up-to-date information for any queries raised.

Internal audit complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS)

105. The internal audit function at West Dunbartonshire Council is provided by its in-house internal audit team. There has been a change in the internal audit management arrangements during 2019/20. The Head of Internal Audit retired at the end of 2019 and was replaced by the Internal Audit Manager from Inverclyde Council who is now performing this role for both councils as part of shared management arrangement.

106. Each year we consider whether we can rely on internal audit work to avoid duplication of work, and as part of our planning process we reviewed the council's internal audit arrangements in accordance International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors).

107. Our assessment of the internal audit function concluded that it has sound documentation and standards of reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

108. During the year, there was some slippage against the 2019/20 Internal Audit Plan. This meant that we were unable to place reliance on the Housing rents calculation and collection internal audit review as planned. However, this was communicated to the external audit team by the Internal Audit Manager at an early stage which enabled us to undertake additional audit work in these areas. At the time of writing this report, two Internal Audits remain outstanding (Cyber Security and Third-Party Providers), it is anticipated these will be completed by December 2020. The slippage did not impact the assurances provided to the Section 95 Officer which inform the Annual Governance Statement as the new Head of Internal Audit completed a risk based analysis of the audits to be completed, once taking up the position.

Our recommendations from the *Audit review of the investigation of tendering and contracting practices in Roads and Greenspace services* have been actioned. The publication of the Annual Procurement Report was delayed due to Covid-19, in line with flexibility allowed by the Scottish Government.

109. As highlighted in the 2018/19 Annual Audit Report an Internal Audit report to the Audit Committee in December 2018 identified weaknesses in the council's procurement arrangements within Roads and Greenspace. It highlighted that a number of procurement processes had been completed without following the council's Financial Regulations.

110. As part of our audit responsibilities, we completed an [*Audit review of the investigation of tendering and contracting practices in Roads and Greenspace services \(April 2019\)*](#). The findings were reported to a special meeting of the Council on 14 May 2019. Our review confirmed the weaknesses already reported by internal audit and identified further breaches of procurement policies and the financial regulations.

111. As part of the approved Internal Audit Plan for 2019/20 a follow-up audit on procurement was undertaken. This found that audit actions have been implemented by management, but a number of further improvements are required

within Roads and Greenspace. As a result, the follow-up Internal Audit report produced a number of further recommendations. Internal Audit has since reported that these recommendations have also been followed up and all actions have been completed.

112. During the year we also followed up on the recommendations from our report and confirmed that all had been actioned.

113. The publication of the Annual Procurement Report for 2019/20 was delayed until November 2020, in line with agreed extended deadlines from the Scottish Government, due to the Covid-19 pandemic. We reviewed the report and found that for 2019/20 spend data, of the £152.239 million regulated procurement expenditure, £138.854 million or 91.2 per cent was compliant (79.7 per cent for 2018/19). The analysis of spend also identified that of a total spend of £172.730m, 90.7% complied with the Council's Financial Regulations. This compares to the 2018/19 compliance rate of 77.2%. The Council has set themselves a compliance rate target of 100 per cent for 2020/21. We will continue to monitor and report on this area in 2020/21.

The council has engaged positively with the National Fraud Initiative

114. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

115. As at 8 October 2020, 5,586 matches had been processed, with 14 cases still open and under investigation. The exercise has resulted in 37 frauds and 146 errors being identified, with savings totalling £73,178.

116. The council has made good progress investigating the matches from the latest NFI exercise and recognise the NFI as a vital element of the council's approach to tackling fraud and corruption. The annual counter fraud update report also includes NFI statistics and updates to ensure members are kept informed of progress. We have concluded that the council has engaged positively with the NFI.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

117. The council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities. Furthermore, it is also responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

118. We have reviewed the arrangements in place to maintain standards of conduct including the council's financial regulations, counter fraud and corruption strategy and whistleblowing policy. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

119. We concluded that the council has appropriate arrangements in place for the prevention and detection of fraud, error and irregularities. We are not aware of any specific issues that we need to bring to your attention.

Part 5

Best Value



Main judgements

Good progress has been made in addressing the recommendations from the Best Value Assurance Report (June 2018) with all five recommendations now implemented. We will continue to monitor the longer-term impact of the improvements made.

The council demonstrates a clear focus on delivering Best Value and there is evidence of continuous improvement in its services over time.

The council has effective systems in place to monitor performance and drive continuous improvement, which support scrutiny of service performance. The council reported that 55 per cent of strategic indicators were on target during 2019/20, but 15 per cent were significantly below target.

The challenge faced by the council in tackling underperformance linked to levels of poverty and inequality will be exacerbated by the impact of Covid-19. The impact on service performance during 2020/21 will be reported in next year's annual audit report.

Overall, performance against national indicators has improved in recent years and the rate of improvement of West Dunbartonshire Council is slightly above the national trend.

The council's Best Value Assurance Report was published in June 2018 and highlighted that the council demonstrates a clear focus on delivering Best Value and there was evidence of continuous improvement in its services. This remains the case.

120. Best value is assessed over the five-year audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five-year period.

121. The *Best Value Assurance Report (June 2018)* for West Dunbartonshire Council was published on 28 June 2018 and reported that the council had made significant improvements in how it works since the previous Best Value report in 2007. It highlighted that the council now demonstrates a focus on delivering Best Value and there was evidence of continuous improvement in its services. The report also included five recommendations which were endorsed by the Accounts Commission.

122. At its meeting on 29 August 2018, the council agreed a Best Value Assurance Improvement Plan which included actions to address all recommendations included in the BVAR. An update against the plan was reported to the Council meeting in February 2020. It noted that all recommendations within the BVAR Improvement Plan had been fully delivered and activity on driving Best Value will continue.

123. This section of the report provides a summary of the progress made against the BVAR recommendations. It also covers other audit findings relating to the audit dimension of Value for Money, referred to in [Exhibit 1](#).

Best Value is concerned with using resources effectively and continually improving services.

Good progress has been made in implementing the recommendations from the BVAR

124. We reported in our 2018/19 Annual Audit Report that two of the BVAR recommendations, relating to workforce plans and cross-party working, had been fully addressed and progress was being made against the other three recommendations. [Exhibit 11](#) sets out our view on the progress made against the three remaining BVAR recommendations and shows that a further recommendation has now been fully completed. We will continue to monitor progress against the two ongoing recommendations as part of our 2020/21 audit.

Exhibit 11 Progress against BVAR recommendations

Recommendation	Audit Scotland view on progress to date
To reduce the level of slippage on the capital plan, the council should review its project management processes.	<p>Ongoing</p> <p>We reported in 2018/19 that the council had completed the four improvement actions in the BVAR Improvement Plan relating to capital slippage and anticipated these would lead to improvements in the delivery of capital projects going forward.</p> <p>As detailed at paragraphs 57-61, during 2019/20 the council approved a capital programme of £140.438 million, £77.722 million for planned general services capital projects and £62.716 million for HRA projects. Against this it reported actual in year spend of £108.229 million which represented slippage of 23 per cent. This is a significant improvement on the slippage reported in 2018/19 of 41 per cent. However, there is still a requirement to improve the delivery of capital projects to time and budget.</p> <p>We will continue to monitor progress in this area during 2020/21 but we are aware that the delivery of capital projects will be significantly affected by the impact of Covid-19 and will require to be considered within that context.</p>
Some staff are finding the pace of change challenging and staff absence remains an issue. The council is taking positive steps to try and address this and should continue to explore opportunities for improvement.	<p>Ongoing</p> <p>We reported in 2018/19 that the council had taken a range of action to support staff and tackle sickness absence levels. The impact of these actions had not yet been reflected in the reported sickness absence figures, but we accepted that delivering such improvement would be a longer-term process.</p> <p>The latest Local Government Benchmarking Framework data published showed that sickness absence levels increased during 2018/19 with the number of days lost to absence for non-teachers being the ninth highest of any Scottish local authority. However, the council's 2019/20 Annual Performance Report highlighted that sickness absence levels have reduced for both teachers and non-teachers during the year, with a 14 per cent reduction in the total number of days lost to absence.</p> <p>We will continue to monitor progress in this area during 2020/21 to ensure that the reported improvement and positive direction of travel is maintained going forward.</p>
The Community Alliance brings together representatives from neighbourhood, interest and user groups. The council sees it as an important engagement link with the community but there are a number of challenges that it needs to address. The council should continue to offer help to further develop the role of the CA and help it reach its full potential.	<p>Complete</p> <p>We reported in 2018/19 that a draft Community Empowerment Strategy and Action Plan had been developed in consultation with a range of stakeholders, and resident feedback was being gathered via community events and an online survey. The feedback received was to be reflected in the final Community Empowerment Strategy and Action Plan which was expected to be published in November 2019.</p> <p>The West Dunbartonshire Community Empowerment Strategy and Action Plan was approved by the Council at their meeting on 27 November 2019. At the same meeting the Council also approved the development of a detailed delivery plan and the official launch of the strategy in January 2020. The delivery of the strategy will be monitored by the Empowered Delivery and Improvement Group.</p>

The council has effective systems in place to monitor performance and drive continuous improvement, which support scrutiny of service performance

125. The council's performance management arrangements were considered in the BVAR. We identified that the council has effective systems in place to monitor performance and drive continuous improvement.

126. We also concluded that members and officers effectively scrutinised how services perform and highlighted that:

- Each Strategic Service Management Team considers performance reports during routine management meetings.
- The Performance Monitoring and Review Group considers regular reports from across strategic areas through its online performance management system, Pentana. This monitors the performance indicators linked to the strategic plan.
- Service committees meet every quarter and get regular performance information.
- Service performance is reviewed through the Corporate Services Committee, Education Services Committee, Housing and Communities Committee and Infrastructure, Regeneration & Economic Development Committee and annually through the council.
- Officers and councillors have a good understanding of what the council has achieved and the challenges that remain.

127. Based on our attendance at Council and committee meetings during 2019/20 we have concluded that these performance monitoring and reporting arrangements continue to operate effectively and support scrutiny of service performance.

The council reported that 55 per cent of strategic indicators were on target during 2019/20, but 15 per cent were significantly below target

128. The Council's Strategic Plan 2017-22 contains five-year targets with monitoring and reporting on progress annually. Targets are set from a baseline and reviewed over time. Each target has annual milestones and performance against these is reported to the full Council each year. These measures are considered the most relevant for evidencing the delivery of the key priority and outcome areas defined in the Strategic Plan.

129. The 2019/20 Annual Performance Report was taken to the Council meeting on 30 September 2020. This reported on progress against the milestones set for 2019/20 for the suite of 40 performance targets and showed that 55 per cent of targets were achieved during the year (down from 68 per cent in 2018/19) with 12 (30 per cent) of the targets narrowly missed and 6 (15 per cent) significantly missed, [Exhibit 12](#).

Exhibit 12

Performance against Strategic Plan key priority and outcome areas

Strategic Area	2018/19						2019/20					
	Green		Amber		Red		Green		Amber		Red	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
A strong local economy and improved job opportunities	6	60	4	40	0	0	6	60	3	30	1	10
Supported individuals, families and carers living independently and with dignity	6	86	1	14	0	0	5	71	1	14	1	14
Meaningful engagement with active, empowered and informed citizens who feel safe and engaged	2	33	2	33	2	33	2	33	3	50	1	17
Open, accountable & accessible local government	5	100	0	0	0	0	5	100	0	0	0	0
Efficient and effective frontline services that improve the everyday lives of residents	8	67	0	0	4	33	4	33	5	42	3	25
Total	27	68	7	18	6	15	22	55	12	30	6	15

KEY: Green – Target met / Amber – Target narrowly missed / Red – Target significantly missed

Source: West Dunbartonshire Council Strategic Plan Year-End Progress Reports 2018/19 and 2019/20

The challenge faced by the council in tackling underperformance linked to levels of poverty and inequality will be exacerbated by the impact of Covid-19

130. From review of the underlying performance data for the 2019/20 Annual Performance Report we noted good progress has been made in a number of areas including:

- reducing the percentage of children living in poverty (after housing costs) from 26.5 per cent in 2018/19 to 25 per cent in 2019/20, and
- reducing sickness absence days per teacher from 6.24 days in 2018/19 to 5.46 days in 2019/20.

131. However, there remains particular challenges in the following areas:

- Average total tariff performance of children from Scottish Index of Multiple Deprivation (SIMD) quintiles 1 and 2 (i.e. most deprived groups),
- Percentage of households that are workless, and
- Percentage of household in fuel poverty.

132. Performance in all these areas is closely linked to the levels of poverty and inequality across West Dunbartonshire. The challenge of addressing these areas of underperformance, and maintaining good performance in other areas, will be exacerbated by the impact of Covid-19.

Overall, performance against national indicators has improved in recent years and the rate of improvement of West Dunbartonshire Council is slightly above the national trend

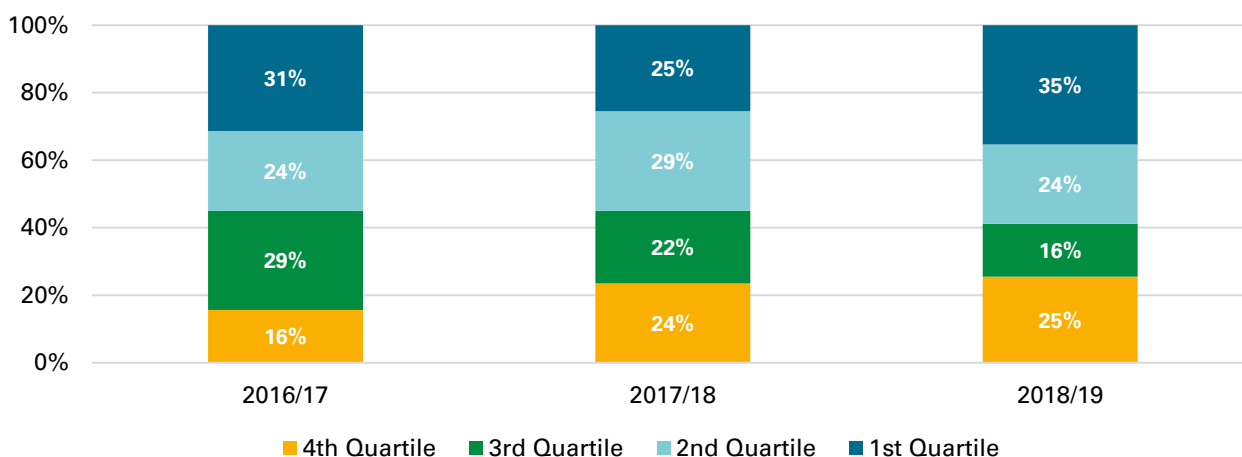
133. The [Local Government Benchmarking Framework](#) (LGBF) brings together a wide range of information about how all Scottish councils perform in delivering services, including cost of services and residents' satisfaction. The framework enables the council to compare its performance against the Scottish average and other councils. The 2018/19 LGBF data published by the Improvement Service in April 2020 has been used for the analysis in this report.

134. The BVAR reviewed LGBF performance reported up to 2016/17 and identified that, overall, the council's performance against national indicators had improved between 2011/12 and 2016/17, but at a slower rate than some other councils in certain areas.

135. In order to assess the council's comparative performance since the BVAR was undertaken we reviewed its LGBF performance against that of the other 31 Scottish local authorities during 2017/18 and 2018/19. Although there are over 70 performance indicators in the LGBF, our analysis is based on the 51 single-year indicators measuring performance rather than cost, as there may be some ambiguity in the judgement of whether an increased cost is good or bad for certain indicators. Therefore, the focus of our analysis is on outcomes based indicators where relative performance can be categorically measured.

136. [Exhibit 13](#) shows the council's pace of improvement since 2016/17 compared to Scotland as a whole. This shows that the number of indicators in the lowest quartile has increased (from 16 per cent to 25 per cent) but the number of indicators in the top two quartiles has also increased (from 55 per cent to 59 per cent) over the same period. The underlying performance data shows that overall performance of all Scottish councils has improved over the last two years, and the rate of improvement of West Dunbartonshire Council is slightly above the national trend.

Exhibit 13 Comparative LGBF performance over time



Note: Measuring council performance involves considering how all councils are performing, from lowest to highest for each indicator. From this it is possible to see how one council compares to all councils. Relative performance against other councils is divided into four equal bands, or quartiles. The first quartile contains the best-performing councils for that indicator and the fourth quartile contains the poorest performing councils.

Source: Audit Scotland; and Local Government Benchmarking Framework, Improvement Service, 2018/19

Residents of West Dunbartonshire are generally satisfied with how services are being delivered, with satisfaction levels with local schools being the highest in Scotland

137. The LGBF data includes indicators that assess residents' satisfaction with local services provided by the council and West Dunbartonshire Leisure Trust. These are based on results from national surveys. The latest LGBF data shows that the council's performance was in the top half for all seven of the satisfaction indicators, [Exhibit 14](#), with satisfaction levels with local schools being the highest in Scotland.

138. The council also carries out its own customer satisfaction surveys with service users, and the results from those surveys show similar satisfaction rates. This demonstrates that residents understand the challenges faced by the council and are generally satisfied with how services are being delivered. Positive performance against these indicators also indicates a council that engages and communicates well with residents and local communities.

Exhibit 14

Performance against LGBF service satisfaction indicators

Indicator	Satisfaction level (%)	Ranking out of 32 Scottish local authorities	Range of performance across local authorities (%)
Adults satisfied with local schools	89	1st	59-89
Adults satisfied with refuse collection	83	12th	59-90
Adults satisfied with street cleaning	72	9th	56-79
Adults satisfied with leisure facilities	73	13th	40-89
Adults satisfied with libraries	86	3rd	53-91
Adults satisfied with museums and galleries	76	8th	42-91
Adults satisfied with parks and open spaces	89	6th	54-92

Note: Satisfaction levels are based on average responses to Scottish Household Surveys for 2016 to 2019.

Source: Audit Scotland; and Local Government Benchmarking Framework, Improvement Service, 2018/19

The latest staff survey results showed improvements in a number of areas compared to previous years, but also a marked decline in the proportion of respondents who believe they are treated fairly and consistently at work

139. The council performs an employee survey every two years. The latest survey was completed in 2019 and included 18 questions covering three categories: My Role, Service and Direct Line Management, and Communication and Consultation; as well as a further question on employee's overall view of working for the council.

140. The survey was issued to all council staff and generated a response rate of 40 per cent. This was a significantly lower response rate than the previous survey conducted in 2017 which had a response rate of 53 per cent.

141. The 2019 survey results showed positive responses in a number of areas, with the majority of employees strongly agreeing that they understand their role and responsibilities (92 per cent) and their direct line manager is approachable (90 per cent). There have also been improvements in a number areas compared to previous years with 65 per cent of respondents now saying they feel appreciated

and valued for the work they do, up from 57 per cent in 2017; and 54 per cent confirming they are asked their views when change is taking place that directly affects them, up from 46 per cent in 2017.

142. However, the results also showed that respondents remain less positive about having regular one-to-one meetings which focus on their development, down from 59 per cent in 2017 to 58 per cent in 2019. There was also a marked decline in the proportion of respondents who believe they are treated fairly and consistently at work, down from 84 per cent in 2017 to 78 per cent in 2019. Despite this, 70 per cent of employees still responded that they would recommend their service to a friend or colleague as a good place to work.

143. The results of the staff survey have informed actions at a service and team level which will be monitored and reported to committee through service delivery plans.

The council developed a workforce resilience database to support service delivery following the Covid-19 outbreak in March 2020

144. During late March, officers assessed the different roles across the organisation and determined the roles which needed to be delivered through physical attendance and those that could be delivered remotely. A workforce resilience database was also developed which included numbers available across all essential services to ensure an acceptable level of provision was maintained.

145. For employees working remotely, officers carried out work to understand what equipment was needed to allow them to work from home. This included implementation of a process for employees to access any office equipment they may need at home as well as ensuring employees complete a DSE (display screen equipment) assessment on their workspace so the necessary support and adaptations could be undertaken.

146. The council have invested in a programme called “Trickle” to support engagement, communications, wellbeing and resilience. This application allows frontline employees to share how they are feeling, thank a colleague, suggest an idea or ask a question. It is disseminated to staff via their mobile phones. In addition, the council have also added Care@Home, Hospital Discharge and CAS teams to this programme and have plans to roll out the application across the council.

147. Through actioning the Wellbeing Strategy, the council now have approximately 70 wellbeing Advocates who promote support tools currently in place and listen to feedback on what would help and how best to provide this. WDC have also provided increased mental health support via webinars from and increased mental health support and counselling. Due to this work, WDC have been shortlisted in HR Excellence for best Health & Wellbeing Strategy, up against large private sector companies

The council has complied with the requirements set out in the Statutory Performance Information direction issued by the Accounts Commission

148. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

149. The Commission issued a revised [*Statutory Performance Information Direction*](#) in December 2018, effective for financial years 2019/20, 2020/21 and 2021/22. This outlines two new indicators that require each council to publish a range of information in the following areas for performance comparison and benchmarking purposes:

- **Statutory Performance Indicator 1: Improving local services and local outcomes**

- Performance in improving local public services, provided by both (i) the council itself and (ii) by the council in conjunction with its partners and communities.
- Progress against the desired outcomes agreed with its partners and communities.

The Commission requires the council to report such information to allow comparison (i) over time and (ii) with other similar bodies. The Commission requires the council to report on information drawn from the Local Government Benchmarking Framework in particular and from other benchmarking activities.

- **Statutory Performance Indicator 2: Demonstrating Best Value**

- The council's assessment of how it is performing against its duty of Best Value, and how it plans to improve against this assessment.
- Audit assessments of its performance against its Best Value duty, and how it has responded to these assessments.
- In particular, how it (in conjunction with its partners as appropriate) has engaged with and responded to its diverse communities.

150. West Dunbartonshire Council continue to participate in the Local Government Benchmarking Framework and publish this data and a range of other performance information on the council website that adequately covers the requirements set out in the SPI direction issued by the Accounts Commission. As noted above, the council agreed a Best Value Assurance Improvement Plan in response to the 2018 BVAR and progress was reported to Council in February 2020.

The council's website is partially compliant with the Public Sector Bodies Accessibility Regulations 2018, and management are taking action to ensure full compliance as soon as possible

151. The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 have been introduced to improve the accessibility of public sector websites and mobile apps. The regulations build on the obligations of public sector bodies equalities duties and require public sector websites and mobile apps to be more accessible by making sure they can be used by as many people as possible. This includes those with impaired vision, motor difficulties, cognitive impairments or learning disabilities, and deafness or impaired hearing.

152. A website will satisfy the requirements of the regulations if it meets the criteria set out in the international Web Content Accessibility Guidelines (WCAG) and includes an accessibility statement that explains how accessible the site is. The deadline for meeting the requirements for those public sector bodies with an existing website was 23 September 2020.

153. The latest review of the accessibility of the council website was completed on 22 September 2020. This noted that the website is partially compliant with the WCAG standard. The area of non-compliance related to PDF documents on the website not meeting the accessibility standards – for example, they may not be structured so they're accessible to a screen reader. This does not meet WCAG 2.1 success criterion 4.1.2.

154. Management has advised that all new PDFs uploaded to the website are compliant with the accessibility standards and the issue relates to historical documents available on the website. In addition, PDFs over two years old are also exempt from the accessibility standard so the council is currently working through the PDFs that are less than two years old and are required for a service to ensure these are updated to meet the standard.

National performance audit reports

155. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2019/20 we published reports which may be of interest to the council. These are listed in [Appendix 3](#).

Appendix 1

Action plan 2019/20



No. Issue/risk

Recommendation

Agreed management action/timing

Recommendations for West Dunbartonshire Council

1	<p>General fund loans fund repayment</p> <p>The scheduled loans fund repayments were adjusted by £1.6 million to mitigate the impact of budget pressures.</p> <p><i>The loans fund repayments do not comply with the council's accounting policy. This is reported as an unadjusted misstatement in the accounts.</i></p>	<p>Management should review the scheduling of the general fund loans fund repayments to ensure they comply with the council's accounting policy.</p>	<p>The council accepts audit's view and will review the loans fund repayment scheduling in 2020/21. The 'asset life method' will be consistently applied across the repayment periods from 2020/21.</p> <p>Responsible officer: Strategic Lead - Resources</p> <p>Agreed date: 31 March 2021</p>
2	<p>Untaken annual leave accrual</p> <p>Our review of the untaken annual leave accrual identified an error within the calculations. 17 members of staff were duplicated within two tabs. This resulted in a decrease of £85,000 in the accrual.</p> <p><i>There is a risk that the annual leave accrual is not properly calculated.</i></p>	<p>Management should review its procedures for calculating the annual leave accrual.</p> <p>Exhibit 3 – Issue 6</p>	<p>Officers will review the current procedures and introduce additional checks to reduce risk of future errors</p> <p>Responsible officer: Finance Manager</p> <p>Agreed date: 31 December 2020</p>
3	<p>Financial guarantees</p> <p>West Dunbartonshire Council issued letters of comfort to both West Dunbartonshire Leisure Trust and Clydebank Property Company.</p> <p>These letters were provided due to the ongoing circumstances surrounding Covid-19 and constitute as financial guarantees. However, the detail had not been included in the annual accounts.</p> <p><i>There is a risk that the annual accounts are not complete and transparent.</i></p>	<p>Management should ensure that details of any financial guarantees provided are adequately disclosed within the annual accounts.</p> <p>Exhibit 3 – Issue 7</p>	<p>Officers will review the current procedures to reduce risk of future errors</p> <p>Responsible officer: Finance Manager</p> <p>Agreed date: 31 January 2021</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
Recommendations for West Dunbartonshire Council			
4	<p>Debtors and creditors overstatement</p> <p>After the submission of the unaudited accounts, the council identified an error within receivables and payables. Both were overstated by £0.670 million, resulting in a nil net effect.</p> <p><i>There is a risk that the figures in the Balance Sheet are overstated.</i></p>	<p>Management should review the year-end procedures to ensure that journals are correctly posted.</p> <p>Exhibit 3 – Issue 8</p>	<p>Officers will review the current procedures and introduce additional checks to reduce risk of future errors</p> <p>Responsible officer: Finance Manager</p> <p>Agreed date: 28 February 2021</p>
5	<p>Capital project delays</p> <p>There were significant delays in a number of capital projects during 2019/20. The nature and scale of some of these delays suggest that there is still a level of optimism bias when setting project start dates for the annual capital programme.</p> <p><i>There is a risk that the delivery of the annual capital programme is impacted by unrealistic or overly optimistic scheduling.</i></p>	<p>When developing future capital programmes officers should ensure they set realistic start dates for each project, and give due consideration to all factors that could impact on the commencement and progress of each project.</p> <p>Paragraph 60</p>	<p>The Council has a process in place to consider timing of spend and build in the effects of optimism bias in the phasing of the projects.</p> <p>Finance officers, when compiling future capital programmes will continue to seek assurances from relevant capital programme officers and project leads that the phasing identified is realistic and optimism bias has been considered, in line with the Council's agreed capital planning process.</p> <p>Responsible officer: Finance Manager</p> <p>Agreed date: 4 March 2021</p>
6	<p>Revised financial plans to reflect Covid-19</p> <p>The council's long-term financial strategy was developed prior to the Covid-19 pandemic.</p> <p><i>The assumptions made in the Council's long-term financial strategy are out of date as they do not take into account the financial impact of Covid-19.</i></p>	<p>The council should review its long-term financial strategy to reflect the impact of Covid-19 on the council's finances going forward, including scenario planning of key financial assumptions.</p> <p>Paragraph 82</p>	<p>Long term finance strategy is due to be updated and reported to Council in November 2020 and will consider the impact of covid-19 and include scenario planning of key financial assumptions, and will continue to be reviewed via Budget Update and Setting reports to Council ahead of setting the Council budget in March 2021</p> <p>Responsible officer: Strategic Lead - Resources</p> <p>Agreed date: 31 March 2021</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
Recommendations for West Dunbartonshire Council			
7	<p>Uncommitted general fund balance</p> <p>The uncommitted general fund balance of £2.752 million at 31 March 2020 was below the prudential reserve target of £4.122 million, set by the Council for 2019/20. In addition, Covid-19 is placing a significant financial pressure on the council during 2020/21.</p> <p><i>There is a risk that the council will not have sufficient free reserves to respond to future unforeseen events.</i></p>	<p>The Council should consider how the uncommitted general fund balance could be increased back to the prudential reserve target.</p> <p>Paragraph 95</p>	<p>The general fund uncommitted reserve balance will be considered as part of the long-term finance strategy and budget process 2021/22</p> <p>Responsible officer: Strategic Lead - Resources</p> <p>Agreed date: 31 March 2021</p>
Recommendations for charities administered by West Dunbartonshire Council			
CH1	<p>Governance and investment documentation</p> <p>As previously reported:</p> <ul style="list-style-type: none"> The Deed of Trust for the Dunbartonshire Educational Trust Scheme 1962 and UIE award require to be updated. The governing documentation for the McAuley Price for Mathematics is not available and a new trust deed required. <p><i>There is a risk that the Trust does not hold the title to the investment. There is also a risk of delay in issuing awards.</i></p>	<p>Management should progress these issues to ensure that adequate governance and investment document is maintained for all trust funds administered by West Dunbartonshire Council.</p> <p>Paragraphs 41 and 42</p>	<p>Officers continue to work with other Councils involved in these Funds to reach a satisfactory conclusion</p> <p>Responsible officer: Section Head – Legal Services</p> <p>Agreed date: 31 March 2021</p>
CH 2	<p>Dormant trusts</p> <p>As previously reported, some of the trusts have been dormant for a number of years and annual activity on all trusts is minimal.</p>	<p>The council should investigate whether schemes of amalgamation and rationalisation of trust funds could be prepared that would allow, through the alteration of objects and the merging and de-restriction of funds, increased flexibility in terms of potential beneficiaries and awards.</p> <p>Paragraphs 41 and 42</p>	<p>Officers will continue to review options around the dormant funds and action as appropriate</p> <p>Responsible officer: Section Head - Legal Services</p> <p>Agreed date: 31 March 2021</p>



No. Issue/risk

Recommendation

Agreed management action/timing

Recommendations for West Dunbartonshire Council

CH 3 Advertisement of trusts

There is minimal information available regarding the trusts, or the application process to access funds, on the West Dunbartonshire Council website.

There is a risk that this will perpetuate the dormancy of the trusts if information can not be easily accessed.

The Council should publicly advertise the trusts through their website to encourage funding applications.

[Paragraph 43](#)

The Council will take action to increase any advertising of Trust funds, subject to the above recommendations.

Responsible officer:
Finance Manager

Agreed date: 31 December 2020

Follow up of prior year recommendations

PY1 Revaluation of non-current assets

Due to the change in valuer for 2018/19 there was a delay in the provision of the valuations as at 31 March 2019 required as part of the rolling revaluation programme.

There is a risk that similar issues will be encountered in 2019/20 and these impact on the preparation or sign-off of the annual accounts.

The council should work with the external valuers to ensure these issues are not repeated in 2019/20.

Complete

Early conversations took place between officers and the external valuers to clarify expectations. There was no delay in the provision of the valuations in 2019/20.

PY2 Group accounting errors

Multiple errors were identified in the group account statements in the unaudited accounts.

There is a risk that errors in the group accounts consolidation process result in a material misstatement in the annual accounts.

Procedures should be put in place to ensure that the unaudited group accounts statements are free from misstatement and reflect the component group bodies accounts.

Complete

While we identified a couple of amendments to the group accounts, the errors were not on the same scale as 2018/19.

PY3 Capitalisation of software licenses

As part of our expenditure testing, we identified expenditure on multi-year software licenses that had not been capitalised as an intangible asset.

There is a risk that capital expenditure is not accurately reflected in the annual accounts.

As part of the 2019/20 year-end closedown procedures, Management should review all significant revenue expenditure during the year to identify any expenditure that should be capitalised.

Complete

Officers confirmed procedures were now in place and our testing did not identify any errors.



No.	Issue/risk	Recommendation	Agreed management action/timing
Recommendations for West Dunbartonshire Council			
PY4	Cash receipting system reconciliations The year-end reconciliation between the cash receipting system and the ledger system included a large number of reconciling items due to ongoing issues with the posting of payments to the ledger from the new Capita cash receipting system. <i>There is a risk that significant staff time input is required to identify and investigate differences when preparing the reconciliation.</i>	The council should continue to work with the system provider to address these issues and reduce the number of reconciling items each period.	Complete Our testing of the year-end reconciliation did not identify any issues.
PY5	Creditors reconciliations We reported last year that there was no formal review of period-end creditors reconciliations. This is still the case and there is also an associated risk due to reliance being placed on one individual to complete the reconciliation. This presents a risk that the reconciliation could not be completed in their absence. <i>There is a risk that the period-end creditors reconciliations are not correctly completed.</i>	Management should ensure that period-end creditors reconciliations are evidenced as reviewed and that sufficient staff are trained to complete the reconciliations.	Partially Complete Our testing of the year-end creditor's reconciliation concluded that it had been appropriately reviewed. However, no additional staff were trained in year, to complete the reconciliations. This was due to be rolled out as "on the job" training / coaching at the year-end but due to Covid-19 all finance staff have been working from home and it has not been possible to undertake the training this year. We will follow up on the training/coaching provided to staff on the creditors reconciliation in 2020/21.
PY6	Financial Sustainability The council has a low level of reserves as a proportion of net revenue compared with other Scottish local authorities and the approved 2019/20 budget includes the one-off use of reserves balances. <i>There is a risk that the council will have insufficient reserves to respond to unforeseen</i>	The council should ensure that sufficient reserve balances are maintained for this purpose.	Ongoing As reported at paragraphs 92-95 , the uncommitted general fund balance of £2.752 million at 31 March 2020 was significantly below the prudential reserve target of £4.122 million, set by the Council for 2019/20.



No. Issue/risk



Recommendation



Agreed management
action/timing

Recommendations for West Dunbartonshire Council

*events or reductions in future
funding.*

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Include any audit risks arising from COVID-19

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements</p>	<ul style="list-style-type: none"> • Review of the Annual Governance Statement and the assurances obtained by the Section 95 officer in support of the statement. • Detailed testing of journal entries. • Review of accounting estimates. • Focussed testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business. 	<ul style="list-style-type: none"> • No unusual or inappropriate transactions were identified as part of the detailed testing of journal entries. • A review of accounting estimates did not show any instance of bias. • Focussed testing of regularity and cut-off assertions did not reveal any lapses in controls • No significant transactions outside the normal course of council business were identified. <p>Our conclusion is that there is no evidence of management override of controls</p>
<p>2 Risk of material misstatement caused by fraud in income recognition.</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud over income, which is presumed to be a risk in any audit with significant income streams.</p>	<ul style="list-style-type: none"> • Analytical procedures on significant income streams. • Detailed testing of revenue transactions focussing on the areas of greatest risk. • Review of budget monitoring reports focussing on significant budget variances. 	<ul style="list-style-type: none"> • Sample testing of income transactions to confirm that these were in the normal course of business. • We obtained satisfactory explanations for any significant increases or decreases in income. • Our sample cut-off testing confirmed that transactions were processed in the correct accounting year. • The council has adequate counter-fraud arrangements. <p>Our conclusion is that the council has arrangements in place to minimise the risk of fraud over income.</p>
<p>3 Risk of material misstatement caused by fraud in expenditure</p>	<ul style="list-style-type: none"> • Analytical procedures on significant expenditure streams. 	<ul style="list-style-type: none"> • Sample testing of expenditure transactions to confirm that

The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure. This applies to the council due to the variety and extent of expenditure incurred.

- Detailed testing of expenditure transactions, including cut-off testing, focussing on the areas of greatest risk.
- Audit testing of grants, including the sample testing of expenditure and housing benefit transactions.
- Review of budget monitoring reports focussing on significant budget variances.
- Audit work on the National Fraud Initiative matches.

these were in the normal course of business.

- We obtained satisfactory explanations for any increases or decreases in expenditure.
- Our sample cut-off testing identified where transactions were processed in the incorrect year, these were appropriate adjusted for by management.
- The council has adequate counter-fraud arrangements.

Our conclusion is that the council has arrangements in place to minimise the risk of fraud over expenditure.

4 Estimation and judgements

There is a significant degree of estimation and judgement in the measurement and valuation of some material account areas, including

•Non-current asset values which rely on expert valuations and management assumptions.

•The value of the council's pension liability which is an estimate based on information provided by management and actuarial assumptions.

•The council's provisions for doubtful debts which are based on management's assessment of the recoverability of debts.

•The value of other provisions which are based on management's assessment of the value and probability of potential future outflows.

This subjectivity represents an increased risk of misstatement in the financial statements.

- Review of the work of the valuer, including focused substantive testing of the classification and valuation of assets.
- Confirm asset values in valuation certificates are correctly reflected within the 2019/20 accounts.
- Review of the work of the actuary, including consideration of the appropriateness of the actuarial assumptions used.
- Review of council's procedures for ensuring actuarial valuations provided are appropriate and include assumptions relating to relevant legal rulings.
- Confirm pension valuations in actuarial report are correctly reflected within the 2019/20 accounts.
- Review the provision for doubtful debts calculations to assess whether they are reasonable and complete based on the risk that the debt will not be recovered.
- Review the basis for other provisions recognised, including detailed testing to source documentation where required.

- A number of estimations and judgements in the accounts were based on the opinion of experts. We assessed the reliability of these experts and reviewed their work.
- We tested samples of accruals and provisions and confirmed them to appropriate back-up evidence.
- The council's accounting policies are appropriate.

Our conclusion is that estimations and judgements included in the audited accounts are supported by appropriate audit evidence.

However, property assets are material and the impact of Covid-19 has increased the uncertainty over associated valuations. The extent and timing of the rolling programme of valuation work mean less certainty can be attached to the valuation than would otherwise be the case.

See [Exhibit 3 – Issue 1](#)

5 Revaluation of non-current assets

There was a significant delay in the provision of some asset

- Review year-end process for transfer of information between the council and valuers.

- We did not experience any delays in the provision of asset valuations in 2019/20. All queries were responded to

valuations at 31 March 2019 due to a change in the valuer during 2018/19. During the course of the audit we also received multiple revised reports detailing valuations adjustments to the non-current asset balances in the accounts. This resulted in additional audit work to confirm the accuracy of the non-current assets balances in the audited accounts.

There is a risk that similar issues could be encountered in 2019/20 and that these could impact on the preparation or sign-off of the annual accounts.

- Review of the work of the valuer, including focused substantive testing of the classification and valuation of assets.
- Confirm asset values in valuation certificates are correctly reflected within the 2019/20 accounts.

within appropriate timescales. Our testing did not identify any material errors.

Our conclusion is that the transfer of information between the Council and the External Valuer has improved since 2018/19.

6 Group accounting errors

During the 2018/19 audit, 15 disclosure errors, one omission and multiple financial consolidation errors in the group accounts were identified. This resulted in reviewing three sets of revised group account statements and working papers.

There is a risk that similar issues may occur in 2019/20 and result in a material misstatement in the group annual accounts.

- Review quality assurance procedures put in place by officers to prepare and review 2019/20 group statements.
- Review of group disclosure notes.
- Review of group consolidation adjustments, including the exclusion of intra-group transactions.

• While there were some amendments to the group accounts, the errors identified were not on the same scale as those identified in 2018/19.

Our conclusion is that the group accounts and working papers were of an appropriate standard in 2019/20.

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

7 2020/21 budget setting

The timing of budget setting for the UK and Scottish public sector has led to increased uncertainty for councils in setting their 2020/21 budgets and council tax.

There is a risk that the Council's budget does not reflect the final settlement and further in-year savings need to be made.

- Review of the council's 2020/21 budget setting arrangements.

• The 2020/21 budget was set on 4 March 2020.

Our conclusion is the council's budget setting arrangements are effective.

8 Financial sustainability

As reported to the January 2020 Council meeting, a funding gap of £4.418million for 2020/21, and a cumulative 3-year funding gap of £16.989million to 2022/23, has

- Continue to monitor the financial position throughout the year and provide an update in the 2019/20 Annual Audit Report.

We reported that the current uncommitted general fund balance of £2.752 million at 31 March 2020 was significantly below the prudential reserve target of £4.122 million, set by the Council for 2019/20.

been identified. Part of the council's budget pressures come from funding its high levels of borrowing. The Council approved the one-off use of reserves in 2019/20 to fund the budget gap. There is a risk that the council's unearmarked reserves will fall below its target level to meet future contingencies. The financial position may not be sustainable in the long term.

- Consider the long-term affordability of budget decisions, including any planned use of reserves.
- Ongoing assessment of the council's long-term financial strategy, including the assumptions used.

See paragraphs [94](#) and [95](#)

9 Procurement and tendering

In 2018/19, we published a report: Audit Review of the Investigation of Tendering and Contracting Practices in Roads and Greenspace Services which was presented to a special meeting of the Council on 14 May 2019. The report identified significant areas for improvement. An improvement plan was agreed by the Council. There is a risk that the weaknesses reported have not been appropriately addressed.

- Follow up of the recommendations outlined in our Audit Review of the Investigation of Tendering and Contracting Practices in Roads and Greenspace Services report.
- Review of Internal Audit follow up work.
- Internal Audit has reported that recommendations have been followed up and all actions have been completed.
- Our recommendations from the Audit review of the investigation of tendering and contracting practices in Roads and Greenspace services have been actioned.

We will continue to monitor this area in 2020/21.

See paragraphs [109-112](#)

10 Capital project management

In 2019/20, gross capital expenditure (including HRA) is projected to be underspent against the original budget by £11.897million (16%). There are also several large-scale projects which have incurred additional cost (e.g. District Heating Network) or continue to be re-phased into future years (e.g. Exxon Site). There is a risk that the council's ability to deliver against its strategic plan is affected due to delays and additional costs for investment and improvements to the asset base.

- On-going monitoring of capital budget plans and reports.
- Follow up of the 2017/18 Best Value Assurance Report recommendations and report an update in the 2019/20 Annual Audit Report.
- The level of capital slippage significantly improved during 2019/20 but still represented 24 per cent of the approved capital programme for the year.

Our conclusion is that there is evidence that the actions taken by the council are starting to deliver the intended improvements in the delivery of the capital programme. We will continue to monitor progress in this area during 2020/21.

See paragraphs [57-61](#)

Appendix 3

Summary of national performance reports 2019/20

 2019/20 Reports		
	Apr	
Social security: Implementing the devolved powers	 May	
Scotland's colleges 2019	 Jun	 Enabling digital government
	Jul	
NHS workforce planning - part 2	 Aug	
Finances of Scottish universities	 Sept	
NHS in Scotland 2019	 Oct	
	Nov	
Local government in Scotland: Financial overview 2018/19	 Dec	
Scotland's City Region and Growth Deals	 Jan	 Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
	Feb	
	Mar	 Early learning and childcare: follow-up

West Dunbartonshire Council

2019/20 Annual Audit Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

West Dunbartonshire Council – 25 November 2020

Audit of West Dunbartonshire Council and registered charities administered by the council 2019/20 annual accounts

Independent auditor's report

1. Our audit work on the 2019/20 annual accounts of West Dunbartonshire Council and the registered charities administered by the council is now complete. Subject to receipt of revised annual accounts for final review, we anticipate being able to issue unqualified and unmodified independent auditor's reports on 25 November 2020. The independent auditor's report for the council does however contain an 'Emphasis of Matter' paragraph to draw attention to the additional uncertainty in property valuations caused by the Covid-19 pandemic (the proposed reports are attached at [Appendix A](#) and [Appendix C](#)).

Annual audit report

2. We also present for your consideration our proposed annual audit report on the 2019/20 audit. International Standard on Auditing (UK) 260 (Communication with those charged with governance) requires external auditors to report specific matters arising from the audit of the annual accounts to those charged with governance in sufficient time to enable appropriate action. Within the proposed annual audit report, *Exhibit 3. Significant findings from the audit of the financial statements* sets out the issues we consider should be drawn to your attention in accordance with ISA 260 in relation to the council audit. Our report also includes the findings from our audit of the registered charities administered by the council (pages 15 and 16).
3. The annual audit report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. The annual audit report will be issued in its final form after the audited annual accounts have been authorised for issue and the independent auditor's report has been certified.

Unadjusted misstatements

5. We are required to report to those charged with governance, all unadjusted misstatements, other than those of a trivial nature and request that they be corrected. There is one unadjusted misstatement in the audited accounts relating to the repayment from the general fund to the loans fund for 2019/20 (detailed at issue 3 in *Exhibit 3. Significant findings from the audit of the financial statements* of our Annual Audit Report). Had this been corrected it would have reduced the council's usable reserves balance at 31 March 2020 by £1.6 million.

Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to the Audit Committee we also seek confirmation that we have been informed of any:
- instances of any actual, suspected or alleged fraud;
 - events that have occurred since 31 March 2020 which could have a significant impact on the annual accounts; or
 - instances of material non-compliance with legislation and regulations.

Representations from Section 95 Officer

7. International Standard on Auditing (UK and Ireland) 580 (Management representations) requires auditors to obtain evidence on certain matters from management. Accordingly, as part of the completion of our audit we seek written assurances from the Strategic Lead – Resources, as Section 95 Officer, on aspects of the financial statements and judgements and estimates made.
8. Draft letters of representation in respect of the council and the trusts registered as charities are attached at [Appendix B](#) and [Appendix D](#). These should be reviewed for accuracy and any proposed amendment discussed with us. Once satisfied, the letter should be signed and returned by the Strategic Lead – Resources with the signed annual accounts.

Acknowledgement

9. We would like to thank all management and staff for their cooperation and assistance during the audit.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of West Dunbartonshire Council and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of West Dunbartonshire Council and its group for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Movement on the Housing Revenue Account Statement, Housing Revenue Account Income and Expenditure Statement, the Council Tax Account, and the Non Domestic Rates Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the council and its group as at 31 March 2020 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter: Additional uncertainty on property valuations

I draw attention to Note 1 in the financial statements, Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty, which describes the effects of material uncertainties that exist in property valuations due to the impact of the Covid-19 pandemic. My opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Strategic Lead – Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Strategic Lead - Resources and West Dunbartonshire Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Strategic Lead – Resources is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Strategic Lead – Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Lead – Resources is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my auditor's report.

Other information in the annual accounts

The Strategic Lead – Resources is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA
Audit Director
Audit Scotland
4th Floor
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

25 November 2020

APPENDIX B: Template Letter of Representation (ISA 580) for West Dunbartonshire Council

Fiona Mitchell-Knight
Audit Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Fiona

West Dunbartonshire Council Annual Accounts 2019/20

1. This representation letter is provided about your audit of the annual accounts of West Dunbartonshire for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and the Corporate Management Team, the following representations given to you in connection with your audit of West Dunbartonshire Council's accounts for the year ended 31 March 2020.

General

3. West Dunbartonshire Council and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by West Dunbartonshire have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (2019/20 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of West Dunbartonshire Council and its Group at 31 March 2020 and the transactions for 2019/20

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2019/20 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to West Dunbartonshire Council's circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed West Dunbartonshire Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on West Dunbartonshire Council's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2020 does not differ materially from that which would be determined if a revaluation had been carried out at that date.
11. I carried out an assessment at 31 March 2020 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.
12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2020.
13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.
14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2020 of which I am aware have been recognised in the annual accounts.

16. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2020 of which I am aware where the conditions specified in the 2019/20 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2020. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.
17. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2020 or to reflect material changes in the assumptions underlying the calculations of the cash flows.
18. The accrual recognised in the financial statements for holiday untaken by 31 March 2020 has been estimated on a reasonable basis.
19. The pension assumptions made by the actuary in the IAS 19 report for West Dunbartonshire Council have been considered and I confirm that they are consistent with management's own view.
20. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

21. There are no significant contingent liabilities, other than those disclosed in Note 30 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and IAS 37.
22. With specific reference to equal pay claims I can confirm that it is not possible to quantify the contingent liability.

Fraud

23. I have provided you with all information in relation to:
 - my assessment of the risk that the financial statements may be materially misstated because of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

24. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

25. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2019/20 accounting code. I have made available to you the identity of all the West Dunbartonshire Council parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

26. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

27. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

28. I confirm that West Dunbartonshire Council has undertaken a review of the system of internal control during 2019/20 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
29. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2020, which require to be reflected.

Group Accounts

30. I have identified all the other entities in which West Dunbartonshire Council a material interest and have classified and accounted for them in accordance with the 2019/20 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Events Subsequent to the Date of the Balance Sheet

31. All events subsequent to 31 March 2020 for which the 2019/20 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Stephen West
Strategic Lead – Resources

APPENDIX C: Proposed Independent Auditor's Report for registered charities administered by West Dunbartonshire Council

Independent auditor's report to the trustees of Dr A K Glen & West Dunbartonshire Trust Funds and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Dr A K Glen & West Dunbartonshire Trust Funds for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments Account, the Statement of Balances and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2020 and their statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements which properly present the receipts and payments of the charities, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my auditor's report.

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Richard Smith CPFA
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

25 November 2020

Richard Smith is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

APPENDIX D: Template Letter of Representation (ISA 580) for registered charities administered by West Dunbartonshire Council

Richard Smith
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

25 November 2020

Dear Richard

Charitable Trusts administered by West Dunbartonshire Council - Annual Accounts 2018/19 - Dr A K Glen Trust (Registered Charity SC018701) and West Dunbartonshire Trust Funds (Registered Charity SC025070)

1. This representation letter is provided in connection with your audit of the financial statements of the registered charities listed above for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements properly presents the financial position of each of these registered charities as at 31 March 2020 and their receipts and payments for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charitable trusts, the following representations given to you in connection with your audit for the year ended 31 March 2020.

General

3. I acknowledge my responsibility and that of West Dunbartonshire Council, as the administering authority, for the preparation of the financial statements on behalf of the trustees. All of the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered charitable trusts have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. I confirm that the accounts of the charities submitted for audit are the only trusts which fall to be audited under the provisions of the Local Government (Scotland) Act 1973.
5. The information given in the Trustees Reports presents a balanced picture of each charity and is consistent with the financial statements.
6. I confirm that there are no uncorrected misstatements.

Financial reporting framework

7. The financial statements have been prepared in accordance with the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements. The financial statements also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 and guidance issued by the Office of the Scottish Charity Regulator (OSCR).
8. Disclosure has been made in the financial statements of all matters necessary for them to properly present the transactions and state of affairs of each charity for the year ended 31 March 2020.

Accounting policies

9. The financial statements have been prepared on receipts and payments basis in accordance with applicable regulations and the founding documents of each charitable trust.

Going Concern

10. A number of the trusts have been dormant in recent years. The Trustees have assessed the ability of the registered charitable trust to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related party transactions

11. There were no related party transactions with any party other than West Dunbartonshire Council as administering agent.

Events subsequent to the balance sheet date

12. There have been no material events since the date of the statement of balances which necessitate revision of the figures in the financial statements or notes thereto, including contingent assets and liabilities.
13. Since the date of the statement of balances no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate governance

14. The business of the charitable trusts is recorded in the systems of West Dunbartonshire Council. As section 95 officer for West Dunbartonshire Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the financial statements of the charitable trusts.

Fraud

15. I have considered the risk that the financial statements may be materially misstated as a result of fraud or irregularity. There have been no actual or alleged frauds or irregularities involving trustees or staff of West Dunbartonshire Council that could affect the financial statements of the charitable trusts.

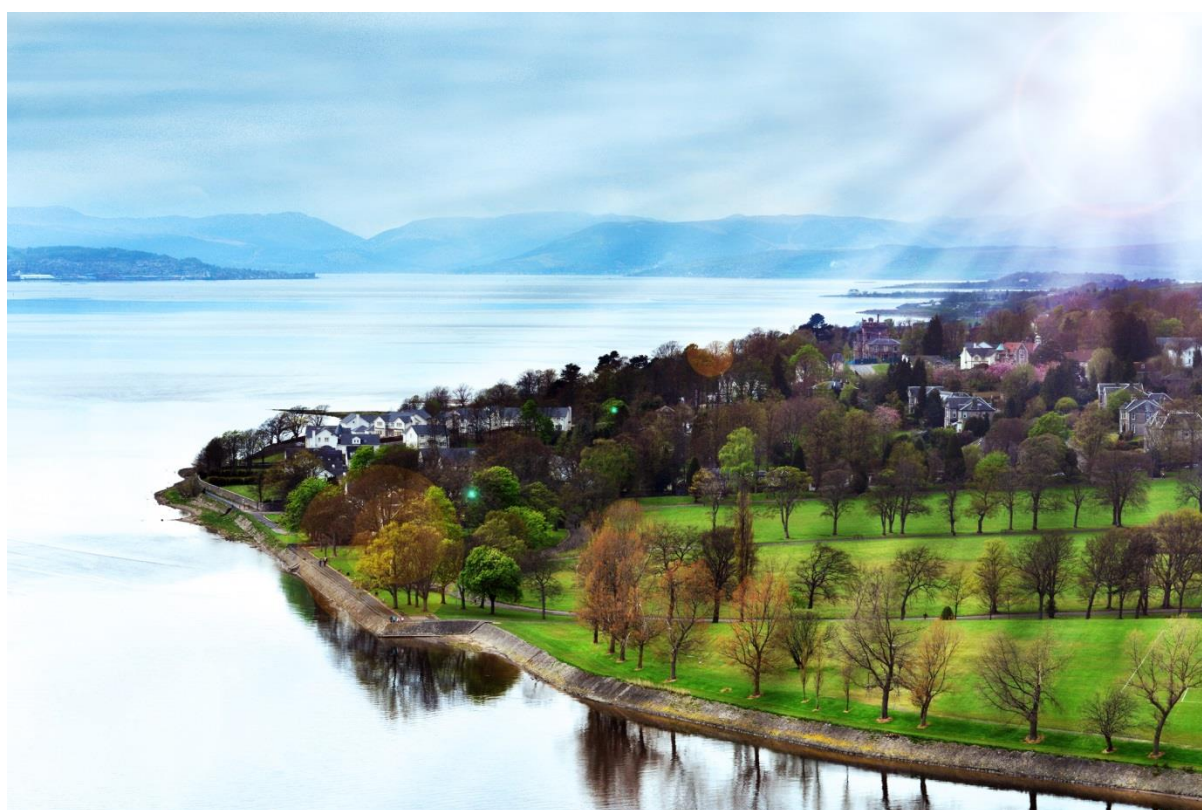
Assets

16. The cash fund and investments shown in the statement of balances at 31 March 2020 were owned by the charities. Assets are free from any lien, encumbrance or charge. There are no plans or intentions that are likely to affect the carrying value of classification of the assets within the financial statements.

Yours sincerely

Stephen West
Strategic Lead – Resources, West Dunbartonshire Council, for and on behalf of the trustees of the charities administered by West Dunbartonshire Council

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020



West 
Dunbartonshire
COUNCIL

Table of Contents

	Page		Page
Management Commentary	2	Note 25 Financial Instruments	74
Explanatory and Assurance Statements		Note 26 Creditors	81
Statement of Responsibilities	18	Note 27 Provisions	81
Annual Governance Statement	19	Note 28 General Fund & HRA Reserves and	81
Remuneration Report	28	Earmarked Balances	
Principal Financial Statements - Single Entity		Note 29 Other Reserves	82
Comprehensive Income and Expenditure Statement	36	Note 30 Contingent Assets or Liabilities	86
Movement in Reserves Statement	37	Note 31 Financial Guarantee	86
Balance Sheet	38	Supplementary Financial Statements	
Cash Flow Statement	39	Movement on the Housing Revenue Account Statement	87
Notes to Single Entity		Housing Revenue Account Income and Expenditure Statement	88
Note 1 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	40	Notes to the Housing Revenue Account Income and Expenditure Statement	89
Note 2 Material Items of Income and Expense	43	Council Tax Account	90
Note 3 Adjustments between funding accounting basis and funding basis under regulations	44	Non Domestic Rates Account	91
Note 4 Events After the Balance Sheet Date	48	Principal Financial Statements - Group	
Note 5 Trading Operations	48	Group Accounts	92
Note 6 Related Parties	48	Group Comprehensive Income and Expenditure Statement	94
Note 7 Agency Services	49	Group Movement in Reserves Statement	95
Note 8 Grant Income	50	Group Balance Sheet	96
Note 9 Operating Leases	50	Group Cashflow Statement	97
Note 10 Termination Benefits	52	Notes to Group	
Note 11 Defined Benefit Pension Schemes	53	Notes to the Group Accounts	98
Note 12 External Audit Costs	59	General Accounting Policies and Information	
Note 13 Expenditure and Funding Analysis	59	Note 32 Accounting Policies	102
Note 14 Property, Plant and Equipment	64	Note 33 Accounting Standards that have been issued but have not yet been adopted	115
Note 15 Intangible Assets	67	Note 34 Critical Judgement in Applying Accounting Policies	115
Note 16 Assets Held for Sale	67	Note 35 Change in Accounting Policy	116
Note 17 Heritage Assets	68	Note 36 Group Accounting Policies	116
Note 18 Capital Expenditure and Capital Financing	69	Note 37 Prior Year Adjustment	116
Note 19 Impairment Losses	69	Glossary	
Note 20 Private Finance Initiatives and Similar Contracts	70	Glossary of Terms	118
Note 21 Debtors	71	Audit Certificate	120
Note 22 Common Good Fund	71		
Note 23 Sundry Trust Funds	73		
Note 24 Cash and Cash Equivalents	73		

Management Commentary

1. Introduction

This publication contains the financial statements of both West Dunbartonshire Council and its group for the financial year ended 31 March 2020 and its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. This Management Commentary aims to provide clear information about the council's performance during the financial year 2019/20 and the financial position as at the financial year end 31 March 2020. The Management Commentary is intended to give an easy to understand guide to the most significant matters of the Council's business during the year - including progress against key performance indicators, a description of the principal risks and uncertainties facing the council and the likely impact of the actions to mitigate these risks. In addition, it provides some detail on the council's future plans.

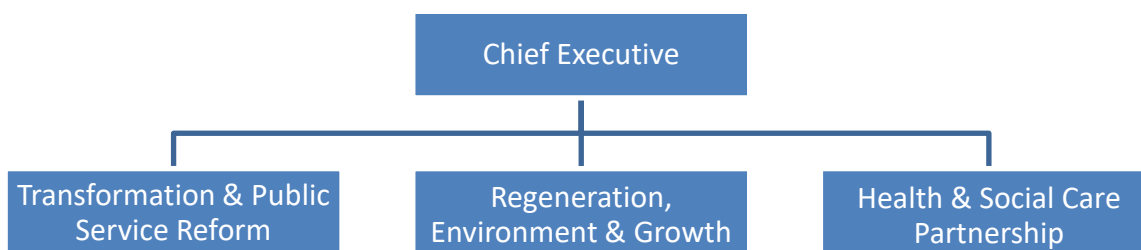
The Council

Following local government reorganisation in Scotland, under the Local Government (Scotland) Act 1994, West Dunbartonshire Council was established in 1996. It is an average sized Council in Scotland at around 71 square miles and has many strengths; including significant sites of natural beauty and heritage, good transport links and close proximity to Glasgow and its airport. The area has a rich past, shaped by its world-famous shipyards along the Clyde, and boasts many attractions ranging from the iconic Dumbarton Rock and the Titan Crane, to the beauty of Loch Lomond.

The Council is responsible for providing a wide range of local authority services (including education, housing, environmental health, environmental services, planning, economic development, employment, highways and transport) to residents within the West Dunbartonshire area.

Excluding casual staff, the council employed (as at 1st April 2020) a headcount of 5,871 employees (or 4,994 full time equivalent employees). These figures comprise a combination of permanent and fixed-term employees as well as apprentices, serving a population of approximately 88,930 (1.7% of overall Scotland population) from the 2019 mid-year estimates – a reduction of 200 from 89,130 from the 2018 figures, being a year-on-year reduction of 0.2% compared to a Scottish average of an increase of 0.5%. The council is generally accepted to suffer from economic deprivation, for example, the percentage of economically active people at a working age in employment is 73.9% (Scotland 74.8%); and life expectancy at birth is 75 years (males) and 79.2 years (females) (Scotland 77.1 years (male) and 81.1 years (female)).

The Council is led by 22 councillors, elected every five years to represent the residents within the area. Following the Local Government elections in May 2017, the Council has a minority SNP administration with Councillor Jonathan McColl as its Leader. The senior management structure consists of the Chief Executive, Joyce White, with two Strategic Directors and eight Strategic Leads, including the Section 95 Officer (Strategic Lead - Resources), with the Integration Joint Board (referred to as Health and Social Care Partnership or HSCP) being managed at a senior level by the Chief Officer (Beth Culshaw) and four Heads of Service. The council has one Arms' Length Organisation – West Dunbartonshire Leisure Trust – which operates certain services on the council's behalf. The council also owns a regeneration company: Clydebank Property Company.



Management Commentary (Cont'd)

2. The Strategic Plan

Nationally, the Scottish Government sets out its joint priorities and local authorities, together with their community planning partners agree a planned approach aligned to these through the Local Outcome Improvement Plan (LOIP). The council's LOIP, covering the period from 2017 to 2027, feeds through into its Strategic Plan. Within the council's 2017 to 2022 Strategic Plan, the council committed to improving outcomes in key areas in order to deliver on its vision that:

West Dunbartonshire Council will deliver high quality services, led by priorities identified by the communities of West Dunbartonshire, in an open and transparent way

Supporting the [Strategic Plan](#) and following the implementation of the new management structure at the start of 2016/17 each Strategic Lead has developed service Delivery Plans, each highlighting priorities and objectives which are set out and designed to support the delivery of the council's Strategic objectives. These plans are refreshed annually and progress reported to relevant Committees every 6 months. On 1 July 2015 the HSCP was formed and generated its own Strategic Plan, linked to the council's and to the LOIP.

The Strategic Plan identified 5 priorities aligned to the council's vision, as follows:

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

Performance Reporting

The council monitors and reports its performance against these priorities through the Strategic Plan Scorecard (SPS); where planned performance targets are monitored through a suite of key performance indicators. Performance is reported to Council and Committees for scrutiny and identification of any required remedial action. The council also publishes an annual Public Performance Report which provides residents with a summary of progress being made.

In conjunction with this internal SPS, the council (together with all Scottish local authorities) measures a common set of performance indicators called the Local Government Benchmarking Framework. Using the same indicators across all councils allows comparisons of performance, identification of best practice and enables councils to learn from each other. Full details of the most up to date performance information are available on the council's website at: www.west-dunbarton.gov.uk/council/performance-and-spending/

The Council's Budgets in 2019/20

The Council approved the 2019/20 budget on 27 March 2019 based on band D council tax at £1,234, agreed by Council at its meeting on 14 February 2019. The revenue budget was set at £219.079m (as detailed in the table below) to be funded by Scottish Government Grant (£183.307m); council tax (£34.797m), with a net contribution from reserves for the remainder (£0.975m).

Service Area	Budget (£m)
Corporate Services	19.170
Educational Services	92.477
Infrastructure, Regeneration and Economic Development	26.094
Housing and Communities	3.517
Health & Social Care Partnership, including Criminal Justice	69.818
Loan charges	6.868
Other	1.135
Total	219.079

Management Commentary (Cont'd)

2. The Strategic Plan (Cont'd)

The budget was updated during the year for a number of variables, resulting in a final planned net expenditure to £223.433m. The year end budgetary position is detailed on page 6 of this commentary.

Council also approved the revised capital plan with a planned General Services spend in 2019/20 of £62.714m, prior to 2018/19 re-phased capital and in-year additional projects being included increasing the planned spend to £77.722m. This investment is funded from a range of sources including: government grants and council ongoing revenue. Major areas of investment are economic regeneration, schools modernisation, roads and infrastructure and a range of other council assets.

Council approved the Housing Revenue Account budget at its meeting on 14 February 2019 and agreed an increase in council house rents of 2% and a capital investment for 2019/20 of £58.302m, prior to some 2018/19 re-phased capital being included, which increased the planned spend for 2019/20 to £62.716m. The year end budgetary position is detailed on page 7 of this commentary.

3. Overview of Core Financial Statements

The Statement of Accounts contains the Financial Statements of the council and its group for the year ended 31 March 2020. The council operates two main Funds in running its services:

1. The General Fund - for all expenditure and income associated with running of all council services except the provision of council houses. This fund is funded mainly from Scottish Government grant and council tax; and
2. The Housing Revenue Account - all expenditure and income associated with the provision of council housing and is funded primarily through rental income from tenants.

The Financial Statements comply with the Code of Practice on Local Authority Accounting in United Kingdom. Two major categories of expenditure are included in the financial statements, as follows:

1. Revenue expenditure - represents the day to day running costs incurred to provide services; and
2. Capital expenditure - is the cost of buying, constructing and improving the assets which the council uses to provide services.

Revenue expenditure is recorded in a number of the main statements in these accounts with the purposes of these main statements being as follows:

- **the Comprehensive Income and Expenditure Statement** - shows the income and expenditure for all council services. It is shown on page 36;
- **the Movement in Reserves Statement** - shows how the Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the General Fund for the year. It also highlights movement on all other reserves held on the council's Balance Sheet (including the Housing Revenue Account). It is shown on page 37. Further information on each of the reserves held and how it may be used is also detailed within notes 28 and 29 on pages 81 to 85; and
- **the Housing Revenue Account** - shows the income and expenditure for council housing services for the year. It is shown on pages 87 to 89 which also includes the Statement of Movement on the Housing Revenue Account Balance.
- **Capital expenditure** is analysed in note 18 on page 69 which details the capital expenditure and the sources of finance used to fund the capital plan investment in 2019/20.
- **the Balance Sheet** on page 38 summarises the assets and liabilities of the council. It is a statement of the resources of the council and the means by which they have been financed. It is also a report on the council's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms.

Management Commentary (Cont'd)

3. Overview of Core Financial Statements (Cont'd)

- **the Cash Flow Statement** on page 39 shows the inflows and outflows of cash arising from transactions with third parties on both day to day revenue transactions and on capital activities. Cash is defined for the purpose of the statement as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.
- **Notes to the Core Financial Statements** are provided on pages 40 to 86 and give further information and analysis of each statement, with the main accounting policies detailed on pages 102 to 115.

Comprehensive Income and Expenditure Statement

General Fund

This account covers the day to day operational income and expenditure for each service of the council and is reported in line with the council's committee structure.

Income from council tax, non-domestic rates, capital and revenue support grants was £251.590m with a net expenditure on services for the year of £234.013m (shown on page 36 - Net Cost of Services).

Due to tight financial control over service spending, the council was able to return an in year surplus from services of £0.586m against budget (2018/19 £0.675m surplus). A number of favourable variances (particularly within Corporate Services and Infrastructure, Regeneration and Economic development service areas) are due to specific management action in areas such as: control of vacancies and staff cover; general process and efficiency reviews; specific restructuring of service delivery; spending control; and implementation of agreed savings targets. Although, there is an element of demand led favourable variances, the level of favourable variance has been partially offset due to spend pressures, particularly within Teacher Probationer costs and Additional Specialist Needs and Secondary Schools within Educational Services. During the Council's annual budget process, efficiencies are identified and agreed for action. These savings are monitored monthly as part of the budgetary control process. For 2019/20 the savings monitored totalled £2.739m, with £2.244m being achieved.

The council's in-year collection of council tax decreased slightly from 95.55% in 2018/19 to 95.15% in 2019/20. Uncollected council tax is pursued for collection after the end of the financial year.

After taking account of the increase in general earmarked balances since 31 March 2019 (£0.474m), the net commitment to future budgets (£2.663m, included within the overall earmarked balance) and the in-year budgetary position (£0.586m), the overall deficit for the year was £1.603m. This is deducted from the brought forward balance from the previous year (£10.998m), resulting in an accumulated surplus at 31 March 2020 of £9.395m (as shown on page 37). This includes an earmarked amount of £6.643m leaving £2.752m available for future use. Of the earmarked balance £2.065m is set aside for the Council's Change Fund and £0.500m remains of the Apprenticeship Fund.

This un-earmarked balance compares with that of £4.828m as at 31 March 2019 and shows that the un-earmarked reserve position has decreased by £2.076m during the year. The council's Prudential Reserves Policy is to retain a prudential reserve of 2% of net expenditure (excluding requisitions to Valuation, SPT, etc.) in order to safeguard assets and services against financial risk. The current target prudential reserves level for the General Fund is £4.305m and the position at financial year end is less than this by £1.553m (the main reason for this position is due to budget commitments for 2020/21 as agreed by Council and is detailed later within the Management Commentary). The General Fund's budgetary performance for the year is summarised in the following table. The table also highlights how the in-year surplus affects the overall reserves balance held for future use.

Management Commentary (Cont'd)

3. Overview of Core Financial Statements (Cont'd)

	Original Budget £000	Revised Budget £000	Spend Against Budget £000	Variance £000	£000
Total General Services Reserves Held as at 31/3/19					(10,998)
Corporate Services	19,170	18,900	17,799	(1,101)	
Educational Services	92,477	97,070	98,525	1,455	
Infrastructure, Regeneration and Economic Development	26,094	25,875	25,337	(539)	
Housing and Communities	3,517	3,686	4,602	916	
Health & Social Care Partnership, including Criminal Justice	69,818	69,321	69,321	0	
Loan charges	6,868	6,897	6,831	(66)	
Other	1,135	1,684	564	(1,120)	
Total Expenditure (1)	219,079	223,433	222,978	(455)	
Council Tax	(34,797)	(34,797)	(34,825)	(28)	
Revenue Support Grant/ NDR	(183,307)	(187,606)	(187,709)	(103)	
Use of Reserves	(975)	(1,030)	(1,030)	0	
Total Income (2)	(219,079)	(223,433)	(223,564)	(131)	
Net Budgetary Control Position (3) = (1) + (2)				(586)	
Earmarked during year				2,663	
Net movement in Earmarked balances				(474)	
Movement in Reserves from 1/04/19 to 31/03/20					1,603
Total General Services Reserves Held as at 31/3/20					(9,395)
Net decrease in the Movement in Reserves before transfer to Statutory Reserves					2,735
Transfer from statutory reserves					(1,132)
					1,603

The movement of £1.603m noted above reflects the in-year movement in the General Fund balance (i.e. opening balance 1 April 2019 of £10.998m and the closing balance as at 31 March 2020 of £9.395m) and is further detailed within the Movement in Reserves Statement on page 37. The following table sets out a reconciliation of the deficit on the provision of services within the Comprehensive Income and Expenditure Statement (page 36) of £7.163m to the revenue budgetary outturn of £0.586m.

	£000	£000
Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement		7,163
Removal of statutory adjustments not included in budget outturn (note 4):		
Reversal of entries included in the surplus/ deficit on the provision of services in relation to capital expenditure (including depreciation and impairment)	(662)	
CFCR	8,397	
Pension adjustment	(20,025)	
Statutory repayment of debt	7,624	
Transfer to other statutory reserves	(993)	
Net gain / (loss) on sale of non current assets	(1,463)	
Other adjustments	22	(7,100)
Deficit on Provision of Services in Note 13 - Expenditure and Funding Analysis		63
Adjust for movements to/from other statutory reserves		
HRA reserve	2,672	
Other reserves	(1,132)	1,540
Movement in General Fund Balance		1,603
Adjustments for earmarked funds:		
Net Commitment to in-year budget*	(2,663)	
Release of earmarked sums	474	(2,189)
Net General Fund budgetary control position 2019/20		(586)

Management Commentary (Cont'd)

3. Overview of Core Financial Statements (Cont'd)

* Made up of:

Council - November 2019 - Winter Gritting	45
Council - December 2019; February 2020 - Foodshare	50
Council - February 2020 - Clydebank Independent Resource Centre	31
Council - March 2020 - Zero Carbon	344
Council - March 2020 - Free School Meals	300
Council- March 2020 - Budget 2020/21	1,893
	<u>2,663</u>

Housing Revenue Account (HRA)

By law the council maintains a separate account for the running and management of its housing stock and had 10,042 housing units at 31 March 2020 (10,397 31 March 2019), movement as follows:

Opening house numbers	10,397
Disposals	0
Demolitions	(365)
Buy back	10
New builds	0
Closing house numbers	<u>10,042</u>

After the impact of earmarked balances, the account shows a surplus for the year of £1.173m. In line with the prudential reserves policy (2% of expenditure), the target reserves level for the HRA for 2019/20 is £0.883m. Taking account of the in-year surplus (£1.173m), the brought forward balance from the previous year £1.606m and the in-year effect of the Loans Fund Review (£1.145m), the balance available to the HRA for future use is £3.924m, (earmarked reserves of £3.041m and free reserves of £0.883m). The HRA's budget performance for the year is summarised in the following table. The table also highlights how the in-year surplus affects the overall reserves balance held for future use. Further information is noted on pages 87 to 89.

	Budget	Spend Against Budget	Variance	£000
	£000	£000	£000	
Total HRA Reserves Held as at 31/3/19				(1,606)
Total Expenditure	43,204	42,004	(1,200)	
Total Income	(43,204)	(43,177)	27	
Net Budgetary Control Position			(1,173)	
Loans Fund Review Adjustment			(1,145)	
Net transfer from earmarked balances			0	
Movement in Reserves from 1/04/19 to 31/03/20				<u>(2,318)</u>
Total HRA Reserves Held as at 31/3/20				<u>(3,924)</u>

The net budgetary position on the HRA Statement noted above of £1.173m compares to the surplus noted within the HRA Income and Expenditure Statement (page 88) as detailed below:

Management Commentary (Cont'd)

3. Overview of Core Financial Statements (Cont'd)

	£000	£000
(Surplus)/Deficit for the year on HRA Services		(18,188)
<u>HRA Movement in Reserves (as noted on page 88)</u>		
Adjustments to the revenue resource	3,918	
Adjustments between Revenue and Capital Resources	12,743	
Transfers (to)/from Other Statutory Reserves	354	17,015
Movement in the HRA Reserve		(1,173)
<u>Adjustments for earmarked funds:</u>		
Use of earmarked sums		0
Net HRA budgetary control position 2019/20		(1,173)
HRA reserve as at 1 April 2019		(1,606)
Use of earmarked sums		0
Adjustment for Loan Fund Review		(1,145)
Transfer of surplus to reserves		(1,173)
HRA reserve as at 31 March 2020		(3,924)

Spend relating to the net budget position of £1.173m surplus is included within note 13 (Expenditure and Funding Analysis) on page 59.

Reserves

As at 31 March 2020, the usable reserves currently held by the council are noted below, with further information on the future use of such reserves detailed within notes 28 and 29 on pages 81 to 85.

	General Services £000	HRA £000	Total £000
Unearmarked Reserve	2,752	883	3,635
Earmarked Reserve	6,643	3,041	9,684
Total Revenue Reserve	9,395	3,924	13,319
Capital Receipts Reserve	0	0	0
Capital Grants Unapplied	132	0	132
Capital Reserve	2,169	0	2,169
Other Reserves	214	0	214
Total Usable Reserves	11,910	3,924	15,834

Prudential Target	4,305	883
-------------------	-------	-----

Provisions

The council currently has one provision held on its Balance Sheet; with a total value of £0.232m which is held for potential equal pay claims being awarded against the council (see Note 27 on page 81).

Cash Flow Statement

The council's cash flow statement shows an increase of cash and cash equivalents of £4.293m during 2019/20 (see page 39) mainly as a result of borrowing for capital spend on non-current assets.

Management Commentary (Cont'd)

3. Overview of Core Financial Statements (Cont'd)

Trading Operations

The council maintains separate accounts for two statutory trading operations under the provisions of the Local Government Scotland Act 2003:

1. Housing Property Maintenance (HMT0); and
2. Grounds Maintenance and Street Cleaning.

These operations returned a total surplus of £2.387m, though the HMT0 produced a loss during 2019/20 (£0.014m) due to the in-year effect of charges for pensions through the International Financial Standard (IAS19). Both operations have achieved a break even performance over the last three years, consistent with their statutory requirements. Note 5 on page 48 provides further detail.

Balance Sheet

The Balance Sheet on page 38 shows that during 2019/20, the net assets have increased by £93.934m (from £190.978m to £284.912m). The main movement is due to a decrease in the pension liability of £71.138m which is explained below. There has also been movement within non-current assets and borrowing, in line with the spend and funding agreed within the capital plan.

Pension Assets and Liabilities

The Balance Sheet on page 38 shows an assessed pension fund liability of £134.077m using a snapshot valuation at 31 March 2020. Further information on this is provided in note 11 on pages 53 to 59. The valuation states that assets held at the valuation date were sufficient to cover 85.6% of accrued liabilities (81.07% in 2018/19). The pension scheme liability has decreased by £71.138m as advised by the appointed actuaries, and this is mainly as a result of the downwards movement in the assumptions of future pension, and salary increases and discount rate. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers together with planned recent increases in employers' contributions provide sufficient security and future income to meet future pension liabilities.

Non-Current Assets

The council owns a number of different types of assets, as listed in the Balance Sheet. These assets are used for ongoing and future service delivery provided by the council to its citizens. The remit for the council's Strategic Asset Management Group is to ensure the most efficient use of these assets in pursuit of the council's strategic priorities. The Group manages this through ongoing review of the overarching Strategic Asset Management Plan, which is then supported by a number of individual Asset Management Plans (including properties, infrastructure, vehicles and equipment, etc.). Note 1 (Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty) provides further information regarding what is considered the effect of covid-19 on the valuation of council assets and the assumptions that are contained within these Financial Statements regarding this.

The council requires to assess the value of assets held based on current market conditions, while in the current year particular assets have increased in value by £20.899m. At the same time, impairment and downward revaluations have reduced the value of other assets held by the council by £9.385m, resulting in a net increase in value of £11.514m. These movements adjust either the revaluation reserve in the Balance Sheet or are included within the Net Cost of Service within the Income and Expenditure Statement, depending on the history of the asset.

Management Commentary (Cont'd)

3. Overview of Core Financial Statements (Cont'd)

Borrowing

The council's Treasury Strategy for 2019/20 was agreed by the Council on 27 March 2019. The council raised new long term loans of £50.868m (2018/19 £0.331m) and short term loans of £218.744m (2018/19 £201.006m) and repaid naturally maturing debt of £201.304m (2018/19 £185.258m). The total outstanding long term debt (excluding PPP debt) as at 31 March 2020 was £276.905m (2018/19 £231.084m) including £115.241m (2018/19 £102.024m) for the council's housing stock. The total outstanding short term debt was £237.091m (2018/19 £214.371m), including £98.671m (2018/19 £94.645m) for the housing stock. The interest and expenses rate charged by the council's loans fund was 2.58% (2.78% in 2018/19). Due to the current interest rates, the Council has followed a strategy to maximise the benefit in short term borrowing to fund capital expenditure.

The HRA 5 year capital plan was agreed on 14 February 2019, the General Fund 10 year capital plan and the council's Treasury Management Strategy 2019/20 were agreed by Council on 27 March 2019. These agreed plans highlight the projected capital spend and its required resourcing. Also detailed is the impact on the council's ongoing revenue finance and borrowing levels which the council has committed to, through its Capital Plans. The council's revenue budget is agreed following the consideration and approval of the Capital Plan.

Capital Finance

The council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing capital programmes for 2019/20 and beyond. The Council's [Treasury Management Strategy](#) and [Capital Strategy](#) are approved at Council as part of the budget setting package. Details of the capital expenditure and financing are shown in note 18 on page 69. Total gross capital expenditure amounted to £108.229m the split between General Services and HRA is noted in the table below. The main capital projects progressed during 2019/20 were:

General Services

Schools Estate Improvement
St. Patrick's PS New Play Upgrades
A811 Infrastructure Works
Integrated Housing Management System
New Play & Recreation at Radnor Park,
including MUGA

HRA

Void Housing Strategy Programme
Building external component renewals
Environmental Renewal Works
Targeted EESSH compliance works
Door and window components
Affordable Housing Supply Programme

During 2019/20, the council had budgeted capital expenditure of £140.438m with an actual in year spend of £108.229m. The unspent amount (£32.209m) includes overspends, underspends and slippage, as noted within the table below. The total slippage on planned spend was £34.942m – 24.88% of the overall capital programme which is summarised in the following table:

	Original Budget £000	Actual Spend £000	Variance £000	Overspend £000	Underspend £000	Slippage £000
Service						
Corporate Services	2,757	2,007	(750)	0	(19)	(731)
Education	5,236	6,535	1,299	69	0	1,230
Infrastructure, Regeneration and Development	56,851	35,099	(21,752)	163	(258)	(21,657)
Housing and Communities	275	219	(56)	1	0	(57)
Miscellaneous Services	3,022	4,197	1,175	1,175	0	0
Health and Social Care Partnership	9,581	9,022	(559)	0	0	(559)
General Services	77,722	57,079	(20,643)	1,408	(277)	(21,774)
HRA	62,716	51,150	(11,566)	2,867	(1,265)	(13,168)
Total	140,438	108,229	(32,209)	4,275	(1,542)	(34,942)

Management Commentary (Cont'd)

3. Overview of Core Financial Statements (Cont'd)

The majority of the slippage has occurred within a small number of larger capital projects and is mainly due to the timing of starting individual projects, for various reasons, not all within council control, and the delayed spend on these projects moved into capital budgets for 2020/21 onwards. The most significant slippage was experienced against the following projects:

General Services	
Depot Rationalisation	A revised business case is being developed following discussions with services around additional requirements.
Gruggies Burn Flood Prevention	Delay due to alternative design solutions requiring to be considered.
Vehicle Replacement	Delay due to the vehicle build time associated with the specialist vehicles and the delivery lead time from the date of supply order placement.
Posties Park Sports Hub	Issue have led to changes to the proposal which required further planning permission.
A811 Lomond Bridge	A longer than expected planning consent process has delayed the start of this project.
HRA	
New house build	Due to a number of different complexities there were delays to getting on site across each of the new build sites.
Projects to deliver housing strategies (Buy Backs)	These are subject to stringent criteria to ensure accountability and value for money for tenants and involves several key stakeholders which resulted in time delays
Doors/Windows	Completions have been affected by windows supply delay and instances of no-access
Statutory/ regulatory compliance	This work has involved a significant number of properties and has presented a major demand on labour resources which has impacted overall completions.
Building external components	A combination of overall performance on roofing progress and protracted negotiations with owners has delayed progress.

Public Private Partnership (PPP) and other Long Term Liabilities

The council entered into a PPP for the provision of three new community learning centres and a primary school providing the council with replacement buildings for three secondary schools which were handed over in 2009/10 with the primary school handed over during 2011/12. In accordance with statutory accounting guidance, full detail is provided within note 20 on pages 70 to 71.

On 31 March 2016, the council entered into a 25 year 'Design, Build, Finance and Maintain' (DBFM) arrangement with the Scottish Government via the Scottish Futures Trust, for the provision of a further new secondary school. The school was handed over for use by the council during 2017/18.

Management Commentary (Cont'd)

3. Overview of Core Financial Statements (Cont'd)

Group Accounts

Local authorities are required to prepare group accounts in addition to their own Financial Statements where they have material interest in other organisations. The group accounts on pages 92 to 101 consolidate the council's Financial Statements, the Common Good and Trust Funds and six other entities (including two further subsidiaries – West Dunbartonshire Leisure Trust and Clydebank Property Company). The effect of combining these entities on the Group Balances Sheet is to increase reserves and net assets by £30.025m creating an overall net asset of £314.937m. This includes the combined pension liability of these organisations similar to that of the council. As there is no reason to suggest the future funding to these organisations will not continue, the accounts have been prepared on a going concern basis.

4. The Financial Outlook, Key Risks and the Future

In setting the budget for 2020/21, the council faced a number of significant financial pressures resulting from reducing central government funding, inflationary pressures and service demand increases and the ongoing impact of the economic position and welfare reform.

The council's Long Term Financial Strategy (LTFS) published in November 2019 highlighted that the pressure on public finances is expected to continue for the next 5 years. Local Government is not one of the "protected" spend areas within the Scottish Government's budget, which means it is likely that ongoing real terms funding reductions will be experienced.

At the same time demand for services is expected to continue to increase, driven by demographic change and policy pressures. The Scottish Government settlement for 2020/21 was a further one year settlement though the settlement was better than had been anticipated, particularly as a result of additional funds allocated by the Scottish Government in getting the budget through Parliament. It is not clear, due to single year settlement how the 2020/21 settlement will translate into future years.

The LTFS is reviewed annually providing analysis of issues for the next three financial years and some higher level analysis and risks over the next 10 years. The strategy aims to allow the council to plan ahead and take appropriate action to maintain budgets within expected levels of funding.

The council refreshed the Long Term Financial Strategy in November 2019 and in setting the council budget for 2020/21 in March 2020. Following the setting of the budget in March 2020, the projections have identified current expected gaps of £6.051m in 2021/22 and a further £7.017m for 2022/23. The strategy will be reviewed by council later in 2020 and in setting the budget for 2021/22. At the Council meeting on 4 March 2020, the General Fund and HRA capital plans and HRA revenue budget for 2020/21 were approved. These plans include funding for a number of projects over the next three years and the revenue impact of these investments will be built into future revenue plans.

The General Services revenue budget for 2020/21 was set with the use of revenue reserves, an element of which was generated from a Loans Fund Review (£1.893m) agreed by Council prior to setting the revenue budget for 2020/21, following external advice on accountancy treatment of the overpaid principal payments in previous years. During the drafting of the 2019/20 Financial Statements, the advice was updated resulting in the reserve projected from actioning the Loans Fund Review not being available for use as planned. Therefore, this element of reserves to be used to balance the 2020/21 budget now requires to be generated from the council's free reserve – bringing the level of free reserves under the Prudential Reserve Target. The council will consider action required to meet the Prudential Target at future Council meetings.

Management Commentary (Cont'd)

4. The Financial Outlook, Key Risks and the Future (cont'd)

Covid-19

Late in financial year 2019/20 it became apparent that the covid-19 outbreak was becoming serious and the UK and Scottish Government imposed lockdowns on work life from 23 March 2020 with schools having closed on 20 March 2020. Due to the timing of this move there has been little impact in 2019/20 in terms of governance and control processes. Clearly the impact of covid-19 will be significant across Scotland and this is no different within West Dunbartonshire Council, with most non-care service provision ending or significantly reduced as from the date of lockdown. Covid-19 lockdown has had and will continue to have financial and service provision implications, even as lockdown eases over time and as long as social distancing and other virus control measures require to be implemented and followed. It is anticipated that the most significant financial impact will be experienced in 2020/21. Early in 2020/21 the Council implemented revised governance and cost control measures. The financial impact is not yet known, however the Scottish Government has provided additional funding to support the Council. The ongoing financial impact will be reported to Members together with details of the revised governance arrangements as required and it may be necessary for the Council to make decisions on future service delivery depending on the totality of the financial impact and Government funding availability. A detailed approval log is being maintained and scrutinised by senior management, including approval requirements of any decisions with financial implications for the council.

Government imposed lockdown has resulted in closure of all educational provision, cultural and leisure provision, significantly reduced activity in relation to building works, roads works, outdoor services and changes to waste management. Offices and face-to-face service provision have been significantly reduced. A large number of staff have been able to work from home and educational hubs and crisis and support provision has been implemented to support residents most in need of support. Social care services have continued though, in some cases, in a different or reduced format as risk has been balanced with need and due to high numbers of staff being impacted either by infection or isolating. Through the lockdown period staff have been advised to stay at home except for those where it has been deemed that it was essential that they physically attend work. Sickness rates have varied across services with a short peak in covid-related absence offset generally by a reduction in other absences. The Council has followed Scottish Government procurement guidance in relation to supporting businesses through the crisis. Capital projects will have been delayed due to covid; it is currently not clear as to the extent of this and any financial impact of this.

With significant disruption on how services are being delivered into 2020/21, which is certain to continue in the medium to longer term, the CMT are developing plans to capture the shift from business as usual activity and ensure the council can continue to meet requirements and achieve the strategic priorities set out in the Strategic Plan. This planning activity will take into consideration the reflective learning from the first phase of responding to the pandemic and engaging with key stakeholders in planning future service provision.

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate PPE and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. In addition there is an impact on income levels as services are closed and it is unclear how this will recover as lockdown eases.

The “new normal” will have an impact on service demand and the consequences of this will have to be clearly laid out within the current performance management and reporting framework and in future service and budget planning. It will be important for the Council, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.

Management Commentary (Cont'd)

The Financial Outlook, Key Risks and the Future (cont'd)

Currently the Scottish Government has provided significant additional resource and flexibilities to assist the Council to date, though the availability of further funding is unclear and uncertain. There is a significant risk that Council will require to consider service reductions and potential use of reserves to manage the financial impact. Currently it is not clear as to the ongoing future financial impact of covid-19 on the Council and its reserves. There is an expectation that financial impact will continue to be offset by government financial assistance, whether in direct monetary means or through provision of financial flexibilities.

The budgetary control report to Council on 30 September 2020 projected that the net annual cost of covid-19 to the council for 2020/21 was £2.229m. This figure continues to be updated as further additional costs and additional Scottish Government funding support becomes known. At this time the projected impact for 2021/22 is unknown.

Management of Risk

The main financial risks identified by the council over the medium and long term are highlighted within the council's Long Term Financial Strategy and includes:

- the unknown position from government on future funding levels particularly given the ongoing decline in council population and the potential of continued austerity measures;
- the unknown financial implications of covid-19 and funding support from Scottish Government;
- the impact of the ongoing implementation of Universal Credit;
- changing demands and needs for council services (particularly in relation to older people); and
- council also plans major investment in a number of significant capital projects which will change the way in which some services are delivered and are partially funded through projected revenue savings – there is a risk that expected savings are not as planned.

The Annual Governance Statement, shown on pages 19 to 27, details the arrangements the council has put in place for the proper governance of the council's affairs and for the management of risk. This Statement explains the system of internal control in place and sets out improvement actions to the governance framework identified from the council's ongoing review of these arrangements.

Risks are identified with actions to minimise and/or mitigate those risks (where possible) through the council's performance monitoring system (pentana), which is reported to Members on a regular basis. The Scottish Government changed council tax rules 2017/18 and there is potential for further reform of local government funding and organisation over the next few years.

The Future

In recognition of the projected ongoing financial position, the council continues to identify service redesign and business transformation options and these will be reported to appropriate committees during 2020/21. Significant cost reductions have been generated through planned actions to generate savings and more efficient ways of working. As stated above the financial impact of covid-19 places a further layer of uncertainty and financial risk to the ongoing Council funding and the ability to continue to provide services on an ongoing basis.

A number of major projects have been underway during 2019/20 as follows:

- **Glasgow City Region City Deal** – the council, together with a number of other Scottish local authorities, is participating in the Glasgow Region City Deal which will see over £1.1 billion invested in the area. The City Deal consists of a number of significant capital projects across the area together with employability projects – in order to generate economic regeneration and additional jobs. The project within the City Deal specific to the council is an infrastructure project at the Exxon site at Bowling to regenerate that site and to create a relief road along the A82 at Milton. The project development is progressing with the outline business case approved during 2016/17 and the final business case due for consideration by December 2021;

Management Commentary (Cont'd)

The Financial Outlook, Key Risks and the Future (cont'd)

- **Development of Queens Quay and District Heating** – the council, in partnership with the private sector, are funding the redevelopment of Queens Quay in Clydebank – bringing a significant former industrial site back into use. This project will be home to a new council-run care home for older people; a new medical centre run by the Greater Glasgow Health Board; around 1,000 new homes; and new commercial provision. This longer term project should support the economic development of Clydebank and is expected to generate net in-migration to West Dunbartonshire. In 2016/17 council and the Scottish Government approved the development of an innovative district heating system on this site to provide heat to all of the existing and new provision within Queens Quay and beyond. Significant physical progress was achieved on these various elements of the wider regeneration project during 2019/20;
- **UK withdrawal from the European Union** - in line with recommendations from Audit Scotland, an ongoing assessment of the risk to the council arising from the UK's withdrawal from the European Union continues. This allows the Corporate Management Team to conclude that the risks to the council are generally low, but not fully defined. The council continues a watching brief on developments and reviews the identified risks on an ongoing basis;
- **Strategic Programmes** – in the most recent Long Term Finance Strategy to November 2019 Council a number of potential change areas were identified. These are under consideration for development and implementation to assist close future funding gaps. Many of the previous projects are complete or near completion and senior management monitors progress on agreed efficiency projects through the Change Board and budgetary control reports provide updates on progress to Members. Where appropriate, business cases will be developed, and where required, reports will come to future Council and Committees for consideration; and
- **Council's More Homes Strategy** – plans have been approved for the council to deliver over 1,000 new affordable homes within the area over the period to 2021. This strategy is expected to produce net in-migration and regeneration, as well as provide modern affordable housing.

5. Other Information

Asset Management

The council has a significant investment embedded in assets, comprising offices, schools, vehicles, houses, ICT infrastructure and equipment, etc. and it is important that these are managed in an efficient and effective manner. The council has an overarching Asset Management Strategy which was refreshed in December 2016 along with the Property Asset Management Plan at the same time. Service specific Asset Plans covering Open Spaces, Roads Structures, Housing and Vehicle, Fleet and Plant were all approved at the relevant service committees during 2017. The next update required is for the Asset Management Strategy and Property Asset Plan at the end of 2021 therefore no updates are required to any existing plans during financial year 2020/21. In addition an asset disposal strategy is in place to maximize the benefit from assets that the council no longer requires and this strategy is important in generating capital receipts to support elements of the capital plan.

Best Value Assurance Report

During 2017/18 the council was audited under the revised Best Value audit approach, where the auditors reviewed the council's approach to strategic planning, financial planning, workforce planning, partnership working, performance reporting and continuous improvement. The report by the Accounts Commission was published on 28 June 2018 and was positive and showed that the council had made significant progress since the previous Best Value report in 2006 and follow-up reports to 2010. Five areas for improvement were identified and improvement actions now implemented in full on these areas – more detail is provided within the Annual Governance Statement within these accounts.

Management Commentary (Cont'd)

Other Information (cont'd)

Carbon Emissions and Energy Consumption

The council is on track to meet the targets set out in the Carbon Management Plan, however the figures for the final year 2019/20 are not yet available, as we await the complete energy and water data. These are reported annually to the Scottish Government in November. The council are currently developing a new Climate change Strategy which will set a target to reduce WDC carbon emissions to 'net zero' by 2045 which will align with Scottish Government targets. We are working to have this completed by the end of 2020.

Equality and Diversity

The council is firmly committed to the principle of equality of opportunity. The council recognises its responsibility as a community leader, service provider and employer to encourage the fair treatment of all individuals and to tackle social exclusion. The council is also committed to eradicate all forms of discrimination, direct or indirect and aims to eliminate discriminatory practices and promote measures to combat its effects. An equal pay audit has recently been produced and a Members Briefing provided in June 2020 on the outcome.

Information on the council's Equalities Mainstreaming and Outcomes Report 2017-2021 can be found on the council website at:

<http://www.west-dunbarton.gov.uk/media/4312511/equalities-outcome-report-2017-2021.pdf>

Consultation and Communication with Workforce

The council is an accredited Living Wage Employer and has in place employee governance arrangements to ensure its employees are well informed, involved in decisions, appropriately trained, treated fairly and consistently and provided with a safe environment. The council carries out periodic employee surveys, the last one being undertaken in 2019, and seeks the views of the workforce through regular consultations with staff and trade unions.

Remuneration Report

This report presents information on the remuneration of senior elected members and senior officers within the council (pages 28 to 35).

Financial Performance Indicators

This commentary includes information on a set of financial performance indicators. These are aimed at providing the reader with a summary of key information and are summarised in the following table:

2018/19 Outturn			2019/20 Target	2019/20 Outturn
	Housing Performance			
9.20%	Percentage of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	8.38%
906	number of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	791
8.64%	Current / former / total tenant arrears as a percentage of net rent due in year	Demonstrates the Council's effectiveness in collecting local housing rents	9.00%	9.64%
£3.518m	Amount of current/ former/ total tenant rent arrears	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	£3.922m
100%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the HRA has, in comparison to the agreed minimum	100%	100%
2.00%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%	2.00%
(£0.014m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	(£0.033m)
99.03%	Revenue budget compared to actual outturn at year end	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	n/a	97.22%

Management Commentary (Cont'd)

Other Information (cont'd)

2018/19 Outturn			2019/20 Target	2019/20 Outturn
	General Services Performance			
£5.46	Cost of collecting council tax (per dwelling)	Demonstrates the Council's effectiveness in collecting local taxation	£5.00	£5.40
15.76%	Council tax as a percentage of overall funding	Demonstrates the amount of budget raised through council tax	n/a	15.59%
95.55%	In-year council tax collection rate	Demonstrates the Council's effectiveness in collecting local taxation	95.60%	95.15%
£33.157m	Amount of income due from council tax for the year that was received	Demonstrates the Council's effectiveness in collecting local taxation	n/a	£34.230m
115%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the GS has, in comparison to the agreed minimum	100%	64%
2.25%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%	1.28%
£0.524m	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	(£2.076m)
99.69%	Revenue budget compared to actual outturn at year end - including top up of provisions	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	n/a	99.74%
	Prudence And Affordability – Capital			
4.78%	Ratio of financing costs to net revenue stream – General Services	Demonstrates how much of the General Fund revenue budget is used to support previous capital investment	4.58%	4.59%
24.41%	Ratio of financing costs to net revenue stream – HRA	Demonstrates how much of the HRA revenue budget is used to support previous capital investment	23.48%	25.55%
£538.132m	Capital Financing Requirement	The amount of planned capital expenditure not yet funded	£626.832m	£600.739m
£584.556m	External Debt Levels (excluding PPP)	The amount of external debt held by the Council. Increases due to funding of the capital programme	£617.853m	£613.938m

6. Where to find more information

In This Publication - An explanation of the Financial Statements which follow and their purpose are shown at the top of each page. The accounting policies and a glossary of terms can be found at the end of this publication and these provide an explanation of the main guidelines and terms used.

On Our Website - Further information about the council can be obtained on the council's website ([West Dunbartonshire Council](http://www.westdunbartonshirecouncil.gov.uk)) or from Finance Services, 16 Church Street, Dumbarton, G82 1QL.

7. Conclusion

The financial results show the council's finances in a fairly healthy position and, considering the ongoing significant financial pressures being faced by the council, we have successfully managed our affairs within the budget set and the financial objectives prescribed. This is a satisfactory outcome and reflects well on both the efforts and professionalism of management, budget holders and on the council's financial management and monitoring procedures. However the impact of covid-19 moving into financial year 2020/21 will certainly bring challenges in terms of cost and uncertainty around availability of Scottish Government funding to support such cost implications. The council's Financial Statements continue to be reported on a going concern basis.

Acknowledgement

The production of the Annual Financial Statements is very much a team effort and we wish to record our thanks to both Finance staff and to colleagues in all services whose efforts have contributed to the completion of these Statements of Accounts.

Councillor Jonathan McColl
Leader of the Council
Date: 25 November 2020

Joyce White
Chief Executive
Date: 25 November 2020

Stephen West
Strategic Lead - Resources
Date: 25 November 2020

Statement of Responsibilities

The Authority's Responsibilities:

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Strategic Lead – Resources;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and so far as is compatible with legislation, in accordance with proper accounting practices (Section 12 of the Local Government in Scotland Act 2003); and
- to approve the Annual Accounts for signature.

I confirm that these audited Annual Accounts were authorised for issue on 25 November 2020.

Signed on behalf of West Dunbartonshire Council

Councillor Jonathan McColl
Leader of the Council
Date: 25 November 2020

The Strategic Lead - Resources Responsibilities:

The Strategic Lead - Resources is responsible for the preparation of the Authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Strategic Lead - Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Strategic Lead - Resources has also:

- kept adequate accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Financial Statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2020.

Stephen West
Strategic Lead - Resources
Date: 25 November 2020

Annual Governance Statement

The Annual Governance Statement explains the Council's governance arrangements as it meets the requirements of the "Code of Practice for Local Authority Accounting in the UK" (the Code) and reports on the effectiveness of its system of internal control, including the reliance placed on the governance frameworks of our partners. It is included within the Council's Financial Statements to assure stakeholders on how the council directs and controls its functions and how it relates to communities in order to enhance transparency and scrutiny of the Council's activities.

Scope of Responsibility

West Dunbartonshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the council's Members and Corporate Management Team (CMT) are responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The council has established an arms-length external organisation: West Dunbartonshire Leisure Trust – to deliver leisure services more effectively on the council's behalf, which reports regularly to Elected Members. From 1 July 2015 the West Dunbartonshire Health and Social Care Partnership was established to continue the development of the integration of social care and health services between the council and NHS Greater Glasgow and Clyde.

The Council has approved and adopted a Local Code of Corporate Governance ("the Local Code"), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: "*Delivering Good Governance in Local Government*". The Local Code evidences the council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA. A copy of this Code is available from the council website at:

<http://www.west-dunbarton.gov.uk/media/4312582/wdc-local-code.pdf>

This statement explains how the council expects to comply with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for the Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises: the systems and processes; and culture and values - by which the council is directed and controlled and through which it accounts to and engages with communities. It enables the council to monitor the achievement of the strategic objectives set out in the Strategic Plan. It enables the council to consider whether those objectives have led to the delivery of appropriate and value for money services.

The council has put in place a system of internal financial control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal financial control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2020 and up to the date of the approval of the Statement of Accounts.

The Governance Framework

The main features of our governance arrangements are described in the Local Code but are summarised below:

Annual Governance Statement (Cont'd)

The Governance Framework (cont'd)

- the overarching strategic vision and objectives of the council are detailed in the Strategic Plan 2017/22, which sets out the key priorities of the council and key outcomes the council is committed to delivering with its partners, as set out in the Local Outcome Improvement Plan;
- Services are able to demonstrate how their own activities link to the council's vision and priorities through their Delivery Plans. Performance management and monitoring of service delivery is reported through service committees regularly. The CMT monitors performance information regularly. The council regularly publishes information about its performance;
- The West Dunbartonshire Community Alliance, which supports Community Planning West Dunbartonshire, represents the views of community organisations, communities of interest and geographical communities. In addition the council has an Engaging Communities Framework in place which sets out our approach to engaging with citizens, community organisations and stakeholders. Consultation on the future vision and activities of the partnership is undertaken in a range of ways, including seeking the views of the Alliance and through specific service consultations and the council actively engages with its partners through community planning arrangements;
- The council has adopted a Code of Conduct and associated employment policies for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members in a localised format. In addition, the council has in place a protocol on member/ officer relations and an inter-party protocol;
- The council operates within an established procedural framework which incorporates a scheme of delegation, standing orders and financial regulations. These describe the roles and responsibilities of Elected Members and officers and are subject to regular review. The council facilitates policy and decision making through the agreed committee structure;
- Responsibility for maintaining and operating an effective system of internal financial control rests with the council's Chief Financial Officer as Section 95 Officer. The system of internal financial control is based on a framework of regular management information, the Financial Regulations, administrative procedures (including separation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the council;
- The council's approach to risk management is set out in the risk management framework. A strategic risk register is in place and an update report on this is regularly submitted to the Corporate Services Committee. The approach is embedded within the council's strategic planning and performance management framework with regular reporting of risk management reported to service committees; and
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.

Review of Effectiveness

The council has a responsibility, at least annually, to review the effectiveness of its governance framework including the system of internal financial control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team which has responsibility for the development, implementation and maintenance of the governance environment, the Chief Internal Auditor's annual report; and reports from the external auditors and other review agencies and inspectorates.

The council's current Code of Good Governance was approved at the Audit & Performance Review Committee on 8 March 2017. An assessment of the council's compliance with the Code of Good Governance is supported by a process of self-assessment and assurance certification by Strategic Leads and the outcome of this assessment was reported to the Audit Committee on 17 June 2020.

Each member of the council's Corporate Management Team was presented with a self-assessment checklist to complete and return as evidence of review of seven key areas of the council's governance framework. The Strategic Directors then considered the completed evaluations and provided a certificate of assurance for their directorate areas.

Annual Governance Statement (Cont'd)

Review of Effectiveness (cont'd)

The Audit Committee performs a scrutiny role in relation to the application of the Code of Good Governance and regularly monitors the performance of the council's Internal Audit service.

In relation to the effectiveness of governance arrangements and systems of internal control for the council's group entities, the council places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) 2017, and reports to the Audit Committee. An annual programme of work is determined and undertaken by Internal Audit, approved by the Audit Committee, based upon an established risk based methodology. The Shared Service Manager – Audit & Fraud provides an independent opinion on the adequacy and effectiveness of the council's System of Internal Financial Control. The Audit Committee performs a scrutiny role in relation to the application of PSIAS and regularly monitors the performance of the Internal Audit service. The council's Shared Service Manager – Audit & Fraud (the council's Chief Internal Auditor) has responsibility for reviewing independently and reporting to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of the code and the extent of compliance with it.

It is our view that the council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify areas of weakness. This is corroborated by an annual assurance statement prepared by the Shared Service Manager – Audit & Fraud stating that reasonable assurance can be placed upon the adequacy and effectiveness of the council's internal control systems.

The system of governance (including the system of internal control) can provide only reasonable and not absolute assurance that the assets are safeguarded, the transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the council's objectives have been mitigated.

COVID-19

The significant incident in late March 2020 and the council's responses as a Category 1 responder during the COVID-19 pandemic tested how well the Council's risk management, governance and internal controls framework is operating. There were examples of innovations, new business processes and solutions, and new technology being embraced in order to deliver services to the community in its role as a Category 1 responder to carry out the following three essential functions: Caring for the Vulnerable; Liaising with Resilience Partners; and Supporting Economic Recovery. This was achieved using amended governance arrangements, new ways of decision-making, leadership and implementation including virtual meetings, conference calls and systems remote access. Meetings of the Audit Committee and Council have been held remotely since April 2020 to allow Members to undertake their scrutiny role. There were regular Elected Member briefings and cross party meetings in order to further share updates on the developments as a result of the COVID-19 pandemic. It was agreed at the Cross Party Group that committee business would be kept to a minimum with only necessary and urgent papers being considered by committee. A small number of temporary delegations were agreed to enable services within Regulatory to continue, assist with the preparation of the annual accounts and deal with taxation matters. The Council's existing Scheme of Governance was also used to enable decisions to be taken which would normally be taken by committee. A report was presented to Council in June 2020 which provided an update in relation to actions and decisions taken under the revised governance arrangements put in place following the Government lockdown on 24 March 2020. A link to this report can be found [here](#).

All members of the council's Senior Leadership Team and key stakeholders are participants in a variety of Local Authority specific Covid-19/Business Continuity response groups supported by the Civil Contingencies Service. A comprehensive Covid-19 Impact Risk Register has been developed covering all aspects of service delivery affected by the pandemic which is maintained on a weekly basis.

Annual Governance Statement (Cont'd)

COVID-19 (cont'd)

With significant disruption to how services are currently being delivered and are likely to continue in the short and medium term, the CMT are developing plans to capture the shift from business as usual activity and ensure the council can continue to meet requirements and achieve the strategic priorities set out in the Strategic Plan.

This planning activity will take into consideration the reflective learning from the first phase of responding to the pandemic and engaging with key stakeholders in planning future service provision.

The financial impact of implementing the required changes to services and service delivery models (eg to support social distancing requirements, support staff with the appropriate PPE and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving.

A detailed approval log is being maintained and scrutinised by senior management, including approval requirements of any decisions with financial implications for the council. The “new normal” will have an impact on service demand and the consequences of this will have to be clearly laid out within the current performance management and reporting framework. It will be important for the Council, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.

Governance Issues and Planned Actions

The following main issues and areas for improvement during 2019/20 have been identified through the self-assessment exercise against the Local Code of Governance:

Improvement Area identified by 2019/20 Exercise	Responsible Officer
Embedding Be the Best Conversations within all service teams.	Strategic Leads
Following COVID-19 work is required in some services to review and update business continuity planning documentation.	Strategic Leads
Aspects of the Business Classification Scheme require to be implemented in some services.	Strategic Leads
Within HSCP, there are occasions when complaints timescales are being missed due to the complexity of response or NHS Policy where the Chief Officer approves all responses. HSCP-wide improvements are currently being reviewed to ensure full compliance.	Chief Officer - HSCP
Within HSCP, improvement is required in relation to streamlining community engagement and service user feedback across services. Self-evaluation and benchmarking activity takes place but a review of services is planned to ensure that the service is meeting user needs. This will be embedded within service delivery plans which are currently being developed.	Chief Officer - HSCP
Within HSCP, stronger governance is required in relation to tracking of action plans and ensuring action deadlines are met.	Chief Officer - HSCP
Continue to lead the implementation of and embed the Contract and Supplier Management Policy across services.	Procurement Manager
Further develop the Workforce Management System	Business Support Manager
Maintenance of HRA housing rental income stream following full rollout of Universal Credit and other welfare reforms. This requires to be monitored as this income stream will be impacted issues arising from COVID-19.	Strategic Lead – Housing & Employability

Annual Governance Statement (Cont'd)

Governance Issues and Planned Actions (cont'd)

Improvement Area identified by 2019/20 Exercise	Responsible Officer
Consolidation of Procurement and Commissioning arrangements ensuring compliance and efficiencies. There are still a number of risk areas contained within the HSCP procurement pipeline priorities. The HSCP SMT has agreed that Commissioning resource requires to be strengthened and a commissioning manager post will be advertised in 20/21.	HSCP – Heads of Service
Continue to develop plans in response to the ageing population. We continue to develop and review services in response to the changing demographic.	Head of Health and Community Care
Review of Learning Disability Service to improve on ways of working to ensure the service is fit for the future demands. Service Improvement lead aligned to service. Full review to be picked up as part of renewal and recovery work.	Head of Mental Health, Addictions & Learning Disabilities
Improved case recording and assessment for children and families who receive statutory social work services.	Head of Children's Health Care and Criminal Justice
Further efforts to reduce absence, supporting both staff wellbeing and containing costs	Chief Officer – HSCP
Continue the implementation of the strategic improvement framework activity on benchmarking, including customer feedback and proof of "best value"	Performance and Strategy Manager

In addition, the self-assessment exercise carried out by Strategic Directors has identified improvements in the following areas:

- The new integrated housing management system went live in November 2019. There were and continue to be challenges with the system and a monitoring and development action plan will be in place for 2020/21 to ensure that remaining issues are fully addressed.
- At the appropriate time, a post-incident review will be carried out in relation to the COVID-19 Pandemic highlighting any lessons learned which will inform future emergency response and recovery arrangements.

In the 2018/19 Annual Governance Statement officers identified a range of areas for improvement during 2018/19. The following table provides an update on progress with these with a number having been completed or are areas which continue to have ongoing focus:

Improvement Area identified by 2018/19 Exercise	Responsible Officer	Status
Continue to review the effectiveness of Be the Best Conversations	Strategic People and Change Manager	Work is ongoing with Services to embed the process.
Increase the percentage of spend that CPU view as being compliant with Financial Regulations	Procurement Manager	Complete. The target of 90% compliance for 19/20 has been achieved and exceeded. (91%). Work is ongoing with relevant Services to increase their percentage of compliant spend.
Continue the implementation of the strategic improvement framework activity on benchmarking, including customer feedback and proof of "best value"	Performance and Strategy Manager	Work is ongoing with Services to embed the process.

Annual Governance Statement (Cont'd)

Governance Issues and Planned Actions (cont'd)

Improvement Area identified by 2018/19 Exercise	Responsible Officer	Status
Consider approaches to identifying, reporting and monitoring wider partnership risk	Strategic People and Change Manager	Complete
Improve reporting of failing KPI's to Members as appropriate	Performance and Strategy Manager	Complete
Embed sensitivity analysis in service level budget and service planning	Finance Manager	Complete
Continue to implement the Contract and Supplier Management Policy.	Procurement Manager	Work is ongoing with Services to embed the process.
Review of processes and procedures for Internal Audit's approach to investigations.	Audit Manager	Complete
Further develop Fraud Risk Assessment process.	Audit Manager	Complete
Implementation of actions identified in the Building Standards Action Plan.	Strategic Lead - Regulatory	Complete
Further develop the Workforce Management System	Business Support Manager	Ongoing – due to technical issues, a few tasks have not been achieved. These will be included along with other improvement areas identified for 20/21.
IT Infrastructure improvements	ICT Manager	Complete
Ensure policies and strategies are compliant with new code of practice, Well Maintained Highways	Roads & Transportation Manager	Complete
Maintenance of HRA housing rental income stream following full rollout of Universal Credit and other welfare reforms	Strategic Lead – Housing & Employability	This action is complete but requires to be monitored as this income stream will be impacted issues arising from COVID-19.
The delivery of a whole system approach to preventing homelessness including the provision of sustainable housing support solutions	Strategic Lead, Housing & Employability	Complete
Identify opportunities to maximise collaborative working to improve delivery of the roads service	Shared Head of Service (Roads & Transportation)	Complete
Best Value Assurance Plan – Capital Projects. Develop Action Plan following Audit Scotland recommendations.	Strategic Lead - Regeneration	Complete
Audit Fire Alarm Systems – Implement Action Plan	Strategic Lead - Regeneration	Complete
Improve monitoring and review arrangements for the Pupil Equity Funding and Care Experienced Children's Fund expenditure to seek to identify aggregate spend across the school estate for the same external provider and procure in an efficient and compliant manner	Strategic Lead – Education, Learning & Attainment	Complete

Annual Governance Statement (Cont'd)

Governance Issues and Planned Actions (cont'd)

Improvement Area identified by 2018/19 Exercise	Responsible Officer	Status
Consolidation of Procurement and Commissioning arrangements ensuring compliance and efficiencies.	West Dunbartonshire Health and Social Care Partnership (HSCP) – Heads of Service	Ongoing - significant process has been made in 2019/20, however there are still a number of risk areas contained within the HSCP procurement pipeline priorities. The HSCP SMT has agreed that Commissioning resource requires to be strengthened and a commissioning manager post will be advertised in 20/21.
Review of Learning Disability Service to improve on ways of working to ensure the service is fit for the future demands	Head of Mental Health, Addictions & Learning Disabilities	Ongoing - Service Improvement lead aligned to service prior to COVID period. Benchmarking against other LD services completed by Ops manager prior to COVID. Full review to be picked up as part of renewal and recovery work.
Continue to develop plans in response to the ageing population	Head of Health and Community Care	Ongoing - we continue to develop and review services in response to the changing demographic. We have rolled out use of the Rockwood frailty tool across all primary and community settings. Our new Focussed Intervention Team has been designed to support people avoid hospital admission. In addition, we are focussing on rolling out ACPs to a much wider proportion of the population. Through Community Planning, the Independence Delivery Group focuses on shared work across agencies and with communities to support all people to remain as independent as possible.
Improved case recording and assessment for children and families who receive statutory social work services.	Head of Children's Health Care and Criminal Justice	Ongoing - work to improve case recording is continuing – most recent updates include changes to capture activity for the Scottish Government National Covid-19 dataset. Review of Care First case recording system by Information Team to be scheduled following lockdown. Improvement activity around assessments and reports is supported by monthly meetings with the Area Locality Reporter (SCRA). Case sampling for children on the child protection register will report to the Child Protection Committee after June 2020.

Annual Governance Statement (Cont'd)

Governance Issues and Planned Actions (cont'd)

Improvement Area identified by 2018/19 Exercise	Responsible Officer	Status
Further efforts to reduce absence, supporting both staff wellbeing and containing costs	Chief Officer - HSCP	Ongoing - analysis of absence data shows a downward trend from the start of this performance year. New Supporting Employee Wellbeing Policy for WDC launched last year, with master classes rolled out.

The council continues to recognise the need to exercise strong management arrangements to manage financial pressures common to all local authorities and the Chief Financial Officer will continue to provide regular updates to council on this subject, including a revised long-term finance strategy.

As highlighted in the 2018/2019 Annual Governance Statement, in relation to procurement, an Internal Audit report provided to Audit Committee in December 2018 highlighted weaknesses in the Council's procurement arrangements within Roads and Greenspace in that a number of procurement processes had been completed without following the Council's Financial Regulations. This was confirmed by an Audit Scotland review which also identified weaknesses in the controls in place to monitor revenue spend consistently against contracts across all services, and for identifying and managing potential conflicts of interest relating to staff involved in procurement activity. Improvement plans from both audits were agreed by management which aim to increase compliance and management processes.

As part of the planned Internal Audit Plan for 2019/20 a follow-up audit on the agreed action plans from the above audit and previous audits where procurement was identified as an area for improvement has now been undertaken and found that in general audit actions have been implemented by management though within Roads and Greenspace while there have been improvements in practice, there are a number of further improvements required. The follow-up Internal Audit report produced a number of further recommendations. These recommendations have also been followed up and all actions have been completed.

For financial year 2019/20, the value (percentage) of compliant regulated procurement was £138,854,810 (91.2%). This compares to the 2018/19 value (percentage) of £104,468,990 (79.7%) of compliant regulated procurement. For 2020/21 a compliance rate of 100% has been set.

The Procurement Annual Report for 2019/20 was presented to the Corporate Services Committee on 11 November 2020.

Best Value Assurance Report

Audit Scotland reported a Best Value Assurance Report on West Dunbartonshire Council to the Accounts Commission on 28 June 2018 which contained five recommendations, all of which are now complete.

Health and Social Care Integration

The council, as the funder of the Social Care services within the West Dunbartonshire Health and Social Care Partnership (HSCP) has an interest in the governance arrangements within the HSCP. Internal Audit arrangements for the HSCP is provided jointly by the council's Internal Audit service and the Health Board's Internal Audit Service, with the council's Internal Audit service providing audit arrangements for social care services and the general oversight of the HSCP's governance arrangements.

The HSCP has arrangements in place to review its own ongoing compliance with the revised Code of Governance. Due to the council's role as social care service provider Internal Audit's process outcomes on such services are reported to the council's Audit Committee as well as that of the HSCP. The Chief Social Worker provides council with an annual report on the performance of the HSCP.

Annual Governance Statement (Cont'd)

Health and Social Care Integration (cont'd)

The financial arrangements for the council's funding to the HSCP are aligned and budget processes run parallel to ensure that appropriate budgets for the HSCP are aligned with council policy and budgeting approaches, particularly in relation to ensuring any efficiency targets for the HSCP funding from the council are planned for and appropriate efficiencies are approved by the HSCP. On an ongoing basis council continues to receive budgetary control information in relation to HSCP services funded by the council.

Compliance with Best Practice

Statement on the role of the Chief Financial Officer in local government

The council complies with the requirements of the CIPFA Statement on *"The Role of the Chief Financial Officer in Local Government 2010"*. The council's Chief Financial Officer (Section 95 Officer) has overall responsibility for the council's financial arrangements, and is professionally qualified and suitably experienced to lead the council's finance function and to direct finance staff.

Statement on the role of the Head of Internal Audit in Public Service Organisations

The council complies with the requirements of the CIPFA Statement on *"The Role of the Head of Internal Audit in Public Service Organisations 2019"*. The council's Chief Internal Auditor has responsibility for the council's Internal Audit function and is professionally qualified and suitably experienced to lead and direct the council's Internal Audit staff. The Internal Audit service generally operates in accordance with the CIPFA *"Public Sector Internal Audit Standards 2017"*.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2019/20 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principle objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment with plans in place to address improvement areas.

Jonathan McColl
Leader of the Council
Date: 25 November 2020

Joyce White
Chief Executive
Date: 25 November 2020

Stephen West
Strategic Lead – Resources
Date: 25 November 2020

Remuneration Report

Introduction

The council is required under statute to provide information on the remuneration of each senior elected member and senior officer and any other officer not otherwise included whose remuneration is over £0.150m per annum. All information disclosed in the tables 1-6 and section (b) of the Remuneration Report is due to be audited by Audit Scotland. The other Sections are reviewed by Audit Scotland to ensure that they are consistent with the Financial Statements.

a) Remuneration - Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2019 (SSI No. 2019/23). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), Senior Councillors and Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the council's political management structure. The regulations stipulate that in addition to the Leader of the Council and the Provost, West Dunbartonshire can appoint a maximum of ten Senior Councillors. The level of remuneration paid to the Leader of the Council, Provost and Senior Councillors is detailed in Table 1.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2019/20 the salary for the Leader of West Dunbartonshire Council was £34,994. The Regulations also state that the maximum yearly amount that may be paid to the Provost (£26,208) is 75% of the total yearly amount payable to the Leader of the Council.

The Regulations also state the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the council may have. The maximum yearly amount that may be paid to a Senior Councillor (£26,208) is 75% of the total yearly amount payable to the Leader of the Council. For 2019/20 the total yearly amount payable by the council for remuneration of all of its Senior Councillors shall not exceed £218,400. The council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. Council policy is to pay Senior Councillors a salary of £21,840, per the decision at Council on 17 May 2017 for 2017/18 onwards.

During 2019/20, the Council agreed the appointment of a Council Leader, Provost, Bailie and 10 Senior Councillors and the remuneration due paid to the 10 Senior Councillors totalled £218,400 (£212,450 in 2018/19). The Regulations also permit the council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme. The pension entitlements for the year to 31 March 2020 are shown in Table 5 on page 33.

The Scheme of Members Allowances which encompasses the salaries of all elected members including the Leader, Provost, Bailie and Senior Councillors was agreed at a meeting of the full Council on 17 May 2017. The [report to Council](#) and the [Register of Members' Expenses](#) is available online.

Remuneration Report (Cont'd)

a) Remuneration – Councillors (Cont'd)

Table 1: Remuneration of Senior Councillors

Name	Position	Year ended 31 March 2020				2018/19
		Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses, Benefits-in-kind	Total Remuneration	Total Remuneration
		£	£	£	£	£
Jonathan McColl	Leader of Council Convener of Community Planning West Dunbartonshire Management Board Convener of Recruitment & Individual Performance Management Committee Convener of Sub Committee on Scheme of Delegation	34,944	0	0	34,944	33,992
William Hendrie	Provost	26,208	0	0	26,208	29,193
Karen Conaghan	Depute Provost Convener of Appeals Committee Convener of Educational Services Committee	21,917	0	0	21,917	21,225
Caroline McAllister	Depute Leader	21,917	0	0	21,917	21,225
Denis Agnew	Bailie	21,840	0	0	21,840	21,245
Jim Brown	Convener of Licensing Board (to 16/3/2020)	21,772	0	0	21,772	21,245
Ian Dickson	Convener of Corporate Services Committee	21,917	0	0	21,917	21,225
Diane Docherty	Convener of Housing & Communities Committee	21,917	0	0	21,917	21,225
Jim Finn	Convener of Licensing Committee Convener of Planning Committee Convener of Tendering Committee	21,840	0	0	21,840	21,245
Iain McLaren	Convener of Infrastructure Regeneration & Economic Development Committee	21,917	0	0	21,917	21,225
Marie McNair	Convener of Integration Joint Board (HSCP)	21,840	0	0	21,840	21,245
John Mooney	Convener of Audit Committee	21,840	0	0	21,840	21,245

Note: The term *Senior Councillor* means a Leader of the Council, the Civic Head or a Senior Councillor, all as defined by regulation 2 of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).

The amount shown under salary, fees and allowances for the post of Provost for 2018/19 is greater than the amount for the post of as senior councillor as there was a discrepancy in the salary paid during the financial year 2017/18 and this was rectified during the year 2018/19.

Remuneration paid to all Councillors

The council paid the following salaries, allowances and expenses to all Councillors (including the Senior Councillors above) during the year:

2018/19	2019/20
£	£
441,708 Salaries	454,811
21,513 Expenses	19,096
463,221 Total	473,907

Remuneration Report (Cont'd)

b) Remuneration - Senior Employees and Senior Employees of Subsidiaries

Note: The annual return of Councillors' salaries and expenses for 2019/20 is available for any member of the public to view at all council libraries and public offices during normal working hours and is also available on the council website at <https://www.west-dunbarton.gov.uk/council/councillors-and-committees/councillors-allowances/>

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/150 sets the amount of salary for the Chief Officials of West Dunbartonshire Council for the period 2018 to 2021. The post of Chief Officer Health and Social Care Partnership is a joint post between West Dunbartonshire Council and NHS Greater Glasgow and Clyde.

The only benefits received by employees are: salary; employer contributions to the pension fund; and where applicable, payment for election duties. There were no bonuses, compensation for loss of office or other benefits paid to senior employees during the year. The remuneration details for senior employees are noted in Table 2:

Name	Position at 31/03/20	Salary, Fees & Allowances 2019/20	Election Duties 2019/20	Total Remuneration 2019/20	Total Remuneration 2018/19
		£	£	£	£
Remuneration of Senior Employees					
Joyce White	Chief Executive	129,053	5,742	134,795	124,956
Angela Wilson	Strategic Director of Transformation & Public Sector Reform	112,086	1,950	114,036	108,535
Richard Cairns	Strategic Director of Regeneration, Environment & Growth	112,086	0	112,086	108,535
Jonathan Hinds	Head of Children's Healthcare & Criminal Justice (started 12/11/18) - Chief Social Work Officer	84,963	0	84,963	30,909 (FYE 77,876)
Laura Mason	Strategic Lead - Education, Learning & Attainment - Chief Education Officer	85,597	0	85,597	83,102
Stephen West	Strategic Lead - Resources - S95 Officer	90,856	470	91,326	88,116
Peter Hissett	Strategic Lead-Regulatory	85,838	4,998	90,836	83,120
Victoria Rogers	Strategic Lead People & Technology	85,838	190	86,028	83,120
Remuneration of Senior Employees of Subsidiaries					
John Anderson	General Manager of West Dunbartonshire Leisure	74,503	0	74,503	72,486

Total remuneration 2019/20 includes election payments for senior employees. There were no elections in 2018/19.

Details of the post of Chief Officer-Health & Social Care Partnership are included in the remuneration report of the Integration Joint Board. West Dunbartonshire Council funds 50% of this post and NHS Greater Glasgow fund the remaining 50%.

Notes

- The term *senior employee* means any local authority employee:
 - who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
 - who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
 - whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

Remuneration Report (Cont'd)

b) Remuneration - Senior Employees and Senior Employees of Subsidiaries (cont'd)

2. The figure for gross salary, fees and allowances shown for senior employees for the year ended 31 March 2020 includes any amounts received for the roles performed for West Dunbartonshire in the elections. There were two elections during 2019/20 (namely: European Election (23/5/2019) and General Election 12/12/19), with no elections in 2018/19;
3. The Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

c) Remuneration of Employees receiving more than £50,000

Council employees receiving more than £50,000 remuneration for the year were paid the following amounts. In accordance with the disclosure requirement of the Regulations, the information in the table shows the number of employees in bands of £5,000. This information includes the senior employees who are subject to the fuller disclosure requirements in the tables above.

Table 3: Remuneration of Employees

	Number of Employees	
	2019/20	2018/19
£50,000 - £54,999	98	57
£55,000 - £59,999	30	43
£60,000 - £64,999	47	33
£65,000 - £69,999	22	2
£70,000 - £74,999	1	1
£75,000 - £79,999	1	2
£80,000 - £84,999	4	8
£85,000 - £89,999	5	3
£90,000 - £94,999	4	0
£105,000 - £109,999	0	3
£110,000 - £114,999	3	0
£120,000 - £124,999	0	1
£130,000 - £134,999	1	0
Total	216	153

d) Pension Benefits

Pension benefits for Councillors and most local government employees are provided through the Local Government Pension Scheme (LGPS). Councillors' pension benefits are based on career average pay. The Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. The pension entitlements for the year to 31 March 2020 are shown in Table 5 on pages 33. The table details the pension entitlement and contributions made by West Dunbartonshire Council in respect of all senior Councillors and senior officers of the council who have opted to join the LGPS.

Remuneration Report (Cont'd)

d) Pension Benefits (Cont'd)

For local government employees, the LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added. Pension is accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 55 but are reduced prior to 60th birthday. Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.

Pension benefits for teachers are provided through Scottish Teachers Superannuation Scheme (STSS). The STSS is a contributory scheme administered by the Scottish Public Pension Agency (SPPA). From 1 April 2015 the scheme is a career average pension scheme. Pension benefits are increased in line with inflation. Pension is accrued at 1/57 of pensionable earnings each year. Pension benefits can be accessed earlier than the normal state pension age but will be reduced if taken earlier than the normal pension age (state pension age).

From 1 April 2009, a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Table 4 provides information on these tiered contribution rates.

Table 4: Contribution Rate

	Contribution rate 2019/20	Contribution rate 2018/19
The tiers and members contribution rates for 2019/20 whole time pay:		
<u>Local Government employees</u>		
On earnings up to and including £21,800 (£21,300)	5.50%	5.50%
On earnings above £21,800 (£21,300) and up to £26,700 (£26,100)	7.25%	7.25%
On earnings above £26,700 (£26,100) and up to £36,600 (£35,700)	8.50%	8.50%
On earnings above £36,600 (£35,700) and up to £48,800 (£47,600)	9.50%	9.50%
On earnings above £48,800 (£47,600)	12.00%	12.00%
The tiers and members contribution rates for 2019/20 actual pay:		
<u>Teachers</u>		
On earnings up to and including £27,697 (£27,047)	7.20%	7.20%
On earnings above £27,697 (£27,047) and up to £37,284 (£36,410)	8.70%	8.70%
On earnings above £37,284 (£36,410) and up to £44,209 (£43,172)	9.70%	9.70%
On earnings above £44,209 (£43,172) and up to £58,590 (£57,216)	10.40%	10.40%
On earnings above £58,590 (£57,216) and up to £79,895 (£78,022)	11.50%	11.50%
On earnings above £79,895 (£78,022)	11.90%	11.90%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of pay from 1 April 2015. Prior to this the accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

Remuneration Report (Cont'd)

d) Pension Benefits (Cont'd)

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. You can retire and receive your benefits in full from your normal pension age. The normal pension age is 65 for any benefits built up before 1 April 2015. For pension build up from 1 April 2015, the Normal Pension Age is not fixed at age 65 but, instead, is the same as the State Pension Age (but with a minimum of age 65).

Table 5: Pension Benefits of Senior Councillors; Senior Employees and Senior Employees of Subsidiaries

		In-year pension contributions		Accrued pension benefits	
		For year to 31 March 2020	For year to 31 March 2019	As at 31 March 2020	As at 31 March 2019
Name	Position at 31/03/19	£	£	£	£
Senior Councillors					
Jonathan McColl	Leader of Council Convener of Community Planning West Dunbartonshire Management Board Convener of Sub Committee on Scheme of Delegation Convener of Recruitment & Individual Performance Management Committee	6,744	6,561	7,701	6,691
Denis Agnew	Bailie	4,215	4,100	6,808	6,234
John Mooney	Convener of Audit Committee	4,215	4,100	3,364	2,853
Jim Brown	Convener of Licensing Board (to 16/3/20)	4,202	4,100	1,269	804
Karen Conaghan	Depute Provost Convener of Appeals Committee Convener of Educational Services Committee	4,206	4,089	1,309	844
Ian Dickson	Convener of Corporate Services Committee	4,206	4,089	1,309	844
Diane Docherty	Convener of Housing & Communities Committee	4,206	4,089	1,309	844
Jim Finn	Convener of Licensing Committee Convener of Planning Committee Convener of Tendering Committee	4,215	4,100	3,839	3,300
Caroline McAllister	Depute Leader	4,206	4,089	1,309	844
Iain McLaren	Convener of Infrastructure Regeneration & Economic Development Committee	4,206	4,089	1,309	844
Senior Employees					
Joyce White	Chief Executive	25,882	24,074	34,669	30,857
Angela Wilson	Strategic Director of Transformation & Public Sector Reform	21,518	20,910	152,976	146,171
Richard Cairns	Strategic Director of Regeneration, Environment & Growth	21,518	20,910	66,414	62,131
Jonathan Hinds	Head of Children's Healthcare & Criminal Justice (started 12/11/18) - Chief Social Work Officer	16,324	6,273	56,502	52,271
Laura Mason	Strategic Lead - Education, Learning & Attainment - Chief Education Officer	16,520	16,039	122,157	116,799
Stephen West	Strategic Lead - Resources - S95 Officer	17,443	16,976	121,856	110,282
Peter Hessest	Strategic Lead-Regulatory	16,480	16,014	84,998	80,723
Victoria Rogers	Strategic Lead People & Technology	16,480	16,014	62,250	58,638
Senior Employees of Subsidiaries					
John Anderson	General Manager of West Dunbartonshire Leisure	14,370	13,965	54,740	51,579

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total public sector service, and not just their current appointment. The pension entitlements for the year to 31 March 2020 for Senior Councillors are shown in Table 5, together with the contribution made by West Dunbartonshire Council to each Senior Councillor's pension during the year. Senior councillors omitted from the table above are not members of the Local Government Pension Scheme.

Remuneration Report (Cont'd)

e) Exit Packages

A number of exit packages were agreed, at a total cost of £0.383m for 2019/20, as shown in the following Table 6.

Table 6

Banding	Number of departures		Total cost	
	2019/20	2018/19	2019/20 £	2018/19 £
£0 - £20,000	10	10	51,385	81,369
£20,001 - £40,000	0	4	0	113,890
£40,001 - £60,000	0	2	0	94,914
£60,001 - £150,000	3	2	331,996	147,003
Total	13	18	383,381	437,176

Note: there were no compulsory packages in this or the previous financial year.

f) Trade Union Facility Time

Facility time generates benefits for employees, managers and the wider community from effective joint working between union representatives and employers.

Details of the facility time within West Dunbartonshire Council during the year to 31 March 2020 is shown in Table 7 below. Further detail can be found at:

<https://www.west-dunbarton.gov.uk/council/performance-and-spending/trade-union-facility-time-reports/>

Table 7

Education Function Employee		All Other Function Employee	
Number of Employees	FTE employee Number	Number of Employees	FTE employee Number
36	32	70	68
Percentage of Time Spent on Facility		Percentage of Time Spent on Facility	
Percentage	Number of Employees	Percentage	Number of Employees
Less < 1%	23	Less < 1%	24
1-50%	11	1-50%	41
51%-99%	2	51%-99%	3
100%	0	100%	2
Total cost of facility time		Total cost of facility time	
£58,576		£130,757	
Total pay bill		Total pay bill	
£44,271,440		£102,356,074	
Percentage of Pay Bill Spent on Facility		Percentage of Pay Bill Spent on facility	
0.13%		0.13%	
Paid TU Activities		Paid TU Activities	
4.32%		9.35%	

Remuneration Report (Cont'd)

Jonathan McColl
Leader of the Council
Date: 25 November 2020

Joyce White
Chief Executive
Date: 25 November 2020

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in year, of providing services in accordance with relevant International Financial Reporting Standards, rather than the amount to be funded from taxation. The council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Further detail on the expenditure and income within the Net Cost of Services below is available in Note 13 on page 59.

2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000	Note		2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000
75,514	(51,139)	24,375		Service	75,579	(48,907)	26,672
112,924	(9,858)	103,066		Corporate Services	111,498	(13,250)	98,248
66,871	(17,477)	49,394		Educational Services	64,476	(20,599)	43,877
				Infrastructure, Regeneration and Economic Development			
9,441	(4,475)	4,966		Housing and Communities	10,570	(5,032)	5,538
32,641	(41,957)	(9,316)		Housing Revenue Account	32,714	(42,640)	(9,926)
17,234	(7,094)	10,140		Miscellaneous Services	62	(7,572)	(7,510)
162,129	(92,273)	69,856		Health and Social Care Partnership	170,360	(95,582)	74,778
2,459	0	2,459		Requisitions	2,336	0	2,336
479,213	(224,273)	254,940		Net Cost of Service (1)	467,595	(233,582)	234,013
		3,362		(Gain) / loss on Disposal of Fixed Assets			1,463
		3,362		Other Operating Expenditure (2)			1,463
		(33,805)		Council Tax			(35,296)
		(78,812)	8	Non-Domestic Rates			(84,847)
		(104,759)	8	Revenue Support Grant			(103,571)
		(20,254)	8	Recognised Capital Income (Grants, Contributions & Donations)			(27,876)
		(237,630)		Taxation and Non-specific Grant Income (3)			(251,590)
		(330)	25	Interest Earned			(260)
		19,359	25	External Interest Payable / Similar Charges			19,372
		1,414		Impairment Loss - Debtors			1,380
		5	25	(Gain)/Loss early settlement of borrowing			0
		(3,234)	5	Surplus on Trading Undertakings not included in net cost of services			(2,387)
		3,753	11	Pension Interest Cost/Expected Return on Pension Assets			5,172
		20,967		Finance/Investment Income and Expenditure (4)			23,277
		41,639		(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)			7,163
		(35,563)		(Surplus)/Deficit arising from revaluation of property, plant and equipment			(9,838)
		238		(Surplus)/Deficit on revaluation of available for sale assets			(96)
		49,463	11	Actuarial (gains)/losses on pension fund assets and liabilities			(91,163)
		14,138		Other Comprehensive (Income) and Expenditure (6)			(101,097)
		55,777		Total Comprehensive (Income) and Expenditure (5) + (6)			(93,934)

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. The net increase/decrease before transfer to earmarked reserves line shows the statutory general fund balance and housing revenue account balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Note	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
2019/20										
Opening Balance at 1 April 2019	(10,998)	(1,606)	0	(278)	(2,847)	0	(362)	(16,091)	(174,887)	(190,978)
Movement in reserve 2019/20										
Total Comprehensive Expenditure and Income	25,351	(18,188)	0	0	0	0	0	7,163	(101,097)	(93,934)
Adjustments between accounting basis and funding basis under regulations	(22,616)	15,516	0	(159)	0	(498)	0	(7,757)	7,757	0
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	2,735	(2,672)	0	(159)	0	(498)	0	(594)	(93,340)	(93,934)
Transfers to/from other statutory reserves	(1,132)	354	0	305	678	498	148	851	(851)	0
Closing Balance at 31 March 2020	(9,395)	(3,924)	0	(132)	(2,169)	0	(214)	(15,834)	(269,078)	(284,912)
2018/19										
Opening Balance at 1 April 2018	(10,975)	(7,422)	0	(314)	(3,269)	0	(478)	(22,458)	(224,297)	(246,755)
Movement in reserve 2018/19										
Total Comprehensive Expenditure and Income	45,034	(3,395)	0	0	0	0	0	41,639	14,138	55,777
Adjustments between accounting basis and funding basis under regulations	(41,562)	8,838	0	36	0	(3,430)	0	(36,118)	36,118	0
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	3,472	5,443	0	36	0	(3,430)	0	5,521	50,256	55,777
Transfers to/from other statutory reserves	(3,495)	373	0	0	422	3,430	116	846	(846)	0
Closing Balance at 31 March 2019	(10,998)	(1,606)	0	(278)	(2,847)	0	(362)	(16,091)	(174,887)	(190,978)

Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories:

1. Usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt); and
2. Unusable reserves, i.e. those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'adjustments between accounting basis and funding basis under regulations'.

Revised 2018/19 £000	Notes		2019/20 £000
928,095	14	Property, Plant and Equipment	1,011,526
210	15	Intangible Assets	175
27		Long Term Debtors	23
1,406	17	Heritage Assets	1,406
4,500		Long Term Investments	495
934,238		Long Term Assets	1,013,625
5,670	16	Asset Held for Sale	8,053
1,060		Inventories	1,231
45,585	21	Short Term Debtors	43,051
12,745	24	Cash and Cash Equivalents (net)	17,038
65,060		Current Assets	69,373
(351)	27	Provisions	(232)
(46,899)	26	Short Term Creditors	(42,167)
(214,370)	25	Short Term Borrowing	(237,091)
(3,097)	20	PPP	(3,605)
(264,717)		Current Liabilities	(283,095)
734,581			799,903
(231,085)	25	Long Term Borrowing	(276,905)
(100,004)	20	PPP and Finance Lease Liabilities	(96,337)
(205,215)	11	Net Pensions Liability	(134,077)
(7,299)	8	Capital Grants Receipts in Advance	(7,672)
(543,603)		Long Term Liabilities	(514,991)
190,978		Net Assets	284,912
Represented by:			
16,091	MIR/29	Usable Reserves	15,834
174,887	MIR/29	Unusable Reserves	269,078
190,978		Total Reserves	284,912

The unaudited Financial Statements were authorised for issue on 30 June 2020 and the audited Financial Statements were authorised for issue on 25 November 2020.

Stephen West
Strategic Lead - Resources
West Dunbartonshire Council
Date: 25 November 2020

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

2018/19 £000		2019/20 £000	2019/20 £000
41,639	Operating Activities		
	Net deficit on the provision of services		7,163
(41,712)	Depreciation, amortisation and impairment	(28,538)	
(9,054)	Net gain on fixed assets	(1,463)	
(29,553)	Movement in pension liabilities	(20,024)	
103	Movement in inventories	171	
6,696	Movement in debtors	(2,151)	
(9,151)	Movement in creditors and provisions	2,664	
128	Other non-cash movements	(1,106)	
(82,543)	Adjustments to net deficit on the provision of services for non-cash movements		(50,447)
8	Financing movements	22	
20,254	Investing movements	27,876	
20,262	Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities		27,898
(20,642)	Net cash inflow from Operating Activities		(15,386)
68,306	Purchase of property, plant and equipment and intangible assets	109,681	
(3,430)	Proceeds from sale of property, plant and equipment and intangible assets	(803)	
4,008	Movement on long term investments	(4,005)	
(25,379)	Other receipts from investing activities	(28,632)	
43,505	Net cash outflows from investing activities		76,241
(201,337)	Cash receipts of short-term and long-term borrowing	(269,612)	
2,813	Repayment of PPP liabilities	3,160	
185,258	Repayment of short-term and long-term borrowing	201,304	
(13,266)	Financing Activities		(65,148)
9,597			(4,293)
22,342	Cash and cash equivalents at the beginning of the reporting period		12,745
12,745	Cash and cash equivalents at the end of the reporting period		17,038
9,597	Movement – Increase in Cash		(4,293)

Notes to the Financial Statements

Note 1 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the authority's balance sheet as at 31 March 2020, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Potential effect
Property Plant and Equipment – material valuation uncertainty due to Novel Coronavirus (COVID – 19)	<p>The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Market activity is being impacted in many sectors. Valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case.</p> <p>For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.</p>	<p>The majority of the Council's assets that have been valued as at 31 March 2020 are specialised properties and as such have been valued using the Depreciated Replacement Cost (DRC) approach. These valuations were undertaken and submitted shortly before the valuation date and the decision taken to leave them unchanged following consideration of the inputs and the information that was available at the date of the valuation. Following review of the information published by BCIS in terms of build cost information and noted that there had only been a nominal adjustment, less than 1%, between the information relied upon and that which was available on 31 March 2020, it was concluded that this was not sufficient to merit amendment of the valuations provided.</p> <p>The detailed impacts of the pandemic were not known as at 31 March 2020 and, indeed, are unlikely to be known for some time yet.</p>
Property Plant and Equipment – depreciation / useful lives	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will incur in relation to those assets. The current economic climate makes it uncertain that the council will be able to sustain its current level of spending on maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful lives of assets are reduced, depreciation will increase and the carrying amount of assets will fall. It is estimated that the annual depreciation charge for buildings would increase by £1.570m for every year that useful lives had to be reduced.</p>

Notes to the Financial Statements (Cont'd)

Note 1 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (cont'd)

Item	Uncertainty	Potential effect
Provision – equal pay	The council has set aside a provision of £0.232m for the settlement of claims arising from the Equal Pay Initiative, based upon the number of claims received and an average settlement amount. It is not certain that all valid claims have been received by the council or that precedents elsewhere on settlement values will be applicable.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would have an effect of adding £0.023m to the provision needed.
Pension liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase by, changes to retirement ages, mortality rates and expected returns on pension assets held. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions applied.	The effect on the net liability can be measured. However, the assumptions interact in complex ways. During 2019/20 the appointed actuaries advised that the net liability had decreased by £71.138m as a result of estimates being updated and an update to the assumptions.
Arrears and bad debts	As at 31 March 2020, the council had a balance of various debtors (including council tax, sundry debtors, housing rents) of £43.051m with a sliding scale of bad debt provision written against this, depending on the age of the debt.	If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision. However, based upon prior experience, the bad debt provision is considered adequate.

Notes to the Financial Statements (Cont'd)

Note 1 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (Cont'd)

Item	Uncertainty	Potential effect
Fair Value Measurements	<p>When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model).</p> <p>Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the council utilises relevant experts to identify the most appropriate valuation techniques (for example for surplus assets and non-current assets held for sale, the council's estates valuer and for financial instruments the council's treasury advisors).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in notes 14, 16 and 25.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of financial instruments. Surplus assets and non-current assets held for sale have been based on the market value approach. Market conditions are such that similar properties are marketed, purchased and sold actively.</p> <p>The significant observable inputs used include current market conditions and recent sales prices and other relevant information for similar assets in the West Dunbartonshire area together with evidence across the wider West of Scotland for surplus assets and non-current assets held for sale and discount rates for financial instruments.</p> <p>Significant changes in any of these would result in significantly lower or higher fair value measurement for financial instruments as detailed in note 25.</p> <p>Significant changes to the key inputs for non-financial assets would have a significant impact on the value of the properties. However as the properties are valued annually and form a small proportion in relation to the value of the council's overall portfolio the impact of any changes would be limited.</p>

Notes to the Financial Statements (Cont'd)

Note 2 - Material Items of Income and Expense

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the Code requires a disclosure of the nature and amount of material items. Material items of expenditure charged to services in the year are shown in the table below:

Item	Nature	£000
Unitary Charge Payment	Public Private Partnership agreement for the provision of 3 secondary schools and one primary school	11,869
Insurances	Insurance premiums for all policies	2,534
Landfill Tax	A tax paid on the disposal of waste. It is payable to Her Majesty's Revenue and Customs (HMRC)	2,686
Housing Benefit received	Benefit received to support customers on low incomes with housing rent costs	(40,060)
Housing Benefit paid	Benefit paid to support customers on low incomes with housing rent costs	40,980
Care Homes	Cost of providing care home services by external providers	9,264
NHS Resource Transfer	Income received from NHS to support care in the community.	(8,799)
Supplementation	Residential Accommodation for adults and children with disabilities	20,805
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Day Support	1,836
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to Clients	5,210
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to external fostering agencies	2,695
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to Voluntary Organisations	1,252
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to other bodies	3,296

Notes to the Financial Statements (Cont'd)

Note 3 – Adjustments between funding accounting basis and funding basis under regulations

This note provides further breakdown of the adjustments summarised in the Movement in Reserves Statement on page 37. It is identified under the headings Usable and Unusable Reserves. Further detail of the reserves identified under the classification of usable and unusable is given in notes 28 and 29 on pages 81 to 85.

2019/20

	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
Usable Reserves								
Adjustments to the Revenue Resources								
Pension Costs (transferred to (or from) the Pensions Reserve)	(19,157)	(868)	0	0	0	0	0	(20,025)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	12	10	0	0	0	0	0	22
Holiday Pay (transferred to the Accumulated Absences Reserve)	(953)	(40)	0	0	0	0	0	(993)
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	(5,478)	4,816	0	0	0	0	0	(662)
	(25,576)	3,918	0	0	0	0	0	(21,658)
Adjustments between Capital and Revenue Resources								
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	(201)	(1,262)	1,463	0	0	0	0	0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,161	4,463	0	0	0	0	0	7,624
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	8,397	0	0	0	0	0	8,397
	2,960	11,598	1,463	0	0	0	0	16,021
Adjustments to the Capital Resources								
Disposal of non-current asset sale proceeds	0	0	(2,266)	0	0	0	0	(2,266)
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account	0	0	803	(305)	0	(498)	0	0
Application of capital grants to finance capital expenditure	0	0	0	146	0	0	0	146
	0	0	(1,463)	(159)	0	(498)	0	(2,120)
Total Adjustments	(22,616)	15,516	0	(159)	0	(498)	0	(7,757)

Notes to the Financial Statements (Cont'd)

Note 3 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2019/20

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
Unusable Reserves						
Adjustments to the Revenue Resources						
Pension Costs (transferred to (or from) the Pensions Reserve)	0	0	20,025	0	0	20,025
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	0	0	0	0	(22)	(22)
Holiday Pay (transferred to the Accumulated Absences Reserve)	0	0	0	993	0	993
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	662	0	0	0	0	662
	662	0	20,025	993	(22)	21,658
Adjustments between Capital and Revenue Resources						
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(7,624)	0	0	0	0	(7,624)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(8,397)	0	0	0	0	(8,397)
	(16,021)	0	0	0	0	(16,021)
Adjustments to the Capital Resources						
Disposal of non-current asset sale proceeds	2,266	0	0	0	0	2,266
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve	(8,373)	8,373	0	0	0	0
Write out Revaluation Reserve of Disposals	(2,890)	2,890	0	0	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Application of capital grants to finance capital expenditure	(146)	0	0	0	0	(146)
	(9,143)	11,263	0	0	0	2,120
Total Adjustments	(24,502)	11,263	20,025	993	(22)	7,757

Notes to the Financial Statements (Cont'd)

Note 3 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2018/19

	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
Usable Reserves								
Adjustments to the Revenue Resources								
Pension Costs (transferred to (or from) the Pensions Reserve)	(28,969)	(584)	0	0	0	0	0	(29,553)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	4	4	0	0	0	0	0	8
Holiday Pay (transferred to the Accumulated Absences Reserve)	(73)	32	0	0	0	0	0	(41)
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	(19,513)	(7,648)	0	0	0	0	0	(27,161)
	(48,551)	(8,196)	0	0	0	0	0	(56,747)
Adjustments between Capital and Revenue Resources								
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	(748)	(2,603)	3,351	0	0	0	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	7,737	6,288	0	0	0	0	0	14,025
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	13,349	0	0	0	0	0	13,349
	6,989	17,034	3,351	0	0	0	0	27,374
Adjustments to the Capital Resources								
Disposal of non-current asset sale proceeds	0	0	(6,781)	0	0	0	0	(6,781)
Transfer from the Capital Receipts Reserve to the Capital Fund	0	0	3,430	0	0	(3,430)	0	0
Application of capital grants to finance capital expenditure	0	0	0	36	0	0	0	36
	0	0	(3,351)	36	0	(3,430)	0	(6,745)
Total Adjustments	(41,562)	8,838	0	36	0	(3,430)	0	(36,118)

Notes to the Financial Statements (Cont'd)

Note 3 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2018/19

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
Unusable Reserves						
Adjustments to the Revenue Resources						
Pension Costs (transferred to (or from) the Pensions Reserve)	0	0	29,553	0	0	29,553
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	0	0	0	0	(8)	(8)
Holiday Pay (transferred to the Accumulated Absences Reserve)	0	0	0	41	0	41
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	27,161	0	0	0	0	27,161
	27,161	0	29,553	41	(8)	56,747
Adjustments between Capital and Revenue Resources						
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(14,025)	0	0	0	0	(14,025)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(13,349)	0	0	0	0	(13,349)
	(27,374)	0	0	0	0	(27,374)
Adjustments to the Capital Resources						
Disposal of non-current asset sale proceeds	6,781	0	0	0	0	6,781
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve	(9,548)	9,548	0	0	0	0
Write out Revaluation Reserve of Disposals	(93)	93	0	0	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Application of capital grants to finance capital expenditure	(36)	0	0	0	0	(36)
	(2,896)	9,641	0	0	0	6,745
Total Adjustments	(3,109)	9,641	29,553	41	(8)	36,118

Notes to the Financial Statements (Cont'd)

Note 4 – Events After the Balance Sheet Date

The draft Financial Statements were authorised for issue by the Strategic Lead - Resources on 30 June 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place after this date provide information about conditions existing as at 31 March 2020, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

A revised pensions actuaries report was requested from the Pension Fund after the submission of the draft Financial Statements due to the material impact on the pensions valuation caused by some recent legal ruling within UK courts (McCloud). As a result of this, the Financial Statements were amended to reflect the new valuation.

Note 5 – Trading Operations

The Local Government Scotland Act 2003 repealed the legislation governing compulsory competitive tendering. The Act introduced a requirement for statutory trading accounts to be maintained for “significant trading operations”. A service is deemed to be a significant trading account where the service is provided in a competitive environment, it is charged on a basis other than straightforward recharge of cost and the service is deemed to be significant.

The council has established two trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the council or other organisations. Details of those units are detailed below and these figures include an interest charge for the assets as noted within the accounting policies. It is the duty of a local council to conduct each of its significant trading operations so that, taking every year with the two previous years, total revenue is not less than expenditure. The analysis for 2017/18 to 2019/20 is as follows:

The council operates a **Housing Property Maintenance Trading Service** which delivers an economic, efficient and effective housing repairs service to its customers.

	2017/18	2018/19	2019/20	Cumulative
	£000	£000	£000	£000
Turnover	20,826	25,070	27,669	73,565
Expenditure	20,439	24,518	27,683	72,640
Surplus/ (deficit)	387	552	(14)	925

The council operates a **Grounds Maintenance/Street Cleaning Trading Service** which aims to make a positive impact on the health and wellbeing of residents and visitors to the area through cleaner and well maintained council areas.

	2017/18	2018/19	2019/20	Cumulative
	£000	£000	£000	£000
Turnover	10,608	10,612	10,896	32,116
Expenditure	8,236	7,930	8,495	24,661
Surplus	2,372	2,682	2,401	7,455
Surplus as noted in Comprehensive Income and Expenditure Statement	2,759	3,234	2,387	8,380

The above table confirms that both trading accounts which have been statutory for more than three years, have met the break even target. The Trading Operations require to budget for estimated IAS19 pension expenditure. In 2019/20 the actual IAS19 pension charge resulted in an increase to expenditure within the services, creating a reduced surplus (or, for the Housing Property Trading Service, a loss). This adjustment does not bring cash into or take cash from the trading operation, but is a technical adjustment required for accounting regulations. Trading operations are incorporated into the Comprehensive Income and Expenditure Statement.

Notes to the Financial Statements (Cont'd)

Note 6 – Related Parties

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central and Scottish Government

The council received £188.418m (2018/19 £183.571m) of revenue government grants and £27.338m (2018/19 £16.743m) of capital grants from the Scottish Government (with £1.124m due to the council at the year end); and other grants of £53.675m (2018/19 £53.147m) as shown in Note 8 Grant Income (with £0.262m due to the council at the year end).

Strathclyde Pension Fund

The council is an admitted body to the local government pension scheme and has made payments as shown in Note 11 Defined Benefit Pension Schemes. The balance owed to the pension fund at the year end was £1.879m.

Joint Boards

The council is a member of the Joint Boards for Valuation and Strathclyde Partnership for Transport and the council's contributions are disclosed within the Group Accounts. The council is also a partner in the West Dunbartonshire Health and Social Care Partnership and provided funding in year of £67.584m (£64.318m 2018/19).

West Dunbartonshire Leisure Trust

The council has representation on the Board of Trustees, with three of the nine Trustees being Council elected members, with the council contributing £5.500m to the Trust in 2019/20 (and received from the Trust £0.127m).

Clydebank Property Company

The company is owned by the council which holds 100% of the issued share capital. The council holds an investment of £0.273m within its Balance Sheet and has full representation on the Board of Directors, with each of the three Directors of the company being senior officers within the council. The company paid a dividend to the council in 2019/20 of £0.050m.

Voluntary Sector

The following voluntary organisations received over £0.050m in grant funding from West Dunbartonshire Council during 2019/20:

	£000
West Dunbartonshire Citizens Advice Bureau	386
Independent Resource Centre	106
Y-Sort It Youth Information Project	185
The Environment Trust	180
Dumbarton Women's Aid	157
Clydebank Women's Aid	167

The council has no shareholdings or investments in any of these organisations. There were no outstanding balances at the year end.

Key Management Personnel

Within the council's Management Team, the Chief Officer of the HSCP is employed by West Dunbartonshire Council. Details of remuneration are included within the Council's Remuneration Statement.

Notes to the Financial Statements (Cont'd)

Note 6 – Related Parties (Cont'd)

Elected Members

Members of the Council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in the remuneration statement on pages 28 to 35. The council maintains a register of interests for Members and reviews this for transactions carried out in the year with entities which Members have an interest. In the year ended 31 March 2020, the council has not had any material transactions for any body in which Members have an interest. The elected members register of interest can be found on the council website page:

<https://www.west-dunbarton.gov.uk/council/councillors-and-committees/councillors-allowances/>

Senior Officers

Senior Officers require to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this situation arise, the senior officer does not take part in any discussion or decision in relation to that interest. There are no significant related party transactions with senior officers of the council.

Note 7 – Agency Services

Transactions whereby the council provides a service on behalf of external organisations are noted below:

2018/19 Net Payment/ (receipt) £000	Organisation	Description	2019/20 Receipts £000	2019/20 Payment £000	(Debtor)/ Creditor at 31.03.20 £000
14,065	Scottish Water	Water and sewerage charges collected by Council and paid over	0	14,101	315
(80,558)	Scottish Government	Non Domestic Rates	83,302	0	(1,671)

Note 8 – Grant Income

The council credited the following grants and other contributions to Taxation and Non-specific Grant Income within the Comprehensive Income and Expenditure Statement in 2019/20:

31 March 2019 £000	31 March 2020 £000
183,571	188,418
2,049	15,294
7,728	9,153
446	2,612
108	372
80	153
2,165	122
6,100	0
1,110	0
245	0
100	0
123	170
203,825	216,294

Notes to the Financial Statements (Cont'd)

Note 8 – Grant Income (Cont'd)

The council credited the following grants to Services within the Comprehensive Income and Expenditure Statement in 2019/20.

31 March 2019	31 March 2020
£000	£000
43,183 Housing Benefit Subsidy	40,060
3,426 Pupil Equity Fund	3,545
1,988 Criminal Justice	2,022
1,411 Scottish Attainment	1,454
1,166 Early Learning	4,227
876 Scottish Attainment Challenge Scotland Fund	955
446 Private Sector Housing	416
226 Education Maintenance Allowance	252
0 Asylum Seekers	199
0 No-one Left Behind	115
425 Grants under £0.100m	430
53,147	53,675

The council has received a number of grants that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

31 March 2019	31 March 2020
£000	£000
5,920 Gruggies Burn	5,920
1,354 Early Years Funding	841
0 Town Centre	838
25 Grants under £0.100m	73
7,299	7,672

Notes to the Financial Statements (Cont'd)

Note 9 – Operating Leases

Council as Lessee

The council occupies a number of properties by way of an operating lease. The future minimum lease payment due under non-cancellable leases in future years are:

31 March 2019	31 March 2020
£000	£000
729 Not later than one year	735
2,699 Later than one year and not later than five years	2,620
2,916 Later than five years	2,617
6,344	5,972

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.753m (2018/19 - £0.720m).

The council has acquired vehicles and equipment by entering into operating leases. The future minimum lease payment due under non-cancellable leases in future years are:

31 March 2019	31 March 2020
£000	£000
268 Not later than one year	311
488 Later than one year and not later than five years	411
135 Later than five years	67
891	789

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.263m (2018/19 - £0.225m).

Council as Lessor

The council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres; and
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payment due under non-cancellable leases in future years are:

31 March 2019	31 March 2020
£000	£000
3,845 Not later than one year	3,840
10,944 Later than one year and not later than five years	10,665
138,403 Later than five years	137,705
153,192	152,210

Notes to the Financial Statements (Cont'd)

Note 9 – Operating Leases (Cont'd)

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/20 £2.686m contingent rents were receivable by the council (2018/19 £2.758m).

Finance Leases - The council does not have any assets or liabilities under a finance lease, either as Lessee or Lessor.

Note 10 – Termination Benefits

The council terminated the contracts of a number of employees in 2019/20, incurring liabilities of £0.383m (£0.401m in 2018/19). These terminations were made as part of the redesign of services within the council under voluntary severance and early retirement. There will be ongoing annual costs incurred by the council for those staff leaving under early retirement due to ongoing pension costs.

Note 11 – Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The council participates in the following pension schemes:

The Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The employer's contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2019/20 was 19.3%, and 2020/21 is set at 19.3%. In 2019/20, the council paid an employer's contribution of £18.887m (2018/19 £16.127m).

The Teachers' Pension Scheme (Scottish Teachers' Superannuation Scheme (STSS)) which is a defined benefit scheme administered by the Scottish Public Pension Agency. The scheme is technically a multi-employer defined benefit scheme but is unfunded and the Scottish Government used a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Due to the type of scheme, the council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of accounts, it is accounted for on the same basis as a defined contribution scheme.

The employer pays a set contribution rate of 23% which is effective from 1 September 2019, prior to this it was 17.2%. This is charged directly to the revenue account for the Education service. The amount paid over in respect of employer's contribution was £8.837m (2018/19 £6.726m) in respect of expenditure for teachers added years, £0.044m payments were made (2018/19 £0.029m).

The scheme is unfunded and all contributions (payable by members or employers) are paid to the Scottish Government, and the Scottish Government then meets the costs of all the benefits. A specific amount is held by the Scottish Government for this purpose. As a proportion of the total contributions into the Scottish Teachers Superannuation Scheme 2019/20, the council's own contribution equates to 2.01%.

Notes to the Financial Statements (Cont'd)

Note 11 – Defined Benefit Pension Schemes (Cont'd)

The council is not liable to the scheme for any other entities obligations under the plan.

1) Local Government Pension Scheme

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Council. In 2019/20 the capitalised costs that would have arisen from the early retiral of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2019/2020	(9,197)
In earlier years	<u>63,354</u>
Total	<u>54,157</u>

The council fully complies with the International Accounting Standard (IAS 19) concerning the disclosure of information on the pension. IAS 19 states that although the pension benefits will not be paid until the employee retires, the council has a commitment to make these payments and must disclose the cost of this in its accounts at the time employees earn their full entitlement.

The council therefore recognises the cost of the pension commitment within the Comprehensive Income and Expenditure Account when the employees earn their pension entitlement rather than when the benefits are paid as pensions. However, the cost to the taxpayer is calculated on the basis of pension contributions paid in the year, the cost of retirement benefits under IAS19 is reversed out, to ensure there is no impact on the overall cost to be funded by council tax and government grants.

Notes to the Financial Statements (Cont'd)

Note 11 – Defined Benefit Pension Schemes (Cont'd)

1) Local Government Pension Scheme

The following transactions have been made in the Comprehensive Income and Expenditure Account and Movement in Reserves Statement during the year:

2018/19 £000	2019/20 £000
Net cost of services	
32,252 Current service cost	42,281
12,622 Past service cost	(5,579)
44,874	36,702
Financing and investment Income and Expenditure	
3,753 Net interest expense	5,172
48,627	41,874
Total post employment benefit charged to the Surplus or Deficit on the provision of Services	
(25,257) Expected return on assets	55,170
0 Actuarial gains and losses arising from changes in demographic assumptions	(34,598)
(74,011) Actuarial gains and losses arising from changes in financial assumptions	(106,589)
(709) Actuarial gains and losses arising from experience assumptions	(5,146)
(51,350)	(49,289)
Total post employment benefit charged to the comprehensive income and expenditure statement	
Movement in Reserves Statement	
(48,627) Reversal of net charges made to surplus of deficit for post employment benefits	(41,874)
Actual amount charged against the General Fund balance in the year	
19,074 Employer contributions payable to Scheme	18,887

The underlying assets and liabilities for retirement benefits attributable to the council as at 31 March are as follows:

2018/19 £000	2019/20 £000
825,803 Fair value of plan assets	794,654
(967,664) Present value of defined benefit obligations	(874,574)
(141,861)	(79,920)
Net assets in the Strathclyde Pension Fund	
Present Value of Unfunded Liabilities	
(29,356) LGPS Unfunded	(25,437)
(26,285) Teachers' pensions	(22,476)
(7,713) Pre Local Government Reorganisation	(6,244)
(205,215)	(134,077)
Net pension asset/(liability)	

Notes to the Financial Statements (Cont'd)

Note 11 – Defined Benefit Pension Schemes (Cont'd)

1) Local Government Pension Scheme

The liabilities show the underlying commitments that the council has in the long run to pay post-employment (retirement) benefits. The total liability of £134.077m has a substantial negative impact on the net worth of the council as recorded in the Balance Sheet, resulting in an overall balance of £284.912m. However, the statutory arrangements for funding the deficit, means the financial position of the council remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due) as assessed by the scheme actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The fair value of plan assets have decreased by £31.149m. This is due to asset returns being more favourable than anticipated.

The estimated liabilities have decreased by £102.287m, due to financial assumptions as at 31 March 2020 being more favourable than they were at 31 March 2019, mainly due to the downwards movement in the assumptions of future pension increases (from 2.5% p.a. to 1.9% p.a.); salary increases (3.7% p.a. to 3% p.a.) and a decreased discount rate (2.4% to 2.3%).

2) Pension Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, contracted by Glasgow City Council to provide all IAS19 calculations on behalf of the councils within the Strathclyde Pension Fund. The funded obligation is noted below:

	%	Years
Active Members	60.9%	24.0
Deferred Members	8.2%	24.3
Pensioner Members	25.5%	13.2
Pre-Local Government Re-organisation Members	5.4%	10.4
	100%	18.2

The movement during the year on the defined obligation is noted as:

2018/19	2019/20
£000	£000
904,596 Opening balance	1,031,018
32,252 Current service cost	42,281
24,785 Interest cost	25,041
4,875 Contributions by Members	5,775
0 Actuarial gains/losses – change in demographic assumptions	(34,598)
74,011 Actuarial gains/losses – change in financial assumptions	(106,589)
709 Actuarial gains/losses – other experience	(5,146)
12,622 Past service costs/(gains)	(5,579)
(2,947) Estimated unfunded benefits paid	(2,962)
(19,885) Estimated benefits paid	(20,510)
1,031,018 Closing Balance as at 31 March	928,731

Notes to the Financial Statements (Cont'd)

Note 11 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

The movement during the year on the fair value of the employer's assets is:

2018/19 £000	2019/20 £000
778,397 Opening balance	825,803
25,257 Expected return on assets	(55,170)
21,032 Interest Income	19,869
4,875 Contributions by Members	5,775
16,127 Contributions by employer	18,887
2,947 Contributions in respect of unfunded benefits	2,962
(2,947) Estimated unfunded benefits paid	(2,962)
(19,885) Estimated benefit paid	(20,510)
825,803 Closing Balance as at 31 March	794,654

WDC Share of the pension fund asset at 31 March 2020 comprised:

2018/19			Asset Category	2019/20		
Quoted prices in Active Markets £000	Prices not quoted in Active Market £000	Total £000		Quoted prices in Active Markets £000	Prices not quoted in Active Market £000	Total £000
190,495	500	190,995	Equity Securities	183,309	481	183,790
25,911	1	25,912	Debt Securities	24,933	1	24,934
0	98,680	98,680	Private Equity	0	94,958	94,958
0	74,769	74,769	Real Estate	0	71,948	71,948
271,066	80,884	351,950	Investment funds and unit trusts	260,842	77,833	338,675
17	0	17	Derivatives	16	0	16
42,512	40,970	83,482	Cash and Cash Equivalent	40,908	39,425	80,333
530,000	295,803	825,803	Totals	510,008	284,646	794,654

Assets are now held at bid value.

Asset and Liability Matching Strategy (ALM)

The main fund of Strathclyde Pension Fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into narrow a range. The Fund invests in equities, bonds, properties and in cash.

The Fund has now taken account of the national change to the Local Government Pension Scheme in Scotland such as the new career average revalued earning scheme (CARE) for future accruals.

The actuarial valuation states that assets held on the valuation date were sufficient to cover 85.6% (2018/19 80.1%) of accrued liabilities at that date.

Notes to the Financial Statements (Cont'd)

Note 11 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

Asset and Liability Matching Strategy (ALM) (Cont'd)

The principal actuarial assumptions used at the Balance Sheet date are as follows:

31/03/2019

31/03/2020

Long term expected return on assets

2.5% Pension increase rate	1.9%
3.7% Salary Increase rate	3.0%
2.4% Discount rate	2.3%

Mortality

Based on these assumptions, the average future life expectancies at the age of 65 are:

21.4 Current pensioners – Men	20.7
23.7 Current pensioners - Women	22.9
23.4 Future pensioners – Men	22.2
25.8 Future pensioners - Women	24.6

The above excludes any net pension liability that the council may have to contribute to in respect of the Joint Boards of Partnership for Transport and Valuation. These costs are shown within each Joint Board's Balance Sheet and the council may be required to make an increased constituent contribution in the years when the liability fails to be met.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Sensitivity Analysis

In order to quantify the impact of a change in the financial assumptions used, the actuaries have calculated and compared the value of the scheme liabilities as at 31 March 2020 on varying bases. The approach taken is consistent with that adopted to derive at the IAS19 figures provided. To quantify the uncertainty around life expectancy, the actuaries have calculated the difference in cost to the employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of around 3% to 5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

The figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation.

The estimation of defined benefit obligation is sensitive to the actuarial assumptions. The sensitivity regarding the principal assumptions used to measure the schemes liabilities are set out below:

Notes to the Financial Statements (Cont'd)

Note 11 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

	Approximate % increase to Employer Liability	Approximate monetary Amount £000
Real Discount Rate (0.5% decrease)	10%	90,577
Salary Increase Rate (0.5% increase)	2%	15,313
Pension Increase Rate (0.5% increase)	8%	73,885

The total contribution expected to be made to the Local Government pension scheme for 2020/21 is £18.631m.

Note 12 – External Audit Costs

In 2019/20 the council incurred £0.270m (2018/19 £0.263m) in respect of its external audit services on behalf of the Council and £0.002m (2018/19 £0.002m) on behalf of the Trust Funds, undertaken in accordance with the Code of Audit Practice.

Note 13 – Expenditure and Funding Analysis

The analysis of income and expenditure on the face of the comprehensive income and expenditure statement is that specified by the Service Reporting Code of Practice. However decisions about resource allocation are taken by the council on the basis of reports that are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation reserve and amortisations are charged to services in the comprehensive income and expenditure statement); and
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

The service expenditure noted as 'net rechargeable to the General Fund and the HRA' can also be compared to the service spend noted in the council's revenue budget monitoring table in the Management Commentary, except where there are items in the Comprehensive Income and Expenditure Statement that are reported below the net cost of service line.

The council's income and expenditure as noted on the comprehensive income and expenditure statement analysis can also be given by nature of spend and is analysed as follows:

Notes to the Financial Statements (Cont'd)

Note 13 – Expenditure and Funding Analysis (Cont'd)

2018/19 £000		2019/20 £000
	Expenditure	
188,388	Employee benefits expenses	189,372
238,741	Other service expenses	244,920
3,740	Support service recharges	3,809
47,315	Depreciation, amortisation, impairment	28,538
23,112	Interest payments	24,544
2,459	Precepts and levies	2,336
3,351	Loss on the disposal of assets	1,463
507,106	Total Expenditure	494,982
	Income	
(224,273)	Fees, charges and other service income	(233,582)
(3,564)	Interest and investment income	(2,647)
(112,617)	Income from council tax and non-domestic rates	(120,143)
(125,013)	Government grants and contributions	(131,447)
(465,467)	Total Income	(487,819)
41,639	(Surplus) / Deficit on the Provision of Services	7,163

A further breakdown of fees, charges and other service income by segmental analysis is noted below:

2018/19 £000		2019/20 £000
(51,139)	Corporate Services	(48,907)
(9,858)	Education	(13,250)
(17,477)	Infrastructure, Regeneration and Economic Development	(20,599)
(4,475)	Housing and Communities	(5,032)
(41,957)	Housing Revenue Account	(42,640)
(7,094)	Miscellaneous Services	(7,572)
(92,273)	Health and Social Care Partnership	(95,582)
(224,273)	Total Fees, Charges and other service income	(233,582)

Notes to the Financial Statements (Cont'd)

Note 13 – Expenditure and Funding Analysis (Cont'd)

The income and expenditure of the council's principal committee reporting structure recorded in the budget reports for the year is as follows:

<u>2018/19</u>				<u>2019/20</u>			
Net Chargeable to the General Fund and HRA Balance £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Chargeable to the General Fund and HRA Balance £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	
19,756	4,619	24,375	Corporate Services	19,847	6,825	26,672	
81,585	21,481	103,066	Education	88,426	9,822	98,248	
31,348	18,046	49,394	Infrastructure, Regeneration and Economic Development	31,695	12,182	43,877	
4,311	655	4,966	Housing and Communities	4,511	1,027	5,538	
(19,812)	10,496	(9,316)	Housing Revenue Account	(21,312)	11,386	(9,926)	
792	9,348	10,140	Miscellaneous Services	272	(7,782)	(7,510)	
63,230	6,626	69,856	Health and Social Care Partnership	66,802	7,976	74,778	
2,459	0	2,459	Requisitions	2,336	0	2,336	
183,669	71,271	254,940	Net Cost of Services	192,577	41,436	234,013	
0	3,362	3,362	(Gain)/Loss on disposal of Fixed Assets	0	1,463	1,463	
(217,376)	(20,254)	(237,630)	Taxation and Non-specific Grant Income	(223,714)	(27,876)	(251,590)	
42,622	(21,655)	20,967	Finance / Investment Income and Expenditure	31,200	(7,923)	23,277	
8,915	32,724	41,639	(Surplus) or Deficit on Provision of Service	63	7,100	7,163	
(18,397)			MIR Opening General Fund and HRA Balance as at 31 March 2019	(12,604)			
3,472			MIR (Surplus) or Deficit on Provision of Service (General Fund)	2,735			
5,443			MIR (Surplus) or Deficit on Provision of Service (HRA)	(2,672)			
(3,122)			MIR Transfer to/from other statutory reserves	(778)			
(12,604)			Closing General Fund and HRA Balance as at 31 March	(13,319)			
			MIR 2020				

Notes to the Financial Statements (Cont'd)

Note 13 – Expenditure and Funding Analysis (Cont'd)

<u>2018/19</u>					<u>2019/20</u>			
Adjustments for Capital Purposes £000	Net Change for the Pension Adjustment £000	Other differences £000	Total £000		Adjustments for Capital Purposes £000	Net Change for the Pension Adjustment £000	Other differences £000	Total £000
1,879	2,740	0	4,619	Corporate Services	3,052	3,773	0	6,825
18,503	2,478	500	21,481	Education	5,441	3,817	564	9,822
15,695	2,351	0	18,046	Infrastructure, Regeneration and Economic Development	8,750	3,432	0	12,182
13	642	0	655	Housing and Communities	13	1,014	0	1,027
9,944	584	(32)	10,496	Housing Revenue Account	10,478	868	40	11,386
(163)	9,938	(427)	9,348	Miscellaneous Services	1	(8,172)	389	(7,782)
1,532	5,094	0	6,626	Health and Social Care Partnership	803	7,173	0	7,976
0	0	0	0	Requisitions	0	0	0	0
47,403	23,827	41	71,271	Net Cost of Services	28,538	11,905	993	41,436
3,362	0	0	3,362	Other Operating Expenditure	1,463	0	0	1,463
(20,254)	0	0	(20,254)	Taxation and Non-specific Grant Income	(27,876)	0	0	(27,876)
(27,374)	5,727	(8)	(21,655)	Finance / Investment Income and Expenditure	(16,021)	8,120	(22)	(7,923)
3,137	29,554	33	32,724		(13,896)	20,025	971	7,100

Both the Movement in Reserves (page 37) and note 3 (page 44) total the adjustments between funding accounting basis and funding basis under regulations relating to the General Fund balance (£22.616m net deductions) and HRA balance (£15.516m net additions) and this matches the total adjustments above of £7.100m.

Notes to the Financial Statements (Cont'd)

Note 13 – Expenditure and Funding Analysis (Cont'd)

Adjustment for Capital Purposes

This column adds in depreciation, impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;
- Financing and investment income and expenditure – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is created with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For *services*, this represents the removal of the employers contributions made by the council as allowed by statute and the replacement with current service costs and past service costs; and
- For *financing and investment income and expenditure*, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Differences

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute:

- For *services* an adjustment is made for the accrual of holiday pay and other similar entitlements, this is required under generally accepted accounting principles but the impact on the General Fund and the HRA is mitigated by statute which allows the impact to be reversed out through the Movement in Reserves; and
- For *Financing and investment income and expenditure*, the 'other differences' column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

Notes to the Financial Statements (Cont'd)

Note 14 – Property, Plant and Equipment

1) Movements in 2019/20

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Infrastructure £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000
Cost/Valuation at 1 April 2019	466,445	373,047	44,726	25,527	113,939	3,546	11,237	44,984	1,083,451
Additions	24,937	5,607	110	2,858	9,251	1,728	356	61,801	106,648
Revaluations:									
- To Revaluation Reserve	13,687	11,534	0	0	0	0	0	0	25,221
- To Net cost of Service	0	(400)	0	0	0	0	0	0	(400)
Disposals	0	0	(8)	0	0	0	(1,262)	0	(1,270)
Assets reclassified to/from Held for Sale	0	(2,449)	0	0	0	0	(835)	0	(3,284)
Adjustments - assets at nil NBV	0	(8,237)	0	(1,694)	0	0	(312)	0	(10,243)
Adjustments - change in asset type	0	1,117	206	21	16	201	410	(1,971)	0
As at 31 March 2020	505,069	380,219	45,034	26,712	123,206	5,475	9,594	104,814	1,200,123
Depreciation/Impairment at 1 April 2019	(56,007)	(31,732)	(860)	(15,776)	(48,963)	(1,566)	(452)	0	(155,356)
Depreciation charge	(10,414)	(9,329)	(409)	(3,544)	(5,695)	0	0	0	(29,391)
Depreciation:									
- To Revaluation Reserve	0	(5,575)	0	0	0	0	0	0	(5,575)
- To Net Cost of Service	0	(493)	0	0	0	0	0	0	(493)
Impairments:									
- To Revaluation Reserve	(7,553)	(654)	0	0	0	0	0	0	(8,207)
- To Net Cost of Service	0	182	0	0	0	0	0	0	182
Adjustments - assets at nil NBV	0	8,237	0	1,694	0	0	312	0	10,243
Adjustments - change in asset type	0	0	0	0	0	0	0	0	0
As At 31 March 2020	(73,974)	(39,364)	(1,269)	(17,626)	(54,658)	(1,566)	(140)	0	(188,597)
Net Book Value at 31 March 2019	410,438	341,315	43,866	9,751	64,976	1,980	10,785	44,984	928,095
Net Book Value at 31 March 2020	431,095	340,855	43,765	9,086	68,548	3,909	9,454	104,814	1,011,526

Notes to the Financial Statements (Cont'd)

Note 14 – Property, Plant and Equipment (Cont'd)

2) Movements in 2018/19 (Revised)

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Infrastructure £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000
Cost/Valuation at 1 April 2018	427,623	370,078	45,370	25,952	105,694	2,753	10,120	38,652	1,026,242
Additions	20,083	10,060	201	1,273	8,245	793	98	30,501	71,254
Revaluations:									0
- To Revaluation Reserve	17,461	15,431	(12)	0	0	0	1,355	800	35,035
- To Net cost of Service	0	(39,412)	0	0	0	0	0	0	(39,412)
Disposals	(2,603)	0	(39)	0	0	0	(55)	(295)	(2,992)
Assets reclassified to/from Held for Sale	0	0	0	0	0	0	(280)	0	(280)
Adjustments - assets at nil NBV	0	(4,294)	(403)	(1,698)	0	0	(1)	0	(6,396)
Adjustments - change in asset type	3,881	21,184	(391)	0	0	0	0	(24,674)	0
As at 31 March 2019	466,445	373,047	44,726	25,527	113,939	3,546	11,237	44,984	1,083,451
Depreciation/Impairment at 1 April 2018	(36,573)	(57,562)	(880)	(13,843)	(43,681)	(1,566)	(71)	0	(154,176)
Depreciation charge	(9,893)	(9,207)	(395)	(3,631)	(5,282)	0	(1)	0	(28,409)
Depreciation:									0
- To Revaluation Reserve	0	17,399	12	0	0	0	(69)	0	17,342
- To Net Cost of Service	0	17,275	0	0	0	0	0	0	17,275
Impairments:									0
- To Revaluation Reserve	(9,541)	(1,334)	0	0	0	0	(312)	0	(11,187)
- To Net Cost of Service	0	(2,597)	0	0	0	0	0	0	(2,597)
Disposals	0	0	0	0	0	0	0	0	0
Adjustments - assets at nil NBV	0	4,294	403	1,698	0	0	1	0	6,396
Adjustments - change in asset type	0	0	0	0	0	0	0	0	0
As At 31 March 2019	(56,007)	(31,732)	(860)	(15,776)	(48,963)	(1,566)	(452)	0	(155,356)
Net Book Value at 31 March 2018	391,050	312,516	44,490	12,109	62,013	1,187	10,049	38,652	872,066
Net Book Value at 31 March 2019	410,438	341,315	43,866	9,751	64,976	1,980	10,785	44,984	928,095

Notes to the Financial Statements (Cont'd)

Note 14 – Property, Plant and Equipment (Cont'd)

3) Capital Commitments

As at 31 March 2020, the council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for non housing and housing projects in 2019/20 budgeted to cost £30.935m (2018/19 £24.044m) and £49.474m (2018/19 £2.859m) respectively. The main commitments are:

General Services	£000
Renton Campus (part of Schools Estate Improvement Plan)	12,072
Queens Quay District Heating Network	7,570
Replace Elderly Care Homes and Day Care Centres	3,369
Posties Park	1,921
Local Economic Development & Regeneration - various projects	1,624
Dalmonach Community Centre / Early Learning Centre	1,122
Clydebank Library Phase 1 & 2	923
Building Upgrades - various projects	500
HRA	£000
New Build Housing	44,212
External Wall Insulation	5,000

4) PPP Assets Included in Property, Plant and Equipment

2018/19	2019/20
£000	£000
Cost or Valuation	
87,563 At 1 April 2019	89,827
<u>Revaluations</u>	
2,264 To Revaluation Reserve	0
0 Additions	0
89,827 At 31 March 2020	89,827
Accumulated Depreciation and Impairment	
(19,504) At 1 April 2019	(4,877)
(2,392) Depreciation Charge	(2,391)
<u>Depreciation written out</u>	
11,801 To revaluation reserve	0
5,218 To NCS	0
(4,877) At 31 March 2020	(7,268)
68,059 Opening Net Book value	84,950
84,950 Closing Net Book value	82,559

- 5) The council measures its surplus assets at fair value at each reporting date (the council does not hold investment properties). The fair value of surplus assets have been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the West Dunbartonshire area together with evidence across the wider West of Scotland. Market conditions are such that similar properties are marketed, purchased and sold actively and the level of observable inputs are sufficient, leading to the properties being categorised at Level 2 in the fair value hierarchy.

There were no transfers between Levels 1 and 2 during the year and there have been no changes in the valuation techniques used during the year for surplus assets

Notes to the Financial Statements (Cont'd)

Note 15 – Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g. computer software and/or software licences) is capitalised when it is expected that future economic or service benefits will flow from the asset to the council.

The council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include purchased licences.

Where appropriate, the carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.035m charged to revenue in 2019/20 was charged to Information Services. The charge to Information Services is then absorbed as an overhead across all the service headings in the Net Cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset during the year was as follows:

2018/19 £000		2019/20 £000
	Balance at 1 April 2019	
346	Gross carrying amount	546
(327)	Accumulated amortisation	(336)
19	Net carrying amount at start of year	210
200	Acquisitions in year	0
(9)	Amortisation for period	(35)
210	Net carrying amount at 31 March 2020	(35)
	Comprising:	
546	Gross Carrying amounts	546
(336)	Accumulated amortisation	(371)
210		175

Note 16 – Assets Held for Sale

Assets held for sale are those where the carrying amount will be recovered principally through a sale transaction rather than through continued use. Before an asset can be classified as held for sale, the following conditions must be met:

- the asset must be available for immediate sale in its present condition;
- the sale must be highly probable and an active programme to locate a buyer and complete the plan must have been initiated;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be expected to qualify for recognition as a completed sale within one year of the date of classification.

The council measures its non-current assets held for sale at fair value at each reporting date. The fair value of non-current assets held for sale have been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the West Dunbartonshire area together with evidence across the wider West of Scotland. Market conditions are such that similar properties are marketed, purchased and sold actively and the level of observable inputs are sufficient, leading to the properties being categorised at Level 2 in the fair value hierarchy.

There were no transfers between Levels 1 and 2 during the year and there have been no changes in the valuation techniques used during the year for non-current assets held for sale.

Notes to the Financial Statements (Cont'd)

Note 16 – Assets Held for Sale (cont'd)

The movement on assets held for sale during the year was as follows:

2018/19		2019/20
£000		£000
9,069	Balance at 1 April 2019	5,670
	Assets newly classified as held for sale:-	
280	Property, Plant and Equipment	3,284
0	Revaluation Losses	0
121	Revaluation Gains	95
(3,800)	Disposals	(996)
0	Assets declassified as held for sale*	0
<u>5,670</u>	As at 31 March 2020	<u>8,053</u>

*All assets values listed are in respect of Property, Plant and Equipment

Note 17 - Heritage Assets

Heritage assets are both tangible and intangible assets with historic, artistic, scientific, technological, geographical or environmental qualities, which are held and maintained primarily for their contribution to knowledge and culture. The authority holds heritage assets of six main types:

- Models of Ships;
- Works of Art;
- Silver and Commemorative Ware;
- Civic Regalia (Robes and Chains);
- Sewing Machine Collections; and
- Listed Buildings and Scheduled Ancient Monuments.

The valuation of these assets held on the balance sheet as detailed below:

2018/19		2019/20
£000		£000
1,406	Balance at 1 April 2019	1,406
0	Additions/ Disposals / Newly Classified	0
<u>1,406</u>	Balance at 31 March 2020	<u>1,406</u>

The models of ships, works of art, silver and commemorative ware, civic regalia and sewing machine collections are the responsibility of the Libraries and Museums Service and accounts for approximately 90% of the overall collection with the remaining 10% being recorded and accessioned into the collection on a regular basis in line with museum accreditation. These works are held at the following locations:

- Collections Store, Poplar Road
- Collections Store, Stanford Street; and
- Clydebank Town Hall.

Models of Ships - include MV Rangitane, MV Essex and HMS Vanguard.

Works of Art - there are 474 paintings within the works of art collection.

Civic Regalia - predominately relates to the collection of provost robes and chains of office. It would be relatively rare for the authority to purchase, or dispose of, items of civic regalia.

Notes to the Financial Statements (Cont'd)

Note 17 - Heritage Assets (cont'd)

Sewing Machine Collection - there are 813 sewing machines (of various models) included within the sewing machine collection.

Listed Buildings and Scheduled Ancient Monuments - the council holds and maintains listed buildings and ancient monuments of historic significance, many of which are tributes to the war dead. As well as memorial structures and buildings, the council maintains statues and fountains.

Note 18 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The CFR is analysed in the second part of this note.

31-Mar-19	31-Mar-20
£000	£000
514,349 Opening Capital Financing Requirement	538,132
Capital Investment	
71,453 Property, Plant and Equipment	106,649
71,453	106,649
Less Sources of Finance	
3,430 Receipts from Sale of Assets	803
20,290 Government Grants and other Contributions	28,022
(3,430) Transfer to Capital Fund/ Capital Receipts Fund	(803)
13,349 Revenue Contributions	8,397
14,031 Loan Fund Principal Repayments	7,623
47,670	44,042
538,132 Closing Capital Financing Requirement	600,739
0 Increase in Underlying Need to Borrow (Supported)	0
23,783 Increase in Underlying Need to Borrow (Unsupported)	62,607
23,783 Movement in Capital Financing Requirement	62,607

Note 19 – Impairment Losses

Assets are assessed at the end of each financial year for evidence in impairment or a reduction in value. Where indications exist and any possible differences are estimated to be material, the recoverable amount on the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

During 2019/20, the council has recognised impairment losses of £8.400m (2018/19 £18.249m) relating to non-value adding enhancement of various assets. These impairment losses have been charged as appropriate within the Comprehensive Income and Expenditure Statement and the Revaluation Reserve.

Notes to the Financial Statements (Cont'd)

Note 20 – Private Finance Initiatives and Similar Contracts

Schools PPP Scheme and Long Term Liability (Design, Build, Finance and Maintain (DBFM) Scheme)

2019/20 was the eleventh year of a thirty year public private partnership for provision of three secondary schools and one primary school in Clydebank and Alexandria. 2019/20 was the third year of a twenty-five year DBFM partnership for the provision of one secondary school in Dumbarton.

The council has rights to use the schools for core educational purposes between agreed hours. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

The partnership agreement was for the design, build, finance and operation of the schools which means that the contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment need to operate the schools. When the agreement ends, after thirty years, unrestricted use and operation of the buildings will be handed back to the council at nil cost.

The Termination rights are in line with the market norms reflected in the Scottish Standard Schools Contract, as approved by the Scottish Government, prior to financial close.

Property, Plant and Equipment

The school buildings are recognised on the council's balance sheet within property, plant and equipment balance. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in note 14.

Payments

The amounts payable to the PPP and DBFM operators each year is analysed into five elements:

- fair value of the services received during the year;
- finance cost – an interest charge on the outstanding Balance Sheet liability;
- contingent rent – increases in the amount to be paid for the property arising during contract;
- payment towards the liability – applied to write down the Balance Sheet liability towards the PPP contractor; and
- lifecycle replacement costs – proportion of the amounts payable posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant work is carried out.

Payments remaining to be made under the PPP and DBFM contracts at 31 March 2020 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Repayment of Liability	Interest Charges	Operating Costs	Lifecycle Replacement	Total Unitary Payment
	£000	£000	£000	£000	£000
Less than 1 year	3,605	7,175	2,932	544	14,256
2-5 years	13,795	26,150	13,149	5,478	58,572
6-10 years	21,269	26,243	19,778	9,557	76,847
11-15 years	26,266	18,142	24,045	12,702	81,155
16-20 years	30,510	7,049	24,527	12,523	74,609
21-25 years	4,497	458	1,106	821	6,882
26-30 years	0	0	0	0	0
PPP Contractual Liability as at 31.03.20	99,942	85,217	85,537	41,625	312,321

Notes to the Financial Statements (Cont'd)

Note 20 – Private Finance Initiatives and Similar Contracts (cont'd)

Although the payments made to the contractor are described as unitary charge payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2018/19 £000	2019/20 £000
105,914 Opening Balance	103,101
0 New Liabilities	0
(2,813) Repayments	(3,159)
<u>103,101</u> Closing Balance	<u>99,942</u>

Note 21 – Debtors

2018/19 £000	2018/19 £000	2019/20 £000	2019/20 £000
Central government bodies			
727	Grant Income	878	
3,358	VAT Recoverable	3,832	
<u>5,664</u>	9,749 Other Debtors	<u>2,892</u>	7,602
	108 Other local authorities		222
	2,035 NHS Bodies		1,507
	27 Public Corporations and trading funds		3
Other Entities and individuals			
12,684	Arrears of local taxation	14,285	
<u>20,982</u>	33,666 Other Debtors	<u>19,432</u>	33,717
	<u>45,585</u>		<u>43,051</u>

Note 22 - Common Good Fund

The council administers the Dumbarton Common Good Fund Account. The Fund is applied for the benefit of the people of Dumbarton. The figures below summarise the income and expenditure for the year as well as the assets and liabilities as at 31 March 2020. The fund does not represent assets of the council and has not been included within the Balance Sheet on page 38.

Notes to the Financial Statements (Cont'd)

Note 22 - Common Good Fund (Cont'd)

Income and Expenditure Account

2018/19	2019/20
£000 Expenditure	£000
129 Payments to Other Bodies	119
0 Bellsmyre Digital	61
50 Denny Tank	50
0 Tulloch Trust	47
40 WD Citizen's Advice Bureau	40
25 General Expenditure	25
244	342
Income	
(301) Rent – Sites and Offices	(308)
(293) Gain on Investments	0
(3) Other Income	(3)
(597)	(311)
(353) Net (surplus)/deficit for year	31
(60) In Year Usable Gain/ (Loss)	31
(293) In Year Un-usable Gain/ (Loss)	0
(353)	31
(409) Balance brought forward	(469)
(60) In Year Usable Gain	31
(469) Balance carried forward	(438)

Balance Sheet as at 31 March 2020

2018/19	2019/20
£000 Fixed Assets	£000
3,487 Investment properties	3,487
Current Assets	
516 Investments – West Dunbartonshire Council	478
0 Debtors	4
Current Liabilities	
(47) Creditors falling due within one year	(44)
3,956 Total assets	3,925
Funds	
3,487 Capital Adjustment Account	3,487
469 General Fund	438
3,956	3,925

Notes to the Financial Statements (Cont'd)

Note 23 – Trust Funds

The council acts as sole or custodian trustee for a number of trust funds, which may be used for various purposes depending on the terms of the Trust. In all cases, the funds do not represent assets of the council and they have not been included within the Balance Sheet on page 38. Under the provisions of the “2005 Act” and the “Accounts Regulations” above, all registered charities in Scotland are required to prepare financial statements which must be externally scrutinised. The trust funds below are registered, under one registration, with the Office of the Scottish Charity Regulator. Management has reviewed the current arrangements for the trust funds to ensure the current arrangements reflect the needs of the council and ensure that all obligations are met. Responsibility for the compliance with the new regulations was delegated to the Strategic Lead - Resources.

Receipts and Payments Account

2018/19			2019/20		
Receipts	Payments	(Surplus)/ Deficit	Receipts	Payments	(Surplus)/ Deficit
£000	£000	£000	£000	£000	£000
(1)	0	(1)	(1)	0	(1)
0	0	0	0	0	0
(1)	29	28	(1)	5	4
0	1	1	0	0	0
0	4	4	0	3	3
0	0	0	0	0	0
(2)	34	32	(2)	8	6

Statement of Balances as at 31 March 2020

	Balance as at 1/4/19 £000	(Surplus)/deficit for year £000	Balance as at 31/3/20 £000
Bank and Cash			
Dunbartonshire Educational Trust Scheme 1962	(89)	(1)	(90)
McAuley Prize for Mathematics	(22)	0	(22)
Alexander Cameron Bequest	(120)	4	(116)
Dr A K Glen Fund	(24)	0	(24)
Vale of Leven Fund	(3)	3	0
UIE Award	(25)	0	(25)
Total	(283)	6	(277)

The Trust Funds hold no liabilities.

Note 24 – Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in three months or less from date of acquisition and that are readily convertible to known cash amounts, with insignificant risk of change of value. The investments comprise solely of short term lending of surplus funds to a limited number of pre-approved UK banks and other local authorities. All deposits are held in sterling. The carrying amount is the outstanding principal receivable. Bank balances are included in the Balance Sheet at the closing balance in the council's ledger and include cheques payable not yet cashed.

Notes to the Financial Statements (Cont'd)

Note 24 – Cash and Cash Equivalents (cont'd)

	31-Mar-19 £000	Movement £000	31-Mar-20 £000
Net Bank Current Account*	(1,318)	(2,890)	(4,208)
Short term deposits with UK banks	14,063	7,183	21,246
Net Cash and Cash equivalents	12,745	4,293	17,038

*A further breakdown of the bank account is noted below:

31-Mar-19 £000	31-Mar-20 £000
2,770 Bank Current Accounts in balance	30,675
(4,088) Bank Current Accounts in overdraft	(34,883)
(1,318) Net Bank Current Account*	(4,208)

Note 25 – Financial Instruments

1) Types of Financial Instrument

Accounting regulations require the “financial instruments” (investment, lending and borrowing of the council) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of “financial instruments”:

	Long-term		Current	
	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000
Debtors				
Loans and receivables	27	23	49,729	80,168
Borrowing				
Financial liabilities at amortised cost	231,084	276,905	218,458	271,974
Other long term liabilities				
PPP and finance leases	100,005	96,337	3,097	3,605
Creditors				
Financial liabilities at contract amount	0	0	46,899	42,167

The council does not have any of the following types of investments or borrowings:

- available for sale financial assets;
- unquoted equity investments at cost;
- financial assets at fair value through profit and loss; or
- financial liabilities at fair value through profit and loss.

The council has considered the Code requirements for accounting for financial instruments and the following events have not taken place in 2019/20:

- reclassification of financial assets carrying value between fair value and amortised cost;
- transfer of financial assets where part or all of the financial assets does not qualify for de-recognition;
- pledging of financial assets as collateral or liabilities or contingent liabilities, as a result no carrying or fair value exists;
- recording of impairment losses in a separate account which would require a reconciliation of changes during the year;
- default on any loans payable during 2019/20;
- breaches of long term loan agreements resulting in the liability being classed as current; or

Notes to the Financial Statements (Cont'd)

Note 25 – Financial Instruments (Cont'd)

- offsetting of financial assets and liabilities where a legally enforceable right exists and intent to settle is on net basis.

The council has considered the Code requirements for accounting for financial instruments and the following disclosures are consistent with the Code:

- current liabilities are recognised as such even if refinanced post balance sheet or original term greater than twelve months; and
- if the council has the discretion (contractually) and expects to roll forward current liabilities for over twelve months, then the obligation can be treated as long term.

2) Fair Value of Assets and Liabilities carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) and are carried in the Balance Sheet at amortised cost. Fair values have been calculated with reference to the following:

Financial Liabilities

- PWLB Loans (Level 2) - For loans from the PWLB premature repayment rates from the PWLB in force on 31 March 2018 have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value).
- Non-PWLB loans (Level 2) - For non-PWLB loans payable, the fair value of market loans are calculated using estimated interest rates of 0.48% which is the average discount rate applied to market loans for calculation of premature repayment. The fair value of local council loans are calculated using estimated interest rates of 0.88% which is the average discount rate applied to local council loans for calculation of premature repayment. Discount rates have been applied to provide the fair value under PWLB debt redemption procedures.
- PFI/Finance leases (Level 3) – These are not the liability of the council as the debt is held by the PFI/lease provider. Fair value have been calculated at level 3 on a simple proxy basis. The same NPV methodology has been applied as for PWLB and non-PWLB debt.

Financial Assets

- Fixed or variable short term deposits of less than a year (including MMF's) – Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

Policy Type Assets

- Long term debtors – Level 2.

Creditors

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Transfers between Levels of the Fair Value Hierarchy

- There were no transfers between input levels 1 and 2 or transfers in or out of level 3 during the year.

Changes in the Valuation Technique

- There has been no change in the valuation technique used during the year for the financial instruments:

31-Mar-19		31-Mar-20	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£000	£000 Debtors	£000	£000
49,756	49,756 Loans and Receivables	80,191	80,191

Notes to the Financial Statements (Cont'd)

Note 25 – Financial Instruments (Cont'd)

2) Fair Value of Assets and Liabilities carried at Amortised Cost (cont'd)

The fair value is equal to the carrying amount because all loans and receivables are either short term or at a fixed interest rate or a variable rate linked to base rate without significant transaction costs. The council does not hold any equity investments in an unquoted market and, therefore, this type of investment is excluded from the above table.

31-Mar-19		31-Mar-20	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£000	£000	£000	£000
Borrowing			
449,543	607,924	548,880	828,741
Other Long Term Liabilities			
103,101	184,291	99,942	188,842
Creditors			
46,899	46,899	42,167	42,167

The fair value is higher than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the council would have to pay if the lender requested or agreed to early repayment of the loans.

The fair value of borrowings and PPP liabilities as at 31 March 2020 are comparable to 2019 reflecting a fairly static market.

A further breakdown of types of borrowing held by the Council as at 31 March 2020 is noted below:

Accrued interest /			Accrued interest /		
Principal outstanding	EIR adjustment	Carrying amount	Principal outstanding	EIR adjustment	Carrying amount
31-Mar-19		31-Mar-19	31-Mar-19		31-Mar-19
£000	£000	£000	£000	£000	£000
10,302	1,125	11,427	9,499	1,091	10,590
0	816	816	0	820	820
200,500	438	200,938	224,000	750	224,750
1,162	27	1,189	931	0	931
211,964	2,406	214,370	234,430	2,661	237,091
Short Term Loans			Short Term Loans		
145,774		145,774	196,467	0	196,467
77,600	1,680	79,280	77,600	1,658	79,258
5,000	0	5,000	0	0	0
1,031	0	1,031	1,180	0	1,180
229,405	1,680	231,085	275,247	1,658	276,905
Long Term Loans			Long Term Loans		

3) Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments are made up as follows:

Notes to the Financial Statements (Cont'd)

Note 25 – Financial Instruments (Cont'd)

3) Gains and Losses on Financial Instruments (Cont'd)

	31-Mar-19			31-Mar-20		
	Financial Assets: Loans & receivables £000	Financial Liabilities: amortised cost £000	Total £000	Financial Assets: Loans & receivables £000	Financial Liabilities: amortised cost £000	Total £000
Interest (investment)	330	0	330	260	0	260
Interest payable and similar charges						
Interest/expense*	0	(19,359)	(19,359)	0	(19,372)	(19,372)
Loss on de-recognition	0	(8)	(8)	0	22	22
Net (Gain)/loss in year	0	(19,367)	(19,367)	0	(19,350)	(19,350)

* Interest/Expense has been calculated on an EIR basis where appropriate for market instruments.

There has been no gain/loss on either of the following classes of financial instruments, as the council does not own them:

- available for sale financial assets; and
- financial assets or liabilities at a fair value through profit and loss.

4) Nature and Extent of Risks arising from Financial Instruments

The council's management of treasury risks actively works to minimise the council's exposure to the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and the associated regulations. During 2019/20 these required the council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and the Local Government Investments (Scotland) Regulations 2010. Overall these procedures require the council to manage risk in the following ways:

- (i) by formally adopting the requirements of the Code of Practice;
- (ii) by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders;
- (iii) by approving annually in advance prudential and treasury indicators for the following three years in limiting:
 - The council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures regarding the maturity structure of debt; and
 - Its maximum annual exposure to investments maturing beyond a year.
- (iv) by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment.

These are required to be reported and approved prior to the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the council's financial instrument exposure. Actual performance is reported to Members to assess the effectiveness of controls established.

The 2019/20 annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 27 March 2019 and is available on the council website. The key issues within the strategy were:

- the authorised limit for 2019/20 was set by Council at that meeting at £715.349m and updated during the year to £741.424m. This is the maximum limit of external borrowing;
- the operational boundary was expected to be £655.737m when reported to Council at that meeting and updated during the year to £679.639m. This is the expected level of debt during the year;

Notes to the Financial Statements (Cont'd)

Note 25 – Financial Instruments (Cont'd)

4) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

- the maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the council's net debt; and
- the maximum exposures to the maturity structure of debt is detailed with refinancing and maturity risk.

The council has fully adopted all required CIPFA Codes and statutory regulation currently in force, and maintains written principles for overall risk management, as well as written policies and procedures covering specific areas such as credit risk, liquidity risk, refinancing/maturity risk and market risk.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the council's customers. It is the policy of the council to place deposits only with a limited number of pre approved UK banks and building societies whose credit rating is independently assessed as sufficiently secure by the council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The council's maximum exposure to credit risk in relation to investments in banks and building societies of £21.246m cannot be assessed on a general basis as the risk of any institution failing to make interest payments or repay principle sums is specific to each individual institution, however, recent experience has shown that the institutions invested in at the year end are unlikely to default on their commitments. A risk of irrecoverability applies to all of the council's deposits but there was no evidence at 31 March 2020 that this was likely to happen.

The following analysis summarises the council's maximum exposure to credit risk on other financial assets, based on past experience and current market conditions.

	Amount at 31.03.20	Historical experience of non-payment adjusted for market conditions at 31.03.20	Estimated maximum exposure to default and uncollectibility
	£000	%	£000
Customers and other income	30,169	4.73%	1,381

The council does not hold any of the following in relation to financial assets:

- collateral as security in case of default of investment; or
- financial assets that would otherwise be past due or impaired but have been renegotiated.

The council does not generally allow credit for customers, however currently £12.208m is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	1,679
Three to six months	595
Six months to one year	2,571
More than one year	7,363
	<u>12,208</u>

Provisions are made in accordance with Code Guidance, whereby a judgement is made regarding the probability of collection for each category of debt. This judgement is based upon the past experience of collecting each category of debt to calculate the appropriate percentage of each debt that may not be eventually recovered. Due consideration has been taken to current position caused by covid-19, however this continues to be monitored.

Notes to the Financial Statements (Cont'd)

Note 25 – Financial Instruments (Cont'd)

4) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

No financial assets have been individually determined to be impaired and no collateral is held on past due or impaired financial assets, therefore the council has not obtained financial or non financial assets during the financial year by taking possession of any collateral or calling on other credit enhancements.

Liquidity risk

The council manages its liquidity position through the risk management procedures noted above (i.e. the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow forecast management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The council has ready access to borrowing from the Money Markets to cover any day to day cash flow need if required. The council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures that sufficient funds are raised to cover annual expenditure. On review, at this time there has been little effect on the availability of borrowings due to covid-19. There is, therefore, no significant risk that the council will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The council maintains a significant debt portfolio and whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial liabilities.

The approved treasury indicator limits for the maturity structure of debt are the key parameters used to address this risk and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile as appropriate through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure that sufficient liquidity is available for the council's day to day cash flow needs.

The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. No more than 50% of borrowings are due to mature within any financial year or within any rolling five-year period.

The maturity analysis of financial liabilities is as follows:

	Creditors	PPP	Borrowing	Total
	£000	£000	£000	£000
Less than one year	42,167	3,605	271,974	317,746
Between one and two years	0	3,681	485	4,166
Between two and five years	0	10,114	25,341	35,455
More than five years	0	82,542	251,080	333,622
	42,167	99,942	548,880	690,989

Notes to the Financial Statements (Cont'd)

Note 25 – Financial Instruments (Cont'd)

4) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charges on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional “fair value” of lending and borrowing. For example, a rise in interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the council:

- it is the policy of the council to limit its exposure to variable rate borrowing to a maximum of 50% of what it borrows;
- during periods of falling rates and where it is economically advantageous to do so, the council will consider the repayment and restructuring of fixed interest rate debt;
- the council takes advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings; and
- any potential for a financial impact on the council is also significantly limited by the Scottish Government's grant distribution mechanism that automatically adjusts for changes in interest rates in the government grant support the council receives for “loan charges”.

The interest rate profile of the council's borrowing is as follows:

	£000	%
Fixed Interest Debt	513,997	93.6%
Variable Interest Debt	34,883	6.4%
	<u>548,880</u>	

To illustrate the impact of changes in interest rates upon the council, the following table shows the financial effect if rates had been 1% higher at 31 March 2020, with all other variables held constant:

	£000
Impact on tax payers and rent payers	
Increase on interest payable on variable debt borrowings	1
Increase in interest receivable on variable rate investments	(211)
Increase in government grant receivable for 'loan charges'	(53)
Impact on Income and Expenditure Account	<u>(263)</u>
Share of overall impact due credited to the HRA	<u>(109)</u>
Other accounting presentational changes	
Decrease in fair value of fixed rate investments:	0
Decrease in fair value of fixed rate debt borrowings (disclosure confined to notes to the core financial statements)	(164,563)

The impact of a 1% fall in interest rates would be as above but with the changes being reversed.

Notes to the Financial Statements (Cont'd)

Note 25– Financial Instruments (Cont'd)

4) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

Foreign Exchange Risk

The council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Note 26 – Creditors

2018/19	2019/20
£000	£000
9,371 Central government bodies	7,326
10,425 Other local authorities	10,389
219 NHS Bodies	975
0 Public Corporations and trading funds	0
<u>26,884</u> Other Entities and individuals	<u>23,477</u>
<u>46,899</u>	<u>42,167</u>

Note 27 – Provisions

	Equal Pay	VER/VS	Total
	£000	£000	£000
Opening Provision	233	118	351
Contributions in year	0	0	0
Amounts utilised in year	(1)	(118)	(119)
Unutilised amounts reversed in year	0	0	0
Closing Position	<u>232</u>	<u>0</u>	<u>232</u>

Equal pay claims and single status payments– The council has implemented a Single Status pay structure. This provision is held for possible future equal pay claims through outstanding tribunal cases and revised gradings from the new pay structure.

Note 28 – General Fund and HRA – Reserves and Earmarked Balances

The council holds reserves on the Balance Sheet in respect of General Fund and HRA brought forward surpluses:

- (1) The General Fund balance stands at £9.395m on 31 March 2020, of which £6.643m is earmarked for ringfenced purposes, leaving an unearmarked balance of £2.752m (prudential target £4.305m).

The main earmarked income held for future specific purposes:

	£000
Change Fund	2,065
2020/21 budget commitment	1,893
Risk of non recovery of income due to covid-19	250
Rapid Rehousing Transition Fund	213
Apprenticeship fund	500
2019/20 Budget growth items	587
2020/21 budget - Zero Carbon	344
2020/21 budget - Free school meals	300
Other Committed Spend (> £0.100m)	491
	<u>6,643</u>

Notes to the Financial Statements (Cont'd)

Note 28 – General Fund and HRA – Reserves and Earmarked Balances (Cont'd)

- (2) The HRA balance is currently £3.924m as at 31 March 2020, of which £3.041m is earmarked for ring fenced purposes, leaving an unearmarked balance of £0.883m.

The earmarked balance held for future specific purposes is:-

	£000
Regeneration of the stock	2,441
Welfare Reform	500
Risk of non recovery of income due to covid-19	100
	<u>3,041</u>

Note 29 – Other Reserves

Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure is financed from a reserve, it is charged to the appropriate service to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserve Statement so that there is no net effect on council tax.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the council.

Usable reserves

Usable reserves are those that the council is able to apply to fund expenditure or reduce taxation and comprise of both capital and revenue reserves. Movement in the revenue reserves during the year are outlined in the Movement in Reserves Statement, however, a summary is shown below:

31-Mar-19	31-Mar-20
£000	£000
10,998 General Services	9,395
1,606 Housing Revenue Account	3,924
0 Capital Receipts Reserve	0
278 Capital Grants and Receipts Unapplied	132
2,847 Capital Reserve	2,169
362 Other Reserves	214
<u>16,091</u> Total Usable Reserves	<u>15,834</u>

General Fund Revenue Reserve

The General Fund is held for services provided by the council through Revenue Support Grant funded through the Scottish Government and council tax. It excludes the Housing Revenue Account. This reserve holds funds not yet spent.

Housing Revenue Account Revenue Reserve

The council is required by the Local Government and Housing Act (Scotland) 1987 to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. This reserve holds funds not yet spent.

Capital Receipts Reserves

Capital receipts from asset sales are retained within this Reserve and used to fund planned capital expenditure.

Notes to the Financial Statements (Cont'd)

Note 29 – Other Reserves (Cont'd)

Capital Grant and Reserves Unapplied Reserve

Grants and other contributions given to the council are retained within this Reserve until all conditions agreed by the grant provider are satisfied. This Reserve is also used to fund transformational projects from capital receipts.

Capital Items Replacement Fund (Other)

This reserve holds funds which are retained and used for the renewal or repair of school non-current assets.

Capital Reserve

This reserve holds funds which are retained for the funding of the Public Private Partnership (PPP) unitary charge for schools regeneration on a specific annual phased amount (also known as the Schools Regeneration Sinking Fund).

Unusable reserves

Unusable reserves are those that the council is not able to utilise to provide services and comprise of:-

31-Mar-19 £000	31-Mar-20 £000
243,308 Capital Adjustment Account	267,117
153,968 Revaluation Reserve	153,331
(205,215) Pension Reserve	(134,077)
(3,280) Employee Statutory Adjustment Account	(4,273)
(13,894) Financial Instruments Adjustment Account	(13,020)
174,887 Total Unusable Reserves	269,078

Capital Adjustment Account

The capital adjustment account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings to the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement.

The account contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. The movement in reserve statement provides detail of the source of all the transactions posted to the account.

Notes to the Financial Statements (Cont'd)

Note 29 – Other Reserves (Cont'd)

Capital Adjustment Account (Cont'd)

2018/2019 £000	2019/2020 £000
239,753 Opening Balance	243,308
(28,420) Depreciation	(29,427)
(23,096) Impairment	(10)
9,972 Increase in Depreciation Caused by Revaluation	8,373
4,112 Deficit/Surplus on Revaluations	899
0 Assets That Should Have been Deleted	(691)
114 Write off Revaluation Reserve Balance re Disposals	2,890
(6,791) Disposal of Fixed Assets	(2,266)
20,290 Government Grants Applied	28,021
13,349 Capital Financed by Current Revenue	8,397
14,025 Long Term Debt Payment	7,623
0 Capital Receipts Applied	0
243,308 Closing Balance	267,117

Revaluation Reserve

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

- re valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

2018/2019 £000	2019/2020 £000
128,492 Opening Balance	153,968
53,226 Unrealised Gains on Revaluation of Assets	20,899
(17,664) Impairments and Losses on Revaluation of Assets	(10,273)
(114) Write off Revaluation Reserve Balance re Disposals	(2,890)
(9,972) Depreciation due to Revaluation of Assets	(8,373)
153,968 Closing Balance	153,331

Pension Reserve

The pension reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post employment benefits in the comprehensive income and expenditure as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements requires benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible.

Notes to the Financial Statements (Cont'd)

Note 29 – Other Reserves (Cont'd)

Pension Reserve (Cont'd)

The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/2019 £000	2019/2020 £000
(126,199) Opening Balance	(205,215)
(49,463) Actuarial (Loss)/Gain	91,163
19,074 Employer Contributions	21,849
(48,627) Reversal of IAS19 Entries	(41,874)
<u>(205,215) Closing Balance</u>	<u>(134,077)</u>

Employee Statutory Adjustment Account

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

2018/2019 £000	2019/2020 £000
(3,239) Opening Balance	(3,280)
(41) Staff Accrual Movement	(993)
<u>(3,280) Closing Balance</u>	<u>(4,273)</u>

Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the comprehensive income and expenditure statement when they are incurred, but reversed out of the general fund balance to the account in the movement in reserves statement. Over time, the expense is posted back to the general fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account as at 31 March 2020 will be charged to the General Fund over the next thirty-eight years.

2018/2019 £000	2019/2020 £000
(14,510) Opening Balance	(13,894)
851 Annual Write off of Premiums and Discounts	852
(243) New Premiums and Discounts	0
8 Annual EIR Adjustment to Stepped Interest Instruments	22
<u>(13,894) Closing Balance</u>	<u>(13,020)</u>

Notes to the Financial Statements (Cont'd)

Note 30 – Contingent Assets or Liabilities

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits.

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed as a note to the accounts, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The council has a residual contingent liability relating to those workers who have yet to settle their pay protection claims.

The council has a potential contingent liability relating to paid holiday entitlement. UK employers are bound by employment law in relation to the definition of paid holiday entitlement. Case law has clarified that all pay elements intrinsically linked to the performance of a contract of employment should be included in the calculation of holiday pay, including payments made for additional working. The council adjusted the method of calculation in August 2014 (backdated in line with the leave year to April) and has included on-going costs within the long term financial strategy. The legal position remains subject to challenge however, given the action taken, any potential claim by employees for any retrospective payments is likely to be minimal. As a result, whilst recognising there may be such a requirement, it is not possible to quantify such.

The Limitation (Childhood Abuse) (Scotland) Act 2017 Section 1 removes the limitation period for actions of damages in respect of personal injuries resulting from childhood abuse. At this stage the extent of any potential liability is unknown.

The Council agreed on 24 June 2020 to provide West Dunbartonshire Leisure Trust with a letter of comfort to confirm the council's commitment to the ongoing financial sustainability of the Trust, on a joint planning approach in relation to future service provision through the recovery and beyond. At this stage the extent or likelihood of any potential liability is unknown.

The Council has provided the Clydebank Property Company's external auditors with an acknowledgement that the company's forecast projections indicate that continued availability of funding from the council may be required in order to enable the Company to continue to meet its liabilities as they fall due, which would be delivered through the provision of loan funding if and when required. At this stage the extent or likelihood of any potential support is unknown.

A recent legal ruling in relation to the Goodwin equal treatment case in the Teachers' Pension Scheme may have an impact across other public service pension schemes. Regulatory amendments will now need to be considered to extend the pension entitlement of male survivors of female pension scheme members. The consequences may impact on future pension contributions rates but initial indications suggest that any impact would be immaterial.

The council is not aware of any other contingent assets or liabilities which may be outstanding.

Note 31 – Financial Guarantee

In terms of West Dunbartonshire Leisure Trust's admission to the Strathclyde Pension Scheme, the council has guaranteed to accept liability for any unfunded pension costs should they cease to exist, withdraw from the Scheme or become unable to meet any unfunded liability. The council has not quantified the possible liability.

Movement on the Housing Revenue Account Statement

This statement shows the movement in the year on the housing revenue account reserve. The surplus or (deficit) on the housing revenue account income and expenditure statement is reconciled to the surplus or deficit for the year on the housing revenue account balance, calculated in accordance with the Housing (Scotland) Act 1987.

2018/19 £000	2019/20 £000	2019/20 £000
(7,422) Balance on the Housing Revenue Account at the End of the Previous Year (1)		(1,606)
(3,395) Total Comprehensive Income and Expenditure (2)		(18,188)
(584) Pension Scheme Adjustments	(868)	
4 Financial Instruments Adjustment	10	
32 Holiday Pay Adjustment	(40)	
Reversal of entries included in the Surplus/Deficit on the Provision of Services in		
(7,648) relation to capital expenditure	4,816	
(8,196) Adjustments to the revenue resource (3)	3,918	
(2,603) Net gain or loss on sale of non-current assets	(1,262)	
6,288 Statutory Repayment of Debt (Loans Fund Advances)	4,463	
13,349 CFCR	8,397	
17,034 Adjustments between Revenue and Capital Resources (4)	11,598	
8,838 Total Statutory Adjustments (5)=(3)+(4)		15,516
373 Transfers (to)/from Other Statutory Reserves (6)		354
5,816 (Increase)/Decrease in Year (7)=(2)+(5)+(6)		(2,318)
Balance on the Housing Revenue Account at the end of the Current Year		
(1,606) (8)=(1)+(7)		(3,924)

Housing Revenue Account Income and Expenditure Statement

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. The council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2018/19 £000		2019/20 £000	2019/20 £000
	Income		
(40,118)	Dwelling Rents (net of voids)	(40,871)	
(264)	Other Rents	(258)	
(1,575)	Other Income	(1,511)	
<u>(41,957)</u>			<u>(42,640)</u>
	Expenditure		
12,221	Repairs and Maintenance	10,805	
10,105	Supervision and Management	11,393	
9,944	Depreciation and Impairment	10,478	
0	Bad/Doubtful Debts	0	
371	Other Expenditure	38	
<u>32,641</u>			<u>32,714</u>
	Net Cost of Service as Included in the Council Comprehensive Income and Expenditure Statement		
<u>(9,316)</u>			<u>(9,926)</u>
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement		
(2,297)	Recognised Capital Income (Grants, Contributions and Donations)	(15,294)	
2,603	Gain or Loss on the Sale of HRA Non Current Assets	1,262	
5,142	Interest Payable and Similar Charges	4,914	
2	Amortisation of Premiums and Discounts	0	
619	Impairment Loss - Debtors	970	
(148)	HRA Interest and Investment Income	(114)	
<u>5,921</u>			<u>(8,262)</u>
<u>(3,395)</u>	(Surplus)/Deficit for the year on HRA Services		<u>(18,188)</u>

Notes to the Housing Revenue Account Income and Expenditure Statement

Note 1 - The number and types of dwellings in the council's stock

The council was responsible for managing 10,042 dwellings during 2019/20 (10,397 in 2018/19). The following shows an analysis of these dwellings by type.

Number at 31.03.19	2018/19 Average weekly rent £	Type of Dwelling	Number at 31.03.20	2019/20 Average weekly rent £
2,734	74.98	Two-apartment	2,625	76.56
4,754	77.21	Three-apartment	4,553	78.85
2,590	82.05	Four-apartment	2,553	83.77
312	87.91	Five-apartment	304	89.90
2	90.52	Six-apartment	2	92.33
1	82.45	Seven-apartment	1	84.09
2	90.52	Eight-apartment	2	92.33
2	90.52	Nine-apartment	2	92.33
10,397	Total		10,042	

Note 2 – Dwelling Rents

The £40.871m noted in the Income and Expenditure Statement is the total rental income less voids chargeable for the year of £0.606m (£0.560m in 2018/19). It excludes irrecoverables and bad debts. Average rents were £79.84 per week in 2019/20 (£78.18 per week in 2018/19).

Note 3 –Other Rents

This is the total income received from travelling person site rentals, lock-ups and shops less voids chargeable for the year, but excludes irrecoverables and bad debts. Lost rents from lock-ups in 2019/20 were £0.063m (£0.079m in 2018/19).

Note 4 - Rent arrears

As at 31 March 2020, total rent arrears amounted to £3.922m (£3.519m as at 31 March 2019). This is 9.56% of the total value of rents due at 31 March 2020. It should be noted that the total arrears do not all relate to 2019/20 and the year on year movement in value of arrears is an increase of £0.404m.

Note 5 - Provision for Bad Debts

In the financial year 2019/20, the rental bad debt provision has been increased by £0.172m (£0.041m increase 2018/19). The provision to cover loss of rental income stands at £2.682m as at 31 March 2020 – equivalent of 67.04% (71.31% 2018/19) of the total value of rents due at that date.

Council Tax Account

Council Taxpayers: £35.296m (2018/19 £33.805m)

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. 2019/20 represents the seventh year of operation of the Council Tax Reduction Scheme in Scotland. The Council Tax Reduction Scheme represents a new discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government's welfare reform programme. The resultant total net income within the Council Tax Account is transferred to the Comprehensive Income and Expenditure Statement.

2018/19 £000		2019/20 £000
49,494	Gross council tax	51,119
	Less:	
(8,573)	Council Tax Reduction Scheme Discount*	(8,418)
(6,148)	Other discounts and reductions	(6,348)
(853)	Provision for bad and doubtful debts	(665)
(115)	Adjustments for prior years	(392)
33,805	Transfer to General Fund	35,296

The calculation of the council tax base

Band	No of Dwellings	No of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	CTRS Discount	Total Dwellings	Ratio to Band D	Band D Equivalent
A(Disabled)	0	0	26	13	0	14	33	200/360	18
Band A	7,569	341	38	4,517	94	3,366	8,757	240/360	5,838
Band B	16,852	550	(13)	7,910	172	5,341	18,479	280/360	14,373
Band C	7,502	185	2	2,896	48	1,670	7,904	320/360	7,026
Band D	5,947	102	15	1,854	29	582	5,836	360/360	5,836
Band E	4,655	49	(46)	993	23	185	4,428	473/360	5,819
Band F	1,694	14	(13)	226	9	43	1,634	585/360	2,656
Band G	810	10	(8)	104	6	19	777	705/360	1,521
Band H	66	0	(1)	3	11	2	60	882/360	147
Total									43,234
Provision for bad debt									(539)
Council Tax Base									42,695

The nature and actual amount of each charge fixed

Gross Charges	2018/19 £ per year	2019/20 £ per year
Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/increased dependent on the band. The band D charge for 2019/20 was £1,233.83.		
	798.59	Band A 822.55
	931.69	Band B 959.65
	1,064.79	Band C 1,096.74
	1,197.89	Band D 1,233.83
	1,573.89	Band E 1,621.12
	1,946.57	Band F 2,004.97
	2,345.87	Band G 2,416.25
	2,934.83	Band H 3,022.88

Discounts, Reliefs and Exemptions

A council tax bill is reduced by 25% where a property has only one occupant or 50% where the property is empty. For council tax purposes certain students are not regarded as occupants. Certain properties may also qualify for relief if the property has been adapted for a disabled person. Properties undergoing major renovation or held pending demolition may be awarded exemption from council tax.

*Council Tax Benefit has been replaced by Revenue Support Grant received from the Scottish Government. The result of which has been to reduce the Council Tax Income due by use of a Council Tax Discount Mechanism.

Non Domestic Rates Account

Non-Domestic Rates Income £84.847m (2018/19 £78.812m)

The Non Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non Domestic Rates account. The statement shows the gross income from the rates and deductions made under Statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

Non-Domestic Rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £84.847m (2018/19 £78.812m) from the national pool. West Dunbartonshire Council's allocation from the pool now reflects the council's duty to collect Scottish Gas utilities on behalf of all Scottish councils and this equates to £56.554m in year (£55.458m 2018/19). The council's Revenue Support Grant has been adjusted to compensate for this change. In 2012/13 the Scottish Government introduced Business Rates Incentivisation Scheme (BRIS), to incentivise councils to grow their potential business rates tax base and as a result increase rates income, a proportion of which is to be retained by councils. Following a review of the original BRIS by a joint Scottish Government/COSLA Review Group the original scheme was suspended and a revised scheme was introduced in 2014/15. The amount of revised BRIS local targets will be linked only to the buoyancy element of the total estimated NDRI for any one year. This ensures that each council will have the ability to influence their own local tax base. Local final target for 2019/20 was 1.0% and indications suggest the council is not due any additional income for this year's rates collected, but should receive a further annual payment of £0.055m in 2020/21 for the increase identified in the 2017/18 NDR return.

The amount deemed to be collected locally was £83.302m (2018/19 £80.558m). The sum actually collected locally and contributed to the pool was £83.039m (2018/19 £82.910m), made up as follows:

Re-stated 2018/19 £000		2019/20 £000
94,260	Gross rates levied	95,009
	Less:	0
(9,480)	Reliefs and other deductions	(9,059)
(943)	Provision for bad and doubtful debts	(950)
83,837	Net non-domestic rate income	85,000
(791)	Adjustments for prior years	(1,477)
(136)	Adjustments for prior years - bad debt	(373)
82,910	Total Non Domestic Rate Income (before retention)	83,150
0	Non Domestic Rate Income Retained by the Council (BRIS)	(111)
82,910	Contribution to National Non Domestic Rate Pool	83,039
78,812	Distribution from National Non Domestic Rate Pool	84,847
4,098	Net contribution to/(from) National Non Domestic Rate Pool	(1,808)
78,812	Net Non Domestic Rate Income to Comprehensive Income & Expenditure Statement	84,847

The non-domestic rates pool operates on a cash accounting basis and as such the non-domestic rate income account within West Dunbartonshire Council is calculated on a similar basis.

Analysis of rateable Values:	£	An explanation of the nature and amount of each rate fixed
Rateable value at 1/4/19	185,890,387	The amount paid for non-domestic rates is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £ announced each year by the government.
Running roll (full year RV)	(649,270)	
Rateable value at 31/3/20	185,241,117	The national non-domestic rate poundage set by the First Minister for Scotland for 2019/20 was £0.49.
Less: partially exempt	734,050	
Less: wholly exempt	2,252,125	
Net rateable value at 31/3/20	182,254,942	

Group Accounts

Introduction

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires local authorities to consider their interests in all types of entities. This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973, including statutory bodies such as Valuation and Concessionary Travel Joint Boards. Authorities are required to prepare a full set of group accounts in addition to their own council's accounts where they have a material interest in such entities. West Dunbartonshire Council has accounted for its interests in each associate and joint venture using the equity method of accounting.

Combining Entities

The Group Accounts consolidate the results of the council with six other entities:

- Dunbartonshire and Argyll & Bute Valuation Joint Board (VJB);
- West Dunbartonshire Health and Social Care Partnership (HSCP);
- Strathclyde Partnership for Transport (SPT);
- Strathclyde Concessionary Travel Joint Board (SCT);
- West Dunbartonshire Leisure Trust (WDLT); and
- Clydebank Property Company (CPC).

In addition to these entities, the Dumbarton Common Good and Sundry Trust Funds have also been consolidated.

The accounting period for all entities is 31 March 2020.

The council would class an entity as an associate if they have significant influence over the financial and operating policies of the entity. The council would class an entity as a subsidiary if they have control of the entity. The council would class an entity as a joint venture where it has contractually agreed to share control with another party, such as significant decisions require unanimous consent and the joint ventures have rights to the net assets of the arrangement.

Under accounting standards, this council includes the results of three of these organisations as 'associates' because it has a significant influence over their financial and operating policies (namely VJB, SPT and SCT). The council has no shares in, nor ownership of any of these organisations which are entirely independent of the council.

The Joint Boards are independent public bodies formed by an Act of Parliament. All local government functions that relate to these bodies have been delegated from the constituent councils that comprise the area of each Board. The members of each Board are elected Councillors and are appointed by the councils in proportions specified by legislation.

The WDLT, CPC and the Common Good and Trust Funds have been included as subsidiaries.

HSCP has been included as a joint venture.

Basis of Combination and Going Concern

The combination has been accounted for on an acquisition basis using the equity method – that is, the council's share of the net assets and liabilities of each entity is incorporated and adjusted each year by the council's share of the entities' results (recognised in the Group Income and Expenditure Account), and its share of other gains and losses.

For five of the six entities, the council has a share in a net asset. The negative balance on the VJB arises from the inclusion of liabilities related to defined benefit pension schemes as required by IAS19.

Group Accounts (Cont'd)

Basis of Combination and Going Concern (Cont'd)

The effects of inclusion of these entities and the Common Good and Trust Funds on the Group Balance Sheet is to increase reserves and Net Assets by £30.025m – representing the council's share of net assets in these entities.

The Code requires councils to prepare financial statements on a going concern basis. A transfer within public services does not negate the presumption that these bodies are still a going concern.

Thus all entities consider it appropriate that their Financial Statements should follow the 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities for the deficit of the Valuation Joint Board means that the financial position of the Board is assured.

Whilst the Balance Sheet of some entities show negative total assets, this relates primarily to defined benefit scheme pension liabilities in these entities. The financial statements of all individual group entities have been prepared on a going concern basis and, as such, the group accounts have also been prepared on this basis.

Group Accounts (Cont'd)

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in year, of providing services in accordance with relevant International Financial Reporting Standards, rather than the amount to be funded from taxation. The council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Restated 2018/19 Gross Expenditure £000	Restated 2018/19 Gross Income £000	Restated 2018/19 Net Expenditure £000		2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000
			Service			
74,782	(50,931)	23,851	Corporate Services	75,340	(48,783)	26,557
112,568	(9,851)	102,717	Educational Services	111,068	(13,244)	97,824
63,321	(17,422)	45,899	Infrastructure, Regeneration and Economic Development	60,180	(20,351)	39,829
9,441	(4,451)	4,990	Housing and Communities	10,570	(5,032)	5,538
32,641	(41,957)	(9,316)	Housing Revenue Account	32,714	(42,640)	(9,926)
17,248	(7,094)	10,154	Miscellaneous Services	76	(7,572)	(7,496)
162,121	(92,273)	69,848	Health and Social Care Partnership	170,354	(95,581)	74,773
2,459	0	2,459	Requisitions	2,336	0	2,336
7,904	(3,830)	4,074	Subsidiaries	8,180	(3,609)	4,571
482,485	(227,809)	254,676	Net Cost of Service (1)	470,818	(236,812)	234,006
			3,362 (Gain) / loss on Disposal of Fixed Assets			1,463
			3,362 Other Operating Expenditure (2)			1,463
			(33,805) Council Tax			(35,296)
			(78,812) Non-Domestic Rates			(84,847)
			(104,759) Revenue Support Grant			(103,571)
			(20,254) Recognised Capital Income (Grants, Contributions & Donations)			(27,876)
			(237,630) Taxation and Non-specific Grant Income (3)			(251,590)
			(287) Interest Earned			(210)
			19,354 External Interest Payable / Similar Charges			19,367
			5 (Gain)/Loss early settlement of borrowing			0
			1,414 Impairment Loss - Debtors			1,380
			(3,248) Surplus on Trading Undertakings not included in net cost of services			(2,401)
			3,760 Pension Interest Cost/Expected Return on Pension Assets			5,231
			20,998 Finance/Investment Income and Expenditure (4)			23,367
			41,406 (Surplus)/Deficit on Provision of Services			7,246
			(5) = (1)+(2)+(3)+(4)			
			337 Share of other Comprehensive Income and Expenditure of Associates and Joint Ventures			(2,566)
			(35,731) (Surplus)/Deficit arising from revaluation of property, plant and equipment			(9,833)
			238 (Surplus)/Deficit on revaluation of available for sale assets			(96)
			51,217 Actuarial (gains)/losses on pension fund assets and liabilities			(95,075)
			16,061 Other Comprehensive (Income) and Expenditure (6)			(107,570)
			57,467 Total Comprehensive (Income) and Expenditure (5)+(6)			(100,324)

Group Accounts (Cont'd)

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. The net increase/decrease before transfer to earmarked reserves line shows the statutory general fund balance and housing revenue account balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	Usable Reserves			Unusable Reserves			
	WDC Usable	Group Usable	Total Usable	WDC Unusable	Group Unusable	Total Unusable	Total
	Reserves	Reserves	Reserves	Reserves	Reserves	Reserves	Reserves
	£000	£000	£000	£000	£000	£000	£000
2019/20							
Opening Balance at 1 April 2019	(16,091)	(11,778)	(27,869)	(174,887)	(13,010)	(187,897)	(215,766)
Restatement due to % share in 2019/20	0	397	397	0	756	756	1,153
Restatement Opening Balance 1 April 2019	(16,091)	(11,381)	(27,472)	(174,887)	(12,254)	(187,141)	(214,613)
Movement in reserve 2019/20							
(Surplus) or deficit on provision of services	7,213	33	7,246	(101,097)	968	(100,129)	(92,883)
Other Comprehensive Expenditure and Income	(7,757)	(2,625)	(10,382)	7,757	(4,816)	2,941	(7,441)
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	(544)	(2,592)	(3,136)	(93,340)	(3,848)	(97,188)	(100,324)
Transfers to/from other statutory reserves *	801	(13)	788	(851)	63	(788)	0
Closing Balance at 31 March 2020	(15,834)	(13,986)	(29,820)	(269,078)	(16,039)	(285,117)	(314,937)
2018/19 (Restated)							
Opening Balance at 1 April 2018	(22,458)	(11,878)	(34,336)	(224,297)	(14,600)	(238,897)	(273,233)
Movement in reserve 2018/19							
(Surplus) or deficit on provision of services	41,682	(276)	41,406	14,138	1,647	15,785	57,191
Other Comprehensive Expenditure and Income	(36,118)	333	(35,785)	36,118	(57)	36,061	276
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	5,564	57	5,621	50,256	1,590	51,846	57,467
Transfers to/from other statutory reserves *	803	43	846	(846)	0	(846)	0
Closing Balance at 31 March 2019	(16,091)	(11,778)	(27,869)	(174,887)	(13,010)	(187,897)	(215,766)

*The transfer of statutory reserves is in relation to dividends paid to the council by Clydebanks Property Company.

Group Accounts (Cont'd)

Group Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the group. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories (page 38 provides a further explanation).

Restated 2018/19 £000		2019/20 £000
932,385	Property, Plant and Equipment	1,015,779
232	Intangible Assets	191
18,184	Investment in associates	21,270
27	Long Term Debtors	23
7,987	Long term Investments	3,982
1,406	Heritage Assets	1,406
960,221	Total Long Term Assets	1,042,651
5,670	Asset Held for Sale	8,053
1,079	Inventories	1,245
45,176	Short Term Debtors	42,768
15,387	Cash and Cash Equivalents	19,505
67,312	Current Assets	71,571
(351)	Provisions	(232)
(3,097)	PPP & Finance Lease Liabilities	(3,605)
(47,495)	Short Term Creditors	(42,632)
(216,711)	Short Term Borrowing	(236,336)
(267,654)	Current Liabilities	(282,805)
759,879	Total Assets less Current Liabilities	831,417
(1,084)	Liabilities in Associates	(507)
(227,988)	Long Term Borrowing	(276,905)
(100,004)	PPP & Finance Lease Liabilities	(96,337)
(594)	Provision for liability	(657)
(207,144)	Net Pensions Liability	(134,402)
(7,299)	Capital Grants Receipts in Advance (conditions)	(7,672)
(544,113)	Long Term Liabilities	(516,480)
215,766	Total Assets Less Liabilities	314,937
	Represented by:	
27,869	Usable Reserves	29,820
187,897	Unusable Reserves	285,117
215,766	Total Reserves	314,937

The unaudited Financial Statements were authorised for issue on 30 June 2020 and the audited Financial Statements were authorised for issue on 25 November 2020.

Stephen West
Strategic Lead - Resources
West Dunbartonshire Council
25 November 2020

Group Accounts (Cont'd)

Group Cashflow Statement

The cash flow statement shows the changes in cash and cash equivalents of the group during the reporting period. The statement shows how the group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the group.

The incorporation of the associates and subsidiaries within the group cash flow statement is immaterial, therefore, no cash flow statement is noted within the Group Accounts.

The Council's cashflow is noted on page 39.

Group Accounts (Cont'd)

Notes to the Group Accounts

Note 1 - Details of combining entities

The notes required for the Financial Statements of West Dunbartonshire Council are disclosed separately in the preceding pages. For Strathclyde Partnership for Transport and Concessionary Travel Scheme, although the council holds less than 20% voting rights, it has a significant influence on the bodies. The organisations have voting allocations over 11 other local councils, with no one council holding majority shares, which ensures that all 12 councils can influence decisions. The following notes provide material additional amounts and details in relation to the other combining entities.

Associates and Joint Ventures

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. In 2019/20, the council contributed £1.605m (2018/19 £1.605m) or 4.03% (2018/19 4.39%) of the Board's estimated running costs and its share of the year end net asset of £17.209m (2018/19 £14.541m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Strathclyde Concessionary Travel Scheme Joint Board oversees the operation of the concessionary fares scheme for public transport on behalf of the 12 local authorities in the West of Scotland. The costs of the scheme are funded through requisitions from the 12 councils and by the Scottish Executive via a 'section 70' grant. In 2019/20, the council contributed £0.171m (2018/19 £0.171m), 4.03% (2018/19 4.19%) of the Board's estimated running costs and its share of the year end net asset of £0.029m (2018/19 £0.053m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Dunbartonshire and Argyll and Bute Valuation Joint Board was formed in 1996 at local government re-organisation by an Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Board's running costs are met by the three authorities, with surpluses and deficits on the Board's operations also shared between the councils. In 2019/20, the council contributed £0.688m (2018/19 £0.688m) or 25.92% (2018/19 26.95%) of the Board's estimated running costs and its share of the year end net liability of £0.507m (2018/19 £1.084m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, 16 Church Street, Dumbarton G82 1QL.

The West Dunbartonshire Health & Social Care Partnership - the Public Bodies (Joint Working) Act (Scotland) 2014 sets out the arrangements for the integration of health and social care across the country. The Scottish Government approved the Integration Scheme for West Dunbartonshire which details the 'body corporate' arrangement by which NHS Greater Glasgow & Clyde Health Board and West Dunbartonshire Council agreed to formally delegate health and social care services for adults and children (including criminal justice, social work services) to a third body, which is described in the Act as an Integration Joint Board. The Integration Joint Board for West Dunbartonshire is known as the West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) and started operations on 1 July 2015. The Board's running costs are met by the two bodies mentioned above, with surpluses and deficits on the Boards operations also shared between them. In 2019/20, the council contributed £67.584m towards estimated running costs and its share of the year end net asset of £4.032m is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Chief Financial Officer to the Integration Joint Board, 16 Church Street, Dumbarton G82 1QL.

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

Note 1 - Details of combining entities (Cont'd)

The council's share of its associates and joint ventures are as follows:

	Strathclyde Partnership for Transport £000	Strathclyde Concessionary Travel Scheme Joint Board £000	Dunbartonshires and Argyll and Bute Valuation Joint Board £000	West Dunbartonshire Health & Social Care £000	Total £000
2019/20					
Surplus/ (Deficit) on					
Operating Activities	2,581	(22)	(76)	519	3,002
Non Current Assets	11,153	0	165	0	11,318
Current Assets	6,981	74	184	4,057	11,296
Non Current Liabilities	(132)	0	(827)	0	(959)
Current Liabilities	(793)	(45)	(29)	(25)	(892)
2018/19					
Surplus/ (Deficit) on					
Operating Activities	539	(12)	(204)	519	842
Non Current Assets	10,965	0	171	0	11,136
Current Assets	7,821	89	184	3,590	11,684
Non Current Liabilities	(3,089)	0	(1,406)	0	(4,495)
Current Liabilities	(1,155)	(36)	(33)	0	(1,224)

Subsidiaries

West Dunbartonshire Leisure Trust was formed in December 2011 and started trading on 5 April 2012. The Trust is a charitable company registered in Scotland and provides leisure facilities within the West Dunbartonshire area to the general public and operates sports centres, leisure centres, swimming pools, halls and community education centres owned by the council. The Trust is paid a management fee by the council for the provision of these services. The Trust's net asset at 31 March 2020 was £1.833m (2018/19 £0.234m net asset) and its deficit for the year was £0.005m (2018/19 £0.160m surplus). The accounts of the Trust are published separately and can be obtained from the Manager, Leisure Trust Headquarters, Alexandria CE Centre, Alexandria, G83 0NU which is also the company's principal place of business.

Clydebank Property Company was part of a group organisation previously known as Clydebank Rebuilt which 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. The Company's net asset at 31 March 2020 was £3.408m and its surplus for the year before payment of a dividend was £0.061m (2018/19 £0.028m deficit). The accounts of the Company are published separately and can be obtained from the Company's Headquarters, Titan Enterprise, 1 Aurora Avenue, Queen's Quay, Clydebank G81 1BF which is also the Company's principal place of business.

Dumbarton Common Good is held in Trust by West Dunbartonshire Council. Although the council does not contribute to this fund financially, it has been included within the council's Group through materiality by nature. Net usable spend in 2019/20 was £0.031m (2018/19 £0.060m net usable income).

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

Note 1 - Details of combining entities (Cont'd)

Trust Funds are held in Trust by West Dunbartonshire Council. Although the council does not contribute to these funds financially, they have been included within the council's Group through materiality by nature. The net decrease in funds of £0.006m (2018/19 £0.032m decrease) for the Trust Funds. For the purposes of the Group Accounts, two Trust Funds managed by the council (Dunbartonshire Educational Trust and McAulay Prize for Mathematics Trust) have been included pro rata to the council's share. Copies of the accounts may be obtained from West Dunbartonshire Council, 16 Church Street, Dumbarton G82 1QL.

The council's subsidiaries year end results are as follows:

	West Dunbartonshire Leisure Trust £000	Clydebank Property Company £000	Common Good £000	Trust Funds £000	Total £000
2019/20					
Surplus/ (Deficit) on Operating Activities	5	61	31	6	103
Non Current Assets	282	3,986	3,487	0	7,755
Current Assets	3,453	418	482	199	4,552
Non Current Liabilities	(325)	(657)	0	0	(982)
Current Liabilities	(1,577)	(442)	(44)	0	(2,063)
2018/19					
Surplus/ (Deficit) on Operating Activities	160	(28)	60	(34)	158
Non Current Assets	1,064	4,004	3,487	0	8,555
Current Assets	2,845	427	516	204	3,992
Non Current Liabilities	(1,929)	(594)	0	0	(2,523)
Current Liabilities	(1,746)	(543)	(47)	0	(2,336)

Note 2 – Non-Material Interest in Other Entities

The council has an interest in a number of other organisations. The council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the council. Accordingly, the Group Accounts do not include these organisations. Under Accounting Regulations, the council is required to disclose the business nature of each organisation.

Scotland Excel is a joint committee established through Section 57 of the Local Government (Scotland) Act 1973. The main purpose of the committee includes co-ordination of collaborative buying initiatives, representation of interests in public sector contracts, and the development and operation of a centre of procurement expertise for Local Government in Scotland.

Clydebank Municipal Bank is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April. The principal business of the Municipal Bank is to accept deposits from private account holders and to invest funds with West Dunbartonshire Council. The chairman and directors of the bank are Elected Members of the Council. As per the bank's unaudited financial statements at 31 March 2020, 2,482 accounts were held with the bank (2018/19 2,471), with a total amount on deposit of £1.450m (2018/19 £1.345m), with £1.306m being invested with the council (2018/19 £1.131m). Interest paid by the council to the bank in the year was £0.033m (2018/19 £0.028m).

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

Note 2 – Non-Material Interest in Other Entities (Cont'd)

Hub West of Scotland 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. Hub West of Scotland comprises: Hub West Territory Participants, Scottish Futures Trust and The Wellspring Partnership.

Business Loans Scotland Ltd was formed in March 2017 with 27 Scottish local authorities full members, including West Dunbartonshire Council, and the remaining 5 Scottish local authorities becoming associate members. In this respect, each member local council provides a level of loan finance for companies in their area under Phase 1, augmented in Phase 2 by Scottish Growth Scheme and European Regional Development Funding (ERDF).

Note 3 – Financial Impact of Consolidation

The effect of inclusion of the entities on the Group Balance Sheet is to increase reserves and net assets by £30.025m (2018/19 £24.788m net asset) respectively representing the council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net asset of £314.937m (2018/19 £215.766m).

Note 4 – Analysis of Material Amounts in Income and Expenditure Account

The following table provides an analysis of the council's share of the material amounts as a result of the inclusion of the associates and subsidiaries.

Contribution to Group Income and Expenditure Reserve:

2018/19	2019/20
£000	£000
14,541 Partnership for Transport	17,209
53 Concessionary Travel Board	29
(1,084) Valuation Joint Board	(507)
3,590 West Dunbartonshire Health & Social Care	4,032
234 West Dunbartonshire Leisure Trust	1,833
3,294 Clydebank Property Company	3,305
3,956 Common Good	3,925
204 Trust Funds	199
24,788 Total	30,025

Note 5 – Major Sources of Estimation Uncertainty

Covid -19 – similar to the uncertainty noted for the Council in Note 1, valuations of Non Current Assets are subject to material value uncertainty for other group entities. For avoidance of doubt, the inclusion of this declaration does not mean that the valuation cannot be relied upon, rather that it has been included to ensure transparency. Although this remains a generic uncertainty, it has been particularly highlighted for the Partnership for Transport.

General Accounting Policies and Information

Note 32 - Accounting Policies

1. General Principles

The Financial Statements summarises the council's transactions for the 2019/20 financial year and its position at the year end of 31 March 2020. The council is required to prepare an Annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the code") and the Service Reporting Code of Practice 2019/20, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Financial Statements is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The convention also adopts the assumption that the council will continue as a going concern for the foreseeable future.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when payment is made or received. In particular:

- revenue from sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser and when it is probable that the economic benefits associated with the transaction will flow to the council;
- revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction and when it is probable that the economic benefits associated with the transaction will flow to the council;
- expenses in relation to services received are recorded as expenditure when the services are received, rather than when payment is made;
- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption their value is carried as inventories on the Balance Sheet;
- interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than on cash flows fixed or determined by the contract;
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and charged to revenue for the income that might not be collected; and
- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

3. Changes in Accounting policies, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, events or conditions on the council's financial position or performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative figures, as if the new policy has always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years only.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative figures.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

4. Charges to Revenue for Property, Plant and Equipment

Council Services and Trading Accounts are debited/ credited with the following amounts to record the cost of using or holding fixed assets during the year:

- depreciation, attributable to the assets used by the relevant service or trading account;
- revaluation and impairment losses, where there is no accumulated gain in the Revaluation Reserve;
- revaluation gains, where these reverse an impairment loss previously charged to the service or trading account; and
- amortisation of intangible fixed assets.

The council is not required to raise council tax to cover depreciation, revaluation gains or losses or impairment losses. However, it is required to make annual provision from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are replaced by the revenue provision in the General Fund by an adjustment within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

5. Intangible assets

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Assets are measured originally at cost and only revalued where the fair value of the asset can be determined by reference to an active market.

Where an intangible asset has a finite useful life, the depreciable amount of the asset is charged over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is recognised in the Surplus or Deficit on the Provision of Services when the asset is derecognised.

6. Property, Plant and Equipment

Assets that have physical substance and are held for the supply of goods and services, either directly or indirectly, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the asset can be measured reliably. Expenditure that maintains, but does not add to the asset's potential to deliver future economic benefits or service potential, is charged as an expense when it is incurred.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

6. Property, Plant and Equipment (Cont'd)

Measurement

Initially measured at cost, comprising of:

- purchase price (the council has no de minimum level set);
- any costs associated with bringing the asset to the location or condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of costs for dismantling and removing the item and restoring the site on which it is located to its original state.

The council does not capitalise borrowing costs incurred during construction of an asset.

Where property, plant or equipment are acquired in exchange for a non monetary asset or assets, or a combination of monetary and non monetary assets, the cost of the acquired item shall be measured at fair value unless there is no economic substance to the exchange transaction, or the fair value of neither the asset received nor the asset given up can be reliably measured. The acquired item is measured at fair value even if the council cannot immediately derecognise the asset given up. The acquired item is measured at the carrying amount of the asset given up if it is not measured at fair value.

Assets are then carried in the Balance Sheet using the following measurement bases:

Asset Type	Valuation Method
Infrastructure, community and assets under construction assets	Historic Cost
Council dwellings	Fair value - determined in accordance with existing use value of social housing (EUV-SH)
Other buildings	Fair value. Where there is no market based evidence of fair value because of the specialised nature of the asset and the asset is rarely sold, depreciated replacement cost is used as an estimate of fair value
Plant and equipment and other non property assets	Fair value. Where assets in this class have either short useful lives or low values (or both), depreciated historical cost is considered to be a proxy for fair value where the useful life is a realistic reflection of the life of the asset and the depreciation method provides a realistic reflection of the consumption of the asset class

Revaluation

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure their carrying amount is not materially different from the fair value at the year end, as a minimum every 5 years. The programme of revaluation for 2019/20 and planned each of the following four years is as follows:

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

6. Property, Plant and Equipment (Cont'd)

2019/20	Halls/ Public conveniences/ libraries/ outdoor centres/ golf course/ pavilions/ sports centres/ swimming pools/ travellers site/ car parks;
2020/21	Any properties not previously re-valued / general re-appraisal / HRA housing stock;
2021/22	Offices / depots/ cemeteries/ crematorium lodges;
2022/23	All council non-operational properties; and
2023/24	Schools/school houses/ social work homes/adult training centres/ community education centres/early education centres.

In addition to assets being revalued within the programme of revaluation assets will be revalued in any given year if any of following 3 criteria is met:

- When the historic cost of the building is less than £2m but the combined value of the building historic cost and any enhancement expenditure incurred since the last revaluation date exceeds £2m then the asset will be revalued and (if new valuations exceeds £2m) componentised if necessary;
- Where the historic cost of the building exceeds £2m (and is therefore already componentised) and where any enhancement expenditure incurred since the last revaluation date exceeds 25% of the historic cost of the building then the asset will be revalued; and
- Where the combined value of building historic cost and any enhancement expenditure incurred since the last revaluation date spend is less than £2m but the value of the enhancement expenditure exceeds 50% of building historic cost and in value is more than £0.500m then the asset will be revalued.

Valuations in 2019/20 have been carried out by an external valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, the revaluation loss is accounted by:

- where a balance of revaluation gains for the asset is held in the Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the total gain); or
- where no balance of revaluation gains for the asset is held in the Revaluation Reserve – the carrying amount is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Where impairment losses are identified, they are accounted for in the same way as revaluation decreases.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

6. Property, Plant and Equipment (Cont'd)

Disposals

When it becomes apparent that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is re-classed as either a surplus asset or an Asset Held for Sale. The asset is re-valued immediately before re-classification and then carried at the lower of this amount and the fair value less sale costs.

Assets to be scrapped are not re-classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, both the carrying amount in the Balance Sheet and receipts from disposal are transferred to the Surplus and Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Statement as part of a gain or loss on sale. Any revaluation gains accumulated for the asset in the Revaluation reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts is credited to either the Capital Receipts Reserve or the Capital Fund and can only be used for new capital investment, set aside to reduce the council's underlying borrowing requirement, to fund the principal element of loan charges or to fund premium charges. Receipts are appropriated to these reserves from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax. It is appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided on all property, plant and equipment over their useful economic lives, with an exception made for assets without a determinable finite useful life (i.e. non depreciating land and certain community assets) and assets that are not yet available for use (i.e. assets under construction). The useful lives of assets are as follows:

Council dwellings	10 to 80 years	straight line
Other buildings	15 to 80 years	straight line
Regeneration activity	10 to 120 years	straight line
Open spaces	10 to 120 years	straight line
Infrastructure	15 to 120 years	straight line
Vehicles, plant, equipment	5 to 20 years	straight line
Intangibles	5 to 10 years	straight line
Other	10 to 120 years	straight line

* Including components such as structure, mechanical and electrical, etc.

Where an item of property, plant and equipment assets has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current depreciation charged on assets and the depreciation that would be chargeable based upon historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

6. Property, Plant and Equipment (Cont'd)

Tangible fixed assets and depreciation – Common Good Assets

All assets valued over £6,000 are capitalised and valued at market value. Depreciation is charged on assets other than Investment assets on a straight line basis over their estimates life. The Fund only holds investment assets.

7. Assets Held for Sale

These assets are measured at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length, less costs to sell at the initial classification and at the end of each reporting date. Revaluation gains shall be recognised for any initial or subsequent increase in fair value less costs to sell but not in excess of the cumulative impairment loss or revaluation loss that have been recognised in the Surplus of Deficit on the Provision of Services. Impairment losses (or revaluation losses) will be recognised for any subsequent decrease to fair value less costs to sell following reclassification in the Surplus or Deficit on the Provision of Service even where there is a balance on the assets Revaluation Reserve.

8. Heritage assets

Heritage assets are presented separately in the balance sheet from other property, plant and equipment. The assets are measured at historic cost or fair value. Where the council considers that it is not practical to obtain a reliable valuation, the asset is not recognised on the Balance Sheet. Where assets are measured at fair value, valuations are made by any method that is appropriate:

Type of asset	Valuation method for Balance Sheet purposes
Ship models/ Silver and Commemorative wear	The last formal valuations were by Bonhams, Sotheby's and Phillips. Further formal valuations will be commissioned where it is considered that there could potentially be a material change in value and where the value of the asset is estimated to be in excess of £10,000
Works of art	The last formal valuations by Bonhams, Sotheby's and Phillips. Where a lower and upper valuation has been provided the mid valuation has been used Further formal valuations will be commissioned where it is considered that there could potentially be a material change in the value of the assets held
Civic Regalia	The robes are not recognised on the balance sheet as they are considered to have no significant value. However the chains are reported in the balance sheet at insurance value.
Sewing Machine Collection	These collections are not recognised on the balance sheet as cost information is not readily available. Nearly all the items are believed to have an immaterial value.
Listed Buildings and Scheduled Ancient Monuments	These assets are not recognised on the balance sheet as it is considered that there is a lack of available, comparable market values to establish a 'fair value'. It is unlikely that the council would procure such assets but is more likely to refurbish or enhance existing structures. In this respect, the cost of those works will be capitalised at cost.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

9. Construction Contract (Work in Progress)

Purchased assets are initially recognised at cost and donations are recognised at valuation where that value is estimated to be greater than the threshold of £10,000 as specified above. The carrying amounts are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment.

No depreciation shall be chargeable on any heritage asset, in view of the indeterminate life and residual value.

The proceeds from any disposal of heritage assets are accounted for in accordance with the council's general provisions relating to the disposal of property, plant and equipment.

Work in progress is valued at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

10. Employee Benefits

Benefits payable during employment

Short term employee benefits (i.e. fall due within 12 months of the year-end), such as wages and salaries, paid leave, paid sick leave, bonuses and non monetary benefits for current employees are recognised as an expense in the year in which the employees render service to the council. An accrual is made against the services in the Surplus or Deficit on the Provision of Service for the costs of holiday entitlement and other forms of leave earned by the employee but not taken before the year end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the General Fund balance by a credit to the Statutory Mitigation Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision made by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept a voluntary termination package in exchange for those benefits. Termination benefits do not provide the council with future economic benefits and consequently they are recognised on an accruals basis immediately in the Surplus or Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Account when the authority is demonstrably committed to provision of the termination benefits.

Where termination benefits involve the enhancement of pensions, they are treated as pension costs for the purpose of the statutory transfer between the Pension Reserve and the General Fund of the amount by which the pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations. In the Movement in Reserves Statement appropriations are required to and from the Pension Reserve to remove notional debits and credits for termination benefits related to pensions enhancements and replace them with the cost of the cash paid, including any amounts due and not paid at the year end.

Post Employment Benefits

Employees of the council are members of two separate defined pension schemes:

- the Teachers' Pension Scheme, administered by the Scottish Pensions Agency; and
- the Local Government Pensions Scheme, administered by Glasgow City Council.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

10. Employee Benefits (cont'd)

In relation to retirement benefits, statutory provisions require the General Fund to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated in accordance to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pension Reserve to remove any notional debits and credits for retirement benefits and replace them with the cash paid or payable at the year end, to the pension fund and pensioners. The negative balance that arises on the Pension Reserve measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) arising from the use of these discretionary powers are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the local government pension scheme.

11. Events after the reporting period

Events after the reporting period are those events (both favourable and unfavourable) that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue. Two types have been identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect this; and
- those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect this. However, if the event is material, a disclosure is made within the notes of the nature and financial effect.

12. Exceptional items

When items of income and expenditure are material, their nature and amount is disclosed separately, either within the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the council's financial performance.

13. Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based upon the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowing that the council has this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

13. Financial liabilities (Cont'd)

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement regulations allow the impact on the General Fund balance to be spread over future years. Premiums and discounts that were on the balance sheet as at 31 March 2007 are written off in accordance with the schedules in place at that time, however premiums and discounts that are incurred as a result of transactions that have taken place since 1 April 2007 are written off in accordance with regulations as follows:

Modified Loans

- both old and new premiums and discounts are amortised over the life of the new loan using the effective interest rate as noted above.

Unmodified Loans

- new premiums and discounts are written off over the life of the new loan (if fixed) or over a maximum of 20 years (if variable or with an option to vary);
- old premiums are written off over a maximum of 20 years; and
- old discounts are written off over a maximum of 5 years.

Straight Repayment

- both old and new premiums and discounts are written off over a maximum of 5 years.

14. Financial Assets

Financial assets are classified using a principles based approach with the accounting treatment being determined by both the particular characteristics of the individual instrument and the overarching investment strategy under which the instrument has been acquired or originated. Three classes of financial asset have been identified:

- amortised cost;
- fair value through other comprehensive income; and
- fair value through profit or loss

Amortised Cost

For assets carried at amortised cost interest is credited (using the effective interest rate) and movements in impairment loss allowances are debited or credited to surplus or deficit on the provision of services with no recognition of gains or losses in fair value until reclassification or derecognition of the asset.

Fair Value Through Other Comprehensive Income

For assets carried at fair value through other comprehensive income movements in amortised cost are debited or credited to the surplus or deficit on the provision of services with movements in fair value debited or credited to other comprehensive income and expenditure.

Fair Value Through Profit or Loss

For assets carried at fair value through profit or loss all gains or losses are posted to surplus or deficit on the provision of services as they arise.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

14. Financial Assets (Cont'd)

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and receivables

Loans and receivables are recognised on the Balance Sheet when the council becomes party to the contractual provisions of a financial instrument and initially measured at fair value.

They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Where considered material movements in impairment loss allowances are also debited or credited as appropriate. For most other the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where soft loans are made and are material, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service line) for the present value of the interest that will be foregone over the life of the loan, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the community groups, with the difference increasing the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year – the reconciliation of amounts debited or credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Instruments entered into since 1 April 2006

Any financial guarantees the council has committed to since 1 April 2006 have been recognised at fair value and assessed for probability of the guarantee being called and the likely amount payable under the guarantee. Any material provision for this has been recognised in the Financial Statements to the extent that provisions might be required or a contingent liability note is needed.

15. Fair Value Measurement

The council measures some of its non-financial assets and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset

The council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

15. Fair Value Measurement (Cont'd)

When measuring fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

16. Government grants and contributions

Government grants and other contributions are recognised as due by the council when there is reasonable assurance that:

- the council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified for future economic benefit or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non Specific Grant Income (non ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has not yet been used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

17. Inventories

Inventories are held by a number of council services, such as asset maintenance services, roads, services, school technician services, hospitality services, etc., and include consumable stock and work in progress, where appropriate.

Consumable stock is included in the Balance Sheet on a cost price basis, with inventory quantities based on physical stock at the end of the year.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

18. Leases

Leases are classified as finance leases where the terms transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee. All other leases are classified as operational. Where the lease covers both land and buildings, the elements are considered separately for classification.

Council as Lessee

Finance Leases

Assets held under finance lease are recognised in the Balance Sheet at the start of the lease at its fair value at the lease's inception, or, if lower the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay. Initial direct costs are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged to revenue in the years they incur. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment income and Expenditure line in Comprehensive Income and Expenditure Statement).

Assets recognised under the finance lease are accounted for using the policies applied generally to council owned assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense. Charges are made on a straight line basis over the life of the lease, even if it does not match the pattern of payment.

Council as Lessor

Finance Leases

When the council grants a finance lease over an asset, the asset is written out of the Balance Sheet as a disposal. At the start of the lease the carrying amount of the asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal. A gain, representing the council's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement, matched by a lease asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- a receipt for the acquisition of the interest in the asset – applied to write down the lease asset (together with any premiums received); and
- finance income (credited to the Financing and Investment income and Expenditure line in Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amounts due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element of the charge for the acquisition

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

18. Leases (Cont'd)

of the interest in the asset is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of the disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

Where the council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if it doesn't match the pattern of payment.

19. Overhead and support services

The costs of overheads and support services are charged to non General Fund services that benefit from the supply in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2019/20. The total absorption costing principle is used – the full cost of overheads and support services are shared between those users in proportion to the benefits received. General Fund Services have not been charged for these support service costs, in line with the council's budgetary reporting structure.

20. Public private partnership (PPP) and similar contracts

PPP and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the private contractor. As the council is deemed to control the services that are provided under the PPP scheme and as ownership of the property, plant and equipment will pass to the council at the end of the contract for no additional charge, the council carries the asset on its Balance Sheet.

21. Provisions

Provisions are made where an event has taken place that gives the council a legal obligation or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of that obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the council becomes aware of the obligation and measured at the best estimate at the Balance Sheet date, taking account of relevant risks and uncertainties.

When payments are made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less probable that a transfer of economic benefits is required; the provision is reversed and credited back to the relevant service.

22. Interest in Companies and Other Entities

The council has material interests in companies and other entities that have the nature of associates/ subsidiaries and require it to prepare group accounts. In the council's own single entity accounts, the interests of two companies are recorded as an investment in the Balance Sheet, as the council has shares and full ownership of the Clydebank Property Company (purchased during 2014/15) and has an investment with Hub West Scotland (invested 2015/16). No other interests are recorded in the council's single entity accounts of any of other organisation.

General Accounting Policies and Information (Cont'd)

Note 32 - Accounting Policies (Cont'd)

23. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

24. Loans Advances Repayment

In accordance with The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, the council has recalculated the repayments of the loans fund advances to reflect the life of the specific assets associated with the debt, using an annuity of 9%.

Note 33 – Accounting Standards that have been issued but have not yet been adopted

For 2019/20, the Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards:

- IFRS16 Leases will require local authorities that are lessees to recognise these leases on their Balance sheet as right-of-use assets along with the corresponding liabilities, except for low value and short term leases. As a result of COVID-19 response, CIPFA/LASACC have deferred implementation of this until 1 April 2021;
- IAS28 Investments in Associates and Joint Ventures (Long term Interests in associates and joint Ventures. This amendment clarifies that the Council applies IFRS9 (Financial Instruments) to long term interests in an associate or joint venture that form part of the net investment in the other body; and
- IAS19 Employee Benefits (plan amendment, curtailment or settlement) – this specifies how the council will determine pension expenses when changes to a deferred pension plan occur.

It is not anticipated that the above changes will have a material impact on the information provided in the financial statements.

Note 34 – Critical Judgement in Applying Accounting Policies

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies set out in Note 32. Where a critical judgement has been made, this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect are detailed below:

Holiday Entitlement - Unused holiday entitlement earned at 31 March 2020 but not taken at that date has been quantified on the basis of information from the Human Resources Information System. The calculation in respect of unused annual leave for term time employees is based upon entitlement earned at the year end and no estimation was required for these staff.

Public Private Partnership (PPP) - The council has entered into a PPP for the provision of educational buildings, their maintenance and related facilities. The council controls the services provided under the scheme and ownership of the schools will pass to the council at the end of the contract for no additional charge. The assets used to provide services at the schools are recognised on the council's Balance Sheet.

Public Sector Funding – There is a high degree of uncertainty about future levels of funding for local government. However, the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets held might be impaired as a result of a need to close facilities and reduce levels of service provision.

General Accounting Policies and Information (Cont'd)

Note 34 – Critical Judgement in Applying Accounting Policies (cont'd)

Covid-19 – Advice has been sought where considered appropriate and consideration has been given to valuation on pensions, asset valuations, accrual estimations and credit issues whilst preparing the draft Financial Statements.

Note 35 – Change in Accounting Policy

Following a Loans Fund Review agreed by Council in 2018/19 regarding the appropriate debt write-off periods, the council has amended the accounting policy from the previous statutory write-off periods to a policy which writes-off debt in line with the expected useful lives of the associated assets, on an annuity basis, applying this policy for debt from 1996/97 onwards. The reprofiling results in reduced annual repayments of debt by spreading the repayments over a longer period.

Note 36 - Group Accounting Policies: Disclosure of differences with main Statement of Accounting Policies

The financial statements in the Group Accounts are prepared in accordance with the accounting policies set out in Note 32 on pages 104 to 115 with additions and exceptions noted below:

Group Income and Expenditure Account

Proceeds from disposal of fixed assets – profits and losses from the disposal of fixed assets are credited or debited to the Group Income and Expenditure Account within the net cost of services. The proceeds are then appropriated out after net operating expenditure. For those proceeds associated with the disposal of the council's assets, appropriation is to the Group Reserves. For those proceeds associated with the disposal of associates' assets, appropriation is to the Group Income and Expenditure Reserve.

Group Balance Sheet

Inventories – valuation methods vary slightly across the Group. The council uses cost price basis. The difference in valuation methods does not have a material impact on the results of the group given the levels of stock held within the organisations; and

Pensions – West Dunbartonshire Leisure Trust complies with the Financial Reporting Standard FRS102 concerning the disclosure of information on pensions. There is no difference in the Profit and Loss Account by using this method in comparison with IAS19 (which is used by other group entities) therefore there is no impact on the results of the group.

Note 37 – Prior Year Adjustment

In order to ensure the 2018/19 figures are on a comparable basis to 2019/20, there has been a prior year adjustment to the detail held within the Balance Sheet in relation to the split of PPP debt to other short and long term debt. The Council has also now merged the net cashflows into one figure.

The effects of the restatement on the Financial Statements are as follows (only those lines have changed are shown):

General Accounting Policies and Information (Cont'd)

Note 37 – Prior Year Adjustment (cont'd)

	As previously stated	Prior Year Adjustment	Restated
	£000	£000	£000
Balance Sheet			
Cash and Cash Equivalents (Current Assets)	16,833	(4,088)	12,745
Current Assets	69,148	(4,088)	65,060
Short-term Borrowing	(217,467)	3,097	(214,370)
PPP	0	(3,097)	(3,097)
Cash and Cash Equivalents (Overdraft)	(4,088)	4,088	0
Current Liabilities	(268,805)	4,088	(264,717)

Glossary of Terms

While much of the terminology used in this report is self explanatory, the following additional definitions and interpretation of the terms used are provided for assistance. The Glossary of Terms does not comprise part of the audited financial statements.

1. **Employee benefit expenses**
This includes salaries, wages, overtime, bonus, enhancements, pensions, employer's national insurance, travelling and subsistence expenses and other staff allowances.
2. **Other service expenses**
This includes:
 - property costs (e.g. rent, rates, insurance, repairs and maintenance, upkeep of grounds, heating and lighting);
 - supplies and services (e.g. food, materials, books, uniforms and protective clothing, purchase/ maintenance of equipment);
 - transport costs (e.g. fuel, repairs and maintenance, tyres, licences, insurance and procurement of transport for school children);
 - administration costs (e.g. printing and stationery, advertising, postages, telephone costs);
 - Payments to Other Bodies (e.g. grants and payments to individuals, organisations and agencies providing services complementing or supplementing the Council's work.
3. **Specific Government Grants**
This includes grants received from Central Government in respect of a specific purpose or service, usually calculated as a predetermined percentage of the expenditure actually incurred e.g. National Priority Action Fund, Benefits Administration.
4. **General Income**
This includes the charges to persons and bodies for the direct use of council services.
5. **Capital Expenditure**
This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by borrowing over a period of years, finance leases, or utilising the income from the sale of existing assets.
6. **Capital Financed from Current Revenue**
This is expenditure incurred in creating, acquiring or improving assets where that expenditure is charged directly to the revenue account.
7. **Deferred Asset**
The deferred asset represents the net value of the premium paid/discounts received by the Council on the early repayment of external long term loans.
8. **Useable Capital Receipts Reserve**
The Useable Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.
9. **Pension Interest Cost**
The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement
10. **Expected Return of Pension Assets**
The average rate of return expected over the remaining life of the related obligation on the actual assets held.
11. **CIPFA**
Chartered Institute of Public Finance and Accountancy
12. **LASAAC**
Local Council (Scotland) Accounts Advisory Committee
13. **Budget**
The original revenue budget as set by Members at an appropriate Council meeting.
14. **Intangible Assets**
Expenditure on assets such as software licences that do not have physical substance but are identifiable and controlled by the Council.
15. **Revaluation Reserve**
This fund is a store of gains on the revaluations of fixed assets. It is a reserve held for technical accounting purposes and is not available for distribution.

Glossary of Terms (Cont'd)

- 16. Capital Adjustment Account (CAA)**
This fund is a store of capital resources set aside to meet past expenditure. It is an account held for technical accounting purposes and is not available for distribution.
- 17. Financial Instrument Adjustment Account (FIAA)**
This account is used to balance for differences in statutory requirements and proper accounting practices for borrowing and lending. It is an account held for technical accounting purposes and is not available for distribution.
- 18. Associate Body**
An entity other than a subsidiary or a joint venture in which the council has an interest and over who's operating and financial policies the council is able to exercise significant influence.
- 19. Entity**
A body that is delivering a service or carrying on a business. It should have a separate legal personality and is legally obliged to prepare its own financial statements.
- 20. Statutory Additions**
Additional charges levied for late payment of council tax and non domestic rates.
- 21. Capital Items Replacement Fund**
Reserve earmarked for specific purposes within Education
- 22. Available for Sale Reserve**
Assets that have a quoted market price and/or do not have fixed or determinable payments.
- 23. Current Service Costs (Pension)**
This relates to the real cost of benefit entitlement earned by employees.
- 24. Past Service Costs/Gains (Pension)**
This relates to posts/gains from years prior to the current year and arise from decisions made in year. This relates to the capitalised cost of early retirements on efficiency grounds.
- 25. Curtailments (Pension)**
Used to reduce the number of expected years of future service for employees. In 2019/20 this relates to the capitalised cost of early retirements on efficiency grounds.
- 26. Interest Cost (Pensions)**
The amount needed to unwind the discount applied in calculating current service cost.
- 27. Expected Return on Assets (Pensions)**
A measure of the return on the investment assets held by the scheme for the year.
- 28. Public Private Partnership (PPP)/Public Finance Initiative (PFI)**
A contract between the council and a private organisation for the provision of new Educational buildings maintenance and related facilities.
- 29. Available for Sale Assets**
These assets are in relation to Financial Instruments and include:
 - Equity investments; and
 - Other investments traded in an active market.
- 30. Heritage Assets**
An asset with historical, artistic, scientific, technological, geophysical or environmental qualities which is held for its contribution to knowledge and culture.
- 31. PPE**
Property, Plant and Equipment.

Independent auditor's report to the members of West Dunbartonshire Council and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of West Dunbartonshire Council and its group for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Movement on the Housing Revenue Account Statement, Housing Revenue Account Income and Expenditure Statement, the Council Tax Account, and the Non Domestic Rates Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the council and its group as at 31 March 2020 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter: Additional uncertainty on property valuations

I draw attention to Note 1 in the financial statements, Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty, which describes the effects of material uncertainties that exist in property valuations due to the impact of the Covid-19 pandemic. My opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Strategic Lead – Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Strategic Lead - Resources and West Dunbartonshire Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Strategic Lead – Resources is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Strategic Lead – Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Lead – Resources is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my auditor's report.

Other information in the annual accounts

The Strategic Lead – Resources is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA
Audit Director
Audit Scotland
4th Floor
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2020

Contents

	Pages
Contents	1
Trustees' Annual Report	2 – 6
Statement of Receipts and Payments	7
Statement of Balances	8
Note to the Accounts	9 – 10
Audit Certificate	11-12

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2020

Trustees' Annual Report

Introduction

The Trustees present the annual report together with the Financial Statements for the year ended 31 March 2020.

Administration Information

West Dunbartonshire Council is sole Trustee for all Trust Funds with the exception of Dunbartonshire Educational Trust Scheme 1962 and McAuley Prize for Mathematics. The table below identifies the Trustees for 2019/20.

Trust Funds	Charity Number	Trustees	Local Authority	Contact Address
Dr A K Glen	SC018701	Councillor Karen Conaghan Councillor David McBride Councillor Ian McLaren Councillor Brian Walker	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL
Alexander Cameron Bequest	SC025070	Provost William Hendrie Councillor John Mooney Councillor Jim Brown Councillor Marie McNair Councillor Diane Docherty Councillor Jim Finn Councillor Daniel Lennie Councillor Douglas McAllister Councillor Lawrence O'Neill	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL
UIE Award	SC025070	Councillor Jim Brown Councillor Ian Dickson Councillor Diane Docherty Councillor Jim Finn Councillor Daniel Lennie Councillor Caroline McAllister Councillor David McBride Councillor Jonathon McColl Councillor Iain McLaren Councillor John Mooney Councillor Martin Rooney	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2020

Trustees' Annual Report (continued)

Trust Funds	Charity Number	Trustees	Local Authority	Contact Address
Vale of Leven Trust	SC025070	Councillor Jonathon McColl Councillor Martin Rooney Councillor Sally Page Councillor James Bollan Councillor Ian Dickson Councillor Caroline McAllister Councillor John Millar	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL
Dunbartonshire Education Trust	SC025070	Councillor Karen Conaghan	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL
McAuley Prize for Mathematics	SC025070	Councillor John Mooney	West Dunbartonshire Council	
		Bailie Denis Agnew	West Dunbartonshire Council	
		Councillor Graham Archibald Hardie	Argyll & Bute Council	
		Councillor John Jamieson	East Dunbartonshire Council	
		Councillor Gillian Fannan	North Lanarkshire Council	
		Councillor Thomas Johnston	North Lanarkshire Council	

Objectives and in-year activity

The activities of each of the Trusts are detailed below:

SC018701 – Dr A K Glen

- This fund is for the benefit of the people of Dumbarton, to assist and relieve those in need by reason of age.

SC025070 – West Dunbartonshire Trusts

- Alexander Cameron Bequest - for the benefit of the people of Clydebank to assist those in need by reason of age, ill health, disability, financial hardship or other disadvantage;
- Vale of Leven Fund - for the benefit of the people of the Vale of Leven to assist those in need by reason of age, ill health, disability, financial hardship or other disadvantage;
- UIE Award - for students studying apprenticeships or training in industry;
- Dunbartonshire Educational Trust Scheme 1962- awards educational prizes and bursaries; and
- McAuley Prize for Mathematics - provides prizes for those studying maths and computing.

Alexander Cameron Bequest

The Alexander Cameron Bequest seeks to disburse available funds arising from investment income attained. Four grants were awarded during 2019/20, totalling £6,437 (£250 was returned during year as not subsequently required). During 2019/20, a grant from 2018/19 was subsequently not required in full and was returned (£850), reducing the net expenditure – after accounting for investment income - in year to £4,462.

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2020

Trustees' Annual Report (continued)

Alexander Cameron Bequest (continued)

Following consideration of an Investment Strategy during 2019/20, on 19 February 2020 the Trustees agreed to invest some funds differently to allow additional interest to be received in future, with no additional risk to the funds. This will be achieved by investing on a longer term basis with a fixed interest rate (end date of investment 18 February 2022).

Vale of Leven Fund

It was agreed by Trustees during 2016/17 that the funds should be disbursed in full, with publicising of the availability of the Trust being undertaken. The funds have now been disbursed in full, with three grants being awarded in 2019/20, totalling £2,794. The grants awarded leave the Fund with a nil balance, leading to the winding up of this Trust as previously agreed by its Board. OSCR confirmed removal from the Charities Register on 11 March 2020.

Trusts with no in-year activity

Dr A K Glen Fund Trust seeks to disburse available funds arising from investment income attained, with no funding applications received and no grant funding awarded during 2019/20.

The UIE Award Trust did not meet during 2019/20, with no funding applications received and no grant funding awarded. Work continues to review and modernise the Trust's governance arrangements to encourage funding applications in the future.

The Trustees for the Dunbartonshire Educational Trust Scheme 1962 and the McAuley Prize for Mathematics did not meet during 2019/20. The Trustees continue to seek clarification as to amendments to the governance arrangements. As these Trusts are governed by statute, discussions are ongoing between the Council (as Administrator) and Scottish Ministers and Office of the Scottish Charity Regulator (OSCR) regarding these arrangements.

Structure and Governance

Dr A K Glen and West Dunbartonshire Trust Funds are registered with the OSCR. The governance arrangements are under the control of West Dunbartonshire Council (the Council), which appoints trustees as required. Trustees are elected members of West Dunbartonshire Council with the exception of the Dunbartonshire Education Trust Scheme 1962 and McAuley Prize for Mathematics. The trustees of both the Dunbartonshire Educational Trust and the McAuley Prize for Mathematics are elected members from West Dunbartonshire Council, Argyll & Bute Council, East Dunbartonshire Council and North Lanarkshire Council.

Following a review of the governance documents, it was agreed at Council on 31 August 2016 that the remaining Trust Funds would be delegated to sub-committees as follows:

Trust	Delegation
Alexander Cameron Bequest	Alexander Cameron Committee
Vale of Leven Fund	Vale of Leven Sub-Committee
Dr A K Glen Fund	Dumbarton Trust Sub-Committee

Trustees' Annual Report (continued)

The trustees have overall responsibility for ensuring that there are appropriate systems of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trusts and enable them to ensure that the Financial Statements comply with Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurances that:

- The trusts are operating efficiently and effectively;
- Assets are safeguarded against unauthorised use and disposition;
- Proper records are maintained and financial information used by the charities is reliable; and
- The trusts comply with relevant laws and regulations.

The systems of internal controls are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The systems of internal control follow those of the West Dunbartonshire Council itself and, as such, much of this is delegated to the Council's Strategic Lead - Resources. The Council continually seeks to improve the effectiveness of its systems of internal control so that any irregularities are either prevented or quickly detected. The systems of internal control are based on a framework of regular management information, financial regulations, financial and administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.

The Financial Statements and Trustees Report are prepared by the Finance Service within West Dunbartonshire Council.

The appointed external auditors are Audit Scotland. The Council has agreed to meet the cost of this audit and not pass this on to the trusts. This is to provide additional financial support to the trusts, ensuring that core funds are not eroded, and objectives can continue to be achieved.

The Trustees only meet as and when required during the year and will ensure that the required accounting arrangements are adhered to.

Management of Funds and Investment Policy

Decisions regarding the management of the trusts are made by the Trustees. Trustees rely on the expertise of Council staff to manage the investments to ensure the maximum return at the least risk to the Trusts. In this way, the income stream for the future benefit of the Trusts is protected.

Funds available are invested each year with interest earned. Investments are made both internally and externally, with the majority invested in the Council's Loans Fund and externally managed by West Dunbartonshire Council.

Performance

Income for Dr A K Glen & West Dunbartonshire Trusts comes from investment returns. The average interest rate for any internal investments with the Council's loans fund was 0.74%.

Trustees' Annual Report (continued)

Dunbartonshire Educational Trust Scheme 1962 continues to receive income from external investments i.e. 3% Clydeport and 4% Clydeport Consolidated Stock. These investments are managed by West Dunbartonshire Council and achieved investment income of £10 in 2019/20.

Financial Review

The total balance on the Trusts as at 31 March 2020 (including stocks) is £277,237.

On 8th July 2016 Clydeport Operations Ltd delisted 3% and 4% stocks from the London Stock Exchange. These are stocks held by Dumbarton Educational Trust. Until further information is available it has been assumed that the balance of this stock has remained the same as the previous year (£218).

The trusts held cash and bank balances at 31 March 2020 of £277,019. Reserves are held by the Council on behalf of the trusts and revenue income, generated from investment interest that has not been disbursed at 31 March every year, is invested in line with the investment policy outlined above.

Declaration

This report was signed on behalf of the Trustees on 25 November 2020 by:

Councillor Jonathan McColl
West Dunbartonshire Council
25 November 2020

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2020

Statement of Receipts and Payments Account

Statement of Receipts & Payments Account for the Year Ended 31 March 2020

(Surplus)			(Surplus)		
Receipts	Payments	/Deficit	Receipts	Payments	/Deficit
2018/19	2018/19	2018/19	2019/20	2019/20	2019/20
£	£	£	£	£	£
(161)	864	703	(182)	0	(182)
(576)	0	(576)	(675)	0	(675)
(138)	0	(138)	(161)	0	(161)
(825)	29,390	28,565	(875)	5,337	4,462
(35)	3,639	3,604	0	2,794	2,794
(155)	0	(155)	(182)	0	(182)
<hr/>			<hr/>		
(1,890)	33,893	32,003	(2,075)	8,131	6,056
Total					

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2020

Statement of Balances

Statement of Balances as at 31 March 2019

Opening Balance 2018/19 £	(Surplus) /Deficit 2018/19 £	Closing Balance 2018/19 £	Note		Opening Balance 2019/20 £	(Surplus) /Deficit 2019/20 £	Closing Balance 2019/20 £
(25,191)	703	(24,488)		Cash and Bank	(24,488)	(182)	(24,670)
(88,951)	(576)	(89,527)		Dunbartonshire Educational Trust Scheme 1962	(89,527)	(675)	(90,202)
(21,530)	(138)	(21,668)		McAuley Prize for Mathematics	(21,668)	(161)	(21,829)
(148,666)	28,565	(120,101)		Alexander Cameron Bequest	(120,101)	4,462	(115,639)
(6,398)	3,604	(2,794)		Vale of Leven Fund	(2,794)	2,794	0
(24,342)	(155)	(24,497)		UIE Award	(24,497)	(182)	(24,679)
(315,078)	32,003	(283,075)		Total Cash and Bank	(283,075)	6,056	(277,019)
				Investment			
(218)	0	(218)	5	Dunbartonshire Educational Trust Scheme 1962	(218)	0	(218)
(218)	0	(218)		Total Investment	(218)	0	(218)
(315,296)	32,003	(283,293)		Overall Total	(283,293)	6,056	(277,237)

All funds are unrestricted which means they may be used for any purpose relevant to the Trust Fund.

The audited Financial Statements were issued on 25 November 2020.

Signed on behalf of the Trustees by:-

Councillor Jonathan McColl
West Dunbartonshire Council
25 November 2020

Notes to the Financial Statements

Note 1 - Basis of Accounting

The Financial Statements have been prepared on a receipts and payments basis and in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Note 2 – Trustee Remuneration, Expenses and Related Party Transactions

- No remuneration or expenses were paid to the Trustees or any connected persons during the 2019/20;
- The Trusts received interest of £2,064 from the Council at 31 March 2020, and all transactions incoming and outgoing are made via the Council's bank accounts; and
- The Council has not charged the charity any fees for legal, financial or administrative services provided during the year.

Note 3 – Grants

In 2019/20 the following grants were awarded:

Alexander Cameron Bequest

- £625 to Young at Heart for a Christmas lunch;
- £512 to Faifley Art Group as a contribution towards an outing;
- £3,500 to Clydebank East Community Council as a contribution towards a gala day, with £250 subsequently returned as not required; and
- £1,800 to 1st Clydebank Guides and Rangers for investment in SVQ qualification.

£850 was awarded to Old Kilpatrick Community Council during 2018/19 as a contribution towards a celebration of the end of the First World War. This was returned in full to the Trust in 2019/20 as it was no longer required.

Vale of Leven Fund

- £1,500 to Oakbank Tenants Social Club to provide exercise for the elderly and infirm;
- £647 to West Dunbartonshire Community Foodshare for a contribution to running costs; and
- £647 to Food for Thought for a contribution to running costs.

The payment of these three grants disbursed the remaining balance in the Fund, allowing the Fund to close as previously agreed by the Trustees.

Note 4 – Cash and Bank Balances

During the year the trusts balances were held by the Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the trusts for this administration. The Council also acts as the banker for the trusts and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is paid on balances.

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements (continued)

Note 5 – Investment

Dunbartonshire Educational Trust - The investment valuation of £218 (shown in the table below) is the market value as at 31 March 2016, as valued by West Dunbartonshire Council. Notification was received that the stocks were delisted in July 2016. There has been no further update on this and therefore the assumption is that the market price remains the same.

Purchase Price as at 31 March 2019 £	Market Price as at 31 March 2019 £		Purchase Price as at 31 March 2020 £	Market Price as at 31 March 2020 £
		Investment		
(289)	(199)	4% Clydeport authority	(289)	(199)
(35)	(19)	3% Clydeport Authority	(35)	(19)
(324)	(218)	Total	(324)	(218)

Alexander Cross Cameron – Following the decision on 19 February, £40,000 was invested on a short term variable interest rate basis, with the remainder invested on a fixed term basis with West Dunbartonshire Council for two years at 2.52%.

Note 6 – Audit Fee

The audit fee for the year of £2,100 (£2,100 2018/19) was absorbed by West Dunbartonshire Council.

Independent auditor's report to the trustees of Dr A K Glen & West Dunbartonshire Trust Funds and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Dr A K Glen & West Dunbartonshire Trust Funds for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments Account, the Statement of Balances and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2020 and their statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements which properly present the receipts and payments of the charities, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my auditor's report.

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Richard Smith CPFA
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Richard Smith is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.



Report by Chief Executive

Council Meeting: 25 November 2020

Subject: COVID-19 Update

1. Purpose

- 1.1** To provide Members with an update in relation to COVID-19 in West Dunbartonshire since the previous update report to Council in September 2020.
- 1.2** To provide Members with up-to-date information on the additional support and advice that the council is providing to communities and businesses across West Dunbartonshire to help alleviate the impact of COVID-19.

2. Recommendations

- 2.1** Members are asked to:
 - (a) Note the information provided on COVID-19 in West Dunbartonshire since the update provided to the September 2020 Council; and
 - (b) Note the information provided in relation to the additional support and advice that the council is providing to communities and businesses across West Dunbartonshire to help alleviate the impact of COVID-19.

3. Background

- 3.1** The COVID-19 pandemic and the impact of the lockdown of society and services represents an unprecedented challenge for delivery of council services. Since the September 2020 report Scotland has remained at Phase 3 of the Scottish Government (SG) COVID-19 route map. Services have continued to return, often in different or reduced ways as the impact of COVID-19 continues to be managed in line with the route map and SG guidance. It is evident that there will be material financial implications for the council.

- 3.2** There continues to be regular review of the tier levels for local government based on the basket of indicators previously outlined and Elected Members will continue to be updated on any potential change from the current Tier 3 level.

4. Main Issues

Tier 4 – Friday 20th November 2020 – 6.00pm

With effect from the above date the First Minister has today announced on Tuesday 17th November 2020 that West Dunbartonshire, along with a number of other local authority areas in the central belt, will move on Friday (20 November) to Level 4 - the highest tier of Covid restrictions.

Cases of the virus were declining in our area, however not at the rate necessary and the Scottish Government is introducing additional measures for a limited time in order to protect the NHS and ensure hospitals and intensive care facilities are able to cope over the winter. In addition the First Minister has said making the change now could enable a slight easing of restrictions at Christmas.

Level 4 is the closest to a full lockdown, similar to that introduced in March, and will see the closure of non-essential shops, leisure centres, gyms, hairdressers, barbers, beauticians, pubs, restaurants and cafes, although takeaways can still operate. Indoor visitor attractions and all leisure and entertainment premises will also close while the restrictions are in place. Schools are to remain open.

Similar to Level 3, visiting other people's homes is not permitted and travel outwith our own local authority area only for essential reasons such as to attend work or for medical appointments. Journeys within the area should be kept to an absolute minimum.

In our Local Authority Area the data continues to point to people meeting up in their homes as the main driver for transmission.

The intranet has been updated with the latest news and updates including details of the wellbeing supports available along with all of the workforce updates are being issued and circulated for managers and employees. Managers will continue to brief staff who do not have internet access.

The Strategic Resilience Group (SRG) and the Operational Resilience Group (ORG) continue to meet to discuss the challenges and issues the Tier changes present to our Council and its service delivery. Elected members will continue to be updated through the Elected Member briefing notes issued monthly and more frequently where required.

4.1 Changes to Governance Arrangements

Normal governance and committee meetings continue. Elected Members continue to receive monthly briefings and there is a monthly Cross Party and Leaders meeting.

4.2 Key Current Live Issues

4.2.1 Finance and Resourcing

The restrictions imposed on businesses, including the Council, by the SG arising from the pandemic has resulted in a significant operational and financial impact. The absolute financial impact is not currently clear in totality as recovery processes and approaches develop and how the stages of the SG COVID-19 route map will actually affect Council services and finances is not clear as yet. This report provides an update on financial implications since the September 2020 report.

4.2.2 Regulatory Services

Legal Services have continued to provide advice to Council Services on maintaining service delivery in light of the evolving regulatory landscape. Up until the closure of licensed premises, Licensing officers continued to visit premises to provide advice to premises management, and to ensure compliance where required. Since the further restrictions on licensed premises were brought in, officers have assisted in determining what category premises may fall into (Bar, Café, Restaurant etc.) and latterly have been assisting colleagues in Economic Development with information to assist in the administration of grants to business owners. Visits to non-licensed hospitality premises by Trading Standards Officers continued. Legal work closely with Environmental Health for which the demands of covid-19 continue to be high. In addition to response to everyday service requests, it provides a Public Health Covid-19 case assessment for the Education Service and a daily response to Public Health notifications of cases associated with community settings including business settings. Businesses are assessed for compliance with Covid related regulation and guidance during each phase of the pandemic public health controls and public health advice is provided as the regulations and guidance are produced. Registrars continue to provide the death registration remotely and since 31 July, there have been a further 13 Covid-19 related deaths registered in this area, of which ten of the deceased were residents of West Dunbartonshire and 3 were residents of Glasgow City. None of these deaths occurred in West Dunbartonshire Care Homes.

4.2.3 Education

As COVID-19 cases have risen in the community at large, there continues to be a rise in cases that have presented in Education settings, resulting in case assessments with employees and pupils having to self-isolate. From the time of introduction of the streamlined procedure for case assessments there have

been **117** recorded cases in Education settings and approximately **1,873** individuals (pupils and staff) identified as close contacts who have had to self-isolate. The Campus@wdc is open to all pupils who are self-isolating. Class teachers also share course work via Google classroom.

'Safe Learning in Scotland: Building on our Success' was published on Friday 30 October with the expectation that progress would be made swiftly to implement the additional mitigations at Level 3 by Monday 2 November.

Meetings have taken place with Heads of Establishment to discuss the additional measures and to give support for their implementation. The advice on physical distancing is unchanged and requires regular reinforcement. Face Coverings should now be worn by all staff moving around buildings and in circumstances where a 2meter distance is not possible. Senior Phase pupils are now required to wear face coverings in class as well as in communal areas.

Guidance on Ventilation in schools is being progressed and to assess the financial impact of strategies that help balance the need for ventilation with keeping people warm. Further guidance has been issued for PE, Music, Drama and Dance and this will be updated as appropriate.

There will be no National 5 Exams this year and SQA will bring further clarity on the work that learners need to complete in subject areas.

We continue to work closely with our national partners, Head Teachers and Trade Union colleagues to ensure that all guidance is being followed and that we can continue to deliver the best experience possible for our children and young people.

4.2.4 Communication, Culture, Communities & Facilities

The Facilities Management (FM) Team continues to provide enhanced cleaning of frequently touched surfaces within schools, nurseries, depots, offices and other operational premises across the Council as part of the actions taken to minimise spread of the virus. Given that the pandemic is showing no signs of ending, FM is extending the contracts of the 55 additional Covid-19 cleaners in schools until 31 March 2021. The cost of this extension to the Council is £184,000 and was agreed at the Finance Review Panel chaired by the Chief Executive, and updated to the Cross Party Working Group in October. The cost of this enhanced cleaning regime to the end of the financial year will be covered by funding allocated by the Scottish Government for education recovery and the financial flexibilities previously reported to Council in relation to the Scottish Government's three earmarked Education funds for ELC expansion, SAC and PEF.

Towards the end of September, the Catering teams returned to the provision of a full hot lunch menu within schools and early years' establishments. The menu has been developed in line with the current school food regulations. This has proven challenging due to the limited space in some school kitchens which makes physical distancing extremely difficult. Lunch service is taking longer than normal in some schools due to additional sittings in dining rooms. Operational arrangements have been modified on a kitchen by kitchen basis as necessary to support ongoing provision. Such modifications include the use of compostable disposable cutlery/plates where dishwashing is a challenge, modifications to working hours for some catering employees to reduce staff numbers in kitchens at any one time, and changes to pupil queuing arrangements at some serveries.

The Webteam has created new webpages and online forms at short notice for a range of Covid-19 supports such as the Kick-start Scheme, Self-Isolation Support Grant and Coronavirus Business Closure Fund. The Contact Centre continues to be the point of entry to the Council for the National Assistance Helpline. The main functions are capturing residents' details and requirements before completing online forms to the Crisis Support team or various other teams in the Council where necessary. The Welfare Fund team has enabled and managed the Self Isolation Support Grant and delivery of the same. There have been over 200 applications to the grant since go live on 12 October. Libraries continued to help combat isolation and support positive mental wellbeing with 25,467 virtual visits leading to 10,744 digital loans in September. During the month, 177 new users discovered the online library services. Children, young people and families enjoyed viewing our online Bookbug, storytime and activity videos more than 3,000 times. Library inductions were completed for 1,410 S1 pupils with over 1,000 loans issued in schools. Across the library network, there were 2,644 physical loans issued via the Book to Borrow scheme. November's Book Week Scotland will include video performances from authors which will be available for residents to view at their convenience.

The Performance & Strategy team continue to support national work on data reporting and analysis specific to the Covid-19 response and planning for recovery. The Arts & Heritage team has been working on a number of projects. These include a Covid-19 collecting initiative with residents to preserve West Dunbartonshire's experience of the pandemic for future generations; a social media drive to encourage residents to explore the Council's heritage, fine art and local history collections using the online database; and through social media team has also sought to inspire creativity in the absence of arts workshops and activities using short, instructional film clips demonstrating simple art techniques that people can try at home, craft

activities for children and families, and more involved tutorials to encourage people to attempt new ways of making art.

Corporate Communications has continued to work with a range of partners to engage and inform citizens and employees on the pandemic, restrictions, and available supports. Most recently the team has focused on providing updates on the new Strategic Framework and what this means for our communities and businesses. To help promote understanding and support compliance, a series of bespoke videos have been developed featuring a range of citizens and these will be shared on social media over the coming weeks. We continue to issue media releases regarding the pandemic and restrictions to partners and groups, including churches to ensure we reach as many people as possible.

4.2.5 Free School Meals Expansion

In March 2020, Council agreed as part of its budget decision to roll out free school meals for primary pupils in year groups P4-P7. This was in addition to the Universal Free School Meal provision currently in place for P1-P3. At that time, officers planned to introduce the extended provision in two phases with Primary 4 and 5 in October 2020 and Primary 6 and 7 in January 2021. This lead-in time was identified as necessary for planning of additional recruitment, purchasing of additional equipment and to facilitate any building works required.

Just days after the Council budget decision, the COVID-19 pandemic broke out across Scotland and disrupted planning for this significant project within Facilities Management. The team initially had to prioritise the successful operation of Education Hubs across West Dunbartonshire. Thereafter the team's focus was on the schools restart for August 2020 which involved the recruitment of 55 additional Covid-19 school cleaners, undertaking risk assessments for all Cleaning, Janitorial and Catering tasks and focussing especially on operations in all school kitchens to enable social distancing and safe working practices.

To date, progress on the Free School Meal expansion project has been limited. Surveys have been issued to all Catering Managers to ask their views as to what impact the P4-P7 free meal rollout would have on their kitchen/dining operations. This information needs to be collated and then individual action plans worked up for what needs done on a physical basis in each kitchen – such as more, plates, cutlery, pots & pans, additional staffing, additional freezer capacity, additional ovens (which often means an electrical upgrade of the kitchen power capacity by Asset Management), etc. Discussions will also need to take place with Head Teachers to determine the most suitable arrangements for the expected increase in meal uptake. Once

we have all necessary information we can identify realistic timescales for completing the actions and propose an estimated roll-out date for the FSM expansion but delivery of this is no longer possible in 2020/21.

It is appropriate at this point to highlight the further concern that it will be difficult to expand the number of meals being produced and served by up to 50% at a time when we are already struggling with social distancing in the kitchens and some schools already have a significant number of meal sittings due to COVID-19 safety arrangements. As a result, the delivery of this project will be impacted until such time as the virus is reduced and school/workplace measures are relaxed.

4.2.6 Housing and Employability

Significant focus has been placed on communicating with our service users and communities about appropriate and safe behaviours to limit the spread of COVID-19. Our Housing and Homelessness services have increased signage in common spaces within our properties and sharing practical information with tenants, tenant groups and other landlord's / support providers through regular tenant/resident liaison meetings and Housing News articles. The Communities Team continues to share new Council public information through its network of community organisations. Working4U is cascading information through all its networks including the Youth Alliance.

All services are operating effectively, primarily based on remote working arrangements, with limited essential client services being delivered in the community under safe processes. This includes letting of vacant houses and support to vulnerable households.

Homelessness levels in West Dunbartonshire continue to be higher than in previous years, however the percentage increase is slowing and the year on year increase has been below 10% in the last 2 months. Our new build programme have been progressing well within safe working practices and within the last month we have taken delivery of new homes for tenants in the St Andrews and Haldane developments.

Where required, we can provide access to crisis support for people who are identified through the Test and Protect process. We know from data provided by NHS there has been approximately 650 people in West Dunbartonshire traced to date. Of those subsequently contacted, 57 have required additional support for welfare/benefits advice and/or access to emergency food supplies. The crisis team has continued to provide support for local residents and is currently dealing with an average of seven requests for support each day.

Work is on-going to support our most vulnerable citizens through the Crisis Support and Volunteer Management teams (VMT). The priority for the VMT is to support and manage the core repeat clients to ensure they receive or are sign-posted to the most appropriate services to meet any long-term needs. The service continues to address the on-going demands for PPE to be delivered to carers and care homes across the authority.

4.2.7 Winter Planning and Resilience

The Winter Plan is reviewed and updated annually and sets out the carriageway and footway treatment actions in accordance with the Well Maintained Highways code of practice and the Roads (Scotland) Act 1984. The plan has been updated to reflect the implementation of additional resilience measures to reflect the current COVID-19 position and the Council decision in relation to additional footway gritting. Pedestrian and vehicular routes to the testing centres have been added to the winter gritting programme. The winter gritting programme commenced on the 1 November. The successful delivery of the winter gritting programme is determined by the following:

- Driver availability
- Vehicle maintenance
- Salt availability

Measures have been put in place to provide driver and vehicle resilience and the trigger for ordering salt has been reduced to mitigate impact of a salt shortage or potential delivery issues.

In addition, the Council attends the Mutual Aid working group with city region partners to provide resilience, resources and/or share advice throughout winter.

4.2.8 Asset Management

Compliance checks to continue in operational buildings being used including fire alarm systems and legionella checks. All required works being carried out via specialist contractors to ensure building re-openings are safe to do so. Continue to implement Property Recovery plans for offices, assisted Education with Schools reopening and work with HR&OD following workforce styles return to establish which offices are required to open for immediate returners.

Coordinating the Store requirements of HSCP by Asset Management continues to operate well. Proposal for one combined now in operation and processes being reviewed regularly. Request to move the Mobile Testing Unit

from the Meadow Centre Carpark to the Church Street office car park has been fully implemented with compliance arrangements carried out to allow access to the office for welfare facilities. Work with Scottish Government and WDLT to open Napier Hall in Old Kilpatrick as a new walk through COVID testing facility.

4.2.9 Housing Capital Investment

In line with restart guidelines the majority of Housing Capital work programmes have recommenced, the team are fully working from home and managing all communications to tenants involved in programmes and maintaining email contact links. All restarted work programmes are being managed under the new circumstances and working with our contractors to ensure all sites and work are carried out safely in line with COVID management processes. The team continue to update all investment and housing databases to assist with ongoing records, programme monitoring and year end returns. Private Sector Housing Grants applications and processing is also active and managing this in line with COVID management processes.

4.2.10 Building Services

Building Services continue to provide all services with the exception of non-urgent kitchen, bathroom and shower installs which we hope to commence early in January 2021. It has been necessary to have a temporary pause in tenant reporting new non-urgent repairs for a 4-week period where the service will concentrate on clearing the repairs reported prior to the COVID-19 lockdown. This is from 19 October until 16 November 2020 when tenants will be able to start reporting repairs again.

The Scottish Government new 5 level tiered COVID-19 alert system allows construction activity to continue in all levels and we will continue to deliver all services unless the guidance changes. All employees, available for work, were back at the end of August 2020.

Whilst all services and all team members are back at work, the necessary COVID-19 compliance measures and restrictions have and will continue to have an affect on the productivity and activity of the workforce.

4.2.11 Economic Development

The Business Support team in partnership with the Rates team have successfully administered the Coronavirus Business Support Fund on behalf of the Scottish Government and by the close of the scheme the team has approved 1,400 applications from local businesses and provided funding which totalled £14,780,750.

The Scottish Government recently announced a new and temporary COVID-19 Business Closure Fund and a Business Hardship Fund which are being administered by local authorities. These funds provide one-off grants to hospitality and other businesses required to close or that have been very directly impacted by the restrictions implemented on 9 October 2020. To date, the business support team have received over 134 applications which are currently being processed. Further grants for soft-play and nightclub establishments who have been impacted by closures along with support for business that have previously been support furloughed staff have also been announced by the Scottish Government, to be administered by local authorities.

A Business Recovery programme has been developed and promoted to local businesses to assist them to recover after the lockdown period. The Business Recovery programme includes a range of free webinars, 1-2-1 expert help and grant support to assist businesses to adapt their properties, purchase capital equipment and to encourage them to review their business strategies and improve their on-line presence.

The focus for the Business Support service is to progress with the Business Gateway programme and engage and support the business community in the recovery phase from the Pandemic. Together with the Chamber of Commerce the service is supporting a Scottish wide 'Love Local' campaign with local retailers to stimulate our Town Centres as they commence the recovery process.

In terms of regeneration works the District Heating Network at Queens Quay has been progressing well and 'heat on' occurred in October 2020 with a series of further testing procedures required and supply being provided to first set of customers before end of 2020. Discussions are progressing in terms of wider site connections with housing developers and importantly the expansion opportunities of connecting to the Golden Jubilee Hospital and progressing opportunity of securing LCITP funding from Scottish Government. The Regeneration infrastructure works at Queen Quay with a £15.62m contribution is almost complete with landscaping works and cathodic protection works at the basin commencing with these final elements due for completion prior to end of 2020. The Council City Deal project at the ExxonMobil site is progressing with the key milestone of conclusion of missives for the site completed in September 2020 with the view of transfer site ownership on completion of ExxonMobil remediation works in two years' time.

HSCP Services

4.2.12 Test and Protect

West Dunbartonshire's response to Test and Protect is being triangulated between Mental Health Services, The Humanitarian Hub and The Scottish Welfare Fund Team. We are proactively calling residents who have been asked to self-isolate and sign-posting to support, where required, through the Humanitarian Hub or the Scottish Welfare fund. This can include facilitating access to the Scottish Government's Self-Isolation Support Grant. This additional activity is being consumed within existing staffing resources at present; however, this may be reviewed depending on demand and capacity.

4.2.13 Mental Health, Addictions and Learning Disabilities

Since the beginning of the pandemic, an emergency service has been available offering: assessment and treatment via telephone/video link, where possible, and in person when required. Services are now offering a more routine service with activity levels at just below pre-COVID levels. However, all staff are prepared for the possibility of returning to an urgent service should the Scottish Government guidelines / restrictions require this and relevant contingency plans are in place to support this.

HSCP continues to work closely with commissioned services to support continuity of service and minimise isolation in service users and stress within the commissioned service staff group.

4.2.14 Residential Care Homes

The weekly multi-disciplinary oversight group including Public Health and the Care Inspectorate continues to meet and as at 27 October, West Dunbartonshire had an overall RAG rating of 5 at amber and 7 at green. This reflects the mass testing that was ongoing as a consequence of staff testing positive during routine screening.

Testing of all care home staff continues on a weekly basis. Where a member of staff or a resident develops symptoms or tests positive, then mass testing of all residents (with consent) and staff is carried out. To date, well over 1500 tests have been carried out.

Where any resident or staff members tests as positive, the care home is required to close to new admissions for 14 days. At periods during the last number of weeks, up to 5 care homes in West Dunbartonshire have been closed for this reason, resulting in delays for some individuals in being discharged from hospital.

The testing process for staff working in West Dunbartonshire care homes are planned to move from the UK Social Care Portal, using the Glasgow Lighthouse Lab, to NHS GGC Laboratories. Administrative and logistical

processes are currently being put in place and it is anticipated that the full transfer will be completed by week commencing 23rd November.

4.2.15 Care Home Visiting

No care home visiting can take place in the 5 amber care homes until their outbreak status is ascertained, however outdoor visiting continues for the remainder. Following the communication from Scottish Government about implementing the further staged approach to visits and activities in care homes, the Director of Public Health for NHS Greater Glasgow and Clyde issued a letter to all local care homes advising that despite the communication from Scottish Government, care homes in the area should not allow indoor visiting at this time. We have been working in partnership with local care homes and supporting them to undertake the requisite risk assessments to enable them to plan and be prepared for when it is possible to reinstate indoor visiting. We continue to be guided by our Public Health Colleagues and are firmly sighted on the importance of care home residents having contact with family members to maintain their wellbeing. This has been a particularly difficult time for care home residents and their families and we hope that the measures in place will enable indoor visiting to happen safely in the near future.

4.2.16 PPE

Contingency plans are being strengthened to mitigate possible disruption to supply in the event of adverse weather. There are plans in place to deal with any increased demand due to a higher number of aerosol generating procedures being carried out in the community.

4.2.17 Children & Families and Justice Services

Work has continued to increase the capacity for supervised contact between children and their families within premises across West Dunbartonshire. In addition to existing contact rooms in Clydebank and Dumbarton, further contact space has been agreed and final building works are being completed which will allow the capacity for supervised contact to increase from 10 to 25 contacts per week. Staff continue to utilise other locations for contact as well as use of technology for remote contact and further work with the Scottish Children's Reporter Administration is continuing to identify further needs as new Orders are made.

Activity levels more closely mirror pre-lockdown demands, including child protection activity where weekly visits continue to children who have child protection plans. Increasing workloads are also reflected in universal and specialist children's health services, where more children and families are

being seen face-to-face, alongside use of 'Attend Anywhere' virtual appointments.

Within Justice Social Work Services, unpaid work placements continue to be provided on a restricted basis to ensure compliance with Public Health Scotland and professional guidance. A combination of backlog from pre-lockdown and new Orders mean that this is a priority area for the service – whilst shelter, appropriate indoor placements and toilet facilities limit fuller expansion of the service, reflecting the position in other areas, this is being continually reviewed with placement providers to identify opportunities to scale up unpaid work placements across the area.

4.2.18 Testing

Testing Facilities

Local testing facilities remain available in West Dunbartonshire through 2 routes. The first is the Mobile Testing Unit operating on alternative days from Church Street. The second is the Local Testing Unit operating out of Napier Hall, Old Kilpatrick, from 8am till 8pm 7 days per week. Both facilities continue to be well used.

Testing of Staff and Residents

Testing of care home staff continues on a weekly basis, with other HSCP staff being tested if symptomatic. In the period between 15th May to 8th October, 10,223 staff tests have been processed. The vast majority of these tests can be attributed to residential care staff, with 129 tests relating to Care at Home staff.

Residents in care homes are tested (with consent) if they develop symptoms, or if another resident or staff members tests positive. In addition, 10% of all residents are tested each week. Since 15th May, 1,704 care home residents' tests have been carried out.

4.2.19 Police Enquiry in Care Homes

The Lord Advocate directed that from 21 May 2020, Covid-19 or presumed Covid-19 deaths where the deceased might have contracted the virus in the course of their employment or occupation or where deceased was resident in a care home when the virus was contracted should be reported to the Crown Office and Procurator Fiscal Service (COPFS). That decision also applies to deaths which had already occurred before that date.

COPFS has established a dedicated COVID-19 Death Enquiry Team who are working closely with Police Scotland to obtain the information which it requires to identify and investigate these deaths. The COPFS have stated that the involvement of the police for this purpose at this time does not of itself mean

that a crime is being investigated. The police are one of the many agencies that are working together to provide COPFS with information about deaths that have occurred from Covid-19.

The stated purpose is to understand the circumstances of the death, to prevent future deaths in similar circumstances and to take any necessary action where it is appropriate to do so.

Three Care Homes in West Dunbartonshire have been included in the enquiry to date. These are 2 care homes provided by the independent sector, and 1 in house care home. Care home managers have been asked to provide a range of information relating to former residents, including care plans, and the guidance and protocols in place at the time. All 3 care homes have provided the information requested.

4.2.20 Health and Safety Executive Assurance of Care Homes

We were informed on 22nd October that the Health and Safety Executive have made changes to their process for assuring appropriate measures are in place in Local Authority owned care homes, to minimise the spread of corona virus.

The tiered process will involve spot check phone calls to care homes to review measures being taken to minimise spread of the virus in the care home and to protect workers as they care for residents.

Where the initial phone call raises concerns, the care home will receive a second phone call to explore the issues in more detail. If, after the second call, the care home has not provided sufficient assurance about control measures, a further intervention may include a visit on a suitable date.

At the visit, HSE will check that a suitable and sufficient COVID-19 risk assessment has been carried out and that the necessary control measures in line with current guidance are in place.

The HSE have stated that inspectors and visiting officers will seek to take a proportionate approach, focusing on what is reasonable and achievable in each situation.

HSE anticipates that advice will be enough to resolve issues, but if serious risks are encountered, they can take enforcement action to protect people's health and safety. HSE will share the outcome of the spot checks and any follow-up action with the Care Inspectorate.

All relevant care homes in West Dunbartonshire have been made aware of this process. In addition, over the course of the last 6 months, we have

initiated spot checks on our in-house care homes in relation to management of COVID-19.

4.2.21 New Queen's Quay Care Home

The work on the new state of the art Queen's Quay Care Home is almost complete and the facility will be handed over to the Local Authority on Monday 9th November. Moving residents from one care home to another takes detailed planning at any time, but in a pandemic, has required very meticulous planning, involving the residents and their families, the residential staff team, Care Inspectorate, Infection Control, Health and Safety and Public Health.

A detailed migration plan follows handover, including staff and family visits (including the option of a virtual visit), furniture deliveries, transfer of client's personal belongings, and deep cleaning. It is anticipated that the first residents will move in on Monday 14th December. The 2 existing care homes of Mount Pleasant House and Frank Downie House will transfer into the new home, but will remain in the group or 'bubble' of their current home for 14 days after the move.

The new home offers a wonderful array of spaces, including a cinema, bistro, art studio, activity rooms, courtyards and terraces. The residents will be able to enjoy these spaces, in managed smaller group, during this 14-day period.

We look forward to facilitating virtual tours for elected members prior to the residents moving in.

5. People & Technology

Teams across People & Technology (ICT, H&S, HR, OD, Change & Digital and Transactional HR and Pay) have been and continue to be redirected as and when needed to best support the organisation.

5.1 Two key aspects of the teams' work involved mobilising extensive homeworking, i.e. beyond that already established and our employee engagement focus.

Our approach to homeworking was already well established as we had been encouraging a move to a more agile workforce for some time and already had a large number of office based employees enabled with technology to work from home prior to Covid albeit not fulltime nor in the number we have now. Whilst culturally we were well prepared to make the shift to remote working, it was clear immediately that we did not yet have the collaboration online meeting tools required (this being in our plans for 19/20). Within a matter of weeks, we had enabled a rapid deployment of MS Teams across the council. This has been hugely successful and will support the wider Office 365 project,

supported by approximately 100 MS Team Ambassadors across all council teams. Feedback and peer support has seen MS Teams become a key means of communication and support with Virtual cuppa sessions and a book review club.

The technologies for home working (thin client and netscaler) have been available since 2014 and used regularly but not at high volume at any given point. The technology has continued to work for the significantly increased volume of users. Many users able to use their personal devices to securely access all their systems and shared folders via Citrix storefront.

- 5.2** We have a robust risk-based approach and logging system introduced for all COVID-related technical changes. Regular review of this change log is in place as part of the ICT bi-weekly COVID meeting. Initially we put a hold on all technical changes to ensure stability of technical environment (at start of lockdown). Gradually we have reintroduced technical changes especially server security patching with majority now delivered during working hours to ensure ICT availability in case of emerging issues.
- 5.3** The ICT teams have built and deployed 300+ laptops to increase the number of users with access to systems (these devices were taken from stock held as part of the annual device replacement programme). Within the initial 2 months, over 400 users required additional tools and their accounts and devices were changed from being thin build to Virtual Private Network (VPN) build mostly to accommodate demand for local installs of MS Teams and VOIP telephony for home working. At same time ICT continued to investigate and test MS Teams and VOIP being delivered via thin client storefront and subsequently deployed from June. This ensures MS Teams and VOIP roll out can be done automatically via Citrix storefront and does not require users to come on site.
- 5.4** Existing low cost voice conferencing facilities were enhanced / increased in March and a business requirement for video conferencing tools was then accommodated with a rapid deployment of Zoom in April and MS Teams by mid-May. The roll out including training by the OD, Change and Digital team continues. Technical support is provided by ICT at all OD training, senior management and committee video calls. MS Teams live events plug is implemented for committee/council meetings. Providing technical support to users who are home working is more challenging and ICT produced broadband best practice guidance and issue to users monthly as well as creating support videos that could be sent to users via text to assist with remote access set up and a range of other useful guidance.

- 5.5** The work we have been doing around the organisational culture has helped the workforce make this transition a smooth one with lots of tools and supports to help. Some examples like replacement of the bureaucratic annual PDP to one more focused on valued conversations and building relationships, with an enhanced focus on development, improved communications and relationship building. The biggest area of change in this culture space is around developing workforce trust, removing the formal flexi system, trusting employees to manage time and managers to work with increased flexibility to ensure the best service delivery. This coupled with senior managers' role modelling the message that working in differing ways was expected and not frowned upon. This approach was further supported with the re-launch of our refreshed, collaborative and holistic approach to wellbeing addressing physical, financial, mental aspects. The learning & development support offered further demonstrates the commitment to employees whilst ensuring they feel listened to and valued. This has involved reviewing policies to ensure language and tone supports our values and approach and ensuring that we have policies that support an agile and flexible workforce. Via the Wellbeing Strategy we now have approximately 70 wellbeing Advocates and manager group who promote supports currently in place and listen to feedback on what would help and how best to provide this. We have provided increased mental health support via webinars from various SME and increased mental health support/counselling. WDC have been shortlisted in HR Excellence for best Health & Wellbeing Strategy, up against large private sector companies.
- 5.6** The commitment to Digital Transformation has focused on supporting employee skills (inclusion), improving communication and, where possible, to introduce a digital and automated response to repetitive, mundane tasks with a view to improving job quality and service delivery for users.
- 5.7** We have also looked at how we best use data to inform decision making and this includes our wellbeing dashboard and workforce console. This provides managers with real time information and facilitates intelligent decision making as well as removing the need for large spreadsheets and gives info on % of MSK absence to Physio referrals, overtime working, employees working in excess of 48 hours, turnover, and more.
- 5.8** We have developed an induction App and are looking at various other ways to support and communicate with employees, new and established via online means. We have employees networking externally and taking part on numerous partner and external learning/sharing opportunities and always looking at good practice and how best we continue to support our work in this area.

As we now face further uncertainty, we additionally created a return to work ready pack to support employees and line managers who were required to return to an office space and these are all available via <https://intranet.west-dunbarton.gov.uk/chief-executive/people-technology/hr-online/support-for-employees/employee-wellbeing/covid-19/>.

- 5.9** At the end of October, 45 employees had been referred for testing via the employer portal.

6. Financial and Procurement Implications

6.1 Financial Implications

The lockdown has had, and continues to have, implications in terms of service delivery and in relation to the Council's agreed budget for 2020/21 as a result of additional spend requirements, lost income offset by some cost savings due to services reducing/stopping. The SG has provided additional funding to support Councils. Total net cost implications of COVID-19 on the General Fund will not be clear for some time as the Council moves through the phases of easing of lockdown often won't be clear until they happen.

- 6.2** Since the imposition of lockdown the SG has implemented a number of approaches to mitigating the impact of COVID-19 on citizens of Scotland, businesses, charities and Councils. The majority of the funding that the SG has distributed for various purposes has been derived from Barnett consequential from UK Government funding provisions, though some will have come from re-prioritised SG funds. As the second wave of the virus has increased incidences of infection and hospital admissions the Scottish Government has implemented an approach to implementing local restrictions and has provided further funding linked to this.

- 6.3** The COVID-19 Update report to August 2020 Council reported that £5.582m of funding had been allocated to WDC to provide financial support, including funding for provision of support to the community for food provision, additional Social Welfare Fund payments, additional Discretionary Housing Payments and additional Council Tax Reduction payments (the latter has not yet been allocated). The September Council reported a further £0.862m linked to the further Barnett consequential of £49m, giving a total of £6.444m

- 6.4** Since the September report a number of further funding streams have been notified either via letters from the SG, or via reports to COSLA Leaders. In some instances, COSLA Leaders have agreed distribution methodologies, though distributions have not all yet been advised by SG, as follows:

Capital Grant:

Funding	Scotland	WDC
Town Centre Fund – additional funding	£18.000m	£0.307m
Regeneration Capital Grant Fund – additional funding	£12.000m	TBC
Bus Priority Rapid Development Fund	£10.000m	TBC
School Transport– school transport	£1.500m	£0.018m

Revenue Grants:

Funding	Scotland	WDC
Administration of £500 payments to individuals financially impacted by local covid restrictions	£0.906m	TBC
Test and Protect – “Support for People” teams retention	£0.597m	£0.012m
Test and Protect – “Outbound calling” to period to 11 January 2021	£2.275m	£0.046m
Business Support Grants – linked to business restrictions in central belt	£13.440m	£0.270m
Business Support – Covid-19 Restrictions – support for business forced to close or restricted	£48.000m	£0.400m
Business Support – Covid-19 Contingency – support for soft play and nightclub businesses		£0.195m
Furlough Support – Furlough support to businesses required to close and furloughed staff		£0.183m
Council Tax Reduction – additional funding due to covid-19	£25.000m	TBC
Young Person’s Guarantee – support to 16-24 year olds in employability and skills support	£30.000m	TBC
Discretionary Housing Payment – additional allocation linked to covid-19 financial impact	£3.000m	TBC
Environmental Health Officer Support Funding (2020/21 and 2021/22)	£2.900m	TBC
Addressing Future Need to Support Individuals at Financial Risk – flexible funding	£20.000m	£0.481m
Free school meals over holiday periods in winter period	£6.950m	TBC
Mental Health - on young people’s mental health issues with a focus on those brought about by COVID-19	£15.000m	£0.233m

- 6.5** In relation to additional costs being incurred by the WDHSCP, as reported to the August 2020 Council meeting the SG has advised that such costs will be funded. The HSCP updates its current and projected annual cost projections for the impact of Covid-19 on a monthly basis and submits to the Scottish Government as part of the NHSGGC consolidated Local Mobilisation Plan financial return. The submission on 23 October projects a combined Covid-19 cost of £6.931m across health and social care services.

In addition to the £2.647m already allocated to the HSCP for social care costs, the Scottish Government released further funding in early October to the six Glasgow HSCPs of £47.028m to cover a proportion of health and social care costs incurred and projected. The HSCP's proposed share of this is £1.747m based on a combination of actual costs incurred to the end of September and an allocation to part fund the projected costs between October and the end of March 2021.

- 6.6** The September 2020 report advised that COSLA and SG had written to the UK Government around the potential for such flexibilities to be provided to Councils over 2020/21 and 2021/22. There has now been confirmation that three financial flexibilities have been agreed, the value of these for WDC has yet to be advised and SG and COSLA are working on the guidance around these flexibilities currently. The flexibilities approved are:

- The use of capital receipts – can be used to fund Covid costs in 2020/21 and 2021/22;
- Allowing a loans funds principle repayment holiday – this can only be used in one of the two years 2021 or 2022; and
- PPP debt rescheduling – implement this change in either 2020/21 or 2021/22 – just once and continues until the PPP schools are no longer in debt.

The letter from SG advising of the above agreed flexibilities advised that they were worth around £600m; however this figure is subject to confirmation and will depend on technical accounting guidance, particularly in relation to the PPP option. The value and availability of the flexibilities will vary between Councils depending on availability of e.g. capital receipts, extent of PPP/PFI type funding in place, etc. The letter also advised that SG expect councils to use some of the reserves to deal with the Covid costs and that any implementation of the above flexibilities should not be used to maintain or increase reserves.

The first two options may be limited for WDC to use due to already planned use of capital receipts for Loans Fund principal payments, though officers will consider available options once the guidance has been received.

- 6.7** As reported to the September 2020 Council there will be further a Barnett Consequential arising from the Loss of Income support scheme which the UK Government is implementing in England. The value of this consequential has been estimated at £90m, though the final value will depend on the claims made by Councils in England under the English scheme.
- 6.8** Total net cost implications of COVID-19 on the General Fund will not be clear for some time with financial implications as the Council moves through the phases of easing of lockdown often won't be clear until they happen. Budgetary Control reports to Council and Committees will provide up-to-date financial projections of the Council's financial performance, including the net projected impact of COVID-19 with the next report being finalized for the Council meeting on 25 November 2020.
- 6.9** It is highly likely that there will be a net financial impact to the Council from COVID-19 in both 2020/21 and 2021/22 with potential for additional bad debt provision and clearly it will be important that further funding is secured from Government and/or appropriate financial flexibilities are provided to Councils to mitigate the impact into 2021/22.
- 6.10 Procurement Implications**
There are no direct procurement implications arising from this report, however we continue to remain vigilant to any potential future supply chain issues which may develop due to changes in COVID restrictions / council levels.

7. Risk Analysis

- 7.1** In accordance with the Council's Risk Management Framework, a Strategic Risk has been developed in response to the COVID-19 pandemic. This, along with the organisation-wide, operational risks sitting beneath, will be reported in the bi-annual risk updates to Corporate Services and Audit Committees. The first draft of the risk is appended to this report.
- 7.2** The most significant risk remains the financial impact of COVID-19 on the Council and the potential shortfall in funding support from the SG. COSLA has continued to engage with the SG to evidencing the financial impacts on Councils and the need for further financial support or financial flexibilities, some of which will be also required to be advised to the UK Government. The outcome of this will be important in terms of the future financial position of the Council.
- 7.3** There remain risks around how the UK exits the European Union. 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", or a deal less favourable

than hoped for, it was likely that the UK Government would require to reset the country's finances. Such a move or any other impact of Brexit could have a significant impact on the Council and its financial position for 2020/21 and subsequent years, which has the capacity to compound any ongoing COVID-19 financial impacts.

8. Equalities Impact Assessment (EIA)

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

9. Consultation

9.1 Discussions on the issues herein have been had with the Trades Unions on an ongoing and regular basis and a copy of this report provided in advance of the publication.

10. Strategic Assessment

10.1 All actions and plans around COVID-19 have been done in order to continue to achieve the Council's strategic objectives.

10.2 Sound financial control and good governance remains a key approach in minimising the risk to the Council and the ongoing capacity of the Council to continue to deliver its strategic objectives in the longer term.

.....

Joyce White
Chief Executive

Date: 19 November 2020

Person to Contact: Stephen West, Strategic Lead - Resources, Church Street Offices, Dumbarton
Telephone (01389) 737191.
e-mail: stephen.west@west-dunbarton.gov.uk

Peter Hessel, Strategic Lead – Regulatory, Church Street Offices, Dumbarton
Telephone (01389) 737800
e-mail: peter.hessel@west-dunbarton.gov.uk

Victoria Rogers, Strategic Lead – People and Technology, Church Street Offices, Dumbarton
Telephone 07795 266028
e-mail: victoria.rogers@west-dunbarton.gov.uk

Beth Culshaw, Chief Officer for Health & Social Care Partnership, Church Street Offices, Dumbarton
Telephone 07946 612554
Email: beth.culshaw@ggc.scot.nhs.uk

Background Papers:

1. Member Briefings and FAQs on COVID-19 issues;
2. Budget Report – Council, 4 March 2020;
3. Minute of Council meeting – 4 March 2020;
4. COVID-19 Update Report – Council 24 June 2020;
5. COVID-19 Update Report – Council 26 August 2020;
and
6. COVID-19 Update Report – Council 30 September 2020.

Wards Affected: All

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Council: 25 November 2020

Subject: Long Term Financial Strategy Refresh and General Services and Housing Revenue Account Revenue Estimates Update 2021/22 to 202/24

1. Purpose

- 1.1** The purpose of this report is to provide Members with an update of the Council's Long Term Finance Strategy, together with information on the estimates process for the General Fund and the Housing Revenue Account (HRA).
- 1.2** The report also provides an update on the position regarding reserves, including projections in relation to funds held for provisions, earmarked balances and free reserves.

2. Recommendations

2.1 Members are asked to:

- (i) Note the updated strategy has developed estimates of the Council's funding position to 202/24 and identifies cumulative anticipated revenue funding gaps within General Services of £4.036m for 2021/22; £8.237m for 2022/23; and £10.211m for 2023/24;
- (ii) Note the position regarding the HRA projections to 2023/24;
- (iii) Note the projection for the General Fund of a 10 year position to 2030/31;
- (iv) Approve the long term financial strategy, as attached as Appendix 1;
- (v) Note the current assumed position regarding the impact of COVID-19 in 2020/21 and 2021/22 onwards;
- (vi) Note the update and projected year-end position regarding reserves and provisions;
- (vii) Note that the CMT are in the process of generating efficiencies for consideration at a future Council meeting;
- (viii) Note the current position regarding the long term capital plan;
- (ix) Note the position regarding the Scottish Government planned budget announcement; and

- (x) Note that this projected position is subject to amendment as assumptions continue to be clarified and revised between now and Council in March 2021.

3. Background

3.1 The previous iteration of the Long Term Financial Strategy was presented to and approved by Council on 27 November 2019. Updated indicative budget gaps for 2021/22 to 2022/23 were updated following the approval of the budget, as minuted from Council on 4 March 2020. This is an update to this Financial Strategy and provides information to Members of the revised position.

3.2 At the Council meeting in November 2019 the Finance Strategy was agreed which identified cumulative projected budgets gaps from 2020/21 to 2022/23 of:

- 2020/21 £5.644m;
- 2021/22 £10.621m; and
- 2022/23 £16.781m.

3.3 The Council, on 4 March 2020 agreed a budget which closed the budget gap for 2019/20 and generated revised cumulative gaps for future years, as follows:

- 2020/21 nil;
- 2021/22 £6.051m; and
- 2022/23 £13.069m.

4. Main Issues

Refresh of Long Term Finance Strategy

4.1 The Strategy (Appendix 1) provides information - in a local and national context – on financial issues affecting both funding for the Council and its anticipated spend. It provides information on estimated revenue and capital balances (both for General Services and HRA) rolled-forward in detail to 2023/24.

4.2 The figures have been revised for updated assumptions on Scottish Government funding, pay and non pay inflation, as well as general burdens and pressures. Reserves and the ongoing gap projections have also been updated to reflect the differences arising from the change in the planned outcome of the loans fund review.

4.3 A comparison of the General Services revenue cumulative budget gaps from those last reported to the current position is noted below. Annex 1 of the attached Strategy document highlights the changes in assumptions between the gap identified in March 2020 to the current projections and is summarised in the table below:

	2020/21 £m	2021/22 £m	2022/23 £m
Council meeting (March 2020)	6.051	16.069	n/a
Strategy (November 2020)	4.036	8.237	10.211
Change in identified gap	-2.015	-7.832	10.211

- 4.4** In relation to the HRA, based on current assumptions around rent increases, there are no anticipated gaps forecast to 2023/24.
- 4.5** The Council should consider longer-term financial planning in order to ensure potential future funding issues can be identified early and plans developed to mitigate such longer-term financial risks. Annex 1 of the attached Strategy now projects the Councils General Fund position to 2030/31.
- 4.6** As in previous years a sensitivity analysis has also been used to show possible variations arising from changes to assumptions into the future.
- 4.7** The General Services anticipated reserves position is noted below. The attached Strategy has reviewed the methodology by which the prudential reserve is calculated and the calculation now excludes the requisition to the HSCP, as the HSCP has in place its own prudential target and reserve. As a result of this and the projected updated budgets into future years the prudential reserve target on free revenue reserves for 2020/21 is £3.015m; for 2021/22 is anticipated to be £2.970m; and is anticipated to be £2.952m for 2022/23; and anticipated to be £2.962m for 2023/24. As reported to Council in August 2020 in respect of the draft annual accounts and change in approach in the loans fund review; and as updated in September 2020 the current level of unremarked reserves is below the prudential target (at £2.752m) and the attached strategy assumes that this level is re-established as part of the budget process for 2021/22.

	31/03/2020 £000s	31/03/2021 £000s	31/03/2022 £000s	31/03/2023 £000s
Revenue				
General Service Free Reserve	2,752	2,970	2,952	2,962
General Service Earmarked Reserve	6,643	2,579	1,250	565
Capital				
Capital Item Replacement Fund	214	214	214	214
Capital Grants Unapplied	132	0	0	0
Capital Reserve: Schools Regeneration	2,169	1,446	723	0
	11,910	7,209	5,139	3,741

The HRA anticipated reserves position is noted below. The prudential reserve target on free revenue reserves for the period to 2023/24 is shown below:

	31/03/2020	31/03/2021	31/03/2022	31/03/2023
	£000s	£000s	£000s	£000s
Revenue				
HRA Free Reserve	883	896	915	944
HRA Earmarked Reserve	3,041	0	0	0
	3,924	896	915	944

4.8 The Strategy also provides information in relation to treasury management, covering levels of debt and investments, together with average interest rates thereon. This will be considered in addition to the annual treasury strategy reported to Council prior to the start of each financial year.

4.9 The Strategy also notes the population projections for the Council area as a proportion of Scotland between 2012 and 2037, by population banding. Current projections identify that between the base year and 2039, the proportion of Scotland's population residing in the Council area falls from 1.74% to 1.46%. This is anticipated to have a direct impact on Scottish Government's allocation of funding to the Council, though the reality will not be known for some time.

4.10 The Strategy also notes policies and specific strategies adhered to by the Council to ensure adequate financial controls are in place.

4.11 Annexes 4, 5 and 6 of the Strategy identifies short, medium and longer term issues with planned actions to minimise financial risks from these issues.

4.12 The Finance Strategy assumes inflationary uplifts as follows:

- on non staffing lines assumed at 0% (any inflationary uplift required by contract conditions will be implemented as a burden); and
- on sales, fees and charges at 4%. The assumption excludes internal, statutory and identified HSCP charges which cannot be higher than the cost of service provision).

At present it has been assumed that pay awards will be 2% for the next two financial years and 3% thereafter, based on current low levels of inflation which are expected to increase gradually in the future. This is subject to national agreement and may vary.

4.13 The Strategy includes assumptions around the settlement from Scottish Government. This is based on officers' estimates around the likely position. It should be noted that settlement figures for 2021/22 would normally be due to be announced in mid-December 2020; however it is now understood that this is now unlikely to be available late January 2021, due to the impact of COVID-19 on budget-setting at UK Government level. The Scottish Government therefore does not have sufficient information from the UK Government to allow them to set a budget and notify Councils of a settlement.

- 4.14** The Scottish Government, in the settlement for 2019/20, agreed a cap on Council Tax increases at 4.79% and provided for a similar inflation-linked increase for 2020/21. It is anticipated at this stage that this flexibility in setting a Council Tax with an inflationary uplift will be allowed in 2021/22, with a current assumption within the updated attached strategy of an increase of 4.8%. This is, of course subject to the confirmation of the Scottish Government position and a Council decision on this when setting the Council Tax.
- 4.15** The Strategy includes an approach around scenario planning where the main financial issues for the Council are considered through three different circumstances: Likely; Worst Case; and Best Case. The figures used to identify anticipated budget gaps going forward are based on the Likely scenario which is illustrated in Annex 1 to the Strategy.
- 4.16** The Strategy also provides a longer term view of the potential cost of loan charges in order than Members may consider the revenue impact of capital investment decisions under varying potential interest rate scenarios. Again, in determining the anticipated funding gaps going forward the Likely scenario has been used.

General Services and Housing Revenue Account Revenue Estimates Update 2021/22 to 2023/24

- 4.18** Based on the above and the information provided below the Council's financial position has been projected to 2023/24.
- 4.19** For 2021/22 to 2023/24 the grant settlement from the Scottish Government to the Council is estimated to reduce by 0.75% each year. The expected reduction is due to a combination of expected funding reduction due to demographics projections and likely reductions due to expected grant reductions from the UK Government being passed-on to Councils via the Scottish Government.

As a result of the above changes in assumptions the estimated funding is currently estimated as:

- 2020/21 £190.157m
- 2021/22 £188.812m;
- 2022/23 £187.457m; and
- 2023/24 £186.051m.

The actual funding provided will not be known until the Scottish Government provide settlement figures later in this financial year and Members should note that these are likely to be different to the projections noted above and almost certainly will only cover 2020/21.

- 4.20** In recognition of the steady improvement in performance full collection rates anticipated for the purposes of this strategy was increased in 2020/21 to 97.5%, from 97.25%. However in updating the gap officers have made an allowance over the next two financial years for additional bad debt of £0.200m

in each financial year as a result of the impact of COVID-19. Officer will review the position in respect of this issue as the current financial year progresses between now and setting the 2021/22 budget.

The attached strategy recognizes that the Scottish Government has, over the last two financial years allowed Councils to set Council tax at a rate based on 3% plus inflation and anticipates that this practice will continue. On that basis within the updated figures, officers have updated the council tax position based upon an assumed increase of 4.8% per year, together with an expected growth in the Council Tax base due to new house building, resulting in the following estimated Council Tax income:

- 2020/21 – Budgeted charges raised of £36.890m;
- 2021/22 – Projected charges raised of £38.830m;
- 2022/23 – Projected charges raised of £40.541m; and
- 2023/24 – Projected charges raised of £42.598m.

4.21 Reports on the General Services and HRA Revenue Estimates 2020/21; and Treasury Strategy 2020/21 – which consider the impact of capital planning projections, will be presented to the Council meeting in March 2020 to ensure alignment of resources.

4.22 As at 31 March 2020, General Services revenue resources held by the Council was:

	£m
Reserves	9.395
<u>Of which:</u>	
Earmarked	6.643
Unearmarked	2.752
Prudential Target	4.305
 Provisions	 0.232
<u>Of which:</u>	
Voluntary Retirement/Severance	0.232

4.23 Similar to previous years, the projected position is based on current Council policy and projected levels of service delivery.

4.24 In relation to the WD Health and Social Care Partnership (HSCP), the finance strategy assumes funding to the HSCP will reduce pro-rata to the gap projection for the Council overall.

4.25 As reported in recent Budgetary Control reports and COVID-19 Update reports to Council during 2020/21 the financial impact of COVID-19 in 2020/21 is not yet fully clear as the pandemic continues to significantly impact on the country and this council area and is anticipated to continue to do so for the remainder of this financial year and most likely into next financial year. The recent announcements of an effective vaccine are positive but it is clear that implementation will take a number of months. For 2020/21 it is anticipated that the additional funding from the Scottish

Government along with the financial flexibilities will allow the Council to fully offset the net financial impact of COVID-19. For future years the strategy assumes that any ongoing net financial impacts of COVID-19 into the future will continue to be funded by continued government financial support and financial flexibilities. This position will of course be monitored between now and March 2021 budget-setting Council.

- 4.26** The updated gap position and the strategy do not as yet assume any impact from the Scottish Government agreed financial flexibilities. The guidance on these flexibilities is not yet issued and therefore it is not yet clear as to what financial assistance options these will provide to the Council. Once this is clarified the options around these flexibilities will be reported to Council for consideration – including any impact on future funding gaps.

Projected Reserves and Provisions Position at 31 March 2021

- 4.27** The earmarked balances held at 31 March 2020 (per the annual accounts - £6.643m) will be reviewed over the next few months between now and setting the budget, the current position assumes that all funds are still required for their earmarked purposes.
- 4.28** For the purposes of this strategy a projected outturn breakeven is assumed for 2020/21, which is in alignment with the position reported in the Budgetary Control Report within the document pack for this meeting. This position will be reviewed between now and Council in March 2021. This strategy does not assume use of reserves at this stage.
- 4.29** The prudential target has been re-assessed based upon the current projected budget for 2021/22, and the target of 2% of the net budget becomes £2.970m.
- 4.30** Members will be aware of external audit comments on the level of reserves generally and the level of the prudential target. Members will wish to consider these comments when setting the budget, with the potential to increase the value of reserves through a planned approach to generating a surplus in 2021/22 onwards.
- 4.31** At this time it is anticipated that the provisions held, as noted above, are adequate. This will continue to be considered and assessed again prior to the end of 2020/21.

Consultation on the 2021/22 General Fund budget

- 4.32** The consultation process for the 2021/22 budget will be informed by Elected Members and the funding position of the Council as the budget process proceeds and information becomes available on settlement levels.

Consultation on the 2021/22 HRA budget

- 4.33** The consultation will take place between November 2020 and January 2021, through a range of meetings with tenants and tenants groups and representative groups.

Other Issues

- 4.34** As noted above, the long term capital plan was approved by Council in March 2020. Any additional projects which may be developed will require to come to Council or relevant Committee with appropriate business cases for approval for adding to the capital plan.
- 4.35** Members are reminded that there are a number of significant assumptions within the financial projections, including: national pay awards, the continuing effects of welfare reform and the terms of the Scottish Government financial settlement.
All assumptions remain subject to change and confirmation and will be further considered and any changes advised between now and Council in March 2021.
- 4.36** EU exit continues to present a risk to assumptions made on Scottish Government settlements and the Council's current budget assumptions. In announcements in 2019 the Chancellor of the Exchequer was clear that a "no deal" EU exit would be likely to require the Government to revisit Budget assumptions. It is anticipated that this would impact on the settlement to the Scottish Government and likely onto Councils. The extent of the risk around this is not quantifiable.
- 4.37** Longer-term projections, as advised above, have been made to 2030/31 and highlight, based on a range of assumptions which are detailed in the Finance Strategy a range of funding gaps to 2030/31 between £30.280m and £47.000m, based on a best and worst case scenario – with the likely position being somewhere in between, currently valued at £38.070m. Clearly as projections range further into the future uncertainty is clear, however these figures have been generated to provide Members with an insight as to the potential position going forward and allow Members and officers to generate approaches to manage such funding gaps in a planned manner.

5. People Implications

- 5.1** The strategy itself does not have any direct implications on the workforce; however as savings options generated by the CMT to close the projected gaps are developed there will almost certainly be implications for the workforce.

6. Financial and Procurement Implications

- 6.1** The strategy does not have any direct financial implications. However, it does identify in future years the Council is facing budget gaps which will require Council decisions to mitigate.
- 6.2** The scenario planning consideration within the Strategy illustrates how relatively small movements in assumptions can lead to significantly variable outcomes in terms of the potential future funding gaps facing the Council (General Services). A summary of this is as follows for the next three financial years:

GENERAL SERVICES:			
GAP ANALYSIS UNDER DIFFERENT SCENARIOS			
	2021/22 £000's	2022/23 £000's	2023/24 £000's
LIKELY PROJECTION	£4,036	£8,237	£10,211
BEST	£2,980	£8,159	£9,828
WORST	£9,488	£17,060	£19,914

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

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

HRA:			
GAP ANALYSIS UNDER DIFFERENT SCENARIOS			
SCENARIOS	2021/22 £000's	2022/23 £000's	2023/24 £000's
LIKELY PROJECTION	£0.093	£0.184	£0.334
BEST	-£0.036	-£0.074	-£0.024
WORST	£0.250	£0.500	£0.768

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

7. Risk Analysis

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

7.2 Roll-out of Universal Credit continues and from November 2018 onwards new claimants and people with change of circumstances will start to move from Housing Benefit to Universal Credit, and at some point in the future (date to be set by DWP) the transfer of remaining claimants will commence. These changes present risks to rent collection rates due to the way Universal Credit works compared to Housing Benefit. There is also a risk in relation to Council Tax collection as Council Tax Reduction is not passported from Universal Credit as it currently is from Housing Benefit. The impacts of these changes will be monitored for potential impacts on future years' budgets.

7.3 There a risk is around the current expectation that the net financial impact of COVID-19 will be funded in 2020/21 and into the future from ongoing government financial assistance. This will be monitored and updates provided to Council as the budget process proceeds.

- 7.4** There are risks around two key assumptions in the strategy around pay awards and Council Tax increase into the future. These will be monitored and updates provided to Council as the budget process proceeds.

8. Equalities Impact Assessment (EIA)

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

9. Consultation

- 9.1** The Long Term Financial Strategy and revised budget position have been considered by the Corporate Management Team on an ongoing basis through August to November 2020 and the views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns with the report.

10. Strategic Assessment

- 10.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the strategic priorities of the Council's Strategic Plan.
- 10.2** The General Services revenue budget contributes to all categories by providing funding in specific areas to help the Council achieve and develop these priorities.

Stephen West
Strategic Lead - Resources
Date: 17 November 2020

Person to Contact: Stephen West, Strategic Lead – Resources (01389 737191);
Gillian McNeilly, Finance Manager, (01389 737194).
E-mail: stephen.west@west-dunbarton.gov.uk
gillian.mcneilly@west-dunbarton.gov.uk

Appendix: Long Term Financial Strategy

Background Papers: Minute of Council meeting – 4 March 2020;
August 2020 Council: Draft Annual Accounts;
September 2020 Council – Budgetary Control Report;
Reports to Council meetings in August, September and
November 2020 – COVID-19 Updates; and
November 2020 Council – Budgetary Control Reports

Wards Affected: All



LONG TERM FINANCIAL STRATEGY

November 2020

WEST DUNBARTONSHIRE COUNCIL

LONG TERM FINANCIAL STRATEGY

Sections		Page No.
1	Introduction	3
2	What is the point of a Financial Strategy?	6
3	Financial Summary	7
4	National Context	9
5	Local Context	11
6	Financial Management	16
7	Financial Outlook	20
8	Key Organisational Issues	27
9	Treasury Management	27
10	Reserves	29
11	Monitoring & Reporting Arrangements	30
12	Risk Management	31
13	Approach to Generating Future Budgets	31
14	Financial Strategy	31
 Annexes		
Annex 1	Reconciliation of movement from previous financial strategy and 10 year gap projection	34
Annex 2	Budget assumptions 2018/19 to 2020/21	35
Annex 3	Contingency Fund Policy	36
Annex 4	Short term Issues	37
Annex 5	Medium Term issues	40
Annex 6	Long term issues	42
Annex 7	Policy on Balances and Reserves	43
Annex 8	Risk Factors	48

1 Introduction

- 1.1 The purpose of the Financial Strategy is to allow Council to consider and plan for longer term financial issues by providing early sight of pressures arising from areas such as: Scottish Government grant funding reductions; service demand changes; demographic change; etc. The Financial Strategy demonstrates that the Council is clear that the outcomes it plans to achieve for our communities link directly to the financial plans for the future and that any financial challenges identified which threaten the achievement of these outcomes are managed and prioritised in an orderly manner.
- 1.2 Since the last update of the strategy, in November 2019, the Scottish Government provided a single year settlement for 2020/21. To date the Council has not been provided with any information from the Scottish Government on anticipated grant funding for 2021/22 and beyond and indeed this information is not anticipated to be available later in the current financial year, and is most likely to be a single year settlement for 2020/21 only. There have been no specific UK Government funding announcements and the Government has cancelled the planned Autumn 2020 budget. The UK Government continues to proceed through Comprehensive Spending Review which is likely to be able to provide Government departments with funding allocations for 2021/22 – so should then follow through to grant levels to Scotland.
- 1.3 It is clear that the impact of covid-19 has had very significant cost implications for the UK as a whole – with significant and ongoing costs being funded nationally – mainly by the UK Government with Barnett Consequentials following through to the Scottish Government. This huge additional spend has been funded in the main by significant levels of additional borrowing by the UK Government. How the UK Government decides to deal with the costs of dealing with the impact of covid-19 is not clear as yet and different approaches are possible:
1. Further austerity in order to recover the costs through reducing future years spend;
 2. Additional taxation to fund the costs incurred;
 3. Increased public spending to assist the economic recovery from covid-19 – capital, revenue or both, potentially focussed on services to support communities impacted by covid-19; and
 4. A combination of the above.
- One positive aspect of the Government's need to borrow to support the spending implemented linked to covid-19, is that the cost of borrowing is at historically low levels – so the Government will be borrowing at very low rates of interest and lower than budgeted, so the financial impact of the cost of borrowing is lower than might have been the case.
- 1.4 The ongoing impact and prevalence of covid-19 into the future and how it affects the World, UK and local economies is a key factor, but one that is impossible to predict at this stage. The Council has received significant financial supports and financial flexibilities from the Scottish Government to date in relation to managing the financial impacts of covid-19 and it is anticipated that should there be ongoing significant covid-19 impacts that such support or further flexibilities will require to be provided.
- 1.5 This clearly makes it difficult to predict the quantum of grant support on an ongoing basis, though it is expected that the trend of reducing funding to Councils will continue on an ongoing basis. In 2020/21 the settlement from the Government to the

Council was lower than the 2019/20 settlement, on a like for like cash basis. Recently political and economic commentators have been talking about the UK economy as being in a state of “perma-austerity”, this view being based on future predictions around the impact of Brexit and likely impact on the UK economy, though at UK level the UK Government seem to have implemented spend plans that reduces the impact of austerity. As stated above how covid-19 plays into this position is far from clear.

- 1.6 Population projections for the Council in relation to a growing population for the rest of Scotland is likely to generate continuing reductions in Government funding for the Council on top of the impact of any level of ongoing austerity. The level of government grant support to the Council is difficult to predict as it depends significantly on the state of the UK economy, whether the recent austerity measures continue and for how long and how deep they will impact on the grant to the Scottish Government from Westminster, and then how the Scottish Government decides to manage any such funding reductions across the range of public sector services that are funded. Over-riding these uncertainties is the uncertainty around Brexit and covid-19.
- 1.7 In general it is anticipated that the Council will face significant financial challenges over at least the next five years. It is therefore likely that difficult choices will continue to be required – this Strategy provides a practical framework within which choices will be identified, debated and approved.
- 1.8 To provide clear and consistent direction for the Council, the following objectives have been identified for the Financial Strategy – it will ensure that:
 - the Council has a comprehensive, coherent balanced budget for both General Services and the Housing Revenue Account (HRA);
 - resources are allocated and deployed to facilitate delivery of the outcomes set out in the Strategic plan, and Local Outcome Improvement Plan. This takes account of the functions and services provided by the Council which are of a statutory nature as well as those services provided due to local need;
 - all key strategic decisions on the allocation and deployment of resources are made within the appropriate financial context, with due regard to levels of risk;
 - Members are able to take full account of the impact of decisions on the overall financial resources of the Council in the short, medium and long term;
 - the Council has flexibility to address new policy requirements, or significant changes to existing policies, within overall available financial resources;
 - resources are invested effectively, efficiently and on sustainable basis;
 - there is an ongoing focus on securing efficiencies across the organisation;
 - there is a clear strategic financial planning linkage between Council decisions on capital planning and the revenue budgets for both the General Fund and the HRA; and
 - there is an increased level of understanding on behalf of the wider community with regard to the finances of the Council.
- 1.9 The primary financial challenges facing the Council over the period of this strategy will be delivering a balanced revenue budget year on year and the ongoing development of the capital programme, which maintains appropriate investment in our key infrastructure. In addition the HRA capital plan takes a longer-term approach to capital planning within the HRA.

- 1.10 To deliver a coherent, balanced revenue budget year on year, the Council will need to continuously review existing and revised service delivery arrangements to determine if they are effective, efficient and sustainable, consider alternative methods of service delivery where appropriate and proactively identify opportunities to secure efficiencies or reduce service provision.
- 1.11 There is no doubt that the information generated through this process will result in options that are likely to require hard choices – one of the main challenges for the Council over the next few years will be that, once chosen, these options will often require a lead-in period prior to implementation.
- 1.12 In order to ensure the link between the strategic future development of capital assets to the financial strategy, capital plans are considered alongside ongoing revenue planning. Capital plans for both General Services and HRA will continue to be approved at the same meeting of the Council that approves the subsequent revenue budgets, as both are intrinsically linked.
- 1.13 The level of ongoing government support for General Services capital expenditure is known for only the first year of this strategy, similar to the revenue funding position the longer term position is not known and may well come under further pressure depending on the UK policy direction. Similarly to the revenue position it is anticipated the funding for the period from 2021/22 onwards will not be known until mid-December 2020.
- 1.14 If the Financial Strategy is to be successful, and achieve the objectives outlined, it must be a dynamic, living document reviewed on a regular basis.
- 1.15 This Financial Strategy is about making sure we have sufficient resources in place when required to deliver the outcomes we want to achieve for the communities of West Dunbartonshire, as described in the Local Outcome Improvement Plan. The Financial Strategy and the other strategic plans will require to be evidenced in the development of the workforce plan.
- 1.16 The Financial Strategy undertakes some sensitivity analysis to provide a picture of best case, worst case and likely case in terms of financial projections. This allows Council to see the risk associated with the range of variables within the financial issues/pressures identified.
- 1.17 This strategy projects budgets 10 years into the future in order to provide longer term projections of future budget positions to allow Councils to consider making longer term decisions. It is clear that the further away from the current date that projections go the less certain the projections become, however they will allow Council to consider longer term views and options.

Councillor Jonathan McCall
Leader of the Council

Joyce White
Chief Executive

2. What is the point of a Financial Strategy?

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

Table 1 – Stakeholder Information

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

- 2.7 The Strategy identifies issues that will impact beyond the period of the strategy, so that the Council can plan ahead; it includes expenditure forecasts, and projected funding, where known.
- 2.8 Inevitably some of the information of the Financial Strategy will be based on assumptions and these will change over time - the Strategy will be reviewed and updated regularly so that the Council can respond proactively to any such changes. This is particularly the case the longer into the future the projections are taken.
- 2.9 The inclusion of information in the Financial Strategy, for example on a specific project in 2020/21 onwards, does not infer approval and all financial projections and issues will be subject to approval through the budget process and any appropriate Committee approvals.

- 2.10 The associated Strategic Planning and Budgeting framework will ensure there is a clear linkage between the strategic planning and budgeting processes.
- 2.11 This will also allow services to plan ahead, taking into account the resources available over the next three years to provide Members, management and residents information as to measures needing to be taken in year 1, detailed indicative figures for years 2 and 3 of the strategy, and less certain longer term projections out to year 10.
- 2.12 A key element of the strategy's development is to proactively identify opportunities to achieve efficiencies or secure alternative funding sources in assisting to fund the Council's priorities and objectives.

3. Financial Summary

General Services Revenue Budget

- 3.1 The budget process for 2020/21 was progressed through the Council in the normal manner and in order to balance the 2020/21 budget a range of approaches were agreed by Council in March 2020.
- 3.2 The budget balanced the 2020/21 budget and left target efficiencies to be determined for 2021/22 of £6.051m and a further £7.018m for 2022/23.
- 3.3 The detailed analysis has now been rolled-forward to 2023/24 and the reconciliation between the 2020/21 position and the 2023/24 position is provided at Annex 1. A projection to year 10 of the strategy has also been developed and is also shown at Annex 1.
- 3.4 A sensitivity analysis has been undertaken on the main areas of financial pressure to 2030/31 and this provides the range of anticipated outcomes in terms of future budget gaps based on a best case, worst case and likely case outcomes and for the next three years are shown as follows:

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

GENERAL SERVICES:			
GAP ANALYSIS UNDER DIFFERENT SCENARIOS			
	2021/22 £000's	2022/23 £000's	2023/24 £000's
LIKELY PROJECTION	£4,036	£8,237	£10,211
BEST	£2,980	£8,159	£9,828
WORST	£9,488	£17,060	£19,914

The above illustrates that following the review of the financial position and under the "Likely" set of assumptions that the gaps for 2021/22 to 2023/24 has changed due to reviewed assumptions which are highlighted in Annex 2.

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

Housing Revenue Account Budget

- 3.5 The HRA Budget for 2020/21 was agreed in March 2020 with a 1.9% increase in rent for 2020/21. Draft forecasts for future years continue to indicate budget pressures in many areas: effects of the DWP Welfare Reform; the ongoing provision of housing which meet the Scottish Housing Quality Standards; and compliance with Energy Efficiency Standards. In setting the budget the expectation is that the HRA income will meet projected costs and therefore shows no funding gaps for 2021/22 to 2023/24.
- 3.6 A sensitivity analysis has been carried out for the HRA revenue account and shows the following range:

Table 3 – Outcome of sensitivity analysis – HRA Revenue projections

HRA:			
GAP ANALYSIS UNDER DIFFERENT SCENARIOS			
SCENARIOS	2021/22 £000's	2022/23 £000's	2023/24 £000's
LIKELY PROJECTION	£0.093	£0.184	£0.334
BEST	-£0.036	-£0.074	-£0.024
WORST	£0.250	£0.500	£0.768

Capital Budgets

- 3.7 A refresh of the General Services 10 year Capital Plan for 2019/20 to 2028/29 was agreed by Council on 27 March 2019. At the Council meeting in March 2020, the three years from 2020/21 to 2022/23 were approved in detail with the remaining years being indicative at this stage. This long term capital plan takes into account revenue resource available to support capital investment into the future, however, as stated above a key element of the long term capital plan was to develop projects which generate funding (either capital receipts or revenue efficiencies) that can be used to fund the capital plan. Thus, the strategy considers any revenue implications to be funded to support the ongoing capital plan. The capital plan is due, based on approved policy, to be reviewed in full every three years, whilst in interim years updates will be undertaken to recognise changes in phasing, etc. the most recent of which being in March 2020.
- 3.8 The 5-year Housing Capital Plan for 2020/21 to 2024/25 was agreed at Council in March 2020.
- 3.9 Table 4 (below) provides a summary of the Council's projections for General Services and HRA Revenue and Capital for 2021/22 to 2023/24. At this point, Scottish Government Funding is unknown beyond 2019/20 and therefore assumptions have been made. Note these projections are based on the "likely" outcome from the sensitivity analysis identified at 3.4 and 3.6 above; together with a range of assumptions, as identified on Annexes 1 and 2.

Table 4 - Three Year Summary - Revenue and Capital

	2021/22 £000	2022/23 £000	2023/24 £000
General Services Revenue Budget	231,863	236,420	238,860
<u>Funded by:</u>			
Government Grant	(188,812)	(187,457)	(186,051)
Council Tax	(38,830)	(40,541)	(42,598)
Reserves	(185)	(185)	0
Cumulative Funding Gap	4,036	8,237	10,211
Housing Revenue Budget	44,780	45,747	47,216
Financing	(44,780)	(45,747)	(47,216)
Cumulative Funding Gap	0	0	0
General Services Capital Budget			
Anticipated Spend	70,681	51,978	32,745
<u>Funded by:</u>			
Prudential Borrowing	(45,968)	(38,576)	(14,905)
Capital Grant and Match Funding	(20,278)	(9,625)	(13,909)
Capital Receipts	(4,435)	(3,777)	(3,931)
Revenue Contributions	0	0	0
	(70,681)	(51,978)	(32,745)
Housing Capital Budget			
Anticipated Spend	43,147	41,059	35,071
<u>Funded by:</u>			
Prudential Borrowing	(28,483)	(27,188)	(24,816)
Capital Grant	(4,500)	(6,616)	(3,372)
Capital Receipts	0	0	0
Revenue Contributions	(10,164)	(7,255)	(6,884)
	(43,147)	(41,059)	(35,071)

4. National Context

The Financial Settlement

- 4.1 The Scottish Government has provided settlement figures for 2020/21 only at this stage. It is unclear at this stage whether the next settlement will cover only a single year – for 2021/22; or be a three year settlement – which is stated to be the hope of Ministers. Any three year settlement will likely need to be indicative due to unknown UK Government funding for future years.

The settlement for 2020/21 provided the Council with Revenue Grant/Non-Domestic Rates Income/Specific Grant of £190.157m.

- 4.2 When the Council's own projection of Council Tax Income based on a 97.5% collection rate is added (£36.890m) then the gross available resource for the Council in 2020/21 was budgeted at £227.047m.
- 4.3 For 2021/22 onwards there is no information available from the Scottish Government, however early indications from economic commentators suggest that for 2021/22 to 2023/24 and news from UK government point to a single year budget for 2021/22. Prior to covid-19 it was expected that the UK Government would be planning to provide additional funding to support a range of priority areas and start towards "levelling-up" in regional terms in England. Such approaches would have been likely to have positive impacts on Scottish Government funding due to Barnett consequential. The impact of covid-19 is, as yet, unknown on future settlements.

It is currently anticipated that this the overall settlement for 2021/22 onwards will be a 0.75% reduction. These projected reductions include the anticipated impacts of demographic change. As stated the impact of covid-19 on the UK public finances and how the UK Government decides to manage this impact may have a significant impact on this assumption.

In agreeing the Scottish Government budget for 2020/21 the Scottish Government provided Councils with additional funding. Due to the nature of this additional finding and how it arrived with councils this strategy expects that this funding continues as a permanent distribution.

A key factor in the settlement is the Floor Calculation and the floor has not yet been set by the Scottish Government for 2021/22 and there is a risk that funding pressures passed to the Scottish Government by the UK Government result in a change to this position. It should also be noted that not all Scottish Government funding is included in the Floor Calculation, so there is risk of variation of funding.

For 2020/21 to 2023/24 the anticipated Scottish Government funding is:

- 2020/21 £190.157m
- 2021/22 £188.812m;
- 2022/23 £187.457m; and
- 2023/24 £186.051m.

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

Funding for Social Care

- 4.4 For the 2020/21 settlement new funding was provided through the Government to support Social Care. For 2021/22 onwards it is anticipated that this funding will continue to be provided by the Scottish Government. COSLA is pressing the Scottish Government to fully fund the ongoing implementation of the living wage and associated cost. Within this strategy it is assumed that there is further funding for living wage implementation from the Scottish Government.
- 4.5 The IJB manages the process to develop its budget taking account of the new funding from the Scottish Government alongside the funding from the Council and this strategy which, via the likely scenario, expects that the Council will reduce the funding to the IJB pro-rata to the gap in the projected position shown in Annex 1 to

this report. This position will be considered by Council as the budget-setting process for 2021/22.

Council Tax Reform

- 4.6 The Scottish Government in the last two financial years relaxed its position on Council Tax capping – from 3% to a position that reflected 3% plus inflation. For the 2020/21 budget process this therefore allowed Councils to increase Council Tax by up to 4.84% – which the Scottish Government described as being 3% which recognizes inflationary pressures and this increase was agreed by this Council. It is assumed that a similar position will be allowed by the Scottish Government for future years and this is reflected in the strategy.

Brexit

- 4.7 The ongoing Brexit negotiations between the UK Government and the European Union and the ongoing political discussion around Brexit within the UK present a risk to assumptions made on Scottish Government settlements. In the UK Budget announcements in September 2019 the Chancellor of the Exchequer was clear that a “no deal” Brexit would be likely to require the Government to revisit Budget assumptions. It is anticipated that this would impact on the settlement to the Scottish Government and likely onto Councils. The extent of the risk around this is not quantifiable.

The UK Government has provided assurance that projects that are currently funded by EU funding would be funded by UK Government to 2021, if the projects are approved by EU prior to Brexit date.

The outcome of Brexit negotiations remains an area of potential impact to the Council and its community, as well as for the whole of the UK and Scotland.

5. Local Context

- 5.1 The environment within which the Council operates has changed significantly in recent years and is likely to alter further over the period of this strategy due to changes in legislation, policy and other national and local developments. 2020 has seen particular challenges due to the impact of the global pandemic and at this stage it is not clear how long this will continue to be a major issue and what financial implications are into the future.

The Planning Context

- 5.2 The overall strategic framework within which the Council operates is outlined in the Strategic Planning and Budget Process which is issued annually to senior management as part of the budget preparation process. This framework links the budgetary development process to the Strategic Plan, and Service Plans, recognising the Local Outcome Improvement Plan (LOIP) between the Council and its Community Planning partners.

- 5.3 The Council's draft Strategic Plan for 2017-22 sets out a clear vision:

‘West Dunbartonshire Council will deliver high quality services, led by priorities identified by the communities of West Dunbartonshire, in an open and transparent way’

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

- 5.5 Members have acknowledged the overall challenge for the Council remains the expectation of ongoing funding reductions, balanced with the need to deliver sustainable services, encourage economic growth and develop long term management of our assets. The Strategic Priorities to 2017/22, agreed at Council on 25 October 2017, are:
- A strong local economy and improved employment opportunities;
 - Supported individuals, families and carers living independently and with dignity;
 - Meaningful community 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.
- 5.6 The Financial Strategy underpins the delivery of the vision, priorities and objectives identified in the Strategic Plan.
- 5.7 Community Planning West Dunbartonshire, (CPWD) is a partnership of agencies and groups from the public, third sector and community sector that are committed to working together to make a positive contribution to the development and well-being of the individuals and communities that reside in this area.
- 5.8 The Local Outcome Improvement Plan is a high level agreement between the CPWD and the Scottish Government. It identifies areas for improvement and sets out how the CPWD will deliver better outcomes for the people of West Dunbartonshire. This 10 year plan covers the period 2017-2027 and details the long term priorities for improving outcomes in West Dunbartonshire as agreed in September 2017.
- 5.9 The priorities agreed set the framework for the Council priorities as described in paragraph 5.5 above. The LOIP commits to reducing inequalities for our residents to deliver a West Dunbartonshire where:
- Our local economy is thriving;
 - Our communities are safe;
 - Our children and young people are nurtured;
 - Our older residents are supported to remain independent; and
 - Our residents are empowered.

Demographics

- 5.10 One of the most significant challenges facing West Dunbartonshire is depopulation and demographic change – this has been recognised as a priority by the Council.
- 5.11 The latest population statistics available (published May 2020) is the 2019 mid-year population which shows a population for West Dunbartonshire is 88,930; a small decrease of 0.76% from 89,610 in 2017 and a reduction of 200 since the 2018 mid-year census. This represents a total population loss since the 2011 census (90,720) of 1.97% of the population. This continues the trend in population loss which began in the 1990's. In contrast the population of Scotland has risen by 3.2% since 2011 (5,295,403) to its current figure of 5,463,300. The population of Scotland increased by 0.46% in between 2018 and 2019 mid-year estimates.
- 5.12 Based on the 2019 mid-year population estimates, 18% of the population are under the age of 16 (17% for Scotland), with 64% of the population working age (64% for

Scotland) and those of pensionable age and over making up the 18% of West Dunbartonshire's population (19% for Scotland). 8 Councils saw populations decrease over the year with 24 seeing an increase. In percentage terms, West Dunbartonshire's reduction was the fifth highest in Scotland, the highest being Argyll & Bute with a reduction of 0.5%.

- 5.13 Even though the population has fallen slightly, the number of households is projected to grow. The structures of households and families will continue to be complex with a growing number of single adult households driven by the continuing high divorce rate, low rate of marriage, the rising numbers of children born to unmarried mothers and the ageing of the population.
- 5.14 The SIMD 2020 data shows that 40% (48) of West Dunbartonshire's 121 data zones are in the most deprived 20% of all data zones in Scotland. West Dunbartonshire is one of five local authorities with the largest proportion of data zones in the 20% most deprived category.
- 5.15 In terms of economic context the Council area has:
 - 76% of population are economically active versus the Scottish average of 77%;
 - 25% of children in the area living in poverty versus the Scottish average of 22%; and0.9% of the working age population (aged 16-64) in receipt of long term out of work benefits versus the Scottish rate of 0.3%.
- 5.16 Scottish Government funding to Councils is linked to a number of indicators of need, which are known as the Primary Indicators used to generate the Grant Aided Expenditure (GAE) for all Councils in Scotland. In the 2020/21 GAE of the Primary indicators, 28% are linked directly to school pupil indicators and 14% are linked directly with population. In effect this means that 42% of all indicators are linked directly to demographics. If the West Dunbartonshire population (including school pupil numbers) falls, relative to the average position for the rest of Scotland, this is will have a direct impact on funding received from Scottish Government.
- 5.17 Even with additional GAE allocations and Secondary Indicators which aim to take account of deprivation Scottish Government funding is likely to reduce if population decline in West Dunbartonshire continues in comparison with the rest of Scotland. Based on current population projections for West Dunbartonshire (in comparison to Scotland) and the primary indicators used in the generation of the GAE (pupil numbers and general population) it is anticipated that West Dunbartonshire's share of government support will continue to reduce.
- 5.18 Based on the most recent (2018) national population projections for the next 10 years (to 2028) showed Scotland expected to increase its population by 1.7%). The most recent Council level projections showed, in 2016, West Dunbartonshire being projected as a 0.7% reduction. This is likely to changes as national projections have reduced significantly. A number of years ago the future reduction in projected population to 2037 is illustrated in Table 5 which shows the Council and Scottish population projections and the proportional change expected for West Dunbartonshire. This is significant as in other population analysis the current projection to 2039 of the Scottish population shows the percentage of the Scottish population which resides in West Dunbartonshire is expected to reduce from 1.7% in 2014 to 1.46% in 2039. This is due to an expected ongoing decline in West Dunbartonshire while the total for Scotland is anticipated to increase.

Table 5 – Population projections 2012 to 2037

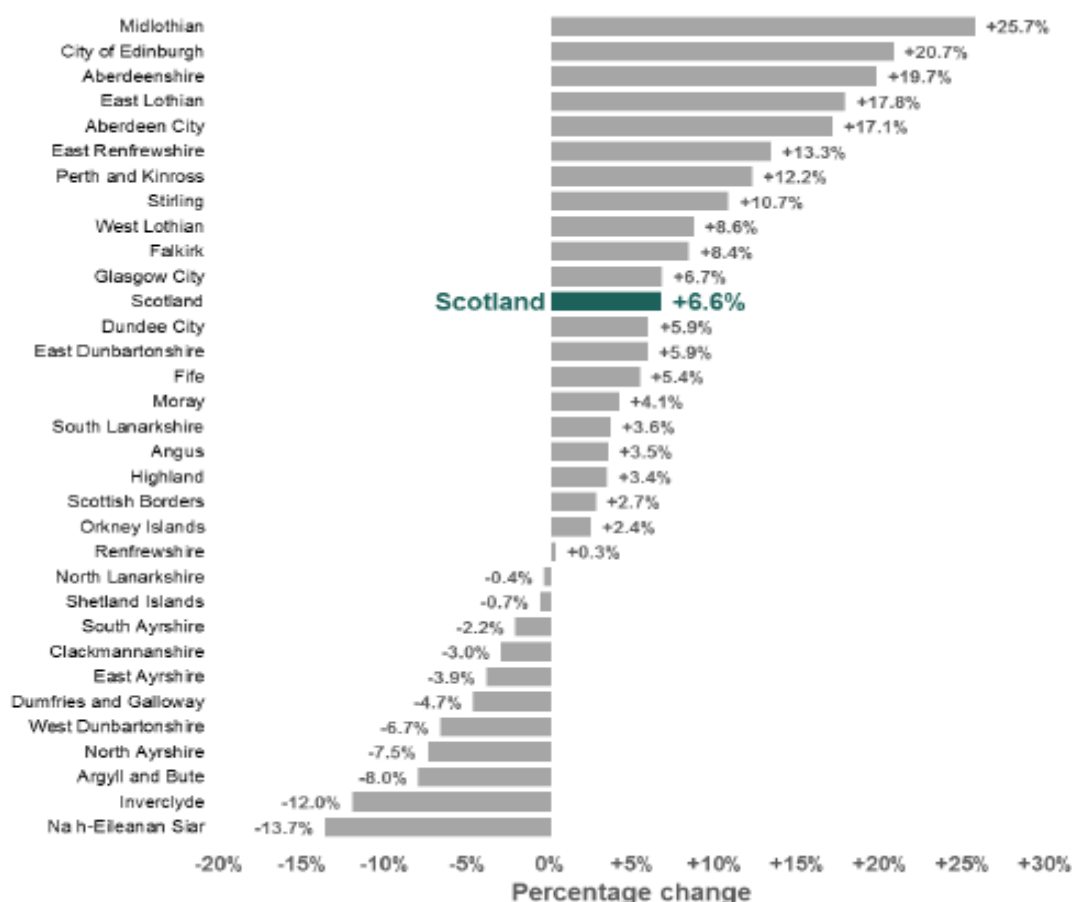
	West Dunbartonshire Council					
	Base Year	Projected Years				
Age Group	2012	2017	2022	2027	2032	2037
0-15	15,913	15,796	15,915	15,318	14,481	13,530
16-29	16,034	15,163	13,765	13,047	13,151	13,215
30-49	24,489	21,954	20,619	20,485	19,477	18,355
50-64	18,633	19,976	19,992	17,950	15,584	14,258
65-74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

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

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

- 5.19 The chart below also indicates the forecast change in population for West Dunbartonshire Council in comparison to other council areas in Scotland between 2014 and 2039. It can be seen that this Council is projected to decline in population by 6.7% (fifth highest drop in Scotland), with the Scottish average to increase by 6.6%.

Chart 1: Projected percentage change in population, by Council area, 2014 - 2039



Source: National Records of Scotland

- 5.20 The projected population movement will have an impact on all service areas, particularly Education and Social Care, where there will be a need to actively manage the transition from current service delivery arrangements to new models that are built around the needs of the future population.
- 5.21 As can be seen from the West Dunbartonshire projections the only age groups with projected growth to 2037 is for the two bands for those aged 60 and over. This has the potential to become a significant issue if population decline in younger aged population is not halted or, ideally, reversed over this period. The Council is aiming to increase total housing supply over the period to 2022 by 5,000 houses; this may mitigate this downward trend; however it will be noted that the Scottish Government is aiming to increase house numbers across Scotland.
- 5.22 The deprivation profile will have major implications for services as research indicates that those vulnerable to poverty are more likely to require greater social intervention and a targeted focus to move out of poverty. There is evidence that poverty has been exacerbated by the implementation of austerity measures by the UK Government, particularly in relation to benefits payments.
- 5.23 The predicted demographic changes also have other implications. A decline in younger economically active people with a growth in the older, more vulnerable age group with fewer informal carers. This is likely to result in a higher dependency on services provided, such as Social Care.

6. Financial Management

Corporate Governance

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

Roles and Responsibilities

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

Elected Members

- 6.9 Council Members, through the Full Council and Committees are responsible for considering, monitoring and approving budgets and the overall Financial Strategy for the Council. Approved budgets must be financially balanced and demonstrate value for money and sustainability.
- 6.10 The Audit and Performance Review Committee, with representation from Members as well as lay-persons, scrutinises performance and management of resources of

the Council, with internal and external audit information reported. The Council's year end position and relevant audit comments are reported and monitored at this Committee, as well as to Council.

- 6.11 Throughout the year Council and Committees receive reports which allow progress against approved budgets to be scrutinised. All members are provided with the opportunity to attend appropriate training in the areas of Financial Strategy, Local Government Finance and key specialist areas such as Treasury and Risk Management. Members' personal development opportunities are provided through an ongoing annual programme of seminars which will include updates on financial aspects.

Corporate Management Team

- 6.12 The Chief Executive and Chief Officers form the Corporate Management Team (CMT), chaired by the Chief Executive. The CMT is responsible, individually and collectively, for ensuring that best value and value for money is achieved across the Council, in service delivery, internal processes and systems of control, procurement of goods/services and the use of assets.

- 6.13 As Budget Holders, members of the CMT are responsible for the budgets delegated to deliver the services within their respective Directorates in line with the priorities of the Council. Whilst they may delegate this responsibility within their Directorate they remain accountable in exercising overall financial control.

Chief Financial Officer

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

Chief Officers

- 6.15 The Chief Officers are responsible for ensuring that the services within their remit are delivered in line with the agreed policy, and support the strategic direction of the Council. As Budget Holders they are responsible for the budgets delegated to them to deliver their service in line with the priorities within the Strategic Plan and within the budget agreed for each service area each year at Council.

Finance Business Partners

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

Internal Audit

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

External Audit

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

Managing the Budget

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

Revenue Budget - Pressures and Savings

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

Public Private Partnership

- 6.25 In 2008/09 the Council reached financial conclusion on a PPP project. Unitary Charges became due payable in 2009/10, along with savings, Government financial support and the use of a Sinking Fund to pay for these charges (which Council agreed to reschedule on 27 March 2019). The Council's Facilities Management Service is involved in providing services to the Council (catering, grounds maintenance and cleaning services). BAM is the company contracted to provide the PPP buildings and managing the PPP project. Administration and monitoring of the project continues to be strictly managed. The new Our Lady & St.Patrick's High School is funded through the updated Scottish Government Non-Profit Distributing approach where the Scottish Government provides ongoing revenue support for the school's provision.
- 6.26 The Council's ongoing budget build-up takes into account the full value of the annual unitary charge for the provision of the schools together with the ongoing revenue support provided by the Scottish Government.

Capital Programme

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

in setting the budget for 2019/20 onwards with a five year plan and a 30 year finance strategy.

Service Specific Funding (Ring-fenced funding)

- 6.28 With changes in Scottish Government Settlement due to the introduction of the Concordat, there remain some small areas of ring-fenced Government funding. In essence, the reduction of ring-fencing allows the Council to prioritise which services it aligns resources to, whilst recognising statutory duties, Strategic Plan priorities and our local outcome agreement. In recent years the levels of ring-fencing of new funds from the Scottish Government has increased. Recent new funding provided by the Scottish Government has tended to be ring-fenced reflecting the priorities of the Scottish Government.

Time Limited Funding

- 6.29 The following issues need to be considered when considering time limited funding:

- Clear monitoring that the funding is delivering and achieving the required impact, within the approved funding level;
- Such funding should not result in any ongoing commitment for the Council and the project or initiative should cease once the funding ends - this should be clear from the outset with severance costs and other termination costs factored into the overall budget for the project or initiative; and
- If this type of funding has been used to pilot a new approach to develop services in line with corporate priorities, a full evaluation of the financial and service implications would be needed before consideration is given to ongoing funding.

- 6.30 The overall reduction in the level of ring-fenced or time limited funding may minimise the need for this type of approach but it is important that it is included as part of the overall Financial Strategy.

Additional Income

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

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

Income Generation

- 6.33 The generation of income is an important aspect of the overall financial strategy and continues to be reviewed annually by the CMT and Council, through the budget process. An extensive and full review of all charges as part of the approach to commercialization was undertaken during the build-up to setting the 2019/20 budget and a revised set of charges was agreed. For the purpose of this strategy an assumption has been made that charges that are set by Council will be uplifted at 4% on an ongoing basis, except for those services where charges are either statutorily defined, or not permitted to exceed the cost of provision.

Contingency

- 6.34 Based on the Contingency Fund Policy if unplanned savings are identified by services, i.e. are outwith their control, these savings are removed through virement from service budgets to the Council's Contingency Fund. Services also have the right to apply for funding from the Contingency Fund during the year for costs arising outwith their control. A copy of the policy is appended as Annex 3 to this strategy.

Freedoms and Flexibilities

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

Council Tax

- 6.36 The council tax was frozen in line with the concordat agreement with the Scottish Government between 2008/09 and 2016/17. Funding was been made available through the financial settlement equivalent to a 3.14% increase in council tax each year. As stated above the freeze was removed for 2017/18 though a cap at a 3% increase was imposed through the funding settlement and in 2019/20 the Scottish Government allowed an increase of up to 4.79%, though the Council decided to increase at 3% for 2019/20. The Scottish Government again allowed an inflation-linked increase for financial year 2020/21 at 4.84%. As a result of this it is anticipated within this strategy that the council tax will again be able to be increased in future years at an inflating-linked value linked to the original 3% cap. Current Band D is equivalent to £1,294 in comparison to the Scottish average of £1,308.
- 6.37 Due to proactive debt collection management, the Council continues to show a steady and consistent improvement in collection performance over the past few years, increasing the in-year collection rate by 5.78% since 2005/06 to 95.15% in 2019/20. In recognition of this steady improvement in performance full collection rates anticipated for the purposes of this strategy have been revised upwards to 97.5%, from 97.25%. Due to the current financial climate (including the, as yet, unknown local economic impact of ongoing welfare reform and austerity), the levels of debt written off by the Council due to sequestrations and trust deeds, the levels of bad debt provision will be subject to annual review during the budget setting process. There is a risk in relation to Council Tax collection arising from the ongoing covid-19 pandemic and this will be reviewed as the 2020/21 financial year progresses.
- 6.38 Analysis has been undertaken of the number of houses within the Council area in order to accurately predict Council Tax yields going forward. As a result of this an additional £0.250m per annum is expected in 2021/22 and 2022/23 and a further £0.150m per year thereafter.

7. Financial Outlook

- 7.1 Key financial issues are known or anticipated events and activities which will have to be addressed within the Council's overall financial resources in the short-term (within three years), medium-term (within five to ten years) or long-term (over ten years). Annexes 4, 5 and 6 provide an analysis of issues in the short, medium and longer term, and some of these are discussed further in this section.
- 7.2 Events and activities includes efficiencies, planned savings, changes to service priorities and delivery, and known potential pressures - the financial impact of an event or activity may be one-off, recurring or time-limited.

- 7.3 West Dunbartonshire Council is expected to receive Scottish Government Funding of £188.812m in 2021/22.
- 7.4 When the Council's own projection of Council Tax Income based on 97.5% collection rate of £38.830m is added then the budgeted gross income for the Council in 2021/22 is £227.642m.
- 7.5 This Financial Strategy provides detailed revenue forecasts covering the next 3 financial years, 2021/22 to 2023/24. The forecasts for the first year being more accurate as expected levels of demand and cost for Council services are more likely to be accurate in 2021/22 than in future years. The level of Scottish Government funding for 2021/22 onwards is not yet known and will be announced in mid-December 2020. The strategy at this stage is prepared on the basis of not knowing the outcome of the Spending Review undertaken at UK Government level, how that deals with covid-19 and the costs of that, and what this means for the Scottish Government funding levels going forward. Therefore these figures are subject to potentially significant variation.
- 7.6 The level of resources available to the Council to fund its revenue expenditure is also dependent on Council Tax. The Financial Strategy currently assumes an increase for 4.8% for each year from 2021/22 to 2023/24.
- 7.7 As part of the budget process for 2020/21 the Council agreed a Reserve Strategy which identifies an optimum target for an unallocated Prudential Reserve of £4.305m for General Services and £0.883m for the HRA.

The approach to the calculation of the Prudential Reserve for the General Fund has been revised for 2021/22 to take cognisance that the HSCP – which forms part of the Council overall revenue budget - also holds a Prudential Reserve at 2% of its net revenue budget. For this reason the value of the HSCP net revenue budget has now been excluded from the calculation of the Council's Prudential Target. Based on current projections this means that the Council's Prudential Reserve for 2021/22 is £2.970m.

- 7.8 During 2020/21 the planned treatment of the outcome of the Loans Fund Review required to be changed resulting in expected use of £1.893m in 2020/21 to help close the funding gap that year could no longer be used. As a result of this in 2020/21 unearmarked revenue reserves reduced to below the level of the prudential target to £2.752m.
- 7.9 In the annual report from the Council's external auditors the value of the Council's usable reserves was highlighted as a risk. It was highlighted that, whilst generally operating within budgets each year, the level of usable reserve is low in comparison to other Councils in Scotland.

This reserves position needs to be considered in light of the ongoing financial challenges faced by the Council, and the overall position of the Reserves was considered as part of the budget process for 2020/21 and will continue to be reviewed on an annual basis, see Section 10. The position and use of reserves linked to the covid-19 pandemic and the financial impact of covid-19 will require to be considered as costs and funding sources and financial flexibilities from Scottish Government continue to develop. As the net cost of covid-19 is finalised members will require to consider whether and to what extent it is appropriate that the prudential reserve is used to partially assist in meeting such net cost.

- 7.10 In their annual report in September 2017, the Council's external auditors recommended that the Council develop a longer term approach to financial planning. To this end, for the first time the long term finance strategy reported to Council in October 2017 included projections for a 10 year period. This continues as standard practice and Annex 1 to this document projects the Council's finances for a 10 year period – to 2030/31. Clearly the longer into the future that projections are made, the less accurate the projections will be, however it is anticipated that the longer term approach will allow the Council to consider longer term approaches to financial planning.

Short to Medium Term Revenue Issues

Leisure Trust

- 7.11 The West Dunbartonshire Leisure Trust, commenced on 5 April 2012 and the Strategy reflects both costs and benefits going forward. Since the start of the Trust up until now the Trust has not resulted in any additional financial pressures. In February 2015 Council approved the transfer of Outdoor Recreation services to the Leisure Trust. The Trust has been significantly impacted by covid-19 as being required to cease operations for significant periods of time due to government decisions in relation to health and safety and to minimize the spread of the infection. The Leisure Trust plans to revise the position for 2021/22 by reviewing the services it delivers in line with the levels of funding available from the Council, and levels of demand from the public.

DWP Welfare Reform

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

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

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

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

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

Assumptions have been made on the information available and this has been worked through this Financial Strategy, but will require to be reviewed on an ongoing basis as more information becomes available. Further action is being taken on non-financial strategic areas to best minimise the impact of the reform to residents within the Council area.

- 7.14 Universal Credit started to roll-out in West Dunbartonshire in February 2015 on a limited approach which will build over time and full implementation commenced in June 2018. Welfare Reform roll-out to the wider community continues to happen though in a delayed manner in relation to Universal Credit and therefore the financial impacts on residents and therefore – potentially – on the Council continue to be unclear. This may impact ability of residents to continue to pay for services and use services where there are charges.

- 7.15 At this time, the full impact to the Council of the changes already made by the Department of Works and Pensions are available, as many of the changes have been in place at least since 1 April 2013. The strategy has been updated to reflect the better intelligence following these implemented changes. The main financial issues arising from Welfare Reform are as follows:

- **Introduction of a benefit “cap” was introduced from July 2013.**
This affects a number of residents and has a financial impact on the Homelessness budget where the Council is in receipt of Housing Benefit to cover the rental and service charge payment for people who use this service. The impact of the cap has been slower than anticipated and assumptions around the ongoing impact have been revised due to experience since July 2013. The value of the cap was reduced from November 2016 to £20,000 for a couple or person with children and £13,400 for a single person.
- **Transition from Housing Benefit to Universal Credit**
Universal Credit started to roll-out on a limited approach in West Dunbartonshire in February 2015. However, a review by Department for Work and Pensions, Universal Credit ended in West Dunbartonshire and other non-full service areas from 31st December 2017 and legacy benefits were reinstated.

Full service Universal Credit is due to commence in November 2018 in West Dunbartonshire which has potentially significant impact on the Council financially (both in HRA and General Services budgets). Full service will further reduce the general spending power of the residents of the area and is likely to lead to increased elective demand for Council services, or result in further reactive spend by the Council.

New Social Security powers allowed the Scottish Government to introduce The Scottish Universal Credit Choices which is available for applicants in full service areas.

- 7.16 The Scottish flexibilities allow citizens to:

- have the option of being paid Universal Credit twice a month rather than monthly; and

- have the option of any Universal Credit Housing Element being paid directly to landlords.

Following the roll-out of full service Universal Credit, a planned migration of existing cases will be complete by 2023. Discussions have been ongoing between COSLA and Department for Work and Pensions in relation to the migration of cases, with COSLA seeking information on the planning due to the scale and complexity of what is involved with 19 different combinations of legacy benefits under payment. There are major funding issues for local authorities, since funding will further decline as the working age Housing Benefit caseloads reduce.

As part of the roll-out process the UK Government have reacted to some feedback provided from Councils and organisations such as COSLA as to the impacts on society and on local authorities and two recently announced changes are:

- Housing Benefit 2- week transition payment introduced from April 2018; and
- Temporary Accommodation housing costs are now paid from Housing Benefit for new claims from April 2018.

Employee Pay Awards

- 7.17 Future employee pay awards have been agreed up to the end of 2020/21 and reflected in this updated strategy. However, for the purpose of the Finance Strategy 2% has been assumed from 2021/22 onwards, as the government position on capping public sector pay awards has been removed. Part of the current pay award included agreement that Councils would implement revised pay structures in order to manage the effect of minimum wage going forward. We have consolidated the Scottish Local Government Living Wage into our pay structures and agreed the approach, in accordance with the national pay agreement, with our local trades unions.

Demographic Change

- 7.18 As identified from section 5.11 above, the population change projected in 2018 is expected to have an adverse effect on the Council's funding settlement from the Scottish Government and this has been built into the strategy, as described above.

Holiday Entitlement for overtime worked

- 7.19 Recent case law developments identify an issue regarding the appropriate payment or provision of annual leave for time worked outwith normal contractual time. This issue has the potential to result in claims for pay for holidays not provided and additional costs have been built into the projections from 2014/15. The cost of this is already built into budgets and the Council has a contingent liability noted within the annual accounts for 2019/20.

Long-Term Revenue Issues

- 7.20 Looking beyond 2021/22 is difficult with significant uncertainty around how local authorities will be funded let alone the level of funding likely to be available.

Depopulation and Population Change

- 7.21 As stated above, the most significant longer-term challenge facing West Dunbartonshire is depopulation and associated demographic change – this has been recognised as a priority by the Council and is reflected in the Strategic Plan.

- 7.22 The fundamental issue for the Council is that if the decline in population continues then Council funding and service provision will come under ongoing increasing pressure. Population change will affect both General Fund and the HRA.
- 7.23 The population of West Dunbartonshire is projected to decrease to 83,061 by 2037, a drop of 6.8% from the current population.
- 7.24 In addition to population decline, the numbers of older people living within the Council area is expected to increase significantly with the pensionable age population to increase by 55% (75% in the group 75+) between 2012 and 2037. This is expected to result in additional demand for Council services such as Social Work. The Scottish Government has identified this issue as a significant risk across Scotland and has identified further funding in the shorter term to support this, however the longer-term approach of the Scottish Government is not known at this stage.

Government Funding

- 7.25 Future levels of local government funding are difficult to predict with political views generally being expressed that austerity is currently ended and there will be more public sector spending in the next few years. However the impact of Brexit is not yet known. In addition Covid-19 and the ongoing impact of this is an unknown into the future, which may vary costs of delivering services without certainty of funding. This strategy assumes a 0.75% underlying decrease in funding for 2021/22. At this time, a further reduction of 0.75% has been assumed for 2022/23 to 2023/24. Longer term projections of funding over a 10 year period have been made at an average reduction in funding of 0.75%, though there is no certainty as to such assumptions.

Other Variables

- 7.26 Costs associated with sustainability including waste disposal and recycling, carbon management, energy and fuel costs and general procurement are not easy to predict due to policy change recently on waste disposal. The Council requires to revise the methodology for waste disposal and this is likely to require a capital investment. A report on the Council's approach to Climate Change will be reported to Council in November 2020 as the beginning of the development of a strategy to manage requirements for the Council here, this is likely to have cost implications in terms of investment likely to be required, though also has potential for cost reductions as we become more energy efficient, etc.
- 7.27 Interest rates on borrowing from the Public Works Loan Board (PWLB) have been at historically low levels for a number of years. However, in October 2019 the Government increased rates by 1%. This is likely to have been mainly as a result of significant speculative borrowing by a number of Councils in England; and to allow some leeway for possible reductions following Brexit. Even with the increase in the rate the cost of borrowing remains low and there are also a number of other options available which officers will review and consider as and when borrowing is required. During 2020 the UK Government undertook a consultation on the future of the PWLB and identified options around a future lending regime that would limit risk of "speculative" borrowing by Councils. It is anticipated that this will provide the opportunity to reduce the additional 1% which remains in place. In the past year the Bank of England has reduced its Base Rate to 0.1% and the cost of borrowing has subsequently reduced and funding sources outwith the PWLB have become more attractive and have been used by the Council as part of implementing its Treasury Management Strategy.

- 7.28 Future iterations of this strategy will continue to review the effects of the above key issues.

Capital Projections

General Fund

- 7.29 The Council agreed its first Capital Strategy at Council on 27 March 2019, in line with updated best practice. This strategy links asset management plans to the Council's approach to capital investment and to the Capital Plans. The Strategy was updated and reported to Council on 4 March 2020.
- 7.30 An update to the General Services 10 year Capital Plan for 2019/20 to 2028/29 was agreed by Council on 27 March 2019, with an update reported to and approved by Council on 4 March 2020. This long term capital plan takes into account revenue resource available to support capital investment into the future. The capital plan has been reviewed to reflect new expected dates of delivery of projects as part of this strategy as part of the loan charges update. The next full review of the capital plan will take place in 2021/22.
- 7.31 It is recognised that significant investment has been required to improve the Council's asset base (as is described in the Council's Asset Management Strategy). As stated above the 10 year capital planning approach requires funding to be identified for future levels of capital investment and elements of this funding will require additional borrowing. The capital plan has been agreed in detail for 2020/21 to 2022/23 and in outline for 2023/24 onwards, thus revenue implications are now included in the gap analysis.
- 7.32 Historically the Council has agreed an accounting policy which allows annual debt repayments for capital spend to be paid by an annuity method. As previously advised within the Treasury Management Strategy of the Council, following a change in legislation, for loans fund advances made after 1 April 2021 the policy for the repayment of capital spend by annuity method will be limited as the Council requires to apply the most suitable method for each individual advance. Through its Treasury Management Strategy, the Council has agreed that future advances are likely to be repaid by either:
- **Asset life method** – loans fund advances will be repaid with reference to the life of an asset and the annual benefit to the community - using either the equal instalment or annuity method. It is likely that the equal instalment method will be used; or
 - **Funding / Income profile method** – loans fund advances will be repaid by reference to an associated income stream, where appropriate.
- 7.33 The likelihood is that, from 1 April 2021, a significant amount of capital debt will be repaid by equal installment which increases initial financial costs of the investment. For illustrative purposes, based on expected interest rates a £10m investment to be repaid over 10 years will require revenue support (if funded through prudential borrowing) estimated to be as follows:

EQUAL INSTALLMENT			ANNUITY		
Advance Repayment	Interest Due	Total Loan Charges	Advance Repayment	Interest Due	Total Loan Charges
£000	£000	£000	£000	£000	£000
1,000	200	1,200	658	200	858
1,000	180	1,180	717	187	904
1,000	160	1,160	782	172	954
1,000	140	1,140	852	157	1,009
1,000	120	1,120	929	140	1,069
1,000	100	1,100	1,013	121	1,134
1,000	80	1,080	1,104	101	1,205
1,000	60	1,060	1,203	79	1,282
1,000	40	1,040	1,312	55	1,366
1,000	20	1,020	1,430	29	1,458
Average Annual Repayment		1,110	Average Annual Repayment		1,124

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

City Deal

- 7.33 The Council has a project within the capital regeneration spend of the City Deal – Exxon site. The anticipated financial impact of this project has been built into the capital plan. The final financial impact will be considered by Council as part of the business case approval process.

Housing Revenue Account

- 7.34 The Council's housing stock required much investment to meet Scottish standards by 2015. This target was met in 2015 however ongoing works are required to maintain at this level and to implement improvements in relation to energy efficiency standards. This has been built into the updated 5 year capital plan for the HRA approved on 4 March 2020.
- 7.35 The Council has secured Scottish Government Grant funding towards the construction of new council houses. The Council is committed to the delivery of new Council homes for rent and plans for future investment have been agreed and have been subject to ongoing reports to the Housing and Communities Committee. The capital plan approved on 4 March 2020 included significant investment plans for new council housing, recognizing ongoing expected increase in demand for social housing.

8. Key Organisational Issues

A focus on strategic leadership

- 8.1 The Strategic Leadership Group (SLG) oversees and coordinates progress on the key issue of improving leadership. Its prime aims are:
- to develop a synergistic approach to influencing relations with Members;
 - to drive the strategic priorities and Member involvement;

- to ensure a corporate approach to key initiatives, through refining decision-making processes, reviewing the progress of the key strategic priorities, overseeing better financial planning, improving scrutiny arrangements and overseeing the implementation of the Council's self-evaluation model; and
- to ensure appropriate focus is placed on the accountability of lead officers and members and appropriate governance arrangements are maintained.

The SLG meets regularly as the Performance Review Management Group (PRMG) and the Recovery and Renew Board to provide strategic leadership on current and future corporate and strategic issues and developments.

Strategic Asset Management Group

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

9. Treasury Management

- 9.1 West Dunbartonshire Council has adopted the CIPFA "Treasury Management in the Public Services – Code of Practice" which sets out good practice for treasury management governance. The Council must also comply with legal and regulatory requirements in relation to its Treasury Management activities.
- 9.2 The Council has appointed consultants to provide advice on Treasury Management issues, including technical issues and the formulation of views on interest rates.
- 9.3 In complying with the Code of Practice, the Council produces a Treasury Management Practices document which sets out how the Council will manage and control its Treasury Management activities.
- 9.4 The following reports and briefings are also submitted to Council and Committee in accordance with the Code of Practice:
- An annual Treasury Management Strategy submitted at the start of the financial year and which includes the Council's Prudential Indicators and covers issues such as the economic situation, the prospects for interest rates, and the Council's borrowing and investment strategy for the coming year;
 - Quarterly Treasury Management Monitoring briefing notes which include details of interest rates, debt and investment positions and debt restructuring activity;
 - An Annual Report for Treasury Management submitted before the end of September each year and which advises members of Treasury Management activities during the previous financial year; and
 - Each financial year a mid-year strategy review is also been prepared and remitted to Council.
- 9.5 The table below shows the Council's debt and investments position as at 31/03/20:

Table 6 – Council's Debt and Investment Position – 31/03/20

Treasury position	31-Mar-20	
	Principal	Average Rate
Fixed Interest Rate Debt	£509.678m	2.25%
Variable Interest Rate Debt	£0.000m	0.00%
Total Debt	£509.678m	2.25%
Total Investments	£21.246m	0.74%
Net borrowing position	£488.432m	

- 9.6 During 2015 Audit Scotland produced a national report “Borrowing and Treasury Management in Councils”. This report provided a range of recommendations for improved practice. Two of the main issues were:
- Providing longer term understanding of the revenue impact of capital investment decisions; and
 - Providing a sensitivity analysis for future projections to show what impact changes in cost factors may have on the revenue position. For capital issues the main variable is the cost of borrowing.
- 9.7 The Council's revised 10 year capital plan, agreed March 2020, provides Members with information as to how the recommended projects are planned to be funded. This includes a mixture of grant funding, capital receipts, match funding from other bodies, revenue savings arising from the improvements and prudential borrowing for the balance of financing not covered from these other funding sources.
- 9.8 The plan also advised Members as to the anticipated additional revenue impact of the element of planned investment that was not covered by specifically identified funding sources. This projected the additional revenue impact to year 10 of the capital plan and considered the affordability of the potential 10 year plan into the future, with benchmarks with other Councils provided.
- 9.9 In 2018/19 the Council undertook a review of the Loans Fund and agreed to realign debt repayments to meet the expected asset life of the assets for which borrowing has been done. This exercise had a net zero impact on the cost of borrowing, though creates a short to medium term cash flow financial benefit to the Council. A further change was agreed by Council in 2019/20.
- 9.10 In terms of a sensitivity analysis there are two main areas of risk:
- that anticipated funding does not materialise e.g. capital receipts; match funding not achieved; and/or revenue savings planned from capital investment not achieved; and
 - significant upwards variation in the cost of borrowing.
- 9.11 In relation to the first area of risk – this is monitored on a regular basis in budgetary control reports to Council, Committees and to Management.
- 9.12 In relation to the second area of risk – the Council budgets the revenue implications of the capital plan as loan charges to the revenue accounts. The budgeted cost of loan charges is based on expected cost of borrowing at present and into the future, based on advice from the Council's independent treasury advisors. The Council

operates a loans fund which pools all borrowing to generate an average loans fund cost of borrowing – this has the effect of dampening the impact of any increases or decreases to the cost of borrowing, as in general any short term reductions or increases in borrowing will only affect new borrowing which will generally not have a significant impact on the average pooled interest rate (cost).

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

10. Reserves

- 10.1 A key aspect of the consideration of the Council's Revenue Budget and Capital Programme Budgets is the position of the relevant Reserves.
- 10.2 The Reserves Policy (Annex 7) states that the core "Prudential" Reserve be maintained at a level of 2% of net expenditure (excluding requisitions) with the General Fund Reserve for 2020/21 at £4.305m and the HRA Reserve for 2020/21 at £0.883m. As stated above this policy has been updated for 2021/22 to include the HSCP funding provided by the Council for social care services as a requisition due to the HSCP holding a prudential target and reserve independently of the Council.
- 10.3 Reserves can be held for three main purposes:
- A working balance to help cushion the impact of uneven cash flows - this forms part of general reserves;
 - A contingency to cushion this impact of unexpected events or emergencies which also forms part of general reserves; and
 - A means of building-up funds, often referred to as earmarked reserves, to meet unknown or predicted liabilities.
- 10.4 For each reserve held, there should be a clear protocol on:
- The reason for/purpose of the reserve;
 - How and when the reserve can be used;
 - Procedures for the reserve's management and control; and
 - A process and timescale for review of the reserve.
- 10.5 As is advised above the calculation of the Prudential Reserve target has been re-set for 2020/21 and the impact of the change in planned use of the outcome of the Loans Fund Review has altered the available reserves during 2020/21. As the level of prudential reserve is below the target the strategy is that this position should be recovered within the next financial year (2021/22) through the budget-setting process.
- 10.6 The Council's estimated reserves to 2022/23 are summarised below:

Table 7 – Reserves Projection

	31/03/2020	31/03/2021	31/03/2022	31/03/2023
	£000s	£000s	£000s	£000s
Revenue				
General Service Free Reserve	2,752	2,970	2,952	2,962
General Service Earmarked Reserve	6,643	2,579	1,250	565
HRA Free Reserve	883	896	915	944
HRA Earmarked Reserve	3,041	0	0	0
	13,319	6,445	5,117	4,471
Capital				
Capital Item Replacement Fund	214	214	214	214
Capital Grants Unapplied	132	0	0	0
Capital Reserve: Schools Regeneration	2,169	1,446	723	0
	2,515	1,660	937	214
Overall total	15,834	8,105	6,054	4,685

11. Monitoring and Reporting Arrangements

- 11.1 The Financial Strategy will be monitored by CMT on a regular basis - there will also be capacity to review the Strategy as and when required, particularly when a new issue arises or the impact of major policy or initiative becomes clearer.
- 11.2 The Financial Strategy will only be revised if there are changes to estimates, projections or policy which has a major financial impact and which, in the judgement of the Chief Financial Officer, requires an urgent update.
- 11.3 The financial management principles and expectations have been communicated and are understood by all Chief Officers and budget holders.
- 11.4 The Financial Strategy has been drawn up with the full involvement of the CMT and, will be communicated throughout the organisation.
- 11.5 During the years covered in the strategy, the Council and Service Committees will receive budgetary control reports from period 3 onwards, analysing variances over £0.050m. The CMT receive this information monthly from period 3 onwards.
- 11.6 As in previous years, the Council, Service Committees and CMT will also receive updates at the same time as the budget monitoring reports which monitor each individual agreed management adjustment and saving to ensure these are on target. This will allow issues to be identified quickly and early intervention action to be taken, when and if necessary.
- 11.7 The following key performance indicators around the performance of the Council's finances have been identified as follows:

General Services

- The amount of free reserves as a percentage of the prudential reserve target – target a minimum of 100% of the prudential reserve;
- The revenue budget compared to actual outturn – target to be a maximum of 100% of budget;
- The ratio of financing costs to net revenue stream – targets will be defined on an ongoing basis via the Treasury Strategy; and

- The rate of in-year Council Tax collection – targets, as follows, though clearly this may be impacted upon by Covid-19:

2020/21	95.65%
2021/22	95.70%
2022/23	96.75%
2023/24	96.80%
2024/25	96.85%

Housing Revenue Account

- The amount of free reserves as a percentage of the prudential reserve target – target a minimum of 100% of the prudential reserve;
- The revenue budget compared to actual outturn - target to be a maximum of 100% of budget;
- The ratio of financing costs to net revenue stream – targets will be defined on an ongoing basis via the Treasury Strategy; and
- Improve in-year collection rates on rent charges.

12. Risk Management

- 12.1 The Council's strategic priorities for the next five years are the focus of the Strategic Plan together with enabling factors that contribute to the successful achievement of the strategic priorities. The strategic risks flow from this process, service risks and operational risks, including risks relating to the Financial Strategy and delivery of the Financial Strategy continue to be assessed, reviewed, and managed in line with the strategic priorities. Annex 8 identifies the range of risks which may influence future financial performance and stability of the Council.

13. Approach to Generating Future Budgets

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

14. Financial Strategy

- 14.1 In order for the Council to continue to plan for the longer term future it is necessary to consider options and approaches which will assist the Council to meet the financial challenges whilst continuing to provide services in line with its Strategic Objectives. This is not a simple task when operating partially in the dark as a result of Scottish Government single year settlements rather than multi-year settlements – which would allow the Council to have more certainty as to what the challenges are.
- 14.2 However, given that this document does provide predictions, with scenarios, for the Council over the next 10 years, it is incumbent on the Council to identify appropriate approaches to manage these potential financial outcomes.

- 14.3 As a result the Corporate Management Team have developed an outline plan which aims to develop approaches to mitigate the financial risks over the next 10 years. This plan links directly with the Council's Strategic Plan, as follows:

Strategic Priority 1: A strong local economy and improved employment opportunities.

Grow the economy which sees continued long-term investment in local regeneration which takes account of the environment and sustainability. In turn it is anticipated that this will facilitate a financial benefit to the Council.

Strategic Priority 2: Supporting individuals, families and carers living independently and with dignity.

Increase the mixed economy of housing to create attractive places, with future housing developments sustainable, accessible and adaptable to meet the changing needs of our population, together with increased investment in our housing stock to create sustainable opportunities and flexibility for residents

These two strategic priorities are linked and are hoped to generate a financial benefit to the Council by:

- Resulting in an increase in the WDC population as percentage of Scottish population;
- An increase in Council Tax base; and
- Increase the Council Tax Collection rate.

Strategic Priority 3: Meaningful community engagement with active empowered and informed citizens who feel safe and engaged.

Introduce a dedicated Community Empowerment Service helping the community to help themselves and support increased capacity in local areas, with more Council resource directed by Communities. This will deliver:

- Maximised opportunities and asset transfer to enabled Communities;
- Implement Participatory Budgeting approach; and
- Reduced asset management costs.

Strategic Priority 4: Open, accountable and accessible local government

Ensure best use of technology and resources to support service delivery and maximise self-service through digitization of service delivery, ensuring all processes are as lean as possible. This will support:

- The prioritization of service delivery in line with Strategic Priorities and Outcomes, this will align with the need to reduce total council spend over the period of the financial plan in a structured manner; and
- All citizens accessing appropriate levels of service, linked to a digitization strategy, streamlined and efficient service delivery.

Strategic Priority 5: Efficient and effective frontline services that improve the everyday lives of residents.

Implementing a range of approaches which will:

- Identify commercial opportunities to protect public services and generate new income streams;
- Share services and systems where possible and where a partner organization is available;

- Delivery of a digitization strategy; and
- Implementing a LEAN approach to minimizing process costs and efficient service delivery;
- Implement a spend to save approach to automate back office processes;
- Ensure service management and establishment structures are efficient and effective;
- Review service delivery models and commissioning approaches in relation to social care services to provide a service which meets need whilst recognizing changes in demand;
- Review service delivery between social care and education in relation to providing the most appropriate model of service delivery which avoids cost and care escalation; and
- Deliver an efficient use of Council assets – in line with relevant Asset Management Strategies, including operational estate; non-operational estate; transport fleet; and ICT assets.

Supporting the above priorities is the Council's approach to attaining Best Value and the following cross-cutting approaches will support the delivery of the strategic plan and longer term financial plan:

- Undertake commissioning approach for each service area;
- Develop and implement a Capital Investment Strategy and supporting capital plan which ensures investments are affordable and sustainable in the longer term;
- Undertake appropriate benchmarking activity for each service area at least every 5 years to identify the most appropriate and cost-effective means of service provision; and
- Ensure the charging regime is reviewed at least every 3 years.

WEST DUNBARTONSHIRE COUNCIL**BUDGET GAP ANALYSIS - GENERAL SERVICES****SCENARIO 1 - LIKELY**

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Position per Budget Report 4 March 2020		6,051	13,069								
Variables in Assumptions Considered in Sensitivity Analysis											
Budget Book 2020/21 - SG Funding	190,157	188,812	187,457	187,457	186,051	184,656	183,260	181,865	180,470	179,074	177,679
Teachers Pensions - SG funding		0	0		0	0	0	0	0	0	0
Teachers Pay Award		0	0		0	0	0	0	0	0	0
Gross SG Funding after adjustments	190,157	188,812	187,457	187,457	186,051	184,656	183,260	181,865	180,470	179,074	177,679
Underlying assumed SG settlement reduction (%)		0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
SG Funding reduced by 0.75%				1,406	1,395	1,395	1,395	1,395	1,395	1,395	1,395
Assume 4.8% Council Tax increase		-664	-1,355	-1,907	-1,999	-2,095	-2,195	-2,301	-2,411	-2,527	-2,648
Council Tax collection rate decrease - covid related		200	400								
Council tax base increase – additional houses				-150	-150	-150	-150	-150	-150	-150	-150
Recurring variances exercise from previous year end				-400	-400	-400	-400	-400	-400	-400	-400
Pay award 2% for next 2 years and return to 3% thereafter - inflation low		-1,580	-3,160	3,160	3,255	3,352	3,453	3,557	3,663	3,773	3,886
Sales, fees and charges at 4% uplift				-300	-300	-300	-300	-300	-300	-300	-300
Ongoing cost pressures				500	1,000	1,500	2,000	2,500	3,000	3,500	4,000
Loans Fund Review Change in use		2,034	2,034								
Submission Movements		191	1,176								
Historic Child Abuse Funding		150	300	150	150	150	150	150	150	150	150
HSCP Net Funding Reduction		-2,346	-4,227	-485	-485	-485	-485	-485	-485	-485	-485
Gap from previous financial year				8,237	10,211	12,677	15,645	19,113	23,079	27,542	32,498
Revised (Surplus)/ Gap	190,157	4,036	8,237	10,211	12,677	15,645	19,113	23,079	27,542	32,498	37,947

Assumptions built into the 2021/22, 2022/23 and 2023/24 Indicative Revenue Estimates

Government related Assumptions	
The funding settlement for 2021/22 onwards is based on officer's projections of the impact of austerity measures and demographic change (actual settlement for 2021/22 expected to be received in mid-December 2020). Assumed ongoing SG underlying funding reduction of 0.75% per year.	
Council Tax for 2020/21 onwards will be at 3% plus inflation – as has been allowed by Scottish Government for 3019/20 and 2020/21, for the purposes of this strategy 4.8% has been assumed for the next 3 financial years.	
That the Council's share of the various elements of additional Scottish Government funding to support social care continues into the future.	
That the Scottish Government additional funding from 2020/21 Scottish Parliament budget continues.	
New parliamentary bills will have no financial impact on the Council (i.e. it is assumed that funding covers the costs associated with the initiative)	
Demographic Assumptions	
Burden figures provided by HSCP for the budget projections remain valid - including:	
<ul style="list-style-type: none"> • The number of clients with physical disabilities will increase each year; • The number of clients with learning disabilities will increase; • The demand for older people residential beds will increase each year; and • The demand for other services will remain similar to current levels. 	
Workforce Assumptions	
Pay award assumed at 2% for 2021/22 onwards	
Superannuation rates to remain as at present with no actuarial advice at this point to the contrary	
Equal pay provision as at 31/3/20 is adequate	
Turnover at current levels on appropriate staffing types (4%)	
No changes to workforce terms & conditions	
Operational Assumptions	
That the Council's prudential target remains at 2% of defined net expenditure as defined in the Reserves Policy	
Income increases within Council control assumed at 4% each year (sales, fees and charges) where sustainable	
Council tax base increases from 2021/22 onwards based on information from Valuation Joint Board for years 1 and 2 and 150 additional chargeable properties per year thereafter	
Loan charges and efficiency savings link directly to 10 year capital plan	
The bad debt provision on council tax (2.75% per annum) has been adjusted to account for anticipated additional lost collection by £200,000 for the next two financial years.	

CONTINGENCY FUND POLICY

INTRODUCTION

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

MAIN ISSUES

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

Short-Term Issues

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

Risk Area	Issues Identified	Action Taken	Responsible Officer
Strategic Issues	Unemployment levels within the area, particularly linked to the impact of covid-19	Improve employability of residents through supporting training, apprenticeships, new jobs; encouraging economic regeneration by providing support to businesses; using procurement to encourage new training and job opportunities for local people; launch of Working4Business; implementation of Queen's Quay Regeneration project; and involvement in City Deal to create more employment opportunities.	Strategic Lead – Housing and Employability; Strategic Lead - Regeneration; and Strategic Lead - Resources
	The impact of Covid-19 in the current and foreseeable short-term	Manage services as efficiently and effectively as possible whilst understanding the covid-19 related risks. There is a potential ongoing financial impact. So far the UK Government and, through Barnett consequential, the Scottish Government has provided additional revenue and financial flexibilities which are expected to allow Councils to manage the financial impact in 2020/21. Should covid-19 continue to impact on finances going into 2021/22 then it is expected that further funding, etc. will be available to assist. Should this not be the case then Council will require to consider alternative approaches	CMT Strategic Lead - Resources
	Impact of major capital investment on service delivery during implementation (e.g. ICT upgrades)	Project leaders allocated to each major project with project implementation documents, risk minimisation/ mitigation action plan	All Strategic Directors and Leads
	Financing of Council budgets / Review Income Targets	3 year detailed budget prepared; Ongoing monitoring of target savings done regularly by CMT and Council/Committees	CMT Strategic Lead - Resources
	ICT Modernisation	Major capital programme identified 2012/13 & continued on ongoing basis in capital plan	Strategic Lead – People and Technology

Risk Area	Issues Identified	Action Taken	Responsible Officer
Strategic Issues (cont.)	Work Force Planning	Workforce Management functionality system being developed further; Restructuring opportunities considered when appropriate; Implementation of Corporate Workforce Plan	Strategic Lead – People and Technology
	Capital income not achieved at planned levels	Identification of movement through Strategic Asset Management Group – reported to CMT & Council through capital budgetary control; capital plan monitoring; Asset Disposal Strategy implementation	Strategic Lead - Regeneration Strategic Lead - Resources
	Work Force Planning	Workforce Management functionality system being developed further; Restructuring opportunities considered when appropriate; Implementation of Corporate Workforce Plan	Strategic Lead – People and Technology
	Asset Management Plan - Maintenance Backlog - Disability Discrimination Act - Health and Safety	Strategic Asset Management Group regular meetings; Capital resources committed for disability access; Risk Assessments where required; 10 year capital plan monitoring & development	Strategic Lead - Regeneration Strategic Lead - Resources
	Organisational structures	Ongoing and monitored regularly by management teams	CMT
	Welfare Reform (ongoing). This incorporates homelessness rent capping, HRA rent capping, council tax benefit replacement, Social Fund replacement, and bad debt levels	Briefing notes on possible affect produced; Situation monitored, action taken as necessary, costs budgeted, Members briefing days & officer working groups; Regular updates to CMT	CMT Strategic Lead - Resources Strategic Lead – Housing and Employability
Service Issues	Increasing levels of waste - landfill tax impact	Increase recycling targets; Budgetary impact within budget	Strategic Lead – Environment & Neighbourhood
	Recycling Initiatives to meet targets	Ongoing initiatives to encourage recycling	Strategic Lead – Environment & Neighbourhood
	Planning Income & building warrant income decline	Budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead – Regulatory

Risk Area	Issues Identified	Action Taken	Responsible Officer
Service Issues (cont'd)	Investment Property income decline due to economic climate	Budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead - Regeneration
	Increasing levels of waste - landfill tax impact	Increase recycling targets; Budgetary impact within budget	Strategic Lead – Environment & Neighbourhood
	Road Maintenance: - access to data - maintenance backlog and strategy for improvement - impact of recent weather	Additional budget provided (capital and revenue), projected require to be prioritised – any impact above this level would require monitored and action taken if necessary	Strategic Lead – Environment & Neighbourhood
	New Council Housing, Private and RSL Housing	Working group meet regularly. Grant funding approved & underway	Strategic Lead – Housing & Employability
Organisational Issues	Impact of EU EXIT	Monitor ongoing EU EXIT discussions and potential impact on the Council's finances, the wider implications for Scottish Economy, etc. Review impact of EU EXIT on European funding	All Strategic Directors and Leads
	Brexit impact - Structural Funds: - ERDF - ESF Impact on RSA (money for businesses)	Requires to be monitored and action taken if necessary	Strategic Lead – Regeneration Strategic Lead - Resources
Education	Schools Estate Regeneration	Identification on Council priority enhancements and new builds, identification of funding, identification of acceptable specifications within funding available	Strategic Lead – Education, Learning and Attainment Strategic Lead - Regeneration
WDC Integration Joint Board	Financial sustainability	Appropriate burdens and anticipated cost increases have been built into IJB cost projections and IJB identify appropriate efficiencies to manage WDC budget allocation	Chief Officer – HSCP; S95 Officer - HSCP
Organisational Issues	Corporate Governance - Freedom of Information - Data Protection	Actions identified and in place to ensure information provided is complete and no breaches of data protection	Strategic Lead - Regulatory Services
	New Legislation (general)	Action to ensure available resources to support new legislation that will not leave the Council exposed	CMT

Medium-Term Issues

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

Risk Area	Issues Identified	Action Taken	Responsible Officer
Strategic Issues	Scottish Government Funding levels – capital and revenue	Longer term financial strategy to help appropriate officers to identify possible risks on budget gaps to take necessary action at an early stage	Strategic Lead - Resources
	Welfare Reform – including changes in the staffing structure and the duties of the Council; the effect on HRA & GS budgets of benefits thresholds	Briefing notes on possible affect produced; Situation monitored, action taken as necessary, costs budgeted, Members briefing days & officer working groups Regular reports to CMT	CMT Strategic Lead - Resources
	Unemployment levels within the area , including following the covid-19 pandemic	Improve employability of residents through supporting training, apprenticeships, new jobs; encouraging economic regeneration by providing support to businesses; using procurement to encourage new training and job opportunities for local people; opening of the West Employability Hub in Dumbarton; launch of Working4Business; approval of Queen's Quay Regeneration project; and involvement in City Deal to create more employment opportunities.	Strategic Lead – Housing & Employability
	Asset management	Ongoing management of operational assets to maximize efficiency	Strategic Director - Regeneration, Environment & Growth
	Asset Management Plan - Other areas of development - Parks and open spaces - Asset replacement - Asset standards - Space standards	Asset Strategy Group Ongoing development and review of 10 year capital plan	Strategic Director - Regeneration, Environment & Growth Strategic Asset Management Group

Risk Area	Issues Identified	Action Taken	Responsible Officer
	WD Integration Joint Board - Financial sustainability	Appropriate burdens and anticipated cost increases have been built into IJB cost projections and IJB identify appropriate efficiencies to manage budget allocation from WDC IJB reserves maintained to manage unforeseen spending variations	Chief Officer – HSCP; S95 Officer - HSCP
Housing	HRA: Scottish Housing Quality Standards and Energy Efficiency Standards	Strategy to meet standards on ongoing basis – identification of capital spend and funding thereof Strategy to meet energy efficiency legislative requirements – identification of capital spend required	Strategic Lead – Housing & Employability
Education	Schools Estate Strategy	Continuation of Schools Estates Team to help identify and move forward on funding and prioritisation	Strategic Lead – Education, Learning and Attainment
	Maintaining of Teachers numbers – failure to do so leading to financial penalties	Budgetary impact within budget – finances to be monitored and action taken if necessary	Strategic Lead – Education, Learning and Attainment
Organisational Issues	Impact of BREXIT	Potential wider economic impacts of BREXIT – monitor economic forecasts and potential impact on UK and Scottish Government finances	Strategic Lead - Resources

Long-Term Issues – over 10 Years

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

Risk Area	Issues Identified	Action Taken	Responsible Officer
Strategic Issues	Depopulation and Change of Demographics	Monitoring likely movement and potential impacts on Council, including funding	CMT Strategic Lead – Regeneration Strategic Lead – Resources
	WD Integration Joint Board - Financial sustainability	Appropriate burdens and anticipated cost increases have been built into IJB cost projections and IJB identify appropriate efficiencies to manage budget allocation from WDC IJB reserves maintained to manage unforeseen spending variations	Chief Officer – HSCP; S95 Officer - HSCP
	Unemployment levels within the area	Improve employability of residents through supporting training, apprenticeships, new jobs, encouraging economic regeneration by providing support to businesses; using procurement to encourage new training and job opportunities for local people; implementation of Queen's Quay Regeneration project; and implementation of City Deal projects to create more employment opportunities.	Strategic Lead – Housing & Employability Strategic Lead - Regeneration; Strategic Lead - Resources
Education	Educational ICT infrastructure refresh	Programme being implemented Impact on 10 year capital plan and current ICT Modernisation	Strategic Lead – Education, Learning and Attainment
Organisational Issues	Impact of BREXIT	Potential wider economic impacts of BREXIT – monitor economic forecasts and potential impact on UK and Scottish Government finances	Strategic Lead - Resources

POLICY ON BALANCES AND RESERVES

Introduction

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

- Local Authority Reserves and Balances (LAAP Bulletin 99, July 2014);
- The Statutory Basis for Accounting and Disclosing Reserves in Local Authorities in Scotland (LASAAC, October 2005); and
- CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (revised annually).

The purpose of this policy is to:

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

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

- Usable Reserves; and
- Unusable Reserves.

Usable Reserves

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

Usable Reserves can be held for three main purposes:

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

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

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

The Usable Reserves held by the Council are:

(a) General Fund Revenue Reserve

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

(b) HRA Revenue Reserve

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

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

The balance of these Reserves normally comprises of three elements:

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

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

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

Principles to assess the adequacy of the reserves

In order to assess the adequacy of unallocated reserves, the S95 officer should take account of strategic, operational and financial risks facing the Council. The assessment should include external risks (e.g. environmental or economic factors) as well as internal risks (e.g. the ability to deliver planned efficiency savings).

Use of unallocated reserves

Balancing the annual budget by drawing on unallocated reserves may be a legitimate short term option. However, CIPFA has commented that councils should be wary about the one-off use of reserves to deal with shortfalls in current funding or for recurring expenditure. However, where such action is taken, an explanation as to how expenditure will be funded in future years should be given.

(c) Capital Receipts Reserve

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

(d) Capital Grant and Receipts Unapplied Reserve

Grants and other contributions given to the Council are retained within this Reserve until all conditions agreed by the grant provider are satisfied. The use of this fund is specified within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, as revised each year. Any grants unapplied at 31 March will be held on the Balance Sheet as at that date. This reserve is also used to fund transformational projects from capital receipts, under the Scottish Government flexibility that has been allowed for this purpose until 31 March 2022.

(e) Capital Items Replacement Fund (Other Reserve)

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

(f) Capital Reserve

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

Unusable Reserves

As the name indicates, these are not available for use by the Council. They arise from the reconciliation of accounting requirements driven by reporting standards and statutory requirements. They are not resource-backed and are held on the Council's Balance Sheet for use as appropriate through the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. The Unusable Reserves held by the Council are:

(a) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system. The account contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

(b) Revaluation Reserve

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

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

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

(c) Pension Reserve

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

(d) Statutory Mitigation Account

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

(e) Financial Instruments Adjustment Account

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

Accounting and Disclosure

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

Any revision to this Policy (including creation or amendment to any reserve or use of any reserve) requires to be reported, considered and approved by Council.

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

Risk Factors

This list is not exhaustive

Risk	Action
<p>Projections about the Council's level of income and expenditure are subject to change – e.g.</p> <ul style="list-style-type: none"> • Government funding • Pay and price increases • Income levels • Planned savings not achieved • Unforeseen expenditure • Unanticipated increase in fuel or energy costs • Pension figures/costs may increase due to future reviews • Unforeseen financial issues following changes within the UK economic climate 	<ul style="list-style-type: none"> • Ensure Finance Circulars are reviewed and reconciled on a regular basis • Longer term financial projections and strategy monitored by the Council to allow timely action • Aim to meet the target of the Prudential Reserve • Use of contingency fund • Budget Monitoring regularly by services, the CMT and Members (through Council and Committees) • Ongoing monitoring of savings targets built into the budget by the CMT and Members
<p>Covid-19 - General Services/HRA – the risk of ongoing financial impact on General Fund and HRA arising from the pandemic</p>	<p>Consider ongoing impacts on costs and income and anticipated levels of Government financial support and/or financial flexibilities</p>
<p>Failing to achieve or maintain adequate reserves</p>	<ul style="list-style-type: none"> • Prudential Reserve target reported to Members on a regular basis. Working with Members to work towards achieving and maintaining target level. • Longer term financial projections and strategy monitored by the Council to allow identification of possible issues to allow early action to be taken where necessary • Budget-setting process will consider reserve levels linked to risk
<p>Capital receipts do not materialise and/or Expenditure on capital projects is higher than anticipated</p>	<ul style="list-style-type: none"> • Longer term vision on capital programme for both income and expenditure levels • Regular Strategic Asset Management Group updates feeding through to the capital budgetary control report (to both Council and CMT) • Capital Disposal Strategy with longer term vision to allow movement in the assets due sold and timing of those assets. • Capital programme being monitored by CMT, Council and Committees on a regular basis • Early identification of possible issues to allow action to reduce spend or identify further surplus assets for possible disposal to minimise shortfall.

Risk	Action
<p>Treasury Management, e.g.:</p> <ul style="list-style-type: none"> • Loss on finances through reserves being invested in unsecure banking sector • Lower than expected investment returns due to economic climate • Interest rates on debt increase significantly, increasing the cost to borrow for capital expenditure 	<ul style="list-style-type: none"> • Ensure the Treasury Management Practices regarding investment counterparties are adhered to. • Regular (daily) updates regarding movement in the banking sector received with the counterparty listing adjusted when necessary. • Ensure prudence in estimating level of investments and interest rates.
<p>Money Laundering – failing to disclose to the National Criminal Intelligence Service suspicions through acquisition retention use or control of criminal property</p>	<ul style="list-style-type: none"> • Ensure the Treasury Management Practices are adhered to. • Work completed by Internal and External Audit, use of the whistle blowing phone line. • Implement Money Laundering Policy
<p>Provision not adequate to cover possible equal pay compensation costs</p>	<ul style="list-style-type: none"> • Review provision on a regular basis, with updated information from the HROD and appropriate legal advice. • Identify action required at an early stage to ensure adequate.
<p>Increase in the number of housing benefits claimants – higher risk of error, homelessness, subsidy level not achieved</p>	<ul style="list-style-type: none"> • Staffing profile monitored to ensure adequate staffing resources. • Ensure staff work to same high standards • Regular contact between appropriate services/departments of the Council • Monitoring of the budget regularly by departments, the CMT and Members (through Council and/or Committee)
<p>Current insurers of the Council become financially unviable – resulting in other providers monopolising the market, possible resulting in substantially increases in premiums</p>	<ul style="list-style-type: none"> • Action to ensure early indications of financial stability of company • Appropriate measures taken at tender stage to ensure financial stability of insurers. • Aim to meet the target of the Prudential Reserve • Use of contingency fund
<p>Breach of legislation resulting in substantial fine, e.g. Health and Safety; Disability Discrimination; Equalities.</p>	<ul style="list-style-type: none"> • Ensure knowledge of relevant legislative issues is up to date • CMT ensures appropriate systems are in place to seek to ensure no legislation is breached
<p>The Scottish Government reviews the structure of Scottish Local Government.</p>	<ul style="list-style-type: none"> • Action plans discussed and updated at an early stage, if this is announced

Risk	Action
The Council's demographic projections continue to be adverse in comparison to national statistics, resulting in further funding reductions	Forward demographic projections for the Council, in comparison to national totals completed regularly and the affected on external funding levels will be included in within forward financial projections to members to allow timeous action by Members.
Implications of EU Exit	<ul style="list-style-type: none"> • Once the EU exit position is clarified implications will be clearer - action plans discussed and updated at an early stage • Review potential financial impact and plan accordingly
DWP reform – building in adequate costs to cover changes, e.g.: <ul style="list-style-type: none"> • General Services – effect of capping of rents for homelessness; • General Services – effect on Council tax benefit administrative grant • General Services/ HRA – effect on lower incomes of individuals on all debt of the council – council tax, debtors, rent, etc. • HRA – housing benefit levels for individuals in homes with rent greater than capped levels 	<ul style="list-style-type: none"> • Building into the financial projections the anticipated impact of welfare reform changes to allow Council to adequately plan • Regular monitoring of expected costs against budget to allow early intervention if necessary • Aim to retain the Prudential Reserves • Monitor ongoing income levels and bad debt expectations

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

WEST DUNBARTONSHIRE COUNCIL
Report by the Strategic Lead - Resources
Council: 25 November 2020

**Subject: General Services Budgetary Control Report to 31 October 2020
 (Period 7)**

1. Purpose

1.1 The purpose of this report is to:

- i) advise on both the General Services revenue budget and the approved capital programme to 31 October 2020.

2. Recommendations

2.1 Council is asked to:

- i) note that the revenue account currently shows a projected annual adverse variance of £2.099m (0.89% of the total budget);
- ii) note that of this projection £2.102m is due to the projected impact of covid and the underlying position would be £0.003m favourable; and
- iii) note that the capital account shows that planned expenditure and resource for 2020/21 is lower than budgeted by £22.313m (31.03% of the budget), made up of £22.738m (31.92% of the budget) relating to project slippage, partially offset by £0.426m relating to an in year overspend.

3. Background

Revenue

3.1 At the meeting of West Dunbartonshire Council on 4 March 2020, Members agreed the revenue estimates for 2020/2021. A total net budget of £229.157m was approved for General Services, before use of balances.

3.2 Since the budget was agreed, additional funding has been provided by Scottish Government and a total net budget of £234.968m is now being monitored:

	£m
Base Budget 20/21	229.157
Scottish Government funding (covid related)	6.319
Scottish Government funding (re-determinations)	0.050
Adjustment to Scottish Government funding assumptions (probationers)	(0.558)
Scottish Government funding (re-determination - ASN)	0.269
Current Revised budget	<u>235.237</u>

Capital

3.3 At the meeting of Council on 4 March 2020, Members also agreed the updated 10 year General Services Capital Plan for 2020/2021 to 2028/29. The next three years from 2020/21 to 2022/23 have been approved in detail with the remaining years being indicative at this stage. After adjusting for anticipated slippage from 2019/20 into 2020/21, the budget agreed for 2020/21 was £67.437m.

3.4 Since then, budget adjustments have taken place (through further 2019/20 capital slippage and additional external funding), revising the 2020/21 annual budget to £71.915m, as follows:

	£m
Base Budget 2020/21	46.241
Anticipated Slippage from 2019/20 – March 2020	21.195
Anticipated budget 2020/21 (Council – March 2020)	67.437
Additional slippage from 2019/20 – following year end	0.809
Revised Base Budget 2019/20 – following year end	68.246
<u>Increase council budget:</u>	
District Heating Network (Council: June 2020)	1.058
<u>New Funding:</u>	
Strathclyde Passenger Transport	0.750
Cycling, Walking, Safer Streets (S. Govt)	0.328
Digital Inclusion for pupils – (S. Govt)	0.418
Sustrans (Spaces for people)	0.740
Transport Scotland (Charge places)	0.050
Scottish Govt - Town Centre Fund top-up	0.307
Scottish Govt - School Transport (covid related)	0.018
Revised Budget 2020/21	71.915

4. Main Issues

Revenue

4.1 The summary report at Appendix 1 currently identifies a projected annual adverse variance (overspend) of £2.099m (0.89% of the total budget) and service reports by Strategic Leads are attached as Appendix 2.

4.2 The projected adverse variance is made up of a general underspend against services of £0.003m and £2.102m due to the currently projected impact of covid. The covid impact projection is based upon a range of assumptions as to how services will restart over the remainder of this financial year.

4.3 Information on the projected annual variances in excess of £0.050m are highlighted and noted within Appendix 3, with additional information on action being taken to minimise or mitigate overspends where possible.

4.4 Agreed savings and management adjustments actioned within 2020/21 are monitored with current indications showing that of the total target being monitored (£0.910m) £0.889m is currently on target to be achieved.

- 4.5** Covid has had an impact on people's ability to pay for services, including Council Tax, generally people financially impacted by covid have been provided with more flexible payment terms to pay over longer periods and the current expectation is that such payments will be made in the future. Officers will monitor and report as appropriate as the year progresses.
- 4.6** The restrictions imposed from lockdown due to COVID-19 have also had an impact on demand, and therefore costs, for many services. The current projected COVID-19 related financial impact within services has been transferred to the Corporate central cost centre for the financial impact of COVID-19. Officers will continue to manage the budgets as closely as possible throughout the year and it is hoped that by tight budgetary control and ongoing recovery actions; further Government funding; and/or agreed financial flexibilities to allow Councils to better cope with the financial impact of covid, that the financial impact can be significantly mitigated and reduced over the remainder of the year. However there are clearly potential risks to this, mainly due to the unpredictable nature of the pandemic.

Capital

- 4.7** The current progress on the capital plan is shown in Appendices 5 to 8.
- 4.8** The overall programme summary report at Appendix 5 shows that planned expenditure and resource for 2019/20 is lower than budgeted by £22.313m (31.03% of the budget), made up of £22.738m relating to project slippage, partially offset by £0.426m relating to an in year overspend.
- 4.9** Appendix 5 also provides both an analysis of the overall programme at each alert status and a summary budgetary control report. The tables at the top detail both the number of projects and the corresponding spend as a percentage of the overall programme currently at red, amber or green alert status for project life and the current year. As will be seen from the Appendix a significant proportion of the identified slippage is as a result of delays due to covid on-site restrictions. The current projections are based on best judgement as to how these projects will continue in operation during the remainder of the year.
- 4.10** Appendix 6 details financial analysis of projects at red status and Appendix 7 is amber, with additional information on action being taken to minimise or mitigate under or overspends where possible. Appendix 8 provides an analysis of projects at green status. Appendix 9 provides an analysis of resources.
- 4.11** From the analysis within the appendices it can be seen that there are number of projects with material slippage, these are listed as follows:

Project Name	Period 7 Slippage (£m)	Period 6 Slippage (£m)
Gruggies Burn	3.735	3.735
District Heating Expansion	3.500	3.500
Vehicle Replacement	2.555	2.555
Schools Estate Improvement Plan	2.888	2.888
Posties Park	1.223	1.223
Clydebank Charette	1.223	1.223
Schools Estate Improvement Plan - Phase 2	0.940	0.750
A813 Road Improvement Phase 1	0.690	-
Regeneration	0.681	0.681
Early Years	0.543	0.543
Heritage Capital Fund	0.510	0.510

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 The report notes the projected in-year financial position for both General Services revenue and capital budgets.

8. Risk Analysis

8.1 The main risks are as follows:

- (a) The present variances should be viewed in the knowledge that there are a number of variable factors which could arise between now and 31 March and which could affect the year end results for both the revenue and capital budgets – particularly in light of covid;
- (b) As a consequence of current market conditions, capital receipts may either not be received or they may be less than anticipated. The budget assumption is that capital receipts achieved in 2020/21 will be used to fund principal repayments within the loan charges budget. As the gain through the Loans Fund Review is available to fund principal, if receipts are not achieved, there is no affect on the financial position recorded in the budget in this area. However, of the capital receipts anticipated, £0.500m is assumed to fund the annual premium charge within loan charges and this cannot be funded from the Loans Fund Review gain. Any shortfall in capital receipts below £0.500m will affect the revenue

budget position. This is being closely monitored and any issues will be reported to Council; and

- (c) The projected cost of covid is based upon a variety of assumptions including: known available funding; no assumptions made as yet on potential financial flexibilities that may be agreed by Government; service demand; and timing of nationally agreed changes through the phasing out of lockdown. These assumptions change regularly and therefore there is a significant risk that the projected year end budgetary position will change from that reported.

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

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 strategic priorities of the Council's current Strategic Plan. This report forms part of the financial governance of the Council.

Stephen West
Strategic Lead - Resources

Date: 20 November 2020

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

Appendices:

- Appendix 1 - Revenue Budgetary Control 2019/20
– Corporate Summary;
- Appendix 2 - Revenue Budgetary Control 2019/20
– Strategic Lead Summaries;
- Appendix 3 - Analysis of Revenue Variances over
£50,000;

- Appendix 4 - 2020/21 Management Adjustments Monitoring (revenue);
- Appendix 5 - Overall Capital Programme Summary;
- Appendix 6 - Analysis of Projects at Red Status;
- Appendix 7 - Analysis of Projects at Amber Status;
- Appendix 8 - Analysis of Projects at Green Status; and
- Appendix 9 - Analysis of Resources;

Background Papers: Ledger output – period 7;
 General Services Revenue Estimates 2020/21
 General Services 10 Year Capital Plan Update - Council 4 March 2019; and
 General Services Budget Preparation 2020/21 to 2022/23 – Budget Update – Council 29 January 2020;

Wards Affected All Wards

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
SUMMARY

APPENDIX 1

PERIOD END DATE

31 October 2020

Department Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21	Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
	£000	£000	£000	£000	%		£000
Procurement	550	492	504	(46)	-8%	↑	(45)
Resources	5,239	5,212	5,119	(120)	-2%	↑	(112)
Regulatory	2,974	1,655	2,907	(67)	-2%	↑	(48)
People & Technology	6,283	4,189	6,312	29	0%	↓	32
Communications, Culture, Community and Facilities	16,974	9,253	16,673	(301)	-2%	↑	(327)
Education, Learning and Attainment	100,987	48,281	101,886	899	1%	↓	657
Environment and Neighbourhood	13,508	9,538	13,867	358	3%	↓	109
Housing and Employability	4,515	2,776	4,515	(0)	0%	↑	(30)
Regeneration	(1,717)	1,733	(1,746)	(29)	2%	↑	(193)
Miscellaneous Services	5,928	3,969	5,874	(54)	-1%	↑	(46)
Loan Charges	7,072	4,125	7,072	0	0%	→	0
Requisition (VJB)	728	425	728	0	0%	→	0
Requisition (SPT)	1,592	928	1,592	0	0%	→	0
Requisition (CJP)	1,742	1,016	1,742	0	0%	→	0
Requisition (HSCP)	70,622	41,196	70,622	0	0%	→	0
Non GAE Allocation	(7,173)	(3,797)	(6,509)	664	-9%	↓	0
Contingency Fund	0	0	0	0	0%	→	0
Net Covid position	5,413	2,924	6,179	766	14%	→	0
Total Expenditure	235,237	133,915	237,336	2,099	1%	↓	(3)
Council Tax/CT Replacement Scheme	(36,620)	(20,929)	(36,620)	0	0%	→	0
Revenue Support Grant/ NDR	(190,188)	(138,161)	(190,188)	0	0%	→	0
Covid Funding	(6,319)	0	(6,319)	0	0%	→	0
Use of Reserves	(2,110)	(1,231)	(2,110)	0	0%	→	0
Total Resources	(235,237)	(160,321)	(235,237)	0	0%	→	0
Net Expenditure	0	(26,406)	2,099	2,099	0.89%	↓	(3)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
PROCUREMENT

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21		Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
	£000	£000	£000	£000	%		£000	£000
Service Summary								
Procurement	550	492	504	(46)	-8%	↑	(1)	(45)
Total Net Expenditure	550	492	504	(46)	-8%	↑	(1)	(45)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
RESOURCES SUMMARY

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21		Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
Service Summary	£000	£000	£000	£000	%		£000	£000
Audit	134	167	100	(34)	-25%	↑	(0)	(34)
Central Administration Support	2,416	1,279	2,323	(93)	-4%	↑	(4)	(89)
Finance	1,402	941	1,420	18	1%	↓	(1)	19
Rent Rebates & Allowances	(231)	404	(231)	0	0%	→	0	0
Revenues & Benefits	1,999	1,613	1,980	(19)	-1%	↑	(2)	(17)
Finance Business Centre	287	155	289	2	1%	↓	(0)	2
Cost of Collection of Rates	20	834	19	(1)	-5%	↑	0	(1)
Cost of Collection of Council Tax	(788)	(181)	(781)	7	-1%	↓	0	7
Total Net Expenditure	5,239	5,212	5,119	(120)	-2%	↑	(8)	(112)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
REGULATORY SUMMARY

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21	Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
Service Summary	£000	£000	£000	£000	%	£000	£000
Democratic and Registration Service	815	453	808	(7)	-1%	↑	(11) 4
Environmental Health	693	381	692	(1)	0%	↑	(5) 4
Licensing	(74)	(81)	(89)	(15)	20%	↑	0 (15)
Legal Services	957	577	943	(14)	-1%	↑	(0) (14)
Planning	583	325	553	(30)	-5%	↑	(3) (27)
Total Net Expenditure	2,974	1,655	2,907	(67)	-2%	↑	(19) (48)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
PEOPLE AND TECHNOLOGY

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21	Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
Service Summary	£000	£000	£000	£000	%		£000
Transactional Services	690	373	696	6	1%	↓	(0)
Human Resources (including risk)	1,225	657	1,243	18	1%	↓	(2)
Information Services	4,064	3,005	4,094	30	1%	↓	(1)
Change Support	304	154	279	(25)	-8%	↑	(1)
Total Net Expenditure	6,283	4,189	6,312	29	0%	↓	(3)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
COMMUNICATIONS, CULTURE, COMMUNITIES AND FACILITIES

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21	Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid	
Service Summary	£000	£000	£000	£000	%	£000	£000	
Communications & Marketing	313	187	317	4	1%	↓	0	4
Citizen Services	1,351	757	1,366	16	1%	↓	0	16
Performance & Strategy	342	190	342	(0)	0%	↑	0	(0)
Libraries, Museums, Culture	1,593	769	1,608	15	1%	↓	12	4
Arts and Heritage	369	217	367	(2)	0%	↑	0	(2)
Office Accommodation	1,485	437	1,455	(29)	-2%	↑	0	(29)
Clydebank Town Hall	445	66	361	(83)	-19%	↑	0	(83)
Catering Services	4,385	1,932	4,165	(220)	-5%	↑	0	(220)
Building Cleaning	1,473	869	1,514	41	3%	↓	0	41
Building Cleaning PPP	(292)	(214)	(315)	(22)	8%	↑	0	(22)
Facilities Assistants	1,916	1,002	1,919	3	0%	↓	14	(11)
Facilities Management	334	180	311	(23)	-7%	↑	0	(23)
Leisure Management	3,262	2,860	3,262	0	0%	→	0	0
Events	0	0	0	0	0%	↓	0	0
Total Net Expenditure	16,974	9,253	16,673	(301)	-2%	↑	26	(327)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
EDUCATION, LEARNING AND ATTAINMENT

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21		Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
Service Summary	£000	£000	£000	£000	%		£000	£000
Primary Schools	28,813	15,705	29,000	187	1%	↓	0	187
Secondary Schools	29,025	16,673	29,264	238	1%	↓	0	238
Specialist Educational Provision	16,502	8,735	16,941	439	3%	↓	181	258
Psychological Services	484	331	445	(40)	-8%	↑	0	(40)
Sport Development / Active Schools	589	267	589	0	0%	→	0	0
Early Education	8,216	(2,288)	8,213	(3)	0%	↑	11	(14)
PPP	14,481	7,965	14,477	(4)	0%	↑	0	(4)
Creative Arts	594	351	599	5	1%	↓	18	(13)
Curriculum for Excellence	61	46	61	(0)	0%	↑	0	(0)
Central Admin	184	(441)	191	7	4%	↓	17	(10)
Workforce CPD	309	123	309	0	0%	↓	0	0
Performance & Improvement	448	253	459	12	3%	↓	15	(3)
Education Development	1,281	561	1,338	57	4%	↓	0	57
Raising Attainment - Primary	0	0	0	0	0%	→	0	0
Raising Attainment - Secondary	(0)	(0)	0	0	-100%	↓	0	0
Pupil Equity Fund (including LAC PEF)	(0)	0	0	0	-100%	↓	0	0
Total Net Expenditure	100,987	48,281	101,886	899	1%	↓	242	657

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
ENVIRONMENT AND NEIGHBOURHOOD

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21		Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
Service Summary	£000	£000	£000	£000	%		£000	£000
Roads Operations	(1,145)	542	(327)	818	-71%	↓	851	(33)
Roads Services	3,908	1,622	3,239	(669)	-17%	↑	(602)	(67)
Transport, Fleet & Maintenance Services	(506)	(243)	(504)	2	0%	↓	0	2
Grounds Maintenance & Street Cleaning Client	7,360	4,293	7,360	0	0%	→	0	0
Outdoor Services	249	(27)	189	(60)	-24%	↑	0	(60)
Burial Grounds	(157)	(223)	(160)	(3)	2%	↑	0	(3)
Crematorium	(1,001)	(444)	(962)	39	-4%	↓	0	39
Waste Services	7,542	4,609	7,773	231	3%	↓	0	231
Depots	0	0	0	0	0%	→	0	0
Ground Maintenance & Street Cleaning Trading A/c	(2,742)	(592)	(2,742)	0	0%	→	0	0
Total Net Expenditure	13,508	9,538	13,867	358	3%	↓	249	109

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
HOUSING AND EMPLOYABILITY

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21		Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
Service Summary	£000	£000	£000	£000	%		£000	£000
Working 4 U	2,728	1,866	2,738	10	0%	↓	30	(20)
Communities	876	469	854	(23)	-3%	↑	0	(23)
Homeless Persons	377	110	354	(24)	-6%	↑	0	(24)
Private Sector housing	42	24	42	0	0%	→	0	0
Anti Social Behaviour	492	307	527	35	7%	↓	0	35
Total Net Expenditure	4,515	2,776	4,515	(2)	0%	↑	30	(32)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
REGENERATION

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21	Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
Service Summary	£000	£000	£000	£000	%	£000	£000
Housing Maintenance Trading A/c	340	931	220	(120)	-35%	0	(120)
Housing Asset and Investment	49	0	1	(48)	-98%	0	(48)
Corporate Assets and Capital Investment Programme	(2,989)	(477)	(2,882)	107	-4%	164	(58)
Economic Development	224	342	219	(5)	-2%	0	(5)
Central Repairs & Maintenance	(11)	141	(13)	(1)	10%	0	(1)
Private Sector Housing Grants	11	116	12	1	6%	0	1
Consultancy Services	659	680	697	38	6%	0	38
Total Net Expenditure	(1,717)	1,733	(1,746)	(29)	2%	164	(194)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
MISCELLANEOUS

APPENDIX 2

PERIOD END DATE

31 October 2020

Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance 2020/21	Annual RAG Status	Net Variance attributable to covid	Underlying Variance excluding covid
Service Summary	£000	£000	£000	£000	%	£000	£000
Sundry Services	3,539	2,488	3,496	(43)	-1%	0	(43)
Members Allowances, etc	599	328	585	(14)	-2%	0	(14)
European Employability	510	298	510	0	0%	0	0
Chief Executive, Directors and Strategic Leads	1,280	855	1,283	3	0%	(8)	11
Total Net Expenditure	5,928	3,969	5,874	(54)	-1%	(8)	(46)

WEST DUNBARTONSHIRE COUNCIL
REVENUE BUDGETARY CONTROL 2020/21
COVID - LOCAL GOVERNMENT HARDSHIP FUND

PERIOD END DATE

31 October 2020

Scottish Government Local Govt Funding	WDC allocation	Service / Subjective Summary	Total Budget 2020/21	Spend to Date 2020/21	Projected Spend	Variance
£000	£000	Service Summary	£000	£000	£000	%
(155,000)	(2,729)	Local Government Income	(2,729)	0	(2,729)	0%
(50,000)	(880)	Hardship Fund	(880)	0	(880)	0%
(70,000)	(684)	Food - Grant Income	(684)	0	(684)	0%
		Additional funding (Free School Meals and Additional SGovt)	(632)	0	(632)	0%
		Additional consequentials	(862)	0	(862)	0%
(45,000)	(532)	Social Welfare Fund	(532)	(168)	(532)	0%
		Funding total	(6,319)	(168)	(6,319)	0%
		Council Service budget adjustments due to covid (funding provided to services)	1,690	0	1,690	0%
		Council Service controllable spend budget adjustments due to covid	(784)	0	(784)	0%
		Budget available total	(5,413)	(168)	(5,413)	0%
		General spend held centrally*	3,565	1,758	4,331	21%
		Catering Spend	1,316	1,166	1,316	0%
		Social Welfare Fund - Spend	532	168	532	0%
		Spend total	5,413	3,092	6,179	21%
		Net Expenditure	0	2,924	766	0%

* please note that there remains variances within services due to increases in demand/ lost income/ reduced costs that are due to covid which requires to be considered against the income received as Government Funding

YEAR END DATE

31 October 2020

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

Resources

Central Administration Support	2,416	2,323	(93)	-4%	↑
Service Description	This services deals with administration functions within the Authority				
Main Issues / Reason for Variance	The main reason for the favourable variance is vacancies				
Mitigating Action	None required although the service will continually monitored throughout the year.				
Anticipated Outcome	It is anticipated that the underspend will continue throughout the year				

Communications, Culture, Community and Facilities

Catering Services	4,385	4,165	(220)	-5%	↑
Service Description	Catering Services across WDC				
Main Issues / Reason for Variance	There has been a reduction in food purchases with the closure of schools and Early Years facilities. Take-up of meals since the reopening of the schools has been lower than normal for a number of reasons eg lower pupil numbers due to self-isolation etc				
Mitigating Action	None required although the service will be continually monitored				
Anticipated Outcome	Underspend by year-end				

Clydebank Town Hall	445	361	(83)	-19%	↑
Service Description	The service provides civic accommodation and facilities within Clydebank				
Main Issues / Reason for Variance	The main reason for the variance is that the vacancies held are unlikely to be filled in 20/21.				
Mitigating Action	No action can be taken at this time				
Anticipated Outcome	An underspend is anticipated.				

YEAR END DATE

31 October 2020

Budget Details	Variance Analysis			
	Total Budget	Projected Spend	Variance	RAG Status
	£000	£000	£000	%
Education , Learning and Attainment				

Primary Schools	28,813	29,000	187	1%	↓
Service Description	This service area includes all Primary Schools.				
Main Issues / Reason for Variance	The main variances arise due to an overspend in employee costs (£287k) mainly due to teacher turnover materialising and unbudgeted maternity pay. There is an anticipated overspend against heating costs as a result of increased ventilation as part of our covid response measures. However, at this stage it is anticipated that the heating costs will be covered by a combination of additional SG grant and our own financial flexibilities. Covid has impacted on our ability to roll out the extension of free school meals in the primaries from the October week by delaying work on kitchens and dining areas. As a consequence of this delay there is now a favourable variance anticipated against school meals income (£115k).				
Mitigating Action	Management will continue to review the service and take action where appropriate to minimise the overspend.				
Anticipated Outcome	An overspend primarily because of turnover not being achieved albeit partially mitigated by a favourable variance against school meals income.				

Secondary Schools	29,025	29,264	238	1%	↓
Service Description	This service area includes all Secondary Schools.				
Main Issues / Reason for Variance	Savings from teacher turnover have not materialised. There is an anticipated overspend against heating costs as a result of increased ventilation as part of our covid response measures. However, at this stage it is anticipated that these heating costs will be covered by a combination of additional SG grant and our own financial flexibilities.				
Mitigating Action	Management will continue to review the service and take action where appropriate to minimise the overspend.				
Anticipated Outcome	An overspend primarily because of turnover not being achieved				

YEAR END DATE

31 October 2020

Budget Details	Variance Analysis				RAG Status
	Total Budget	Projected Spend	Variance		
	£000	£000	£000	%	
Specialist Educational Provision	16,502	16,941	439	3%	↓
Service Description	This service area covers all ASN Services.				
Main Issues / Reason for Variance	Payments to Other Bodies are currently overspent due to more children being placed within residential placements as a result of the more demanding nature of their educational requirements. Residential placements are demand-led and can fluctuate throughout the year. However, at present the number of placements is up over 10% on last year and the average cost is up 6%. Most of the overspend on residential is attributable to covid - either in delays to childrens' hearings or preventing engagement with parents prior to their departure from residential placements. The remainder of the variance is attributable to budgeted staff turnover not being realised.				
Mitigating Action	The requirement for Residential Placements are demand-led services and decisions are taken jointly with HSCP following an assessment of the best option for all concerned. However, the actual usage throughout the year will be reviewed regularly to identify where there is scope to reduce the number of placements.				
Anticipated Outcome	If current levels of demand continue then it is anticipated that Residential and Day budgets will overspend. Staff turnover is unlikely to be achieved.				
Education Development	1,281	1,338	57	4%	↓
Service Description	This service includes spend in areas such as technician service, language programmes and senior phase programme.				
Main Issues / Reason for Variance	After allowing for Gaelic grant there is a small overspend on employee costs as staff turnover has not materialised. There is a projected increase in the senior phase bus contract for 2020/21.				
Mitigating Action	Officers will continue to monitor the budget .				
Anticipated Outcome	An overspend is anticipated				

YEAR END DATE

31 October 2020

Budget Details	Variance Analysis			
	Total Budget	Projected Spend	Variance	RAG Status
	£000	£000	£000	%
Environment and Neighbourhood				

Roads Operations	(1,145)	(327)	818	-71%	↓
Service Description	This service covers the delivery of roads works orders raised				
Main Issues / Reason for Variance	Some work has not been able to be carried out due to COVID, resulting in less income being achievable. Partially offset by underspends in materials and transport				
Mitigating Action	This overspend will be offset to some degree by an underspend in Roads services				
Anticipated Outcome	Overspend at year end				

Roads Services	3,908	3,239	(669)	-17%	↑
Service Description	This service relates to Roads design , structures , street lighting , road safety and school crossing patrols				
Main Issues / Reason for Variance	Some work has not been able to be carried out due to COVID-19 lockdown, resulting in less recharges come from Roads operation				
Mitigating Action	This underspend is offset to some degree by an underspend in Roads services				
Anticipated Outcome	Work completed will be less than budgeted due to covid				

Outdoor Services	249	189	(60)	-24%	↑
Service Description	This service covers the outdoor sporting facilities provided by WDC and public conveniences				
Main Issues / Reason for Variance	This favourable variance is due mainly to staff vacancies and additional Golf income				
Mitigating Action	None required although the service will continually monitored throughout the year.				
Anticipated Outcome	An underspend is expected at year end				

Waste Services	7,542	7,773	231	3%	↓
Service Description	Waste Collection and Refuse disposal services				
Main Issues / Reason for Variance	There has been a general increase in household rubbish related to home working. There has also been increased costs from the recycling contractor due to higher levels of contaminated loads which attract higher rate for processing				
Mitigating Action	The service will commence with a communication strategy as soon as possible to remind residents of how to correctly recycle to reduce contaminated recycling loads				
Anticipated Outcome	Overspend anticipated				

YEAR END DATE

31 October 2020

Budget Details	Variance Analysis				RAG Status
	Total Budget	Projected Spend	Variance		
	£000	£000	£000	%	
Regeneration					
Housing Maintenance Trading A/c	340	220	(120)	-35%	↑
Service Description	This service delivers maintenance and investment services to the council's housing stock.				
Main Issues / Reason for Variance	The reduced loss is due to the service projecting additional income from void house works				
Mitigating Action	A successful staff furlough claim made to HMRC. Plans are in place to maximise income during the remainder of this financial year				
Anticipated Outcome	A positive variance is projected against the revised budget. This financial position will be subject to review as recovery plans are implemented.				
Corporate Assets and Capital Investment Programme	(2,989)	(2,882)	107	-4%	↓
Service Description	This service provides asset and estate management				
Main Issues / Reason for Variance	This projected adverse variance is mainly due to salary capitalisation not anticipated to be fully achieved during the COVID-19 lockdown.				
Mitigating Action	The budget will continue to be monitored throughout the year and any actions which can be taken to mitigate the overspend are being identified				
Anticipated Outcome	Overspend anticipated				
Other					
Non GAE Allocation	(7,173)	(6,509)	664	-9%	↓
Service Description	This is the allocation of support service costs to other council services - excluding General Services) - such as HRA, capital, external bodies				
Main Issues / Reason for Variance	This adverse variance is due to the allocation of central administration to non GAE services being lower than budgeted due to covid				
Mitigating Action	Limited action can be taken to minimise this overspend.				
Anticipated Outcome	An adverse variance is anticipated				

YEAR END DATE

31 October 2020

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

Net Covid position	5,413	6,179	766	14%	↓
Service Description	This represents the funding from Scottish Government specifically for covid and additional spend identified outwith specific Council Services				
Main Issues / Reason for Variance	The adverse variance is due to a transfer from services of increases in demand/ lost income/ reduced costs that are due to covid, partially offset by income received as Government Funding				
Mitigating Action	Limited action can be taken to minimise this overspend, although management will take action identified to minimise this position.				
Anticipated Outcome	An adverse variance is anticipated				

WEST DUNBARTONSHIRE COUNCIL
MONITORING OF EFFICIENCIES AND MANAGEMENT ADJUSTMENTS 2020/21

Appendix 4

Efficiency reference	Efficiency Detail	Strategic Lead Area	budgeted Amount £	Projection of Total Saved £	Projection of Total Not Saved £	Comment
MA1	Resources - streamline processes	Resources	- 80,000	- 80,000	-	Achieved
MA2	Reduce leadership support team	Regulatory	- 33,073	- 33,073	-	Achieved
MA4	Arts & Heritage restructure	Communication; Culture; Communities; Facilities	- 30,000	- 30,000	-	Achieved
MA5	Probationers	Education	- 263,000	- 263,000	-	school contributions increased
MA6	Reduce Creative Learning team	Education	- 23,745	- 23,745	-	Achieved
MA7	Reactive roads repairs	Environment & Neighbourhood	- 60,000	- 60,000	-	
MA8	Capitalisation of salaries	Regeneration	- 278,337	- 256,906	- 21,431	not fully achieved due to salaries not being recharged as budgeted due to COVID-19 lockdown.
MA9	Reduce hours - compliance posts (eco)	Regeneration	- 18,498	- 18,498	-	Achieved
MA10	Consolidation of posts	Housing & Employability	- 123,574	- 123,574	-	
			- 910,227	- 888,796	- 21,431	

WEST DUNBARTONSHIRE COUNCIL
GENERAL SERVICES CAPITAL PROGRAMME
OVERALL PROGRAMME SUMMARY

APPENDIX 5

PERIOD END DATE 31 October 2020

PERIOD 7

Project Status Analysis	Project Life Status Analysis				Current Year Project Status Analysis			
	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status
Red Projects are forecast to be overspent and/or experience material delay to completion	36	33.3%	54,429	26.1%	36	33.3%	7,035	43.6%
Amber Projects are either at risk of being overspent and/or delay in completion (although this is unquantifiable at present) or the project has any issues that require to be reported at this time	9	8.3%	51,670	24.8%	9	8.3%	3,207	19.9%
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	63	58.3%	102,640	49.2%	63	58.3%	5,908	36.6%
TOTAL EXPENDITURE	108	100%	208,739	100%	108	100%	16,150	100%

Project Status Analysis	Project Life Financials				Current Year Financials					
	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000	Budget £000	Spend to Date £000	Forecast Spend £000	Actual Variance £000	Slippage £000	Over/ (Under) £000
Red Projects are forecast to be overspent and/or significant delay to completion	160,752	54,429	161,366	613	42,538	7,035	20,326	(22,212)	(22,327)	115
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	55,469	51,670	55,405	(64)	5,486	3,207	5,174	(311)	(213)	(98)
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	157,308	102,640	157,718	410	23,891	5,908	24,102	211	(198)	409
TOTAL EXPENDITURE	373,530	208,739	374,489	959	71,915	16,150	49,602	(22,313)	(22,738)	426
TOTAL RESOURCES	(373,530)	(208,739)	(374,489)	(959)	(71,915)	(16,150)	(49,602)	22,313		
NET EXPENDITURE	0	0	0	0	0	0	0	0		

PERIOD END DATE

31 October 2020

PERIOD

7

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

1

Making Tax Digital

Project Life Financials	40	0	0%	40	0	0%
Current Year Financials	40	0	0%	0	(40)	-100%
Project Description	Making Tax Digital.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Oct-21		
Main Issues / Reason for Variance						
Making Tax Digital deliverables/ guidance has changed since this capital bid was submitted. Officers need to reassess WDC plans for Making Tax Digital to ensure that the Council remain compliant. Due to COVID- 19 HMRC have delayed the next stage of MTD until October 2021. Progress has been made on the digital linking of data on our excel spreadsheets in preparation of the next phase launch. Budget is therefore required to be rephased to 2021/22.						
Mitigating Action						
None required.						
Anticipated Outcome						
Making Tax Digital.						

2

Agresso development

Project Life Financials	30	0	0%	30	0	0%
Current Year Financials	30	0	0%	10	(20)	-67%
Project Description	2020/21 bid is to carry out an upgrade of Agresso which was last upgraded in 2015. Requirement					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Project progress is taking longer than anticipated due to delays in selecting suitable consultancy provider. Part of the project work can only be completed within a limited availability window which will close at the end of January. Work would then not be possible until June 2021 at the earliest due to financial year end. It is therefore estimated at this time that only £0.010m of the budget will be spent this financial year, with £0.020m required to be rephased to 2021/22 for project completion.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Development of Agresso system later than anticipated but within original budget.						

3

Legal Case Management System

Project Life Financials	33	0	0%	33	0	0%
Current Year Financials	33	0	0%	0	(33)	-100%
Project Description	Legal Case Management System					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
The project will resume following lockdown and Officers are able to access the hardware the system will run on. Tenders received have been held so Officers expect project can be completed within budget, when project is able to resume. It is therefore expected completion may not be possible in 2020/21, therefore budget is required to be rephased to 2021/22.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
New legal case management system.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

4

ICT Security & DR						
Project Life Financials	404	18	4%	404	0	0%
Current Year Financials	404	18	4%	232	(172)	-43%
Project Description	The project is for the enhancement of security systems, server replacement and the update of corporate applications to ensure compliance with 15/16 PSN requirements, to enhance the Disaster recovery capabilities of WDC.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	30-Jun-21		
Main Issues / Reason for Variance						
Procurement of End of Life (EoL) switches from National frameworks complete and Tender committee approval secured in Oct and agreeing 2020-21 install dates with supplier. Monitoring spend needed re Public Service Network (PSN) compliance but forecast spend for 2020/21 still expected to be approx. £0.232m with £0.172m required to be rephased to 2021/22.						
Mitigating Action						
Reprofile this budget.						
Anticipated Outcome						
Underspend during 2020/21 and budget carried to 2021/22.						

5

Internet of Things Asset Tracking - new project 2020/21						
Project Life Financials	240	0	0%	0	(240)	-100%
Current Year Financials	240	0	0%	0	(240)	-100%
Project Description	Asset Tracking.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	N/A		
Main Issues / Reason for Variance						
No change since Period 6 BCR as awaiting update from project co-sponsor Civtech who are seeking alternate organisation to invest in the project and have requested WDC to continue on project to assist with product testing with no financial outlay to WDC. May also require WDC to administer the Scottish Gov funding - discussions in progress.						
Mitigating Action						
Report budget no longer required.						
Anticipated Outcome						
No spend and budget returned to capital plan.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

6	Heritage Capital Fund						
	Project Life Financials	4,000	106	3%	4,000	0	0%
	Current Year Financials	940	0	0%	430	(510)	-54%
	Project Description	Heritage Capital Fund.					
	Project Lifecycle	Planned End Date	31-Mar-23	Forecast End Date		31-Mar-23	
	Main Issues / Reason for Variance						
	Council approved a £4m investment in Cultural assets in March 2018. In February 2019 the Cultural Committee approved a £0.330m investment in Alexandria Library, a £0.015m investment in consultancy work to scope out a museum at Clydebank Library, and in April 2019 approved £0.252m to upgrade Clydebank Town Hall roof and stonework and £0.060m for the Town Hall investment programme. For future years, in November 2019 Committee approved £1.408m investment at Clydebank Town Hall, £0.575m investment in a new museum in the basement of Clydebank Library, and £0.015m in consultancy work to scope out improvements at the Back Door Gallery. Works have been delayed during the period of COVID-19 lockdown however are resuming as restrictions are lifted. With regards to works relating to the Museum Space at Clydebank Library, phase 1 of the project is complete and phase 2 preparatory work has now commenced. With regards to the Town Hall element, consultancy on spatial redesign of gallery spaces has now completed and next steps are being considered. With regards to Dalmuir Gallery Improvement works, consultancy on spatial redesign of the gallery space within Dalmuir Library has also now completed and next steps are being considered. At this time it is estimated that £0.430m will be spent in 2020/21 with £0.510m required to be rephased to 2021/22. Works to Alexandria Library will commence January 2020 and works order for lift installation has already been place.						
	Mitigating Action						
	None available at this time.						
	Anticipated Outcome						
	Project to be delivered on budget and within revised timescale.						

7	Telephone System Upgrade						
	Project Life Financials	15	0	0%	15	0	0%
	Current Year Financials	15	0	0%	0	(15)	-100%
	Project Description	To improve Housing Repairs telephone platform for incoming calls, providing improved Management Information.					
	Project Lifecycle	Planned End Date	31-Mar-21	End Date		31-Mar-22	
	Main Issues / Reason for Variance						
	Works scoped with ICT but delayed due to COVID-19 lockdown and prioritising of support for critical services by both ICT and Citizen Services. Work will be undertaken to take this forward with ICT in 2020/21. With ongoing changes in demand and priorities as well as the need for professional external support it is anticipated this work will continue into 2021/22.						
	Mitigating Action						
	None required at this time.						
	Anticipated Outcome						
	To upgrade telephone system.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

8	Glencairn House						
	Project Life Financials	5,050	0	0%	5,050	0	0%
	Current Year Financials	300	0	0%	0	(300)	-100%
	Project Description	Re-development of Glencairn House in Dumbarton High St to a purpose built library and museum.					
	Project Lifecycle	Planned End Date	31-Mar-23	Forecast End Date	31-Mar-24		
	Main Issues / Reason for Variance						
	Due to the impact of the COVID-19 pandemic, this project has been disrupted. A Project Board has been established and officers are currently reviewing to determine what spend may be possible in this financial year. It is hoped that a tender can be issued before the end of the financial year for an external architect for this project.						
Mitigating Action							
None available at this time.							
Anticipated Outcome							
Re-development of Glen cairn House in Dumbarton High St to a purpose built library and museum, within budget albeit later than originally anticipated.							

9	Free School Meals						
	Project Life Financials	199	97	49%	199	0	0%
	Current Year Financials	102	0	0%	0	(102)	-100%
	Project Description	Provision of Capital Funding from Scottish Government to implement free school meal initiative.					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Jul-21		
	Main Issues / Reason for Variance						
	Due to the restrictions imposed by COVID-19 and the reprioritisation of tasks there will a delay in the completion of the project. Proposals for Christie Park and Gavinburn have been developed however due to nature of the works they cannot be carried out until next summer recess. As a result £0.102m is required to be rephased to 2021/22.						
Mitigating Action							
Opportunities to mitigate are limited due to need for work to be carried out around school holidays and building services resources therefore engagement with subcontractor has now taken place to minimise further delay.							
Anticipated Outcome							
Project completed within budget albeit later than anticipated.							

PERIOD END DATE

31 October 2020

PERIOD

7

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

10	AV Equipment - Education						
	Project Life Financials	1,110	93	8%	1,110	0	0%
	Current Year Financials	445	88	20%	160	(285)	-64%
	Project Description	Purchase of AV Equipment for Education.					
	Project Lifecycle	Planned End Date	31-Mar-22	Forecast End Date	31-Mar-22		
	Main Issues / Reason for Variance						
	Project was delayed due to COVID-19 restrictions, however now progressing with phase one of the plan which involves replacement of boards with emergency replacement for broken boards. Officers have been calling off a single supplier framework, however procurement have advised better value could be achieved from going to tender. Project will therefore now go out to tender resulting in a revised anticipated forecast of £0.160m in the current year with £0.285m required to be repahsed to 2021/22.						
	Mitigating Action						
	None available.						
	Anticipated Outcome						
Purchase of AV Equipment for Education.							

11	Kilpatrick School - New Build						
	Project Life Financials	10,841	10,812	100%	10,958	117	1%
	Current Year Financials	154	125	81%	271	117	76%
	Project Description	Design and build of construction of Additional Support Needs School.					
	Project Lifecycle	Planned End Date		31-Mar-21	Forecast End Date		31-Mar-21
	Main Issues / Reason for Variance						
	The Final Account has yet to be agreed and will require to be negotiated as the contractor is claiming additional monies beyond the contract sum and available budget, which generates a financial risk that Officers are seeking to mitigate where possible. At present, the project life forecast outturn is anticipating an overspend in the region of £0.387m which constitutes the additional asbestos removal costs and the final 1.5% retention which there is a contractual obligation to pay. Previously an anticipated overspend has been reported but there is a risk this may increase because the contractor has applied for payment greater than the agreed contract sum and has also submitted a loss and expense claim. Officers continue to work to fully agree the final account and determine the extent of overspend. Project was physically complete November 2017 with retentions due to be paid, with partial retention release of £0.125m processed in October with the balance of £0.023m due to be released when the final defect is rectified. At this time there is one issue still to be resolved, however it is anticipated full retention release will occur in 2020/21. The defect relating to internal decor and flooring is substantially complete, however defect remains live and Principal Contractor is in the process of closing it out.						
Mitigating Action							
Opportunities to mitigate are limited at this time. The Council is obligated to make substantiated payment, however continue to meet							
Anticipated Outcome							
Project complete albeit over budget.							

PERIOD END DATE

31 October 2020

PERIOD

7

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

12	New Balloch Campus					
	Project Life Financials	16,701	16,694	100%	16,709	9 0%
	Current Year Financials	10	3	35%	18	9 90%
	Project Description	Construction of new primary school in Balloch to incorporate St Kessog's PS, Haldane PS and Jamestown PS and EE&CC.				
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21	
	Main Issues / Reason for Variance					
	The main construction project reached the end of the defect rectification period on 9 February 2019, however retention of £0.016m is currently being held and will be released when the Making Good Defects certificate is issued, which is forecast in 2020/21. The overall project is reporting an anticipated overspend of £0.246m against the original budget (prior to additional budget being allocated) at this time and is expected to be financially complete in 2020/21 with the release of retention on both the main construction contract and the Haldane demolition contract.					
	Mitigating Action					
	None available.					
	Anticipated Outcome					
	Delivery of project on programme, however forecast overspend in the region of £0.246m.					

13	Schools Estate Improvement Plan					
	Project Life Financials	20,000	6,479	32%	20,000	0 0%
	Current Year Financials	10,635	2,838	27%	7,747	(2,888) -27%
	Project Description	Improvement of Schools Estate.				
	Project Lifecycle	Planned End Date	31-Mar-24	Forecast End Date	31-Mar-24	
	Main Issues / Reason for Variance					
	With regards to the new Renton Campus, the project has been impacted upon by COVID-19 outbreak. This has impacted the spend projections for this financial year as the site was closed for a duration of 13 weeks. It is anticipated that the overall project will be complete by July 2022. (Previously April 2022). Officers have now agreed the revised contract completion dates accounting for the additional 13 weeks. With regards to the ongoing works at St Mary's Alexandria, the project has been impacted by COVID 19 but scoping exercise will be completed by end December 2020 and spend profile confirmed. At this time it is anticipated that £2.888m of this years budget will be required to be rephased into 2021/22.					
	Mitigating Action					
	With regards to the new Renton Campus, Officers are exploring programme mitigating measures at this time to consider improvement to the phased completion dates.					
	Anticipated Outcome					
	Project delivered within budget and to the revised programme, following COVID-19.					

PERIOD END DATE

31 October 2020

PERIOD

7

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

14

Schools Estate Improvement Plan - Phase 2 - Next Phase 2020/21

Project Life Financials	25,800	29	0%	25,800	0	0%
Current Year Financials	1,000	29	3%	60	(940)	-94%
Project Description	Improvement of Schools Estate.					
Project Lifecycle	Planned End Date	31-Mar-24	End Date	31-Mar-24		
Main Issues / Reason for Variance						
The next phase of the Schools Estate Improvement Plan involves the development of the next phase of the plan in the Fairley area. The Capital Investment Team have been tasked with providing a funding submission to the Scottish Government Learning Estate Improvement Programme to support the delivery of key priority areas set out within the new West Dunbartonshire Learning Estate Strategy 2020-2030. The bid submission was made in October 2020 with a decision estimated to be reported in January 2021. A site analysis feasibility study has been drafted for existing locations and being reviewed by officers at this time. It is anticipated that £0.060m will be spent this financial year, with £0.940 required to be rephased to 2021/22.						
Mitigating Action						
None required at this time						
Anticipated Outcome						
Phase 2 funding bid to be submitted when date is available.						

15

Early Years Early Learning and Childcare Funding

Project Life Financials	8,562	5,284	62%	8,562	0	0%
Current Year Financials	2,465	587	24%	1,922	(543)	-22%
Project Description	Early learning and childcare funding awarded to West Dunbartonshire Council to facilitate the expansion in entitlement to funded ELCC to 1140 hours from August 2020.					
Project Lifecycle	Planned End Date	31-Mar-22	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Due to the restrictions implemented for COVID-19 the project was delayed as works could not be carried out within the timescales originally planned. As a result anticipated spend for 2020/21 is £1.922m with £0.543m required to be rephased to 2021/22.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
The project will be completed to deliver the requirements of the Early Years expansion plans.						

16

Vehicle Replacement

Project Life Financials	5,968	2,749	46%	5,968	0	0%
Current Year Financials	5,110	1,891	37%	2,555	(2,555)	-50%
Project Description	Replacement of vehicles which have reached end of programmed lifespan (7 year heavy vehicles, 10 year light vehicles).					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Vehicle manufacturers, parts and transport have been affected by COVID-19. The Service is now in receipt of 2 buses received mid June. Orders have been placed for £2.192m in the year to date with further orders due to be placed imminently. It is anticipated that 50% of budget spend can be achieved in 2020/21 with £2.555m required to be rephased to 2021/22.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Replacement of fleet later than anticipated.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

17	Allotment Development						
	Project Life Financials	400	1	0%	400	0	0%
	Current Year Financials	400	1	0%	100	(300)	-75%
	Project Description	To develop an allotment site.					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
	Main Issues / Reason for Variance						
	Tenders have now been issued for site investigation works. It is anticipated that this project will now not be fully complete this financial year with an estimated £0.300m required to be rephased to 2020/21.						
Mitigating Action							
None available at this time.							
Anticipated Outcome							
Development of allotments to take pressure off current 10 year waiting list.							

18	Dalmonach CE Centre						
	Project Life Financials	1,150	1,096	95%	1,150	0	0%
	Current Year Financials	69	15	22%	27	(43)	-62%
	Project Description	To create new community facilities with additional space for early years provisions.					
	Project Lifecycle	Planned End Date		31-Mar-21	Forecast End Date		30-Jun-21
	Main Issues / Reason for Variance						
	Due to the restrictions implemented for COVID-19 the project has had a delayed start. Building Services have commenced onsite and currently working to a December completion programme.						
Mitigating Action							
None required at this time.							
Anticipated Outcome							
To create new community facilities with additional space for early years provisions.							

19	Kilmaronock Cemetery Extension						
	Project Life Financials	217	0	0%	217	0	0%
	Current Year Financials	217	0	0%	0	(217)	-100%
	Project Description	Extension of existing cemetery at Kilmaronock.					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
	Main Issues / Reason for Variance						
	The original planned project to extend the current cemetery is no longer viable due to soil depth and land being unsuitable. Another field adjacent to the church has been identified as potentially being suitable, however this land is currently owned by Church of Scotland. Estates have now made final contact with Church of Scotland requesting permission to carry out site investigation works however they are not responding so it seems unlikely that this plan will progress. Other options are now being explored, but likely this budget will be required to be rephased to 2021/22.						
Mitigating Action							
Other options to be explored.							
Anticipated Outcome							
To provide further burial space in West Dunbartonshire.							

PERIOD END DATE

31 October 2020

PERIOD

7

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

20	Levensgrove Park - Restoration & Regeneration						
	Project Life Financials	3,843	3,805	99%	4,073	230	6%
	Current Year Financials	20	85	416%	250	230	1131%
	Project Description	Restoration and Regeneration of Levensgrove Park.					
	Project Lifecycle	Planned End Date	31-Mar-22	Forecast End Date	31-Mar-22		
	Main Issues / Reason for Variance						
	The project started August 2017 and the Pavilion is now complete and handed over. Project is forecasting a project life overspend due to various unforeseen additional costs.						
Mitigating Action							
None required.							
Anticipated Outcome							
Project delivered later than originally anticipated.							

21	Posties Park Sports Hub - New sports hub to include Gym & running track						
	Project Life Financials	1,802	92	5%	2,300	498	28%
	Current Year Financials	1,723	14	1%	500	(1,223)	-71%
	Project Description	Creation of a sports hub at Posties/Marinecraft to include a new changing pavilion/Gym, new all-weather 6 lane running track, conversion of blaze sports pitch to grass, new fencing, upgrade of existing floodlights and additional car parking. This combines the budget approved by the Council in February 2015 for Community Sports Facilities at Posties Park, draw down of budget from the generic sports facilities budget line and anticipated match funding from Sports Scotland.					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Dec-21		
	Main Issues / Reason for Variance						
	Contract was awarded August 2019 and physical works were expected to commence March 2020 however postponed due to COVID-19 restrictions. Prestart meeting will take place on 23 November 2020 and site set up December 2020. Works are now forecast to be complete by December 2021 with forecast spend in 2020/21 expected to be £0.500m with £1.223m required to be rephased to 2021/22 due to the time lost during COVID19 restrictions.						
	Mitigating Action						
	None required at this time.						
	Anticipated Outcome						
	Creation of sports hub.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

22

Vale of Leven Cemetery Extension

Project Life Financials	650	165	25%	650	0	0%
Current Year Financials	485	0	0%	100	(385)	-79%
Project Description	Extension of existing cemetery in Vale of Leven.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Difficulties in purchasing the preferred site resulted in early delays to this project. Site investigation works on the preferred site are now complete and the land was deemed suitable in October 2018. Negotiations are now complete and approval granted at February 2019 IRED committee to purchase land. An unforeseen legal issue has now resulted in a delay in signing off the land purchase. Legal are now in the process of working through this issue that has surfaced to conclude the purchase. Once purchase is complete the project will go to tender. Due to the delays outwith the Council's control, it is expected that the project will be unable to fully complete in 2020/21, with £0.385m required to be rephased to 2021/22.						
Mitigating Action						
Opportunities to mitigate are limited due to ongoing discussions with regards to purchase of land.						
Anticipated Outcome						
A suitable site has been identified and is in the process of being purchased to provide a sustainable burial environment, the project will be delivered on budget albeit later than originally planned.						

23

New Westbridgend Community Centre

Project Life Financials	675	61	9%	675	0	0%
Current Year Financials	630	16	3%	135	(495)	-79%
Project Description	New Westbridgend Community Centre					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Project progression has been delayed in 2020/21 due to COVID-19 restrictions. There has been a delay in submitting planning due to the ability to meet with the group due to restrictions. Planning will therefore be submitted in December 2020. Start on site anticipated in the new calendar year. Full completion at this stage is expected in 2021/22 financial year. It is anticipated at this time that £0.135m will be spent this financial year with £0.495m required to be rephased to 2021/22 for project completion.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to be delivered on budget.						

24

Alexandria Community Centre Sports Hall re-flooring

Project Life Financials	40	0	0%	40	0	0%
Current Year Financials	40	0	0%	0	(40)	-100%
Project Description	Alexandria Community Centre Sports Hall re-flooring					
Project Lifecycle	Planned End Date	31-Mar-22	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Project commencement held due to COVID-19 restrictions. It is anticipated that engagement with contractors can commence in autumn, with physical progress expected to commence in 2021/22.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
New floor fitted in Alexandria Community Sports Hall.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

25

Flood Risk Management

Project Life Financials	1,016	16	2%	1,016	0	0%
Current Year Financials	1,016	16	2%	750	(266)	-26%
Project Description	Enhancement of drainage infrastructure to ensure compliance with Flood Risk Management Act					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		

Main Issues / Reason for Variance

Contractor has been engaged to take on flood risk management. Flood modelling of River Leven and other projects are under way along with works to improve water courses in Balloch and Dumbarton. At this time it is anticipated that £0.750m will be spent in 2020/21 with £0.266m required to be rephased to 2021/22.

Mitigating Action

None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.

Anticipated Outcome

Project completed within budget albeit later than anticipated.

26

Gruggies Burn Flood Prevention

Project Life Financials	15,000	304	2%	15,000	0	0%
Current Year Financials	4,135	109	3%	400	(3,735)	-90%
Project Description	Commission of Gruggies Flood Prevention Scheme.					
Project Lifecycle	Planned End Date	31-Mar-23	Forecast End Date	31-Mar-23		

Main Issues / Reason for Variance

Project design is ongoing as optioneering has produced alternative design solutions. Project was expected to complete in 2022 with retentions due in 2023, however due to COVID-19 restrictions project progress has been delayed with expected physical completion now expected in 2023. £3.735m from this years budget is expected to be required to be rephased to 2021/22.

Mitigating Action

None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.

Anticipated Outcome

Intention is to complete Geotechnical and Topographical Surveys in 2020/21.

27

A813 Road Improvement Phase 1

Project Life Financials	2,325	946	41%	2,325	0	0%
Current Year Financials	790	36	5%	100	(690)	-87%
Project Description	A813 Road Improvement Phase 1.					
Project Lifecycle	Planned End Date	31-Mar-26	Forecast End Date	31-Mar-26		

Main Issues / Reason for Variance

COVID-19 Government guidance has prevented commencement on these works. The A813 is currently being used as diversion route while works are being carried out to A811 Lomond Bridge. The bridge works were delayed due to COVID-19 restrictions which in turn has now resulted in the A813 Improvement physical works being delayed. It is therefore expected at this time that only £0.100m of current year budget will be spent in 2020/21 on consultancy fees with £0.690m required to be rephased to 2021/22 for the physical works.

Mitigating Action

None available at this time.

Anticipated Outcome

To provide an improved A813.

PERIOD END DATE

31 October 2020

PERIOD

7

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

28	Mandatory 20mph Residential communities					
Project Life Financials	500	11	2%	500	0	0%
Current Year Financials	489	0	0%	0	(489)	-100%
Project Description	Mandatory 20mph Residential communities.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
The Scottish Government are currently reviewing 20mph legislation and officers are currently awaiting clarity from them before works can resume. This review is taking longer than anticipated, with still no formal outcome from Scottish Government on how to proceed. At this time it is anticipated minimal spend in 2020/21 with remaining rephased to 2021/22.						
Mitigating Action						
None available at this time as timing of review is out with Council control.						
Anticipated Outcome						
Project to be delivered within budget albeit later than first anticipated.						

29	Depot Rationalisation					
Project Life Financials	8,535	118	1%	8,535	0	0%
Current Year Financials	163	0	0%	10	(153)	-94%
Project Description	Depot Rationalisation.					
Project Lifecycle	Planned End Date	31-Mar-24	Forecast End Date	31-Mar-24		
Main Issues / Reason for Variance						
Given potential implications around operational service requirements for Greenspace, Transport, Roads and Waste, Officers have not been in a position to complete the DRP Business Case at this point. Requirements were to be re-visited in March 2020, however as a result of COVID-19 and other pressing priorities this has been delayed and will be reviewed in January 2021 when there will be a better understanding of future operational requirements for a Depot provision. At this time it is estimated that only £0.010m will be spent this financial year with £0.153m required to be rephased to 2021/22.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Project business case will be brought back to project board and Council when the implication of shared services is known.						

30	Upgrade obsolete heating controls (BEMS) across Council estate					
Project Life Financials	160	0	0%	160	0	0%
Current Year Financials	160	0	0%	10	(150)	-94%
Project Description	Upgrade obsolete heating controls (BEMS) across Council estate					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
This project is to upgrade obsolete heating control management systems across the Council's Estate. It is necessary for this work to be carried out during the non-heating season or when buildings are unoccupied. Initial site surveys required prior to works commencing have been severely delayed due to COVID-19. Officers will endeavour to maximise spend this financial year, however at this time it appears that approximately £0.150m will be required to be rephased to 2021/22.						
Mitigating Action						
Further dialogue with contractors and suppliers to maximise spend.						
Anticipated Outcome						
Delivery of project within budget.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

31

Replace obsolete boilers (plant greater than 30 years old)

Project Life Financials	235	0	0%	235	0	0%
Current Year Financials	235	0	0%	36	(199)	-85%
Project Description	Replace obsolete boilers (plant greater than 30 years old)					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Boiler replacements to be considered are The Hub and St Mary's Alexandria, both of which are two of the very few remaining oil sites within West Dunbartonshire area. In addition the current gas boiler at Municipal buildings is at least 35 years old. Work must be carried out during the non-heating season. It is anticipated that design and procurement will be carried out this financial year, with £0.199m required to be rephased to 2021/22 for the progression of the physical works.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Delivery of project within budget albeit later than first anticipated.						

32

Replace existing main hall Air Handling unit at Clydebank Town Hall

Project Life Financials	85	0	0%	85	0	0%
Current Year Financials	85	0	0%	3	(82)	-96%
Project Description	Replace existing main hall Air Handling unit at Clydebank Town Hall					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Works require to be completed during the non-heating season therefore at this time it is anticipated that only design fees of approximately £0.003m will be incurred in this financial year, with the remainder of the budget to be rephased to 2021/22 for completion of the project, however Officers will endeavour to maximise spend where possible.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Delivery on budget but delayed timescales.						

33

District Heating Network Expansion - new project 2020/21

Project Life Financials	11,000	0	100%	11,000	0	100%
Current Year Financials	5,500	0	0%	2,000	(3,500)	-64%
Project Description	District Heating Network Expansion					
Project Lifecycle	Planned End Date	31-Mar-22	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Development towards the expansion will commence this year with current year forecast spend estimated at £2.0m with £3.5m required to be rephased to 2021/22.						
Mitigating Action						
None required.						
Anticipated Outcome						
Project will be delivered on budget.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

34	Regeneration Fund						
	Project Life Financials	9,782	4,329	100%	9,782	0	100%
	Current Year Financials	1,181	50	4%	500	(681)	-58%
	Project Description	Funding to implement major regeneration projects linked to community charrettes.					
	Project Lifecycle	Planned End Date		31-Mar-24	Forecast End Date		31-Mar-24
Main Issues / Reason for Variance							
Bowling Harbour development is on hold pending outcome of North Clyde Riverbank masterplan. Connecting Clydebank works has commenced on site in August 2020. Although foreshore clearance work has now been completed at Dumbarton Waterfront accounting for spend on this budget, the overall Waterfront Pathway project is longer-term than first anticipated due to delays by the landowners. Balloch Village Square project was completed, and the remainder of the Balloch Charrette budget will be used to fund the Station Square project which is being scoped and developed during 2020. A special Council on 29 October 2019 sought and secured approval of an additional £2.609m for District Heating Network commercial costs from the existing Regeneration budget, accelerating budget from future years. This increase brings the District Heating budget from Regeneration Fund to £3.509m (£0.9m previously approved). As a result of the works required to be rephased, £0.500m of budget is required in 2020/21, with £0.681m required to be rephased to 2021/22.							
Mitigating Action							
Project complexity and the need to programme some works to avoid busy tourism periods and reliance on third parties means that mitigation is challenging.							
Anticipated Outcome							
Progress towards delivery of planned projects from Economic Development Strategy and Charrette Action Plans albeit later than originally anticipated.							

35	Clydebank Charrette, A814						
	Project Life Financials	4,300	1,123	100%	4,300	0	100%
	Current Year Financials	3,233	1,115	34%	2,000	(1,233)	-38%
	Project Description	Clydebank Charrette, A814					
	Project Lifecycle	Planned End Date	31-Mar-22	Forecast End Date	31-Mar-22		
	Main Issues / Reason for Variance						
	COVID-19 Government guidance has prevented commencement on these works. Works are proposed to commence late autumn 2020.						
	Mitigating Action						
	None available at this time.						
	Anticipated Outcome						
Completion spring 2022.							

36	Elevated Platforms (Building Services)						
	Project Life Financials	45	0	100%	45	0	100%
	Current Year Financials	45	0	0%	0	(45)	-100%
	Project Description	Elevated Platforms (Building Services)					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
	Main Issues / Reason for Variance						
	Service is scoping requirements based on changing working practice and work type. Expect full spend to be achieved in 2021/2022 financial year, therefore £0.045m is required to be rephased to 2021/22.						
Mitigating Action							
Teams will review requirements by end of September and arrange for purchase of equipment by end of March 2022.							
Anticipated Outcome							
Project will be delivered later than first anticipated but within original budget.							

PERIOD END DATE

31 October 2020

PERIOD

7

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

1

ICT Modernisation

Project Life Financials	504	304	60%	504	0	0%
Current Year Financials	504	304	60%	350	(154)	-31%
Project Description	This budget is to facilitate ICT infrastructure and modernise working practices.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	30-Jun-21		
Main Issues / Reason for Variance						
£0.045m ICT Mod retention is being held. Also holding £0.060m Scottish Exec match funding relating to Civtech Asset Tracking project pending review of the project sponsorship by Civtech. At this time it is anticipated that £0.154m will be required to be rephased to 2021/22 which includes HSCP capital.						
Mitigating Action						
Prioritisation of projects will continue to be reviewed and if possible the projects will be accelerated.						
Anticipated Outcome						
Delay of the project and some of the spend.						

2

IoT Employee Resilience Support - new project 2020/21

Project Life Financials	200	50	25%	100	(100)	-50%
Current Year Financials	200	50	25%	50	(150)	-75%
Project Description	Employee Resilience Online Support Tool.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	28-Feb-22		
Main Issues / Reason for Variance						
Project underway and progressing well with full Council roll out expected in quarter 4 of this financial year. Budget allocation for this project is more than required with £0.050m required in 2020/21 and £0.050m required in 2021/22. £0.100m reported as underspend in the current financial year with £0.050m required to be rephased to 2021/22 for project completion.						
Mitigating Action						
To finalise the budget allocation for this project						
Anticipated Outcome						
Project delayed marginally. Budget requirement is £0.050m p.a. for two years. The additional £0.100m is not required and reported as underspend.						

3

365 Implementation

Project Life Financials	200	2	1%	200	0	0%
Current Year Financials	100	2	2%	70	(30)	-30%
Project Description	Project services to delivery Microsoft 365 Implementation including 3rd party supplier, training, technical consultancy etc.					
Project Lifecycle	Planned End Date	31-Mar-22	Actual End Date	31-Mar-22		
Main Issues / Reason for Variance						
Review of the technical approach in progress. Originally planned a hybrid installation but uptake and demand for additional features following MSTeams rollout and in support of overall digital transformation aspirations may mean full move to cloud installation however the revenue implications on licensing needs to be considered. Project is delayed overall however aspects (MS Teams deployment) has made progress ahead of plan due to COVID-19.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project was always anticipated to be a phased implementation and therefore delivery on time and on budget over the 2 years remains the expected outcome.						

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

APPENDIX 7

PERIOD END DATE

31 October 2020

PERIOD

7

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

4

Education Software Licensing Refresh - new project 2020/21

Project Life Financials	270	0	0%	270	0	0%
Current Year Financials	30	0	0%	20	(10)	-33%
Project Description	End of Life Software Upgrades for Education					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
Main Issues / Reason for Variance						
Two education end of life (EOL) applications upgraded and payment due. It is expected that other applications may be identified during annual Public Services Network (PSN) test scheduled for November/December, however at this time, it is estimated that £0.010m will be required to be rephased to 2021/22.						
Mitigating Action						
None required at this time as awaiting PSN test which may revise the requirement.						
Anticipated Outcome						
Delivery of some upgrades.						

5

New Sports Changing Facility at Lusset Glen in Old Kilpatrick

Project Life Financials	150	11	7%	150	0	0%
Current Year Financials	142	2	2%	95	(47)	-33%
Project Description	New Sports Changing Facility at Lusset Glen in Old Kilpatrick.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	30-Apr-21		
Main Issues / Reason for Variance						
Demolition of existing structure is expected to be complete by end of January 2021 with new facility in place end March 2021.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
To deliver new sports changing facility.						

6

Office Rationalisation

Project Life Financials	22,051	22,043	100%	22,052	2	0%
Current Year Financials	9	1	16%	11	2	20%
Project Description	Delivery of office rationalisation programme.					
Project Lifecycle	Planned End Date	31-Mar-20	Forecast End Date	31-Mar-20		
Main Issues / Reason for Variance						
The current overall project overspend is due to additional costs associated with the clearance of Garshake, unforeseen internal recharges, variations to project delivery, and asbestos removal. New Dumbarton Office has been opened to staff from 21 May 2018. HES Grant of £0.050m will be awarded in 2020/21, delay being due to staff shortages within HES processing claims and now as a result of COVID-19 and HES staff being furloughed. Retention for demolition of Garshake works will be paid in 2020/21.						
Mitigating Action						
None available.						
Anticipated Outcome						
Project delivered at a higher cost than budgeted.						

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

APPENDIX 7

PERIOD END DATE

31 October 2020

PERIOD

7

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

7

Leisure Energy projects - air handling units, upgrade lighting, circulating pumps, and draught proofing

Project Life Financials	290	62	21%	290	0	0%
Current Year Financials	218	0	0%	150	(68)	-31%

Project Description Measures to be installed at both Meadow Centre & Vale of Leven Swimming Pool; new pool hall Air Handling Units, upgrade lighting, circulating pumps Vale of Leven Swimming Pool, internal and external lighting and draught proofing.

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

Main Issues / Reason for Variance

Works to be completed relate to Air Handling Unit (AHU) upgrades at Meadow Centre. It was decided that installing an air handling unit outside would minimise disruption to customers, staff and business. Structural engineers were required to carry out soil samples to confirm the ground was suitable to build an external base for the unit however the positive result took a considerable amount of time to return. More recent delays relate to the design and details of the new foundation slab and requires to be re-configured due to the discovery of the unusually large projection of the foundation from the face of the main building. This altered the concept of the design of the proposed foundations so further works were required before it could go to tender. Tenders for the structure have now been evaluated and planning permission has been granted but due to time taken for approval works weren't able to progress further in 2019/20, and were required to be rephased to 2020/21, however due to COVID-19 restrictions, inability to visit site and make arrangements for installation. This could have an impact on the project being delayed. Consultancy Services is currently applying for Building Warrant for the revised scheme. Tenders have been received for the structural works and Officers are seeking approval from Leisure Services to proceed.

Mitigating Action

Continue to liaise with internal colleagues and Leisure Trust.

Anticipated Outcome

Project expected to deliver within budget albeit later than anticipated.

8

Regeneration/Local Economic Development

Project Life Financials	4,342	2,976	69%	4,342	0	0%
Current Year Financials	1,911	1,245	65%	1,824	(87)	-5%

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

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-22

Main Issues / Reason for Variance

COVID-19 mitigation measures have resulted in increased costs for former St Eunan's Primary project (Melfort Park). The Park has been completed and due to be formally launched when restrictions allow. LED contributions towards Dumbarton Gateway and Sylvania Way projects, being delivered this financial year, will be offset against an additional £0.307m of Town Centre Funding received from Scottish Government (also reported at TCF spend, below) There will be slippage again for the budget associated with public realm and infrastructure diversion at Mitchell Way due to delayed developer timescales. Design processes have been slower this year due to covid, and this has affected pipeline projects including Alexandria Masterplan, Smollett Fountain improvements in Alexandria, and Dumbarton Connectivity project, although we anticipate some expenditure at Smollett Fountain contract works this financial year. The LED contribution towards Clydebank Can on the Canal will slip into next financial year as the development of the project as been affected by delays in the input of our community partner. Some additional spend is forecast on the further development of the North Clyde Riverbank plans centred on Bowling. At this time it is anticipated that £0.087m will be required to be rephased to 2021/22.

Mitigating Action

None available at this time.

Anticipated Outcome

Improved town centres and strategic sites across West Dunbartonshire.

PERIOD END DATE

31 October 2020

PERIOD

7

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

9	Replace Elderly Care Homes and Day Care Centres						
Project Life Financials		27,463	26,223	100%	27,497	34	100%
Current Year Financials		2,371	1,602	68%	2,605	234	10%
Project Description		Design and construction of replacement elderly care homes and day care centres in Dumbarton and Clydebank areas.					
Project Lifecycle		Planned End Date		31-Mar-22	Forecast End Date		31-Mar-22
Main Issues / Reason for Variance							
<p>Dumbarton Care Home achieved practical completion on 28 April 2017. There is one outstanding recorded defect which is in the process of being rectified relating to the Combined Heat & Power (CHP) engine and accordingly a small amount of retention has been withheld. With regards to Clydebank Care Home, Completion was certified 9 November 2020. A Temporary Occupation Certificate was issued by Building Standards which is valid until late January 2021. This is to allow time for the process of naming the Queens Quay spine road to conclude. Thereafter, applications will be made for the Queens Quay House postal address and in turn, the full Building Standards Certificate of Completion. There remains a financial risk due to delay in achieving the district heating and power to site which are WDC owned risks in the construction contract. Accounting for estimated £0.242m delay costs, of which some have been absorbed by contingency balances, Officers are forecasting an overall project overspend in the region of £0.034m. The critical co-ordination aspect at present is the district heating connection which was successful on 9 October 2020. Access to the spine road was agreed as of 31 August 2020. The target opening date for the new facility will be advised by HSCP with a minimum of a 6 week transition period after the construction completion date.</p>							
Mitigating Action							
<p>COVID-19 outbreak has impacted the project programme, costs and risks. Due to the complexity of working within a Masterplan development, our ability to mitigate issues is restricted to only those within our direct project control. Officers are maintaining regular communications with the District Heating & Queens Quay Masterplan Teams, specifically utility connections and spine road.</p>							
Anticipated Outcome							
<p>Dumbarton Care Home opened 2017. Clydebank Care Home anticipated to be complete November 2020 with a projected overspend.</p>							

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

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

1

Electronic Insurance System - claim/incident management system						
Project Life Financials	50	43	86%	50	0	0%
Current Year Financials	7	0	0%	7	0	0%
Project Description	Acquisition of a claims/incident management system supported by an electronic document management system.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Initial discussions have taken place with the supplier and an updated quotation has now been received (cost has remained as per initial quotation). Quotation to be reviewed and signed off. The various insurance claim forms are in the process of being reviewed, updated and will then be available online. Supplier to take matters forward with their design team.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Upgraded Electronic Insurance System delivered on budget.						

2	Valuation Joint Board - Requisition of ICT Equipment						
	Project Life Financials	3	0	0%	3	0	0%
	Current Year Financials	3	0	0%	3	0	0%
	Project Description	Valuation Joint Board - Requisition of ICT Equipment					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
	Main Issues / Reason for Variance						
	The purchase of laptops and PCs were delayed into 2019/20 due to issues with the approved supplier, however project has been delayed further due to resources being directed to more prioritised work. This has effected the forecast end date and works therefore rescheduled to 2020/21. It is hopeful budget can be utilised this year, with final budget spend forecast in 2020/21.						
Mitigating Action							
None available at this time.							
Anticipated Outcome							
Requisition re ICT Equipment.							

PERIOD END DATE

31 October 2020

PERIOD

7

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

3	Replacement GIS system and upgrade to eDevelopment Planning system.						
	Project Life Financials	51	51	99%	51	0	0%
	Current Year Financials	26	25	99%	26	0	0%
Project Description		Replacement GIS system and upgrade to eDevelopment Planning system.					
Project Lifecycle		Planned End Date		31-Mar-21	Forecast End Date		30-Apr-20
Main Issues / Reason for Variance							
Project now fully installed tested and signed off as completed with the roll out being programmed and delivered in phased stages. Full budget spend in 2020/21.							
Mitigating Action							
None Required.							
Anticipated Outcome							
GP/GIS in Planning.							

4	Trading Standards Scam Prevention							
	Project Life Financials	10	8	81%	10	0	0%	
	Current Year Financials	2	0	15%	2	0	0%	
	Call blocking devices to be fitted to the phones of WDC's most vulnerable residents which will block unknown numbers from connecting and limiting incoming calls to only known and trusted numbers, for vulnerable consumers who may be susceptible to hard selling techniques, scams and other frauds.							
	Project Description							
	Project Lifecycle		Planned End Date		31-Mar-21	End Date		31-Mar-21
	Main Issues / Reason for Variance							
	The local scams advice and prevention initiative will follow a model being developed nationally by the Scottish Trading Standards society and will include both online and physical materials. It is hoped that despite COVID-19 the remaining budget can still be utilised in 2020/21.							
	Mitigating Action							
	None required at this time.							
Anticipated Outcome								
To protect WDC's most vulnerable residents from phone calls from which they may fall victim of hard selling techniques, scams and other frauds.								

5	ICT Modernisation - New Project 2020/21						
	Project Life Financials	900	0	0%	900	0	0%
	Current Year Financials	100	0	0%	100	0	0%
	Project Description	Annual replacement of end user devices such as end of life (EOL) mobile phones.					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
	Main Issues / Reason for Variance						
ICT Steering Board approval confirmed and procurement in progress for replacement of End of Life (EOL) mobile phones. Full budget spend anticipated in 2020/21.							
Mitigating Action							
None required at this time.							
Anticipated Outcome							
Spend completed on time and on budget.							

PERIOD END DATE

31 October 2020

PERIOD

7

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

6 Civic Heart Works - Refurbishment of Clydebank Town Hall

Project Life Financials	3,341	3,317	99%	3,341	0	0%
Current Year Financials	24	0	0%	24	0	0%

Project Description Refurbishment of Clydebank Town Hall.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-21

Main Issues / Reason for Variance

Works complete awaiting invoice for payment.

Mitigating Action

None required at this time.

Anticipated Outcome

Project to be delivered on budget.

7 Upgrade of Clydebank Library

Project Life Financials	500	500	100%	500	0	0%
Current Year Financials	1	2	128%	1	0	0%

Project Description Refurbishment of the existing Clydebank Library to deliver a fit for purpose modern library designed around the needs of the customer. This will protect a historic landmark and the original Carnegie library whilst offering the potential to build upon the development of a 'cultural quarter' focused around Clydebank Town Hall.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-21

Main Issues / Reason for Variance

Project Complete

Mitigating Action

None required at this time.

Anticipated Outcome

Full refurbishment of library delivered within budget and within amended timescales.

8 Transformation of Infrastructure Libraries and Museums

Project Life Financials	421	143	34%	421	0	0%
Current Year Financials	322	44	14%	322	0	0%

Project Description To improve performance and efficiency of Council's Libraries and Cultural Services.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-21

Main Issues / Reason for Variance

COVID-19 has delayed this project, and a new approach has also been agreed that will see funding impact go further by getting a contractor to design out two libraries as well as provide replacement mobile shelving for all libraries, improvements to Children's Library areas, public PC furniture and staff desks. This is now being progressed with colleagues from Procurement and Asset and there is a risk that full spend will not be possible by the end of the financial year 2020/21. An updated position will be provided in the next BCR report.

Mitigating Action

Project will be monitored for delays.

Anticipated Outcome

Project will be delivered within budget.

PERIOD END DATE

31 October 2020

PERIOD

7

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

9

Payment Card Industry Data Security Standard (PCIDSS)

Project Life Financials	30	0	0%	30	0	0%
Current Year Financials	30	0	0%	30	0	0%
Project Description	Module would ensure that WDC were compliant with the current requirements of PCIDSS for card payments without the need for numerous costly workarounds.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Work in progress collating details for the module to ensure all services who take payments are incorporated within the proposal. Budget spend anticipated in 2020/21.						
Mitigating Action						
None at this time.						
Anticipated Outcome						
Upgraded version with PCI compliant telephone payment system.						

10

Choices Programme - to assist young people who require additional support

Project Life Financials	750	609	81%	750	0	0%
Current Year Financials	147	7	5%	147	0	0%
Project Description	Bringing together Central Support Services which will include relocation of Choices Programme.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Project impacted by COVID-19 measures and unable to gain site access. Snagging works were completed in August 2020 and additional works to STEM area will take place over December 2020 and January 2021.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project delivered on time and on budget.						

11

Online Payment System for Education Establishments

Project Life Financials	52	50	96%	52	0	0%
Current Year Financials	2	0	0%	2	0	0%
Project Description	Cashless Catering within Primary Schools.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
It is anticipated that project will be delivered on time and on budget.						
Mitigating Action						
None currently required.						
Anticipated Outcome						
Project was delivered on time and on budget,						

12

OLSP - New Build

Project Life Financials	4,092	4,093	100%	4,092	0	0%
Current Year Financials	0	1	0%	0	0	0%
Project Description	Design and construction of new Secondary School in Bellsmyre, Dumbarton.					
Project Lifecycle	Planned End Date	31-Mar-20	End Date	31-Mar-20		
Main Issues / Reason for Variance						
Final invoice for Principal Designers fee paid in 2020/21, therefore project now physically and financially complete.						
Mitigating Action						
None Required						
Anticipated Outcome						
New Build opened to pupils on 25 October 2017 in line with the programme. Project reporting an overspend.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

13

Aitkenbar PS, St Peters PS, Andrew Cameron EE&CC

Project Life Financials	10,384	10,385	100%	10,386	2	0%
Current Year Financials	66	67	101%	67	1	1%
Project Description	Design and construction of new co-located school to replace 3 separate establishments.					
Project Lifecycle	Planned End Date	31-Mar-21	End Date	31-Mar-21		
Main Issues / Reason for Variance						
Officers attended a final inspection on 30 September 2020 where it was agreed to close the remaining 2 defects. As such, the Making Good Defects certificate and final payment certificate in the sum of £0.016m have now be released. This concludes the final anticipated expenditure and as such the project is complete.						
Mitigating Action						
None required.						
Anticipated Outcome						
Delivery of project on programme and under budget.						

14

Schools Estate Refurbishment Plan

Project Life Financials	5,508	5,493	100%	5,508	0	0%
Current Year Financials	16	12	73%	16	0	0%
Project Description	Completion of condition surveys has been carried out to identify works required to bring various schools from Condition C to Condition B.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Final budget expenditure to be incurred in 2020/21.						
Mitigating Action						
None available						
Anticipated Outcome						
To improve the condition of schools within budget albeit later than first anticipated.						

15

Digital Inclusion

Project Life Financials	418	1	0%	418	0	0%
Current Year Financials	418	1	0%	418	0	0%
Project Description	Increase the ratio of chrome book devices for most disadvantaged children and families and support for families with remote access.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
New Scottish Government funding to support the most disadvantage children in West Dunbartonshire by increasing the chromebook to pupil ratio. 358 chromebooks have been distributed the remaining 1,726 devices are in the process of being ordered. Budget spend anticipated in 2020/21.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Increase the chromebook ratio for most disadvantaged children.						

16

Purchase of gritters

Project Life Financials	400	0	0%	400	0	0%
Current Year Financials	400	0	0%	400	0	0%
Project Description	Purchase of gritters.					
Project Lifecycle	Planned End Date	31-Mar-21	Actual End Date	31-Mar-21		
Main Issues / Reason for Variance						
Procurement strategy developed and quotations received. Full budget spend anticipated in this financial year.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Receipt of gritters later than anticipated, may be an increase in cost.						

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

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

17	COVID-19 School Transport Retrofit Fund						
	Project Life Financials	18	0	0%	18	0	0%
	Current Year Financials	18	0	0%	18	0	0%
	Project Description	The purpose of this one-off capital funding is to provide additional funds to enable the fitting of mitigation measures to limit the transmission of COVID-19 on school transport vehicles.					
	Project Lifecycle	Planned End Date	31-Mar-21	Actual End Date	31-Mar-21		
	Main Issues / Reason for Variance						
	New Scottish Government funding to be used to install measures in school buses to help reduce the risk of COVID-19 transmission. Full budget spend anticipated in 2020/21.						
Mitigating Action							
None available at this time.							
Anticipated Outcome							
To help reduce the risk of transmission of COVID-19 on school buses.							

PERIOD END DATE

31 October 2020

PERIOD

7

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

18	Clydebank Community Sports Hub					
	Project Life Financials	3,865	3,798	98%	3,865	0 0%
	Current Year Financials	67	1	1%	67	0 0%
	Project Description	Creation of a community and sport hub.				
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21	
	Main Issues / Reason for Variance					
	The Principal Contractor CBC are in administration and Officers have issued a contract termination notice. There are outstanding defects to be rectified including the allotment raised beds. Officers are working on procurement routes and liaising with the Insolvency Practitioner with a view to commissioning third parties to rectify defects. There are anticipated minor professional fees to be paid in 2020/21 and the previously withheld retention monies will now be looked upon for the budget to rectify defects. Officers have received correspondence from the Insolvency Practitioner cost consultant requesting payment of the withheld retention money, which is being disputed by officers.					
	Mitigating Action					
	Costs to rectify remaining defects are being prepared and will be assessed against remaining withheld retention.					
	Anticipated Outcome					
	New facility has been operational since October 2018. Project reporting a forecasted overspend.					
19	Community Capital Fund					
	Project Life Financials	3,851	3,660	95%	3,851	0 0%
	Current Year Financials	213	22	10%	213	0 0%
	Project Description	Upgrade and improve recreational facilities throughout West Dunbartonshire.				
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21	
	Main Issues / Reason for Variance					
	Works to be completed relate to four play parks at Levensgrove Park, Balloch Park, Moss o Balloch and Central Alexandria. Works resumed August 2020 following COVID-19 restrictions with completion anticipated by 31 March 2021.					
	Mitigating Action					
	None required at this time.					
	Anticipated Outcome					
	Improved recreational facilities throughout WDC.					
20	Community Sports Fund					
	Project Life Financials	472	406	86%	472	0 0%
	Current Year Financials	66	0	0%	66	0 0%
	Project Description	Match funding of up to 75% for local sports clubs to develop business cases to improve facilities.				
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21	
	Main Issues / Reason for Variance					
	2017/18 was the final year of a project to fund external/community sports groups which is now closed to new applications. Officers have evaluated submissions received within the final round of applications. Full spend has been committed, however the timing of spend is dependent on external groups proceeding with projects as planned. It is hopeful that full budget spend can be achieved in 2020/21.					
	Mitigating Action					
	Officers will continue to liaise with community groups to ensure progress is made with projects.					
	Anticipated Outcome					
	Improve sport facilities to a wide range of organisations WDC.					

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Variance	
	£000	£000	%	£000	£000	%
21 Holm Park & Yoker Athletic FC						
Project Life Financials	750	658	88%	750	0	0%
Current Year Financials	92	0	0%	92	0	0%
Project Description	Develop a new 3G pitch to act as a home venue for Clydebank FC with extensive community access.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Planning application submitted November 2020 and works will commence January 2020 onsite.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project delivered on budget.						
22 Environmental Improvement Fund						
Project Life Financials	1,726	1,704	99%	1,726	0	0%
Current Year Financials	42	19	46%	42	0	0%
Project Description	This fund has been created to deliver environmental improvement projects for communities throughout West Dunbartonshire.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Remaining budget to fund the retentions of Mountblow 3G pitch and final minor expenditure.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Project delivered on budget.						
23 New Clydebank Leisure Centre						
Project Life Financials	23,758	23,757	100%	23,758	0	0%
Current Year Financials	2	1	72%	2	0	0%
Project Description	Provision of new leisure centre.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Final minor expenditure committed.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project delivered on time and under budget. Underspend removed from budget in 2018/19.						
24 Public non-adopted paths and roads						
Project Life Financials	1,068	823	77%	1,068	0	0%
Current Year Financials	288	43	15%	288	0	0%
Project Description	Upgrades to drainage and lighting to enhance the lifespan of paths and roads within facilities in public parks, cemeteries and civic spaces.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Projects delayed due to COVID-19 restrictions, however, contractors now back working and works expected to be caught up and completed by end of financial year.						
Mitigating Action						
Works to be complete as soon as possible.						
Anticipated Outcome						
Upgraded footpaths.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

25 Sports Facilities Upgrades						
Project Life Financials	193	148	76%	193	0	0%
Current Year Financials	167	122	73%	159	(8)	-5%

Project Description Project is part of wider investment in sporting facilities and is dependent on match funding from Sports Scotland. Agreement in principle to wider WDC strategic priorities.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 30-Apr-21

Main Issues / Reason for Variance

The budget has been allocated for construction of 3 All weather tennis courts at Argyll Park. This project was estimated to cost £0.165m and it was hopeful that with application to The Lawn Tennis Association, match funding would be received, however following discussions with The Lawn Tennis Association in April 2018 they have only offered 25% funding. Match funding of 25% has also been provided by Sports Scotland. The project has now been tendered, and despite a value engineering exercise the project cost is exceeded to total £0.020m over allocated budget. As a result Sports Scotland have agreed to increase their funding by £0.020m to allow the project to progress. The contract was awarded and expected to commence in March 2020, however was postponed due to COVID-19 restrictions. Works re-commenced August 2020 and were complete at the end of October 2020 with the exception of the final surface coat which has been scheduled for April 2021 due to required weather conditions. £0.008m is required to be rephased to 2021/22 for the final surface coat and retention payment.

Mitigating Action

None available at this time.

Anticipated Outcome

To deliver project within budget albeit later than first anticipated.

26 New Sports Changing Facility Dumbarton West (Old OLSP site)						
Project Life Financials	350	9	2%	350	0	0%
Current Year Financials	341	0	0%	341	0	0%

Project Description New Sports Changing Facility Dumbarton West (Old OLSP site)

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-21

Main Issues / Reason for Variance

Demolition and site investigation works are complete. Project progression has been delayed in 2020/21 due to COVID-19 restrictions. Planning permission has been submitted but further discussions in relation to the tie in with new housing site have taken place and planning will require to be resubmitted. Final budget spend for the year will be dependent on outcome of this and budget spend will not be able to be confirmed until that time.

Mitigating Action

Continue to liaise with Planning to take the project forward and prevent further delay.

Anticipated Outcome

To deliver new sports changing facility.

27 New Sports Changing Facility at Duntocher						
Project Life Financials	300	20	7%	300	0	0%
Current Year Financials	281	7	3%	281	0	0%

Project Description New Sports Changing Facility at Duntocher

Project Lifecycle Planned End Date 31-Mar-22 Forecast End Date 31-Dec-20

Main Issues / Reason for Variance

Works have commenced on site and due to complete by the end of December 2020.

Mitigating Action

None required at this time.

Anticipated Outcome

To deliver new sports changing facility.

PERIOD END DATE

31 October 2020

PERIOD

7

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

28 Auld Street Clydebank - Bond						
Project Life Financials	400	358	89%	400	0	0%
Current Year Financials	42	0	0%	42	0	0%
Project Description	Completion of roadworks associated with Auld Street housing development.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
COVID-19 restrictions has prevented progress of these works in 2020/21, however it is hopeful as restrictions are lifted, works can still be completed in 2020/21.						
Mitigating Action						
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.						
Anticipated Outcome						
Intention is to complete works for this budget in 2020/21.						

29 Cycling, Walking and Safer Streets						
Project Life Financials	474	94	20%	474	0	0%
Current Year Financials	474	94	20%	474	0	0%
Project Description	Introduction of enhanced walking routes and traffic calming schemes to introduce safer streets within West					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Works that were not completed due to COVID-19 restrictions will be prioritised in 2020/21 when Government guidance permits, to utilise this budget in the timeframe required.						
Mitigating Action						
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.						
Anticipated Outcome						
Intention is to complete works for this budget in 2020/21.						

30 Footways/Cycle Path Upgrades						
Project Life Financials	119	0	0%	119	0	0%
Current Year Financials	119	0	0%	119	0	0%
Project Description	Renewal and/or enhancement of failed footpaths/cycle paths through West Dunbartonshire.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Works were delayed due to COVID-19 restrictions however it is anticipated that the previously planned programme of works will still go ahead although the delivery method may have to be reviewed.						
Mitigating Action						
None required at this time but if necessary a review of delivery method will be undertaken.						
Anticipated Outcome						
Project complete within timescale.						

31 River Leven Flood Prevention Scheme						
Project Life Financials	800	124	16%	800	0	0%
Current Year Financials	96	0	0%	96	0	0%
Project Description	River Leven Flood Prevention Scheme.					
Project Lifecycle	Planned End Date	31-Mar-23	Forecast End Date	31-Mar-23		
Main Issues / Reason for Variance						
Consultant engaged and working on options for River Leven Flood Prevention Scheme. Project progress has however been delayed in 2020/21 due to COVID-19 restrictions, although it is still anticipated full budget can be spent.						
Mitigating Action						
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.						
Anticipated Outcome						
Intention is to complete works for this budget in 2020/21.						

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

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

32

Infrastructure - Flooding

Project Life Financials	144	0	0%	144	0	0%
Current Year Financials	144	0	0%	144	0	0%
Project Description	Essential renewal of failed drainage assets to minimise flood risk within West Dunbartonshire.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
COVID-19 Government guidance has prevented commencement on these works. It is anticipated that full spend will be achieved however in order to progress a response from SEPA on River Leven optioneering has been sought and has not yet been received.						
Mitigating Action						
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.						
Anticipated Outcome						
Intention is to complete works for this budget in 2020/21.						

33

Infrastructure - Roads

Project Life Financials	3,881	78	0%	3,881	0	0%
Current Year Financials	3,881	78	2%	3,881	0	0%
Project Description	Infrastructure - Roads					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
COVID-19 Government guidance has prevented commencement on these works. However, it is anticipated that works will still be completed within timescales although the delivery method may need to be changed.						
Mitigating Action						
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.						
Anticipated Outcome						
Intention is to complete works for this budget in 2020/21.						

34

A813 Road Improvement Phase 2

Project Life Financials	2,325	0	0%	2,325	0	0%
Current Year Financials	0	0	0%	0	0	0%
Project Description	A813 Road Improvement Phase 2.					
Project Lifecycle	Planned End Date	31-Mar-26	Forecast End Date	31-Mar-26		
Main Issues / Reason for Variance						
No issues to report.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
To provide an improved A813.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

35

A811 Lomond Bridge

Project Life Financials	3,900	2,081	53%	3,900	0	0%
Current Year Financials	3,342	1,523	46%	3,242	(100)	-3%
Project Description	Upgrade of Lomond Bridge.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	30-May-21		
Main Issues / Reason for Variance						
COVID-19 Government guidance has delayed commencement on these works, however works have resumed in June with project completion expected in May 2021. £0.100m is required to be rephased to 2021/22 for project completion.						
Mitigating Action						
Contractor has resumed works on site mid-June.						
Anticipated Outcome						
Upgrade of Lomond Bridge.						

36

Protective overcoating to 4 over bridges River Leven

Project Life Financials	1,030	35	0%	1,030	0	0%
Current Year Financials	464	9	2%	464	0	0%
Project Description	To overcoat 4 bridges over River Leven.					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
COVID-19 Government guidance has prevented commencement on these works. However, it is anticipated that the works will still be completed on time but the delivery method may need to be reviewed.						
Mitigating Action						
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.						
Anticipated Outcome						
Intention is to complete works for this budget in 2020/21.						

37

Strathclyde Partnership for Transport - Bus, cycling and walking infrastructure improvements & Park and Rides

Project Life Financials	750	0	0%	750	0	0%
Current Year Financials	750	0	0%	750	0	0%
Project Description	Strathclyde Partnership for Transport - Bus, cycling and walking infrastructure improvements.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
COVID-19 Government guidance has prevented commencement on these works. However, it is anticipated that the works will still be completed on time although the delivery method may be reviewed.						
Mitigating Action						
None available due to Government guidance intention is to re-programme works and re-allocate resource with a view to completion this financial year.						
Anticipated Outcome						
Intention is to complete works for this budget in 2020/21.						

38

Street lighting and associated electrical infrastructure

Project Life Financials	84	6	7%	84	0	0%
Current Year Financials	84	6	7%	84	0	0%
Project Description	Street lighting and associated electrical infrastructure.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
COVID-19 Government guidance has prevented commencement on these works. However, it is anticipated that the works will still be completed on time although the delivery method may be reviewed.						
Mitigating Action						
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.						
Anticipated Outcome						

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

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

Intention is to complete works for this budget in 2020/21.

39	Turnberry Homes - traffic calming/ management at Turnberry housing development off Castle Road						
	Project Life Financials	60	53	88%	60	0	0%
	Current Year Financials	7	0	0%	7	0	0%
	Project Description	Turnberry Homes - traffic calming/ management at Turnberry housing development off Castle Road.					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
	Main Issues / Reason for Variance						
	COVID-19 Government guidance has prevented commencement on these works, however budget spend anticipated in 2020/21.						
Mitigating Action							
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.							
Anticipated Outcome							
Intention is to complete works for this budget in 20/21.							

40	Electrical Charging Points - Rapid Charge						
	Project Life Financials	220	0	0%	220	0	0%
	Current Year Financials	220	0	0%	220	0	0%
	Project Description	Electrical Charging Points - Rapid Charge.					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
	Main Issues / Reason for Variance						
	COVID-19 Government guidance has prevented commencement on these works. However, it is anticipated that the works will still complete on time and an external consultant will be engaged to assist with progression.						
Mitigating Action							
None available due to Government guidance intention is to re-programme works & re-allocate resource with a view to completion this financial year.							
Anticipated Outcome							
Intention is to complete works for this budget in 2020/21.							

41	Spaces for People						
	Project Life Financials	740	20	3%	740	0	0%
	Current Year Financials	740	20	3%	740	0	0%
	Project Description	Funding has been awarded from Sustrans to assist with social distancing measures required as a result of the COVID-19 pandemic					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
	Main Issues / Reason for Variance						
	New funding for WDC in response to the COVID-19 pandemic. Funding provided for widening of footpaths to abide by social distancing guidelines. Plans are being developed, with a consultant to be appointed to develop designs. Full budget spend anticipated in 2020/21.						
Mitigating Action							
None required at this time.							
Anticipated Outcome							
To provide people of West Dunbartonshire additional space to help adhere to social distancing guidelines.							

PERIOD END DATE

31 October 2020

PERIOD

7

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

42

Invest in "Your Community Initiative"

Project Life Financials	880	620	70%	880	0	0%
Current Year Financials	98	18	18%	98	0	0%
Project Description						
Capital budget to support the roll out of Your Community, an initiative designed to achieve coordinated service delivery in response to community need. This is complimented by community capacity building, empowering WD citizens to do more for their own communities (leading to less reliance on council). Also included is the implementation of participatory budgeting to support and build capacity in communities.						
Project Lifecycle	Planned End Date	31-Mar-23	Forecast End Date	31-Mar-23		
Main Issues / Reason for Variance						
The Improvement Fund (IF) budget has been rephased to extend to financial year 2022/23. This allows community groups time to develop their projects and where possible source additional funding to match any IF support. The fund has supported a range of capital improvements across West Dunbartonshire including the India Street art-work project delivered in partnership with Central Alexandria Tenants and Residents Association (CATRA), improvements to the Rock Community Church in Castlehill and most recently approval to invest in a project that aims to create a physical link from Whitecrook to connect to the National Cycle Route 754. This project has been led by Centre 81 with engagement with the local community on the potential benefits a new link to the cycle path could provide. A modest contribution from the IF has allowed a significant amount of external funding to be levered into the Whitecrook area. Prior to the COVID-19 pandemic various projects were in the development phase. As we move through recovery, communities may take the opportunity to re-assess their local need. As a result some projects may change or new priorities may come forward. Your Community partners will continue to support communities with their local ambitions and at this time it is hopeful that full current year budget spend will be incurred.						
Mitigating Action						
Opportunities to mitigate have been limited due to the need to liaise with communities. The group continues to liaise with groups regularly to ensure funds are utilised for the benefit of the communities.						
Anticipated Outcome						
Full budget spend anticipated albeit later than originally planned.						

43

Integrated Housing Management System - new project 2020/21

Project Life Financials	20	0	0%	20	0	0%
Current Year Financials	10	0	0%	10	0	0%
Project Description						
Development of IHMS system.						
Project Lifecycle	Planned End Date	31-Mar-22	Forecast End Date	21-Mar-22		
Main Issues / Reason for Variance						
No issues to report with budget spend anticipated in 2020/21.						
Mitigating Action						
None required.						
Anticipated Outcome						
Development of IHMS system.						

44

Building Upgrades and H&S - lifecycle & reactive building upgrades

Project Life Financials	1,519	1,072	71%	1,519	0	0%
Current Year Financials	1,519	1,076	71%	1,519	0	0%
Project Description						
Lifecycle and reactive building upgrades.						
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Due to COVID-19 restrictions, planned works were delayed, however budget is expected to be fully allocated and budget spend anticipated in 2020/21.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Full budget spend anticipated.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

45

Oil to Gas Conversion

Project Life Financials	187	115	62%	187	0	0%
Current Year Financials	163	91	56%	163	0	0%
Project Description	Oil to Gas Conversion in council buildings.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Oct-20		

Main Issues / Reason for Variance

Carleith Boiler house works are complete. Balance of budget will be used as a contribution towards the Braehead PS boiler replacement, which is part funded by building upgrades. Full budget spend anticipated in 2020/21.

Mitigating Action

None required.

Anticipated Outcome

Project complete within budget and revised timescale.

46

Solar Panel Installation

Project Life Financials	135	7	5%	135	0	0%
Current Year Financials	135	7	5%	135	0	0%
Project Description	Installation of Solar Panels on Council buildings.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		

Main Issues / Reason for Variance

Funding approval has been granted by BAM PPP for the installation of solar panels at St Peter the Apostle High School. Awaiting confirmation from WDC Insurers to commence works, and on approval# full budget is expected to spend in 2020/21.

Mitigating Action

None required at this time.

Anticipated Outcome

Project will be delivered later than anticipated.

47

Water Meter Downsize

Project Life Financials	16	6	39%	16	0	0%
Current Year Financials	10	0	0%	10	0	0%
Project Description	Water Meter Downsize.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		

Main Issues / Reason for Variance

The original project is now complete and costs were less than anticipated. Officers will seek to identify additional opportunities and maximise spend of remaining budget.

Mitigating Action

None required at this time.

Anticipated Outcome

Delivery of project on time and on budget.

48

Urinal Controls

Project Life Financials	45	26	58%	45	0	0%
Current Year Financials	19	0	0%	19	0	0%
Project Description	Urinal Controls.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		

Main Issues / Reason for Variance

Specific sites are currently being identified and surveyed for the installation of urinal controls. Full spend is anticipated in this financial year.

Mitigating Action

None required at this time.

Anticipated Outcome

Delivery of project within budget.

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

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

49

Electricity Automatic Meters

Project Life Financials	28	18	64%	28	0	0%
Current Year Financials	10	0	0%	10	0	0%
Project Description	Electricity Automatic Meters					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
48 meters installed as at 31 March 2020. Completion of works is totally dependant on site access and permission to switch power off for up to one hour. It is hopeful that budget will be spent this financial year now that lockdown restrictions have eased. Officers are currently liaising with building managers and contractor to arrange power shut-down and installation where feasible.						
Mitigating Action						
Liaising with all parties in preparation to allow works to commence.						
Anticipated Outcome						
Delivery of project within budget, albeit later than originally planned.						

50

Energy Projects quick wins

Project Life Financials	60	3	5%	60	0	0%
Current Year Financials	27	0	0%	27	0	0%
Project Description	Energy Projects quick wins.					
Project Lifecycle	Planned End Date	31-Mar-22	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Draft proofing doors and windows, restricting control of radiator controls and thermostats etc. The COVID-19 situation has not allowed Officers to progress as expected, however will endeavour to maximise spend although part of this budget may need to be rephased into 2021/22.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Delivery of project on time and on budget.						

51

Automatic Meter Readers

Project Life Financials	48	20	41%	48	0	0%
Current Year Financials	28	0	0%	28	0	0%
Project Description	Automatic Meter Readers.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
This project life budget is split with £0.028m allocated to water automatic meter readers and £0.020m allocated to electricity automatic meter readers. With regards to water automatic meters, all large sites complete, with works to smaller sites to be completed now that COVID-19 restrictions have eased. With regards to the electricity automatic meters element of this project, completion of works was dependent on site access and permission to switch power off for up to one hour which wasn't possible in 2019/20. Full budget spend in this financial year anticipated.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Delivery of project within budget, albeit later than originally planned.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

52	Lighting upgrades to LED in schools and Corporate buildings					
	Project Life Financials	171	0	0%	171	0 0%
	Current Year Financials	171	0	0%	171	0 0%
	Project Description Lighting upgrades to LED in schools and Corporate buildings					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21	
	Main Issues / Reason for Variance					
	Replacement of lighting in schools and corporate building where discolouration/age/ and operational hours justifies replacement by new LED fittings. Early delays due to COVID-19 restrictions regarding site access to carry out surveys and availability of Building Services. Surveys now carried out on a number of sites and work almost completed by Building Services at Dumbarton Academy. Site access to be arranged with RPOs for installation in other buildings. Full spend forecast is anticipated.					
	Mitigating Action					
	Liaising with Building Services and RPOs for permission to proceed.					
	Anticipated Outcome					
	Delivery of project within budget.					
53	Replace failed heating controls/valves & recommission					
	Project Life Financials	20	1	3%	20	0 0%
	Current Year Financials	20	1	3%	20	0 0%
	Project Description Replace failed heating controls/valves & recommission					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21	
	Main Issues / Reason for Variance					
	At Linnvale Primary, Gartocharn Primary, Gavinburn Primary and Knoxland Primary the 3 port heating valves have failed resulting no control of heating with excessive space temperatures. By replacing the valves and recommissioning the heating controls at a cost of £0.020m, revenue savings of £0.005m per year is anticipated. Officers will endeavour to maximise spend this financial year.					
	Mitigating Action					
	None required at this time.					
	Anticipated Outcome					
	Delivery of project within budget and on time.					
54	Energy efficiency Quick win projects with payback of less than 4 years - new project 2020/21					
	Project Life Financials	20	0	0%	20	0 0%
	Current Year Financials	20	0	0%	20	0 0%
	Project Description Energy efficiency Quick win projects with payback of less than 4 years - new project 2020/21					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21	
	Main Issues / Reason for Variance					
	Draft proofing doors and windows, restricting control of radiator controls and thermostats etc. The COVID-19 situation has not allowed progress as expected, however Officers will endeavour to maximise spend but part of this budget may need to be rephased into 2021/22.					
	Mitigating Action					
	None available at this time.					
	Anticipated Outcome					
	Delivery on budget albeit later than anticipated.					

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

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

55

Installation of Solar PV at Clydebank Leisure Centre

Project Life Financials	61	0	0%	61	0	0%
Current Year Financials	61	0	0%	61	0	0%
Project Description	Installation of Solar PV at Clydebank Leisure Centre					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Design surveys now complete and currently being reviewed by Officers, thereafter planning application will be submitted and works procured.						
Mitigating Action						
None available at this time.						
Anticipated Outcome						
Delivery of project within budget.						

56

Queens Quay - Regeneration

Project Life Financials	15,620	15,503	99%	15,620	0	0%
Current Year Financials	249	131	53%	249	0	0%
Project Description	Queens Quay regeneration.					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Remaining budget in line for expenditure over next few months. No financial issue to report and project progressing well as planned (with known slippages from prior years due to District Heating Energy Centre and Network).						
Mitigating Action						
A number of mitigating actions are being monitored through the risk register by the Management Group. Fortnightly meetings with the development partner have been taking place during 2020/21 to progress the project and make every attempt to reduce delays and slippage.						
Anticipated Outcome						
Regeneration of Clydebank Waterfront in line with budget, but delayed to co-ordinate with District Heating project.						

57

Exxon City Deal

Project Life Financials	34,050	2,017	100%	34,050	0	100%
Current Year Financials	654	504	77%	834	180	28%
Project Description	As part of the City Deal project the WDC Exxon site at Bowling regeneration with alternative A82 route included.					
Project Lifecycle	Planned End Date	31-Mar-26	Forecast End Date	31-Mar-26		
Main Issues / Reason for Variance						
Regular updates are provided at every Council meeting, with City Deal papers presented at each meeting. The main issues contained within the new Council's approved Outline Business Case are still valid, which include Exxon's remediation strategy, land transfer arrangements and issues relating to adjoining owners. Exxon's commercial deal had been approved by WDC on the 24th June with land transfer agreed and missives concluded. The planning permission in principle (PPIP) application has been submitted and is being assessed by WDC planning department and will be presented for approval at a future Planning Committee. Exxon has agreed with SEPA and WDC-Environmental Health their remediation strategy. WDC and Exxon are now working together on their respective construction programmes to ensure the two phases of works can go ahead unimpeded by the other. Exxon are independently progressing their remediation works on their site. Further to the agreement of missives with Exxon, Officers have instructed the GRIP 4 design work agreed with Network Rail for the Western underpass which has resulted in an increased 2020/21 spend projection, accelerating budget of £0.180m from 2021/22.						
Mitigating Action						
Contained within Risk register monitored by Exxon Management Board. Technical reviews are being carried between WDC consultant Stantec and Exxon consultants WSP in assess the ongoing remediation strategy and site activity. WDC Officers are engaged with EXXON representatives in order to assess any programme implications. Exxon will continue discussions with the planning department and SEPA as we progress towards starting on site.						
Anticipated Outcome						
Delivery of the project on time and within the increased budget.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

58	Queens Quay District Heating Network					
	Project Life Financials	20,558	20,244	100%	20,558	0 100%
	Current Year Financials	1,530	1,216	79%	1,260	(270) -18%

Project Description Queens Quay District Heating Network.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-21

Main Issues / Reason for Variance

The energy centre shell is complete and has been handed over to WDC. The internal fit out is practically complete with heat now being supplied to Clydebank Care Home. Network connections are in place to all on-site WDC buildings with negotiation to connect to external customers underway. Service connections for Water, gas, telecoms and electricity to the Energy Centre have been made. The £6m LCITP grant funding has been fully spent. Income is due from Energetics in the form of a rebate for the electrical connection. Internal budget transfer is due from the Energy Centre spend to the Care Home budget to cover the costs of the heat being supplied to them during the care home construction period. Internal budget transfer is due from the Energy Centre spend to the Assets Upgrade budget for the District Heating pipe connection to the Town Hall and Library. Internal cost transfer is due from the Energy Centre spend to the ESCo account for the extension of the network. The above mentioned amounts are reflected in all spend projections. £0.270m is required to be rephased to 2021/22 for retention payment.

Mitigating Action

Opportunities to mitigate are limited.

Anticipated Outcome

Project will be delivered over original budget.

59	Town Centre Fund					
	Project Life Financials	1,166	21	100%	1,166	0 100%
	Current Year Financials	1,145	316	28%	1,145	0 0%

Project Description Scottish Government funding to help improve local town centres.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-22

Main Issues / Reason for Variance

Four projects were approved at August 2019 IRED committee, three Regeneration team-led, one Asset-led. Projects were only required to be legally committed by 31 March 2020 to secure funding, however Scottish Government later relaxed the condition on legal commitment allowing local authorities a more realistic timescale for commitment and spend (prior to COVID-19 restrictions). This planned expenditure will take place in 2020/21, subject to satisfying COVID-19 related matters in the construction. In September 2020 a further £0.307m was received from Scottish Government for the Town Centre Fund, and this will contribute towards the costs of the Dumbarton and Clydebank projects that LED was previously allocated for.

Mitigating Action

None required.

Anticipated Outcome

To provide improved town centres in West Dunbartonshire.

60	Purchase of 3 Welfare Units					
	Project Life Financials	78	0	100%	78	0 100%
	Current Year Financials	78	0	0%	78	0 0%

Project Description At Council meeting on 30th August 2017 it was agreed to purchase 3 Welfare Units as a spend-to-save proposal.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-21

Main Issues / Reason for Variance

Service is scoping requirements based on changing working practice and work projects. Expect full spend to be achieved in 2020/2021 financial year.

Mitigating Action

Building Services is currently reviewing requirement due to further changes in service delivery but it is anticipated full budget expenditure will be achieved by end of March 2021.

Anticipated Outcome

Project will be delivered later than anticipated.

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

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

61	Special Needs - Aids & Adaptations for HSCP clients					
	Project Life Financials	936	349	100%	936	0100%
	Current Year Financials	936	349	37%	936	00%
	Project Description	Reactive budget to provide adaptations and equipment for HSCP clients.				
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21	
	Main Issues / Reason for Variance					
	Reallocation of expenditure currently coded through HSCP Revenue Aids & Adaptations budget.					
	Mitigating Action					
	None required.					
	Anticipated Outcome					
Provision of adaptations and equipment to HSCP clients as anticipated.						

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

APPENDIX 8

PERIOD END DATE

31 October 2020

PERIOD

7

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

62 **Capital Contingency Fund**

Project Life Financials	0	0	100%	0	0	100%
Current Year Financials	0	0	0%	0	0	0%

Project Description Contingency budget created from underspends and/or anticipated project savings identified from TCR's.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-21

Main Issues / Reason for Variance

N/A

Mitigating Action

N/A

Anticipated Outcome

N/A

63 **Direct Project Support**

Project Life Financials	3,502	93	100%	3,910	408	100%
Current Year Financials	3,502	93	3%	3,910	408	12%

Project Description Business support cost such as reallocation of architects and project support at year end.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-21

Main Issues / Reason for Variance

Salary capitalisation expected in 2020/21.

Mitigating Action

None required.

Anticipated Outcome

Direct project support costs allocated as appropriate.

PERIOD END DATE

31 October 2020

PERIOD

7

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%
1 Resources Carried Forward						
Project Life Financials	(7,044)	(136)	2%	(7,044)	0	0%
Current Year Financials	(187)	0	0%	(187)	0	0%
Project Description	These are resources that have been received in previous years relating to Turnberry Homes, Posties Park Sports Hub, Auld Street Bond, Gruggies Burn and Early Years Funding					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Application of resources is dependent on capital project progressing in year as planned.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Application of resources held on balance sheet as at 31 March 2020 as appropriate.						
2 General Services Capital Grant						
Project Life Financials	(76,175)	(34,414)	45%	(76,175)	0	0%
Current Year Financials	(6,622)	(6,801)	103%	(6,622)	0	0%
Project Description	This is a general grant received from the Scottish Government in relation to General Services capital spend					
Project Lifecycle	Planned End Date	31-Mar-26	Forecast End Date	31-Mar-26		
Main Issues / Reason for Variance						
General services capital grant is anticipated to be received as forecast.						
Mitigating Action						
None required at this time						
Anticipated Outcome						
General services capital grant is anticipated to be received as forecast.						
3 Ring Fenced Government Grant Funding						
Project Life Financials	(47,406)	(3,231)	7%	(44,724)	2,682	-6%
Current Year Financials	(13,110)	(1,790)	14%	(12,803)	307	-2%
Project Description	This is ring fenced grant funding which is primarily anticipated to be received from the Scottish Government and relates to Cycling, Walking, Safer Streets, Early Years, Gruggies Burn Flood works, Early Years funding, City Deal and Town Centre Fund.					
Project Lifecycle	Planned End Date	31-Mar-26	Forecast End Date	31-Mar-26		
Main Issues / Reason for Variance						
Application of resources is dependent on capital project progressing in year as planned.						
Mitigating Action						
Mitigating actions are detailed within the appropriate status updates.						
Anticipated Outcome						
Application of resources as appropriate.						
4 Match Funding / Other Grants and Contributions						
Project Life Financials	(18,749)	(8,977)	48%	(17,699)	1,049	-6%
Current Year Financials	(4,585)	(101)	2%	(4,365)	220	-5%
Project Description	This is match funding from various bodies with the main funding being anticipated for Levensgrove Park, Posties Park and Clydebank Community Sports Hub					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
Application of resources is dependent on capital project progressing in year as planned.						
Mitigating Action						
None required.						
Anticipated Outcome						
Match funding received.						

PERIOD END DATE

31 October 2020

PERIOD

7

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

5	Capital Receipts						
	Project Life Financials	(41,448)	(248)	1%	(43,621)	(2,174)	5%
	Current Year Financials	(15,838)	(87)	1%	(8,369)	7,469	-47%
	Project Description	These are capital receipts that are anticipated from sales of land and buildings both as part of the normal disposal programme and also as part of the business case investment in office rationalisation, new school building and new care home development					
	Project Lifecycle	Planned End Date	31-Mar-26	Forecast End Date	31-Mar-26		
	Main Issues / Reason for Variance						
	Anticipated capital receipts to be monitored and forecast adjusted as required as 2020/21 progresses.						
	Mitigating Action						
	While market conditions are out with officers control all potential receipts will be explored.						
	Anticipated Outcome						
Capital receipts received.							

6	Prudential Borrowing						
	Project Life Financials	(182,524)	(161,076)	88%	(184,520)	(1,996)	1%
	Current Year Financials	(31,523)	(7,372)	23%	(17,207)	14,316	-45%
	Project Description	Prudential borrowing is long term borrowing from financial institutions that has been approved for the purposes of funding capital expenditure					
	Project Lifecycle	Planned End Date	31-Mar-26	Forecast End Date	31-Mar-26		
	Main Issues / Reason for Variance						
	Prudential borrowing is impacted by programme delivery therefore mitigating action is detailed in the red and amber analysis.						
Mitigating Action							
None available at this time.							
Anticipated Outcome							
While prudential borrowing requirement is likely to be less than budgeted in the current financial year this is anticipated to catch up over the programme life.							

7	CFCR						
	Project Life Financials	(185)	(656)	354%	(706)	(520)	280%
	Current Year Financials	(49)	0	0%	(49)	0	0%
	Project Description	This is capital spend which is funded by revenue budgets					
	Project Lifecycle	Planned End Date		31-Mar-21	Forecast End Date		31-Mar-21
	Main Issues / Reason for Variance						
	CFCR in 2020/21 relates to Tennis Courts with Sports Facilities Upgrades.						
Mitigating Action							
None required at this time							
Anticipated Outcome							
CFCR applied to relevant capital project.							

WEST DUNBARTONSHIRE COUNCIL**Report by the Strategic Lead - Resources****Council: 25 November 2020**

**Subject: Housing Revenue Account Budgetary Control Report
 to 31 October 2020 (Period 7)**

1. Purpose

- 1.1** The purpose of the report is to provide members with an update on the financial performance to 31 October 2020 (Period 7) of the HRA revenue and capital budgets for 2020/21.

2. Recommendations**2.1** Members are asked to:

- i) note that the revenue account currently shows a projected annual favourable variance of £1.809m (4.10% of the total budget), of which £1.758mm is COVID related; and
- ii) note the net projected annual position in relation to relevant capital projects which is highlighting an in-year variance of £11.608m (19.38%) due to projected slippage of £12.588 (21.01%) and an overspend of £0.980m (-1.64%)

3. BackgroundRevenue

- 3.1** At the meeting of West Dunbartonshire Council on 4 March 2020, Members agreed the revenue estimates for 2020/2021 and a total budget of £44.152m.

Capital

- 3.2** At the meeting of Council on 4 March 2020, Members also agreed the updated Capital Plan for 2020/21 which has been augmented by slippage from 2019/20 to produce a total planned spend for 2020/21 of £59.908m.

4. Main IssuesRevenue

- 4.1** The budgetary position for HRA Revenue is provided in Appendix 1 with information on projected variances valued at more than £0.050m being provided as Appendix 2, and shows a projected underspend of £1.809m. The projected favourable variance is made up of an underspend of £1.758mm due to the current projected impact of COVID, and an underspend of £0.051m.

The COVID-19 impact projection is based upon a range of assumptions as to how services will restart over the remainder of this financial year.

The restrictions imposed from 23rd march 2020 lockdown due to COVID-19 has had an impact on housing service delivery activities and costs. The main points affecting revenue spend are: -

- Repairs underspend - only emergency repairs were able to be attended to, so reduced cost of repairs charged from Housing Maintenance Trading Account reflecting less work. Senior Management are working closely together to work through the optimum solution to get the backlog of work completed subject to Risk Assessments and COVID-19 management processes to ensure operative and tenant safety.
- Void rent loss - house moves were not allowed between April and June so not possible to re let available properties which resulted in increased void rent loss for April to June. These restrictions have now been lifted and properties are being re-let.
- Rent Income - house building programme was suspended so rent income from houses expected to be completed in 20/21 will not be realised until 21/22.

Capital

4.2 The HRA capital summary position is shown in Appendix 3. Information on projects that are highlighted as being within the red and amber categories are provided in Appendices 4 & 5. Appendix 6 provides information on all the remaining projects which are categorised as being within the Green category. A summary of anticipated resources is shown in Appendix 7. The analysis shows that there is currently a projected in-year favourable variance of £12.588m which relates to anticipated slippage. COVID-19 restrictions have delayed construction and improvement works which is reflected in the slippage figures in this report. Works, having previously been paused due to COVID-19, are now being planned/progressed to resume in line with Ph3 of SG Routemap. Subject to Risk Assessments and COVID-19 management processes to ensure operative and tenant safety.

4.3 From the analysis within appendix 4 and appendix 5, it can be seen that there are 16 projects with forecast material slippage, as listed as follows:

Project Name	Slippage (£m)
Affordable Housing Supply Programme	4.947
Doors/Window component Renewals	1.475
Building external component renewals	1.197
Targeted EESSH compliance works	1.103
Buy Backs	0.780
Statutory/regulatory compliance works (lifts/electrical/legionella/fire etc.)	0.533
Capitalised minor works	0.515

Modern facilities and services	0.400
Special needs adaptations	0.302
Environmental renewal works	0.259
Airport Noise Insulation scheme	0.192
Secure entry component renewals	0.181
MSF Fire Risk Assessment works	0.167
Defective structures/component renewals	0.153
Heating improvement works	0.123
Better Homes Priority Budget	0.122

- 4.4** The Strategic Housing Investment Plan (SHIP) 2019-2024, outlining West Dunbartonshire's Affordable Housing Supply Programme (AHSP) through the More Homes West Dunbartonshire approach was approved by the Housing and Communities Committee in November 2019. An update on the programme and progress on each site was provided to the Housing and Communities Committee held on 4 November 2020.
- 4.5** In March 2020, the country was placed in lockdown due to the COVID-19 pandemic. This ceased all activity on each of the Council's 6 active new build sites and 1 demolition site. Following the re-start of sites as lockdown measures have eased, revised programmes and cost profiles are currently in the process of being received and the impacts of COVID-19 are now projected to impact on projects between 2-6 months and will result in slippage into 21/22. Moreover, complications resulting from the liquidation of the original construction company for the Dumbarton Harbour site has increased the financial pressure on the project life budget, with additional costings estimated at £0.980m. Once revised costings have been fully examined for all sites, it may be necessary to seek Council permission to vire funds between budgets within the AHSP and/or to accelerate funds from planned future years spend within the AHSP to ensure the project comes in on budget over the course of the project life budget. However this may impact on the number of new homes which we can deliver within existing budgets. The Housing Development Team have also had positive conversations with the Scottish Government and will look to increase the grant award for this project to try and offset some of the additional costs, though the outcome of these discussions will not be known until early 2021.

5. People Implications

- 5.1** There are no people implications.

6. Financial and Procurement Implications

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

7. Risk Analysis

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

The projected cost of COVID-19 is based upon a variety of assumptions flexibilities; demand; timing of nationally agreed changes through the phasing out of lockdown. These assumptions change regularly and therefore there is a significant risk that the projected year end budgetary position will change from that reported.

8. Equalities Impact Assessment (EIA)

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

9. Consultation

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

10. Strategic Assessment

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

Stephen West
Strategic Lead – Resources
Date: 17 November 2020

Person to Contact: Janice Rainey - Business Unit Finance Partner (HEED),
16 Church Street, Dumbarton, G82 1QL,
telephone: 01389 737704, e-mail janice.rainey@west-dunbarton.gov.uk

Appendices: Appendix 1 - Budgetary Position (Revenue)
Appendix 2 - Variance analysis (Revenue)
Appendix 3 - Budgetary Position (Capital)
Appendix 4 - Variance analysis Red Projects (Capital)
Appendix 5 - Variance analysis Amber Projects (Capital)

Appendix 6 - Variance analysis Green Projects (Capital)
Appendix 7 - Resources (Capital)

Background Papers: None

Wards Affected: All

WEST DUNBARTONSHIRE COUNCIL
HRA REVENUE BUDGETARY CONTROL 2020/2021

Appendix 1

PERIOD END DATE

31 October 2020

Subjective Summary	Total Budget 2020/21 £000	Spend to Date 2020/21 £000	Forecast Spend £000	Forecast Variance 2020/21 £000 %		Annual RAG Status	Net Variance attributable to covid £000	Underlying Variance excluding Covid £000
Employee Costs	5,559	3,394	5,734	175	3%	↓	12	163
Property Costs	1,837	1,003	1,807	(30)	-2%	↑	0	(30)
Transport Costs	80	34	80	0	0%	→	0	0
Supplies, Services And Admin	316	168	320	4	1%	↓	(29)	33
Support Services	2,661	1,532	2,626	(35)	-1%	↑	0	(35)
Other Expenditure	464	345	473	9	2%	↓	(47)	56
Repairs & Maintenance	12,517	3,480	10,329	(2,188)	-17%	↑	(1,968)	(220)
Bad Debt Provision	1,060	605	1,060	0	0%	→	0	0
Void Loss (Council Tax/Lost Rents)	740	853	961	221	30%	↓	222	(1)
Loan Charges	18,919	11,036	18,919	0	0%	→	0	0
Total Expenditure	44,153	22,450	42,309	(1,844)	-4%	↑	(1,810)	(34)
House Rents	42,432	23,782	42,381	52	0%	↓	52	0
Lockup Rents	209	116	201	8	4%	↓	0	8
Factoring/Insurance Charges	1,202	504	1,211	(9)	-1%	↑	0	(9)
Other rents	115	49	115	0	0%	→	0	0
Interest on Revenue Balance	93	41	71	22	24%	↓	0	22
Miscellaneous income	101	99	139	(38)	-38%	↑	0	(38)
Total Income	44,152	24,591	44,118	35	0%	↓	52	(17)
Net Expenditure	0	(2,141)	(1,809)	(1,809)			(1,758)	(51)

MONTH END DATE

31 October 2020

PERIOD

7

Budget Details	Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status
	£000	£000	£000	%

EMPLOYEE COSTS	5,559	5,734	175	3%	↓
Subjective Description					
This budget covers all employees charged directly to the HRA including caretakers.					
Variance Narrative					
Main Issues	There are two reasons for this adverse variance. The first reason relates to a reduction in the recharge of salaries to HRA Capital due to changes in the workload as a result of the Covid-19 lockdown in the first 3 months of the year (£0.012m). The other main reason relates to the proportion of staff being recharged to other services being less than budgeted (£0.212m). However, this is partly offset by a reduction in recharges from other services (£0.049m).				
Mitigating Action	No mitigation possible. Any overspend will be contained within the overall HRA Budget.				
Anticipated Outcome	A year end overspend is anticipated.				

REPAIRS & MAINTENANCE	12,517	10,329	(2,188)	-17%	↑
Service Description					
This budget covers all repair and maintenance expenditure to houses and lockups					
Variance Narrative					
Main Issues	The projected underspend is attributable to 2 main factors, namely a saving (£0.207m) on the gas maintenance contract, as a result of a procurement exercise and a backlog in jobbing repairs as a result of covid. Buildings Service management are currently reviewing options to catch-up with backlog repairs, should this be successful then this underspend is likely to reduce as the year progresses. Ongoing repairs may be affected adversely by any further widespread covid infection in the future.				
Mitigating Action	HMTA will continue to seek appropriate ways to catch up with repairs				
Anticipated Outcome	A year end underspend is anticipated.				

Budget Details	Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status
	£000	£000	£000	%

VOID LOSS	740	961	221	30%	↓
Service Description					
This budget covers the rents lost on void houses and lockups and the cost of council tax on void properties.					
Variance Narrative					
Main Issues	The main reason for this adverse variance relates to the void rent loss. House moves were not permitted between April and June, therefore it was not possible to relet available properties during this time. Despite restrictions being lifted and best efforts to relet properties, the current expectation is that recovery to normal numbers won't occur until later in the year. A short-life working group is being established to project manage the issues between now and then, with practicalities straddling Housing Operations and HMTA.				
Mitigating Action	Any overspend will be contained within the overall HRA Budget.				
Anticipated Outcome	A year end overspend is anticipated.				

WEST DUNBARTONSHIRE COUNCIL
HRA REVENUE BUDGETARY CONTROL 2020/2021
ANALYSIS FOR VARIANCES OVER £50,000

APPENDIX 2

MONTH END DATE

31 October 2020

PERIOD

7

Budget Details		Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status	
	£000	£000	£000	%	
HOUSE RENTS	(42,432)	(42,381)	52	0%	↓
Service Description					
Rental income from houses					
Variance Narrative					
Main Issues	This budget is based on the expected numbers of stock available for rent. The 20/21 budget assumed a provision for some of the new builds becoming available to rent part way through the financial year. However, the temporary halt of work and delays to the progress on site due to covid, will mean that some of these properties will not be ready for let within 2020/21.				
Mitigating Action	No mitigation possible. Any income shortfall will be contained within the overall HRA Budget.				
Anticipated Outcome	There will be a shortfall in rental income.				

WEST DUNBARTONSHIRE COUNCIL
HRA CAPITAL PROGRAMME
OVERALL PROGRAMME SUMMARY

MONTH END DATE 31 October 2020

PERIOD 7

Project Status Analysis	Project Life Status Analysis				Current Year Project Status Analysis					
	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status		
Red										
Projects are forecast to be overspent and/or experience material delay to completion	6	22.2%	64,370	71.1%	6	22.2%	18,673	79.5%		
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	13	48.1%	10,171	11.2%	13	48.1%	1,355	5.8%		
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	8	29.6%	15,964	17.6%	8	29.6%	3,466	14.8%		
TOTAL EXPENDITURE	27	100%	90,505	100%	27	100%	23,494	100%		
Project Status Analysis	Project Life Financials				Current Year Financials					
	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000	Slippage £000	Over/ (Under) £000
Red										
Projects are forecast to be overspent and/or significant delay to completion	177,986	64,370	176,954	(1,032)	49,191	18,673	40,136	(9,055)	(10,035)	980
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	34,152	10,171	33,869	(283)	5,880	1,355	3,327	(2,553)	(2,553)	0
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	33,230	15,964	33,230	0	4,837	3,466	4,837	0	0	0
TOTAL EXPENDITURE	245,368	90,505	244,053	(1,315)	59,908	23,494	48,300	(11,608)	(12,588)	980
TOTAL RESOURCES	245,368	90,505	244,053	1,315	59,908	23,494	48,300	11,608		
NET EXPENDITURE	0	0	0	0	0	0	0	0		

MONTH END DATE

31 October 2020

PERIOD

7

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

1

Affordable Housing Supply Programme						
Project Life Financials	105,348	45,435	43%	105,348	0	0%
Current Year Financials	33,245	14,200	43%	29,278	(3,967)	-12%
Project Description	Affordable Housing Supply Programme					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
Site updates are as follows:-						
St Andrews - CCG are following latest SG guidance have proceeded to stage 5 as above of the Construction Industry 6-stage roadmap. Work progressing well and handovers projected to take place between October/November 2020 and July 2021.						
Creveul Court, Aitkenbar Primary School and Haldane - CCG have moved into phase 5 as above of the Construction Industry 6-stage road map. Currently looking like Creveul will complete early 2021, Haldane will compete in March 2021 and Aitkenbar will complete by May 2021.						
Clydebank East - Demolition is now complete. The design of this site is still underway with total numbers to be finalised but as indicated to the previous Housing and Communities Committee there is now sufficient scope to increase the provision of social housing.						
Dumbarton Harbour Ph 3 - Due to delays caused by the liquidation of the original construction company, it was unlikely that this project would have completed fully by March 2021. Cullross Ltd, having taken on the Main Contractor role, managed to resume on site activity following the collapse of the original contractor very quickly, however lockdown occurred immediately after this. The project is at a less advanced stage than the other sites, however, early indications of a revised programme suggest it could be complete by July 2021. However, as a result of the liquidation of the original contractor, followed so soon by the Covid-19 lockdown the project has experienced significant increased costs of £0.980m due to Cullross having to re-visit the market for costs which have increased even more as a result of the pandemic.						
Queen Quay (Sites B) - A joint project with Wheatley Group and Clydebank Housing Association, the Council had 29 out of the 146 properties in total on site just before lockdown. As with the other sites, this site is progressing again and revised programmes are being developed and will be discussed with all 3 developing partners in late October. When a completion date is advised, Committee will be informed.						
Mitigating Action						
Progress on this programme will be closely monitored on a regular basis through the More Homes Project Board and reported to the Housing and Communities Committee on a quarterly basis. The temporary halt of work and delays due to Covid-19, will mean that slippage is unavoidable within the current financial year however this will be minimised wherever possible.						
Anticipated Outcome						
The Affordable Housing Supply Programme will be delivered on time and within the overall project life budget.						

MONTH END DATE

31 October 2020

PERIOD

7

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

2	Targeted EESSH compliance works						
	Project Life Financials	30,579	9,268	30%	29,547	(1,032)	-3%
	Current Year Financials	5,228	1,904	36%	4,125	(1,103)	-21%
	Project Description	This budget enables the council's continued commitment to achieving the Government's standards in relation to energy efficiency.					
	Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance							
Works, having previously been paused due to COVID, is now back underway and progressing well.							
Mitigating Action							
Officers will work with contractor to maximise output and spend.							
Anticipated Outcome							
Slippage anticipated and required to be carried forward into 21/22. Project to completed under project life budget due to underspend achieved last year.							

3	Building external component renewals, roofs/chimneys/flashings/fascias/gutters/svp						
	Project Life Financials	21,503	5,483	25%	21,503	0	0%
	Current Year Financials	3,726	930	25%	2,529	(1,197)	-32%
	Project Description	Building external component renewals					
	Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance							
Works, having previously been paused due to COVID, is now back underway and progressing well. Additional sub-contractor support for delivery has been arranged and is underway.							
Mitigating Action							
Building Services will work to manage resources and restart to maximise output and spend.							
Anticipated Outcome							
Slippage anticipated and required to be carried forward into 21/22.							

4

Doors/window component renewals						
Project Life Financials	11,082	2,063	19%	11,082	0	0%
Current Year Financials	2,475	91	4%	1,000	(1,475)	-60%
Project Description	Doors/Windows Component Renewals					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
Performance and output from the window supply contractor is disappointing and not meeting expectations. The Building Services Manager, supported by the Procurement team, is working to resolve and improve this position with the supplier and is also investigating possibilities of shelf ready alternative suppliers from existing frameworks to bolster this need and to help maximise delivery and spend on this programme.						
Mitigating Action						
Building Services will work to manage resources and restart to maximise output and spend.						
Anticipated Outcome						
Slippage anticipated and required to be carried forward into 21/22.						

MONTH END DATE

31 October 2020

PERIOD

7

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

5	Statutory/regulatory compliance works (lifts/electrical/legionella/fire etc)						
	Project Life Financials	3,605	766	21%	3,605	0	0%
	Current Year Financials	2,403	1,059	44%	1,870	(533)	-22%
	Project Description	This budget will be used to upgrade / replace components / installations in order to comply with the relevant standards / legislation / health and safety in relation to housing stock.					
	Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance							
Work contributing to this programme has been continuing in connection with gas heating annual servicing and continues to gather pace.							
Mitigating Action							
Building Services will work with support contractor to maximise output and spend.							
Anticipated Outcome							
Slippage anticipated and required to be carried forward into 21/22.							

6

Buy Backs						
Project Life Financials	5,870	1,355	23%	5,870	0	0%
Current Year Financials	2,114	489	23%	1,334	(780)	-37%
Project Description	This is a budget to undertake specific projects that will deliver housing policies/strategies, example: Ex local authority and mortgage to rent buy-back scheme					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
The main objective of the Buy Back Scheme is to bring former council properties that were sold through the RTB scheme, back into council use. These properties must assist the council with reducing housing need on the waiting list and where appropriate assist with external capital works. For these reasons, any purchase is subject to stringent criteria to ensure accountability and value for money for existing tenants. With several key stakeholders involved, this does mean that there is potential for slippage.						
Mitigating Action						
The policy has recently been refreshed and expanded to help achieve the key strategic aim. Officers will increase efforts to maximise buy-backs, in an effort to increase delivery of the scheme and positively impact and minimise slippage.						
Anticipated Outcome						
Budget unlikely to meet full spend. Officers will endeavour to maximise spend and minimise slippage. Remaining balance will be required to be rephased into 2021-22.						

TOTAL RED						
Project Life Financials	177,986	64,370	36%	176,954	(1,032)	-1%
Current Year Financials	49,191	18,673	38%	40,136	(9,055)	-18%

MONTH END DATE

31 October 2020

PERIOD

7

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

1 **Special needs adaptations**

Project Life Financials	3,229	800	25%	3,229	0	0%
Current Year Financials	462	128	28%	160	(302)	-65%
Project Description	Adaptations to Housing for Special Needs					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		

Main Issues / Reason for Variance

This workstream is still in a gradual return to normal activity, as this work mainly involves those citizens in the most vulnerable groups who are reticent to permit operatives and works access to their homes.

Mitigating Action

None available at this time.

Anticipated Outcome

Slippage anticipated and required to be carried forward into 21/22.

2 **Capitalised minor works**

Project Life Financials	3,560	1,218	34%	3,560	0	0%
Current Year Financials	615	12	2%	100	(515)	-84%
Project Description	This is a budget to undertake specific minor ad hoc capital projects that arise on demand throughout the financial year.					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		

Main Issues / Reason for Variance

As workstreams gather progress, it is anticipated that there will increased spend in the coming periods.

Mitigating Action

None available at this time.

Anticipated Outcome

Slippage anticipated and required to be carried forward into 21/22.

3 **Better Homes Priority Budget**

Project Life Financials	1,144	99	9%	1,144	0	0%
Current Year Financials	245	0	0%	123	(122)	-50%
Project Description	Priority projects as prioritised by the Better Homes Group					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		

Main Issues / Reason for Variance

Works, having previously been paused due to COVID, are now being planned/progressed to resume in line with Phase 3 of the Scottish Government Routemap. Subject to Risk Assessments and COVID management processes to ensure operative and tenant safety.

Mitigating Action

None available at this time.

Anticipated Outcome

Slippage anticipated and required to be carried forward into 21/22.

MONTH END DATE

31 October 2020

PERIOD

7

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

4 Targeted SHQS compliance works

Project Life Financials	400	17	4%	117	(283)	-71%
Current Year Financials	100	0	0%	50	(50)	-50%

Project Description This budget is to focus on work required to maintain the SHQS compliance with WDC housing stock.

Project Lifecycle Planned End Date 31-Mar-21 Forecast End Date 31-Mar-22

Main Issues / Reason for Variance

Works, having previously been paused due to COVID, are now being planned/progressed to resume in line with Phase 3 of the Scottish Government Routemap. Subject to Risk Assessments and COVID management processes to ensure operative and tenant safety.

Mitigating Action

None available at this time.

Anticipated Outcome

Slippage anticipated and required to be carried forward into 21/22. Project to completed under project life budget due to underspends achieved in previous financial years.

5 External stores/garages/bin stores/drainage component renewals

Project Life Financials	430	125	29%	430	0	0%
Current Year Financials	131	44	34%	72	(59)	-45%

Project Description This budget is to focus on external stores/garages/bin stores etc. component renewals as identified and recommended from the housing stock condition survey.

Project Lifecycle Planned End Date 31-Mar-25 Forecast End Date 31-Mar-25

Main Issues / Reason for Variance

This programme of works, having previously been paused due to COVID, has restarted in conjunction with the environmental programme.

Mitigating Action

Building Services will work to manage resources and restart to maximise output and spend.

Anticipated Outcome

Slippage anticipated and required to be carried forward into 21/22.

6 Secure entry component renewals

Project Life Financials	446	90	20%	446	0	0%
Current Year Financials	181	0	0%	0	(181)	-100%

Project Description This budget is to focus on secure door entry component renewals as identified and recommended from the housing stock condition survey and appropriate council officer referrals.

Project Lifecycle Planned End Date 31-Mar-25 Forecast End Date 31-Mar-25

Main Issues / Reason for Variance

Works, having previously been paused due to COVID, are now being planned/progressed to resume in line with Phase 3 of the Scottish Government Routemap. Subject to Risk Assessments and COVID management processes to ensure operative and tenant safety.

Mitigating Action

None available at this time.

Anticipated Outcome

Slippage anticipated and required to be carried forward into 21/22.

MONTH END DATE

31 October 2020

PERIOD

7

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

7	Heating improvement works:						
	Project Life Financials	6,049	1,645	27%	6,049	0	0%
	Current Year Financials	923	487	53%	800	(123)	-13%
	Project Description	Carry out works to renew inefficient boilers/full systems as identified from the stock condition survey and renewal of obsolete/damaged boilers.					
	Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
	Main Issues / Reason for Variance						
	Works have resumed on this programme, however, progress will be subject to the impact of COVID, should a tenant decline access due to isolation etc.						
Mitigating Action							
None available at this time.							
Anticipated Outcome							
Slippage anticipated and required to be carried forward into 21/22.							

8	Modern facilities and services						
	Project Life Financials	4,795	1,721	36%	4,795	0	0%
	Current Year Financials	707	11	2%	307	(400)	-57%
	Project Description	New Kitchens, Bathrooms and Showers					
	Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
	Main Issues / Reason for Variance						
	This workstream is still in a gradual return to normal activity. Progress may be impacted by COVID, where some tenants are reticent to permit operative and works access to their homes. Resources from this area of work are also diverted to assist in clearing the backlog of reactive repairs from lockdown.						
Mitigating Action							
None available at this time.							
Anticipated Outcome							
Slippage anticipated and required to be carried forward into 21/22.							

9	Defective structures/component renewals						
	Project Life Financials	4,295	1,202	28%	4,295	0	0%
	Current Year Financials	615	147	24%	462	(153)	-25%
	Project Description	Defective structures					
	Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
	Main Issues / Reason for Variance						
	Work has now resumed on two blocks, albeit with reduced working numbers to meet COVID management procedures. There will be a lag in spend until valuations catch up.						
Mitigating Action							
Building Services will work to manage resources and restart to maximise output and spend.							
Anticipated Outcome							
Slippage anticipated and required to be carried forward into 21/22.							

MONTH END DATE

31 October 2020

PERIOD

7

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

- 10 Environmental renewal works, paths/fences/walls/parking area's**
- | | | | | | | |
|-------------------------|---|-----------|-------------------|-------|-----------|------|
| Project Life Financials | 7,634 | 2,704 | 35% | 7,634 | 0 | 0% |
| Current Year Financials | 1,004 | 401 | 40% | 745 | (259) | -26% |
| Project Description | Environmental renewal works, paths/fences/walls/parking areas | | | | | |
| Project Lifecycle | Planned End Date | 31-Mar-25 | Forecast End Date | | 31-Mar-25 | |
- Main Issues / Reason for Variance**
Work has now resumed on this programme whilst maintaining COVID management procedures. There will be a lag in spend as charging process catches up.
- Mitigating Action**
Building Services will work to manage resources and restart to maximise output and spend.
- Anticipated Outcome**
Slippage anticipated and required to be carried forward into 21/22.
- 11 Asbestos management works**
- | | | | | | | |
|-------------------------|--|-----------|-------------------|-------|-----------|------|
| Project Life Financials | 1,478 | 550 | 37% | 1,478 | 0 | 0% |
| Current Year Financials | 205 | 125 | 61% | 175 | (30) | -15% |
| Project Description | This budget is to fund work associated with the management of current asbestos legislation and the Council's asbestos policy within housing stock. | | | | | |
| Project Lifecycle | Planned End Date | 31-Mar-25 | Forecast End Date | | 31-Mar-25 | |
- Main Issues / Reason for Variance**
Works, having previously been paused due to COVID, are now being planned/progressed to resume in line with Phase 3 of the Scottish Government Routemap. Subject to Risk Assessments and COVID management processes to ensure operative and tenant safety.
- Mitigating Action**
None available at this time.
- Anticipated Outcome**
Slippage anticipated and required to be carried forward into 21/22.
- 12 Airport Noise Insulation Scheme**
- | | | | | | | |
|-------------------------|--------------------------|-----------|-------------------|-----|-------|-------|
| Project Life Financials | 192 | 0 | 0% | 192 | 0 | 0% |
| Current Year Financials | 192 | 0 | 0% | 0 | (192) | -100% |
| Project Description | Noise Insulation Project | | | | | |
| Project Lifecycle | Planned End Date | 31-Mar-21 | Forecast End Date | | TBC | |
- Main Issues / Reason for Variance**
Glasgow Airport has committed to develop and implement a Noise Insulation Policy to mitigate noise for residents most affected by aviation noise. To develop this the Council has committed to working jointly with the Airport to procure a leading expert in the field to manage the trial on behalf of our collective organisations and ultimately develop a phased programme of works in parallel with existing window replacement and insulation programmes to mitigate the noise experienced by tenants within a specified area. The current situation with Covid-19, means that this project has now been postponed.
- Mitigating Action**
None required at this time.
- Anticipated Outcome**
Project faces delay, with slippage anticipated to be carried forward into 21/22.

MONTH END DATE

31 October 2020

PERIOD

7

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

13	MSF Fire Risk Assessment Works						
	Project Life Financials	500	0	0%	500	0	0%
	Current Year Financials	500	0	0%	333	(167)	-33%
	Project Description	High Rise Fire Safety Measures					
	Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-22		
	Main Issues / Reason for Variance						
	Slippage has occurred within the action plan, however, it is anticipated to resume this work in the weeks ahead and to prepare a report for committee in November with progress.						
Mitigating Action							
None required at this time.							
Anticipated Outcome							
Slippage anticipated and required to be carried forward into 21/22.							

TOTAL AMBER						
	Project Life Financials	34,152	10,171	30%	33,869	(283) -1%
	Current Year Financials	5,880	1,355	23%	3,327	(2,553) -43%

MONTH END DATE

31 October 2020

PERIOD

7

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Variance	
	£000	£000	%	£000	£000	%
QL Development						
Project Life Financials	75	0	0%	75	0	0%
Current Year Financials	25	14	56%	25	0	0%
Project Description	This budget relates to the costs associated with the development of the Integrated Housing Management System					
Project Lifecycle	Planned End Date	31-Mar-23	Forecast End Date	31-Mar-23		
Main Issues / Reason for Variance						
No Issues.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to complete as planned and meet spend targets.						
Community safety projects						
Project Life Financials	98	81	83%	98	0	0%
Current Year Financials	17	0	0%	17	0	0%
Project Description	Community Safety Projects					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
No Issues.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to complete as planned by year end and meet spend targets.						
Gypsy Travellers Site						
Project Life Financials	91	0	0%	91	0	0%
Current Year Financials	91	0	0%	91	0	0%
Project Description	Gypsy/ Traveller Site improvements					
Project Lifecycle	Planned End Date	31-Mar-21	Forecast End Date	31-Mar-21		
Main Issues / Reason for Variance						
No Issues.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to complete as planned by year end and meet spend targets.						
Energy improvements/energy efficiency works						
Project Life Financials	399	125	31%	399	0	0%
Current Year Financials	55	1	2%	55	0	0%
Project Description	Energy improvements/ efficiency works (e.g. loft insulation, pipe/tank insulation, draught exclusion)					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
No Issues.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to complete as planned and meet spend targets.						

MONTH END DATE

31 October 2020

PERIOD

7

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

5

Improvement works (Risk St)

Project Life Financials	2,452	2,255	92%	2,452	0	0%
Current Year Financials	197	12	6%	197	0	0%
Project Description	Risk Street Over clad					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
No Issues.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to complete as planned and meet spend targets.						

6

Void house strategy programme

Project Life Financials	13,594	8,913	66%	13,594	0	0%
Current Year Financials	2,050	2,065	101%	2,050	0	0%
Project Description	Spend on Void Properties to bring them up to letting standard					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
No Issues.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to complete as planned and meet spend targets.						

7

Contingencies

Project Life Financials	700	206	29%	700	0	0%
Current Year Financials	100	0	0%	100	0	0%
Project Description	This is a contingent budget for unforeseen matters which may arise during the year.					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
No Issues.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to complete as planned and meet spend targets.						

8

Salaries/central support/offices

Project Life Financials	15,822	4,384	28%	15,822	0	0%
Current Year Financials	2,302	1,374	60%	2,302	0	0%
Project Description	Allocation of costs from other WDC services who support the HRA capital programme					
Project Lifecycle	Planned End Date	31-Mar-25	Forecast End Date	31-Mar-25		
Main Issues / Reason for Variance						
No Issues.						
Mitigating Action						
None required at this time.						
Anticipated Outcome						
Project to complete as planned and meet spend targets.						

WEST DUNBARTONSHIRE COUNCIL
HRA CAPITAL PROGRAMME
ANALYSIS OF PROJECTS AT GREEN STATUS

APPENDIX 6

MONTH END DATE

31 October 2020

PERIOD

7

Budget Details	Project Life Financials					
	Budget	Spend to Date		Forecast Spend	Variance	
	£000	£000	%	£000	£000	%
TOTAL GREEN						
Project Life Financials	33,231	15,964	48%	33,231	0	0%
Current Year Financials	4,837	3,466	72%	4,837	0	0%

MONTH END DATE

31 October 2020

PERIOD

7

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

1	NEW BUILD GRANT						
	Project Life Financials	(38,942)	(19,268)	49%	(38,581)	361	-1%
	Current Year Financials	(3,995)	(1,743)	44%	(3,145)	850	-21%
	Project Description	Grant to facilitate the building of new build housing					
	Project Lifecycle	Planned End Date		Forecast End Date			
Main Issues / Reason for Variance							
The in year adverse variance reflects the SG grant in relation to future developments which cannot be drawdown prior to spend.							
The overall project life adverse variance is reflective of a higher number of units being budgeted against actual.							
Mitigating Action							
Progress on the programme will be closely monitored on a regular basis and reported to the Housing and Communities Committee on a quarterly basis.							
Anticipated Outcome							
The project life overall variance will be an under recovery of £0.361m.							

TOTAL RESOURCES						
Project Life Financials	245,368	90,505	37%	244,053	1,315	1%
Current Year Financials	59,908	23,494	39%	48,300	11,608	19%