

West Dunbartonshire Council
Report by the Chief Officer - Resources
Council: 6 March 2024

Subject: Capital Strategy 2024/25 to 2032/33

1. Purpose

- 1.1 The purpose of this report is to provide Members with West Dunbartonshire Council's (the Council) updated capital strategy for the period 2024/25 to 2032/33.

2. Recommendations

- 2.1 To approve West Dunbartonshire Council's updated capital strategy for the period 2024/25 to 2032/33.

3. Background

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

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

- 3.2 The Council's first Capital Strategy was approved by Council in March 2019 and has been subject to an annual update since that date.

4. Main Issues

Capital Strategy

- 4.1 The capital strategy is updated annually. This updated version covers the period 2024/25 to 2032/33 which is the same period covered by the Council's capital plan update reported to Council as part of the separate budget report to this Council meeting.
- 4.2 The updated strategy reflects new accounting rules which will come into effect on 1 April 2024 which require all leases (with a few exceptions) to be accounted for on the Council Balance Sheet as assets. Accounting for these on the Balance Sheet will result in increases to the Council's assets and long term liabilities. This will also result in an adjustment to Prudential and Treasury Management

indicators as it will increase the 'level of debt' identified by the Council; the Capital Financing Requirement; Operational Boundary; and Authorised Limit, by the value of the leases. Forecast and estimates of the ratio of financing costs to Net Revenue Stream may also be affected. This change affects all councils, however this Council has a relatively low number of leased assets so the impact is not significant.

4.3 There are no other material changes to the strategy document. There are some minor changes in relation to updated information on dates for the various individual strategies which feed into the overall capital strategy. These strategies are approved at the appropriate Committees during the year.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no personnel issues.

7. Financial and Procurement Implications

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

8. Risk Analysis

8.1 While the appended report provides the capital strategy of the Council there are three main risks associated with long term capital planning. These risks are noted below along with assurances over existing procedures to mitigate these risks.

Risk	Mitigation
Capital plans are not fully aligned to Council strategic objectives	Council has controls included within the prioritisation and approval process to mitigate this risk.
Non-deliverability of capital investment plans	Council has management and monitoring controls, including regular capital budget reporting, that will assist in mitigating this risk.
Inflation may increase capital expenditure levels, which may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available	Council has management and monitoring controls, including regular capital budget reporting, that will assist in mitigating this risk. This includes reconsidering the inclusion of capital projects in the capital programme due to concerns around affordability.

9. Equalities Impact Assessment

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

10. Environmental Sustainability

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

11. Consultation

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

12. Strategic Assessment

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

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

Laurence Slavin
Chief Officer – Resources
7 February 2024

Person to Contact:	Chief Officer - Resources Council Offices, Church Street, Dumbarton Email: laurence.slavin@west-dunbarton.gov.uk
Appendix:	Capital Strategy 2024/25 to 2032/33
Background Papers:	Prudential Indicators 2023/24 to 2032/33 and Treasury Management Strategy 2023/24 to 2032/33 (Council 1 March 2023) EIA Screening
Wards Affected:	No wards directly affected.