

# Supplementary Agenda



## West Dunbartonshire Council

**Date:** Wednesday, 22 June 2022

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**Time:** 10:00

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**Format:** Hybrid Meeting

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**Contact:** Christine McCaffary, Senior Democratic Services Officer  
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Dear Member

### ITEMS TO FOLLOW

I refer to the agenda for the above meeting that was issued on 9 June and now enclose copies of Items 8, 10, 11 and 12, which were not available for issue at that time.

Yours faithfully

**JOYCE WHITE**

Chief Executive

Note referred to:

**8 FINANCIAL UPDATE 71 - 84**

Submit report by the Chief Officer – Resources providing an update on the financial challenges facing the Council, the estimated 2023/24 and 2024/25 revenue budget gaps, available general COVID funds, and the approach to be adopted to identify saving options to enable the Council to deliver a balanced 2023/24 budget.

**10 TOWARDS 2030 85 – 94**

Submit report by the Chief Executive setting out the progress of the Council over the last decade, and highlighting the key challenges moving forward towards 2030.

**11 LEVELLING UP FUND ROUND 2 – PROPOSED BID 95 - 104**

Submit report by the Chief Officer –Roads and Neighbourhood (Shared Service) seeking approval to submit a bid to the UK Levelling Up Fund (LUF) by the Round 2 deadline of 6 July 2022.

**12 WEST BRIDGEND HALL – MOTION FROM COUNCIL 105 - 110  
9 MARCH 2022**

Submit report by the Chief Officer – Supply, Distribution and Property providing an update on the progress of the West Bridgend Hall project and indicative costs.

Distribution:-

Provost Douglas McAllister  
Councillor James Bollan  
Councillor Karen Conaghan  
Councillor Ian Dickson  
Councillor Diane Docherty  
Councillor Craig Edward  
Councillor Gurpreet Johal  
Councillor Daniel Lennie  
Councillor David McBride  
Councillor Jonathan McColl  
Councillor James McElhill

Councillor Michelle McGinty  
Councillor June McKay  
Councillor John Millar  
Councillor Lawrence O'Neill  
Councillor Lauren Oxley  
Councillor Chris Pollock  
Councillor Martin Rooney  
Councillor Gordon Scanlan  
Councillor Hazel Sorrell  
Councillor Clare Steel  
Councillor Sophie Traynor

Chief Executive  
Chief Officers

Date of issue: 16 June 2022

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer - Resources****Council: 22 June 2022**

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**Subject: Financial Update****1. PURPOSE**

- 1.1 To provide an update on the financial challenges facing the Council, the estimated 2023/24 and 2024/25 revenue budget gaps, available general COVID funds, and the approach to be adopted to identify saving options to enable the Council to deliver a balanced 2023/24 budget. This is the first financial update of 2022/23 and rolls forward previous estimates as well as updating some assumptions. The assumptions will continue to be updated and refined as the year progresses.
- 1.2 This update has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. Throughout the report the primary focus is on the mid-range however, where appropriate reference is made to best case and worst case assumptions.
- 1.3 To highlight some key items that Council need to be sighted on which may impact on the estimated budget gap and the possible options for closing it.

**2. RECOMMENDATIONS**

- 2.1 Members are asked to:
  - a) Note the updated position regarding projections for the estimated revenue budget gaps in 2023/24 and 2024/25.
  - b) Note the current position in relation to the Council's revenue reserves (based on the unaudited 2021/22 accounts).
  - c) Note the current position in relation to the availability of COVID funds.

**3. BACKGROUND**

- 3.1 On 9 March 2022, the Council agreed a balanced 2022/23 revenue and capital budget and estimates for 2023/24-2024/25. That budget report also highlighted estimated future year budget gaps based on a range of assumptions including future Scottish Government funding, inflation, Council tax increases and future interest rates. The consequences of the decisions taken by Council on 9 March to agree a balanced 2022/23 budget increased the cumulative estimated future budget gap in the best case, mid-range and worst case scenarios as set out in Exhibit 1.

*Exhibit 1 – Future Year Estimated Budget Gaps*

<b>Budget Gap</b>	<b>9 March 2022 Budget</b>		<b>Post Budget Setting</b>	
	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Best Case	11,738	14,553	11,712	14,521
Mid-Range	13,787	18,654	13,761	18,622
Worst Case	16,586	24,255	16,560	24,223

- 3.2 Appendix 1 provides further detail on how the mid-range estimated budget gap was affected by the decisions made when setting the 2022/23 budget on 9 March 2022.

#### **4. MAIN ISSUES**

- 4.1 Since the budget was agreed on 9 March 2022 I have revisited the key assumptions detailed in the 9 March Budget Paper. This is summarised in the paragraphs below.

##### *4.2 Scottish Government Finance Settlement and Resource Spending Review*

On 9 March 2022 I reported assumptions in respect of future years Scottish Government funding of a prudent estimate of a reduction in funding of:

- 0.5% in the best case scenario
- 1.0% in the mid-range scenario
- 1.5% in the worst case.

- 4.3 On the 31 May 2022 the Scottish Government published its Resource Spending Review providing insight into strategic priorities and highlighting the scale of ongoing challenges for councils and the wider public sector.

- 4.4 The Resource Spending Review is high level at this time and based on 'Level 2' funding positions over the next four years. 'Level 2' does not provide councils with their specific allocations which would provide for more detailed financial planning however it is sufficient to provide an overview of Scottish Government intentions.

- 4.5 Analysis of these priorities confirms the Scottish Government has chosen to prioritise Health & Social Care and Social Security spending relative to councils. Taken together these two priority areas account for 90% of the increase in the day-to-day spending budget from 2022/23 to 2026/27. Exhibit 2 shows the spending allocations by portfolio, in real terms over this period relative to other 'Level 2' allocations

- 4.6 *Exhibit 2 - Spending Allocations by portfolio, in real terms, based on 2022/23 = 100*

£ million	2022-23	2023-24	2024-25	2025-26	2026-27
Constitution, External Affairs and Culture	100	95	87	86	84
Crown Office and Procurator Fiscal Service	100	98	96	94	92
Deputy First Minister and Covid Recovery	100	98	96	94	157
Education and Skills	100	98	96	95	109
Finance and Economy	100	96	95	94	102
Health and Social Care	100	100	101	102	103
Justice and Veterans	100	98	96	98	96
Net Zero, Energy and Transport	100	97	98	101	115
Rural Affairs and Islands	100	97	96	94	93
Social Justice and Housing	100	117	128	134	139
Local Government	100	98	96	94	93
Scottish Parliament and Audit Scotland	100	98	96	94	92
Total	100	101	102	102	104

Source: Scottish Fiscal Commission, based on Scottish Government information.

- 4.7 The Resource Spending Review states that Council funding will remain as ‘flat cash’ (at current 2022/23 levels) until 2025/26 with a £100m added in 2026/27. However Exhibit 2 shows that the real term impact (taking inflation into account) for the next four years is a continuing erosion of core funding for councils with a 7% reduction between 2022/23 and 2026/27. A “flat-cash” settlement ignores the impact on Local Government of the material increases in inflation and energy costs and requires councils to absorb the full cost of any pay awards.

On the basis of the ‘flat cash’ announcement I have changed my funding assumptions to:

- Best Case - Flat Cash
- Mid-Range – Flat Cash
- Worst Case - 1.0% reduction.

This reduces the estimated mid-range budget gap in 2022/23 by £1.927m.

- 4.8 In 2022/23 there was an additional £120m funding distribution at Stage 2 of the Budget Bill (announced 27 January 2022) of which the Council’s share was £2.186m. The advice from the Scottish Government at that time was that this funding was non-recurring and for this reason that funding was not built into my projections reported to Council on 9 March 2022. A letter to all Council Leaders from the Cabinet Secretary for Finance and Economy dated 31 May 2022 confirms that

*“Reflecting the fact that Local Authorities are key partners in the delivery of the priorities set out by the spending review, the spending review baselines the £120 million added during the 2022-23 Budget Bill process”*

On that basis the £2.186m funding is now recurring and the estimated budget

gap has been adjusted accordingly.

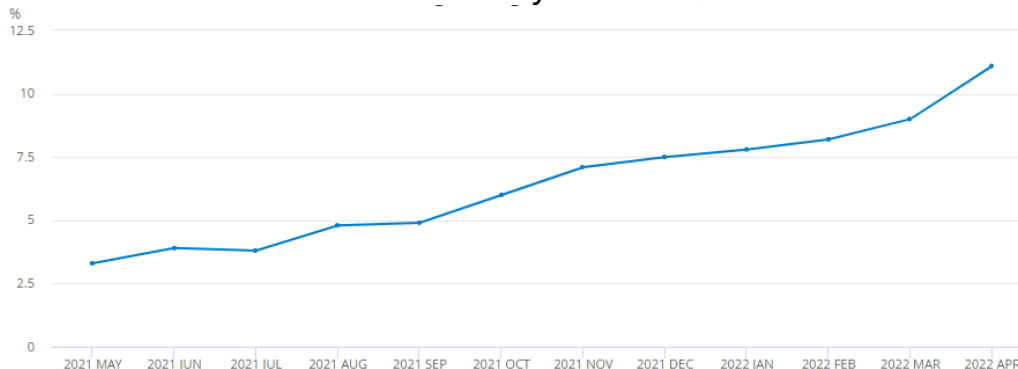
#### 4.9 Council Tax Increases

The budget gaps referred to in paragraph 3.1 include an assumption of a 3% increase in Council Tax as historically this has always been built into the Council's long term financial strategy. However setting the Council Tax is subject to a political decision when agreeing the budget as it is a measure available to help close the budget gap. As such I have adjusted the budget gap to remove this assumption and will report on future budget gaps on this basis going forward. This adds an estimated £1.110m to the budget gap in each scenario (£0.370m per 1%).

#### 4.10 Non-Pay Inflation

Inflation is included in future year budget estimates where it is considered necessary to ensure budgets are adjusted to reflect expected increases in costs. The assumption in the budget report on 9 March 2022 was that, in 2023/24, the same level of 2022/23 non-pay inflation was built into the best case and mid-range scenarios with an additional £0.500m general inflation built into the worst case scenario in future years. Exhibit 3 shows how RPI has increased over the past 12 months

*Exhibit 3 – Increase in RPI since May 2021*



#### 4.11 In their last economic outlook (published March 2022) the Office of Budget Responsibility stated

*'We forecast RPI inflation to reach 10.5 per cent in April 2022, and peak at almost 11 per cent in the last quarter of 2022 then to fall back over the next two years'*

Based on the projections I am of the opinion it would be prudent to change my assumptions relating to non-pay inflation. My revised assumptions are to apply the same level of non-pay inflation that was applied in the budget report on 9 March 2022 but to apply an additional general inflation of £0.250m in the best case scenario, £0.500m in the mid-range and £0.750m in the worst case scenario.

#### 4.12 It may be that the inflation could rise to a peak and then fall again and this

would alter future year estimates however this is very difficult to predict and the estimates will be kept under review.

#### 4.13 *Bank Interest Rates*

Link (the Council's Treasury Advisors) have recently published their latest interest rate forecast and are forecasting that the Monetary Policy Committee will increase the bank rate at a much faster pace throughout 2022 to try and keep inflation in check. Their current forecast is a 0.25% increase in June (to 1.25%) with further 0.25% increases in each subsequent quarter with the rate peaking at 2% by the end of quarter 1 in 2023.

A sizeable proportion of the Council debt is short term borrowing which, by nature, requires to be re-borrowed regularly and is therefore subject to fluctuations in interest rates. An increasing bank base rate is likely to have an impact on future PWLB rates which is likely to be the source of funding for future capital investment, as well as transferring some short term borrowing into longer term borrowing.

Re-borrowing of current shorter term debt and borrowing to fund the capital programme will be impacted by increased interest rates resulting in an increase in the cost of borrowing which will need to be absorbed by the revenue budget.

The current short term PWLB rates of interest range between 1% and 1.3% depending on the length of loan which compares with assumptions built into the Council budget of 0.85% in 2023/24 and 2024/25.

I have revised these assumptions to rates of 1.4% in 2023/24 and 1.8% in 2024/25 in the best case and mid-range scenario with the worst case scenario being 0.2% higher in each year. This creates cost pressures of:

- Best Case - £0.787m in 2023/24, £1.674m in 2024/25
- Mid-Range - £0.787m in 2023/24, £1.674m in 2024/25
- Worst Case - £1.288m in 2023/24, £2.026m in 2024/25

#### 4.14 *Increasing Utility Costs*

The energy price cap has increased from 1 April 2022, driven by a record rise in global gas prices over the last six months, with wholesale prices quadrupling in the last year. This has been exacerbated by the recent Russian invasion of Ukraine.

##### *Gas*

The Scottish Fuel Procurement framework's purchasing strategy is to buy circa 90% of customer gas consumption over a 2½ year period and leave the remaining 10% to float on the day-ahead market, prior to consumption. This strategy means most gas consumption for 2022/2023 has been purchased and is protected, However, even with a low proportion left to purchase on the day ahead markets, the record-breaking prices during these extraordinary

times have had a significant impact on outturn prices for 2022/23. Current estimates are that the Council's (gas costs will increase from £0.846m in 2021/22 to £2.068m in 2022/23 (an increase of 145%).

### *Electricity*

Whilst not as stark as the estimated increase in gas costs there are also material increases in electricity unit prices with current estimates being that the Council's electricity costs will increase from £3.13m in 2021/22 to £4.069m in 2022/23 (an increase of 30%).

These 2022/23 increases will need to be absorbed within the existing 2022/23 budget agreed on 9 March 2022 however it is important that we reflect on these increases when estimating future year cost pressures. In 2023/24 I have used the current estimated 2022/23 cost as a new baseline and assumed utility inflation will revert back to be more in line with CPI so have applied increases of 5.7%, 6.2% and 6.7% in the best case, mid-range and worst case scenarios respectively. However as utility prices are currently very volatile this is an area that will kept under regular review.

On the basis of this I have created a further cost pressure in 2023/24 of £1.737m and in 2024/25 of £1.746m (cumulatively)

### **Other Cost Pressures**

- 4.15 Generally services work on the basis of having to contain any cost pressures within current resources, however, there are cost pressures which are unavoidable and need to be factored into future budget processes. Historically these have been brought forward on an annual basis as 'burdens' when the Council sets its budget. However as this report is updating the estimated future budget gaps I have decided that any new cost pressure should be highlighted now rather than later as part of the budget process.
- 4.16 Since the Council meeting on 9 March 2022 the following changes have been made to the cost pressures in in the mid-range scenario in 2023/24 and beyond.

<b>Service</b>	<b>Cost Pressure</b>	<b>2023/24 (£,000)</b>	<b>2024/25 (£,000)</b>
Finance	Additional cost for software to meet required Payment Card Industry standards for taking card payments by telephone.	15	15
ICT	Estimated increase in ICT license costs due to increase in users and anticipated reduction in public sector discount.	200	200
ICT	Estimated increase in cost of hosting cloud services which will shortly be subject to tendering.	100	200
Roads	In the second half of 2021 there were well documented upward pressures on building	212	212

	material costs and these pressures have been greatly exacerbated since the invasion of Ukraine. Material prices for bitumen in particular are up 30%.		
	<b>Total</b>	<b>527</b>	<b>627</b>

### Pay Award Update

- 4.17 There is a mid-range assumption built into the base budget of a 2% pay award in 2022/23 (1.5% best case and 2.5% worst case) however that pay award has still to be agreed. If the pay award is greater than the 2% assumption then this will create a further pressure on the revenue budget in 2023/24 and future years.
- 4.18 In March 2022, COSLA Leaders agreed to make an undifferentiated offer of a 2% uplift to all bargaining groups on the basis of parity for all which has been both a key concern and agreed position for the past number of years. All Unions have rejected this initial offer and negotiations are ongoing.
- 4.19 The COSLA remuneration advisory group, made up of advisors from the Society of Local Authority Chief Executives (SOLACE), The Directors of Finance and the Society of Personnel and Development Scotland (SPDS) has noted the constraints on Local Government funding, with two thirds of Councils having budgeted for a pay increase of 2% or less. The 2% increase is deemed to be affordable, hence why that is the assumption that has been built into the budget.
- 4.20 On 30 May 2022 the COSLA Spokesperson for Resources wrote to the First Minister and Cabinet Secretary for Finance and the Economy on behalf of all 32 Scottish Council Leaders to seek an urgent meeting to discuss the ongoing impact of the rising cost of living on local government employees and to further discuss what support the Scottish Government can provide to ensure a revised pay offer can be made which provides parity across the public sector. In a reply to COSLA's Resources Spokesperson dated 9 June the Cabinet Secretary indicating that she believes it would not be appropriate to meet, as the Scottish Government has never had a seat in local government pay negotiations and any intervention now would undermine that long-held position.
- 4.21 The latest Office for National Statistics (ONS) data shows average weekly earnings, excluding bonuses, rising by 4% (annually), for the three months to February 2022. Within the 'overall' average, total pay growth for the private sector was 6.2% in the three months to February 2022, while for the public sector it was 1.9%.
- 4.22 Every 1% increase in pay over and above the budgeted 2% would add an additional pressure of circa £1.5m. However I have not amended my assumption of a 2% award in the mid-range at the current time. I have however changed my best case assumption to be 2% and worst case to be 4%.

## Revised Mid-Range Estimated Budget Gap

- 4.23 Exhibit 4a sets out the revised cumulative estimated budget gap in the mid-range in 2023/24 and 204/25 and Exhibit 4b summarises the total cumulative budget gaps in all three scenarios.

4.24 *Exhibit 4a – Revised Mid-Range Estimated Budget Gaps (Cumulative)*

	<b>Para Ref</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Budget Gap Post 9 March 2022 Budget	3.1	13,761	18,622
Change to future funding assumption	4.7	(1,927)	(3,854)
Baselining £120m Funding	4.8	(2,186)	(2,186)
Remove 3% Council Tax Assumption	4.9	1,110	2,220
Increase to non-pay inflation	4.11	500	1,000
Impact of Bank Interest Rate	4.13	787	1,674
Increased Utility Costs	4.14	1,737	1,746
Other Cost Pressures	4.15	527	627
<b>Revised Budget Gap</b>		<b>14,309</b>	<b>19,849</b>

*Exhibit 4b – Estimated Budget Gaps (Cumulative) – Scenario Analysis*

<b>Budget Gap</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Best Case	13,636	18,709
Mid-Range	14,309	19,849
Worst Case	22,164	34,724

## Summary of General Fund Reserves

- 4.25 A key aspect of the Council's financial position is a consideration of the relevant reserve balances. The Council's Reserves Policy states that the core "Prudential" Reserve be maintained at a level of 2% of net expenditure (excluding requisitions). This equates to £3.123m for 2022/23. Exhibit 5 summarises the Council's reserve position as at 31 March 2022 (based on the unaudited accounts).

4.26 *Exhibit 5 – General Fund Reserves at 31 March 2022 (unaudited accounts)*

	<b>£,000</b>	<b>£,000</b>
Prudential Reserve	3,123	
Free Reserves	372	
<b>Total Unearmarked Reserves</b>		<b>3,495</b>
Change Fund	1,257	
General 'Free' COVID Funds (ref para 4.32)	1,244	
Committed General COVID Funds for 2022/23 Budget (ref para 4.32)	2,058	
COVID Specific Funds	3,378	
Budget Commitments	1,219	
Young Person's Guarantee	1,018	
Legal/HR Commitments	210	

Historic Abuse Cases	150	
Scottish Welfare Fund	129	
Other (under 100k)	861	
<b>Total Earmarked Reserves</b>		<b>11,524</b>
<b>Total Reserves</b>		<b>15,019</b>

- 4.27 Exhibit 5 shows that, subject to post audit adjustments, the Council only has £0.372m in free reserves over and above the prudential target. The remaining reserves are earmarked for specific purposes which means there is limited scope to fund any transformation programmes from existing reserves.

### **2023/24 Budget Process**

- 4.28 Given the scale of the financial challenge facing the Council in 2023/24 and future years, it is important that immediate progress is made to identify saving options with momentum on this maintained between now and setting the budget in March 2023. The Senior Leadership Team (SLT) held a finance workshop on 26 April 2022 to commence the process with a follow up meeting held on 31 May to further discuss emerging options. To support this process the SLT has established monthly meetings to develop and progress saving options which will be presented to members for their consideration at an appropriate time.

### **COVID Funding Update**

- 4.29 During 2021/22 officers continued to monitor the financial impact of COVID on the Council's revenue position and reported on this through budget control reports taken to Committees and full Council. £4.488m of general COVID funding was made available in 2021/22 which was added to the £1.972m which had been carried forward from 2020/21.
- 4.30 During 2021/22 the Council exercised the Loans Fund Principal Repayment Holiday and Use of Capital Receipts financial flexibilities approved by the UK Government and Scottish Government to help councils respond to the financial pressures faced by local authorities as a result of the COVID pandemic. This will be formally reported to Council in August 2022 when the Council's draft 2021/22 financial statements are presented.
- 4.31 The Loans Fund Principal Repayment Holiday allows the Council to take a loans fund payment holiday in 2021/22 on the condition the amount not repaid in year would be fully paid over a 20 year period. The in year principal payment would have been £1.673m which the Council would have paid using in year capital receipts. £0.362m of this was used to fund a shortfall in capital receipts during 2021/22 which left a balance of £1.311m of capital receipts. Exercising the Use of Capital Receipts financial flexibility means this £1.311m can be used to fund COVID cost pressures. Exhibit 6 summarises the current position in relation to COVID funds.

- 4.32 *Exhibit 6 – General COVID Funds as at 31 March 2022*

	<b>£,000</b>	<b>£,000</b>
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2020/21 COVID Funding Carried Forward	1,972	
2021/22 COVID Funding	4,488	
Financial Flexibilities	1,311	
<b>Total Available COVID Funding in 2021/22</b>		<b>7,771</b>
2021/22 COVID Spend	(4,469)	
<b>Total Estimated COVID Funding to Carry Forward into 2022/23</b>		<b>3,302</b>
Estimated 2022/23 COVID Expenditure	2,058	
<b>Available General COVID Funding</b>		<b>1,244</b>

4.33 In February 2022 the Scottish Government announced an £80m Local Authority COVID Economic Recovery (LACER) Fund. The Council's share of this is £1.458m. The fund provided via the General Revenue Grant and Scottish Government expectations are that it will be fully utilised during 2022/23. The Scottish Government proposed the following principles of spend to guide how the fund should be used by local authorities:

- Interventions that support local economic recovery and contribute to businesses being able to move from surviving the period of trading restrictions towards recovery, growth, adaptation and building resilience.
- Projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific contexts.
- To support the low-income households that are disproportionately impacted by the pandemic and the current cost of living crisis, to become more economically active.

4.34 This funding has not been included in the general COVID funding table above as the proposed principles means there are restrictions on use. Exhibit 7 sets out the expenditure agreed at the Council budget meeting on 9 March 2022 which is to be funded by LACER.

4.35 *Exhibit 7 – Expenditure to be funded by LACER*

	<b>£,000</b>
Four year modern apprenticeship scheme (£250k per annum)	250
Cost of Living Crisis Fund	400
Double School Clothing Grant	774
COVID Compliance Officers	101
<b>Total</b>	<b>1,525*</b>

\*£1.458m of this will be funded by the LACER fund with the balance of £0.067m funded from general COVID funding – this has been included in the table at Exhibit 6.

4.36 There is still to be a decision made on the use of the £0.400m cost of living crisis fund highlighted in Exhibit 7.

### **Other Issues**

4.37 This section sets out other areas which impact on the Council's revenue budget which members may wish to consider when considering options to

balance the budget. No decisions on these items are required at the current time, they are simply provided for information.

#### 4.38 *Health and Social Care Partnership*

The Council, at the budget meeting on 9 March 2022, agreed an HSCP requisition of £81.4m (subsequently increased to £81.8m to reflect the final confirmation by the Scottish Government of the allocation of funding commitment). There is a working assumption that the future allocation to the HSCP is on the basis of 'flat cash' plus the appropriate share of the Health & Social Care funding commitments. However this is only an assumption and the HSCP requisition will be a matter for Council to consider as part of the budget process. The Council should also seek ongoing engagement with the HSCP on how the funds available to both the Council and the HSCP are best targeted at delivering outcomes for the people of West Dunbartonshire.

#### 4.39 *Residential Care Costs*

At the 9 March 2022 Budget Setting Council meeting the Council agreed to a budget assumption to amend the split of incurred costs for residential care from a 50%/50% split between the HSCP and Education to a 77% HSCP/23% Education split. The motion asked officers to carry out an evaluation and make a recommendation to a future Council on the division of this budget. That evaluation is ongoing and it is hoped to bring a report back to Council in August to present its conclusions. If the report concludes a split materially different from the assumed 77%/23% split then this will affect the future budget gap.

#### 4.40 *West Dunbartonshire Leisure Trust (WDLT)*

The Council provides a management fee to WDLT which is subject to approval as part of the annual budget setting process. The 2022/23 fee was £4.16m. Since the Trust was founded, the Council has underwritten uplifts in employee costs and increases in utility costs. The Trust is bound under the terms of its agreement to honour Council terms and conditions for employees and also any nationally agreed pay increases for the local government workforce. However, the SLA states the Trust will be responsible for all revenue expenditure relating to the operation of the properties and delivery of the services unless it is detailed in this Services Specification as being the responsibility of the Council. Therefore there is scope to increase the management fee and/or no longer meet the payment of utility charges.

#### 4.41 *Capital Programme*

The Council receives a general capital grant from the Scottish Government each year (approximately £6m). Any spend above this level, not funded from other grants is funded through borrowing. Capital expenditure funded from borrowing results in revenue loan charges ongoing until the borrowing is fully repaid. Therefore, any reduction in the capital programme will result in revenue savings over a longer period of time (depending on the type of spend,

this could be over 5 years or 60 years).

- 4.42 The Council's current capital programme (as agreed by Council on 9 March 2022) has total expenditure of £453.8m of which £178.2m relates to prior years (including 2021/22) and is already spent. This leaves £275.6m of planned capital expenditure over the nine year period 2022/23 and 2030/31. Given the current rates of inflation it is likely that this projected planned expenditure will increase.
- 4.43 Based on current assumptions about levels of future capital grant funding, matched funding and capital receipts this will require to be funded by at least £166.7m of prudential borrowing. As per paragraph 4.13 rises in interest rates are impacting the affordability of capital programmes due to the cost of borrowing.

Officers will review the current capital programme to identify options for reducing future capital expenditure, and the subsequent impact on the revenue budget, and bring forward a report to members at a later date. This review will consider factors such as:

- legal and health and safety obligations
- impact on service delivery
- affordability
- impact on the value and life of the assets
- potential for increased repair costs if ageing assets are not replaced.

4.44 *Council Tax*

As per paragraph 4.9 the estimated budget gap makes no assumptions over future Council Tax increases. This will be a matter for Council to decide however, by means of illustration, a 3% increase would generate approximately £1.110m in revenue.

4.45 *Service Concession Financial Flexibility*

The Resource Spending Review agreed to the service concession financial flexibility to model debt over the life of the asset rather than the life of the contract. The letter from the Cabinet Secretary to Council Leaders says

*I am willing to accede to the request to recognise principal debt repayments over the asset life and for this approach to be applied retrospectively. I will also agree that this may apply to the grant funded element of the principal debt repayments. . This flexibility will only apply to existing service concessions and each local authority will be responsible for fully evaluating any change in method and making appropriate financial provision. The decision for making any change must be taken by the Council, that is, it may not be delegated.*

It is too early to say what the implications of this are for the Council. I will engage with our Treasury Advisors on this and update Members soon as possible.

## **5. PEOPLE IMPLICATIONS**

- 5.1 None directly from this report but there is a strong link between HR and budgets.

## **6. FINANCIAL AND PROCUREMENT IMPLICATIONS**

- 6.1 Sets out the estimated revenue budget gaps in 2023/24 and 2024/25. There are no direct procurement implications arising from this report.

## **7. RISK ANALYSIS**

- 7.1 None directly from this report but any proposals to address the estimated budget gap will need to consider risk.

## **8. EQUALITIES IMPACT ASSESSMENT (EIA)**

- 8.1 None directly from this report but any proposals to address the estimated budget gap will need to consider equality issues.

## **9. CONSULTATION**

- 9.1 The views of all Chief Officers have been requested on this report and feedback incorporated herein.

## **10. STRATEGIC ASSESSMENT**

- 10.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan.
- 10.2 The General Services revenue budget contributes to all categories by providing funding in specific areas to help the Council achieve and develop these priorities.

**Laurence Slavin**  
**Chief Officer - Resources**  
**Date: 22 June 2022**

**Person to Contact:** Laurence Slavin, Chief Officer - Resources

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### **Appendices**

Appendix 1 – Impact of 2022/23 budget decisions on estimated future budget gaps

### **Background Papers**

Budget Report to Council - 9 March 2022

**Appendix 1 – Impact of 2022/23 budget decisions on estimated future budget gaps**

	<b>2023/24</b>	<b>2024/25</b>
9 March Budget Report Estimated Mid-Range Gap	<b>13,787</b>	<b>18,654</b>
<b>9 March 2023 Council Decisions</b>		
Review of HSCP/Education Residential Care Costs	-1,365	-1,365
Additional Committee Resource	30	30
Apprentice Programme	250	250
Additional Environmental Health Resource	101	101
Double School Clothing Grant	774	774
HSCP Funding	61	61
Recurring Savings Options Taken	-63	-63
Freezing Taxi License Fee	9	9
Loans Fund Cost of New Capital Projects	175	173
<b>Updated Estimated Mid-Range Budget Gap</b>	<b>13,759</b>	<b>18,624</b>
Rounding Adjustment	2	-2
<b>Estimates Book Budget Gap</b>	<b>13,761</b>	<b>18,622</b>

## WEST DUNBARTONSHIRE COUNCIL

### Report by Chief Executive

**Council:** 22 June 2022

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**Subject:** Towards 2030

#### 1. Purpose

- 1.1 This report sets out the progress of the Council over the last decade, and highlights the key challenges moving forward towards 2030.

#### 2. Recommendations

- 2.1 It is recommended Council:

- notes this paper and considers the journey so far as well as key issues pertaining to the future.

#### 3. Background

##### Our Council

- 3.1 The Council has undergone a journey of transformation over the last decade underpinned by investment in people and assets and significant regeneration to progress towards West Dunbartonshire as the best place in Scotland to live, work, learn, visit and invest.
- 3.2 In 2011 the Council was praised by the Accounts Commission for "significant progress" and "effective and improved leadership of councillors and officers, sharing a commitment to making improvements", marking a dramatic recovery from 2006 when the authority had received the spending watchdog's most severe sanction. Progress has been consistent since with ongoing external recognition, highlights include:

Annual report 2017/18 – Audit Scotland

The Best Value Assurance Report (BVAR) published in June stated that West Dunbartonshire Council had made significant improvements in how it works over the last ten years. *The Council demonstrates a focus on delivering Best Value and there was evidence of continuous improvement in its services.* In August 2018, the Council agreed a Best Value Assurance Improvement Plan to address all the recommendations included in the BVAR with progress reported in the Annual Audit Report.

Audit Scotland's annual audit of the Council in 2020/21 highlighted that the Council continued to make good progress in demonstrating evidence of improvement in its services and has a clear focus on delivering Best Value with effective systems in place to monitor and report its performance and drive continuous improvement. A critical element in this is the strategic planning process with a strategic plan developed every five years setting out the priorities for the Council and annual delivery plans in place across every service area to monitor progress against local and national performance targets.

### Regeneration

A number of regeneration projects have been completed in recent years, transforming neighbourhoods, educational facilities, care homes, infrastructure and leisure. These included the redevelopment of Clydebank waterfront; developing West Dunbartonshire Energy Centre and district heating system to use green energy to heat homes; the construction of our award-winning offices in Dumbarton as part of our ongoing commitment to regenerating our town centres; and the delivery of hundreds of new energy efficient Council homes.

### Recognition

There has been national recognition for achievements including a COSLA award, becoming the first Council to receive the Nurturing Schools Award, our new Dumbarton offices being named Regeneration Project of the Year and been awarded Heat Pump of the Year as well as being listed in the Top 10 of flexible employers in Scotland.

## **3.3 Covid Response**

Throughout 2021/22 COVID continued to provide unprecedented challenges for delivery of Council services which included managing the impact of changes to national restrictions, especially as a result of rising infection rates due to the emergence of the Omicron variant. The Council's Strategic Resilience Group (SRG) and the Operational Resilience Group (ORG) met to discuss the challenges the pandemic presented with regular updates reported to Council to ensure elected members were fully updated on the impact across all services. These included:

Service	Impact and Action Taken
Education	<ul style="list-style-type: none"> <li>Continued to respond and adapt to the regularly updated Scottish Government 'Reducing Risks in Schools Guidance' issuing Education Leaders with the relevant advice and support to maintain the necessary protective measures for operational delivery of the service.</li> <li>Continued to work with colleagues in Environmental Health and Corporate Health and Safety to ensure enhanced and rigorous COVID Safe Protocols and COVID Risk Assessments in place.</li> <li>Delivered the schools and ELC's Asymptomatic Testing Programme to support twice weekly lateral flow testing for staff and secondary school pupils to minimise the spread of COVID.</li> <li>Significant operational challenges faced by the service through the numbers of positive COVID cases among staff and children and young people. Staff showed great commitment and effort to ensuring there has been minimal disruption to the learning for children and young people.</li> <li>Created agile and flexible working plans to offset the impact of staff or child/young person absence which provided continuous service across all schools and ELC's. This was supported by remote/blended learning.</li> <li>Continued to enhance the digital technologies inclusion provision to support remote/blended learning.</li> <li>Re-established programme of transition experiences for children and young people entering P1 or S1.</li> <li>Provided financial and food support to families requiring most support.</li> <li>Closely monitored CO2 levels across the learning estate.</li> <li>Provided free summer 2021 Activity Programme.</li> </ul>
Citizen, Culture and Facilities	<ul style="list-style-type: none"> <li>Providing enhanced cleaning in Council premises including schools and nurseries.</li> <li>Processing £1m of Self-Isolation Support Grants.</li> <li>Recruited additional staff to ensure capacity to engage with citizens on issues being experienced with housing repairs due to the impact of COVID.</li> </ul>
Supply, Distribution & Property	<ul style="list-style-type: none"> <li>With restrictions in place during the pandemic, internal works such as housing repairs could not be undertaken, except for emergencies. This resulted in a significant backlog of work. Restrictions were lifted 26 April and an action plan was put in place to address outstanding repairs and improve performance where possible. However, continuous high levels of COVID related absence, together with the national skills</li> </ul>

	<p>shortage in trades, impacted on the ability of building services to deal with the backlog as well as newly reported repairs.</p> <ul style="list-style-type: none"> <li>• Monitored and reported progress regularly to the Chief Executive and elected members.</li> <li>• Maintained communication with tenants through appropriate forums including tenant groups, housing news, social media, and text messaging.</li> </ul>
People & Technology	<ul style="list-style-type: none"> <li>• All teams continued to deliver full service to support the organisation and maintain essential service delivery during pandemic.</li> <li>• Delivered a managed 'Return to Office' programme designed to deliver a safe, gradual return with appropriate restrictions maintained to protect our employees.</li> <li>• Implemented enhanced ICT security measures to better support employees and Members working in hybrid environment and to protect the organisation.</li> <li>• Actively supported the recruitment and associated contracts and payment of over 80 COVID recovery posts and over 50 Vaccination support team posts</li> </ul>
Housing & Employability	<ul style="list-style-type: none"> <li>• Established a number of community based facilities to allow the Communities Team to engage with the community.</li> <li>• Increased focus on homelessness prevention working with landlords and introducing a Tenant Support Fund.</li> <li>• Maintained communication with tenants through appropriate forums including tenant groups, housing news, social media, and text messaging.</li> <li>• Over the course of the pandemic delivered 316 new homes.</li> <li>• Working 4U established remote community hubs from which they delivered one-to-one and group support services and established and managed a crisis support service which has also informed future priorities</li> <li>• Implemented revised working practices to deliver services across Housing Operations during the pandemic in line with restrictions.</li> <li>• Allocated over 900 houses despite pandemic restrictions.</li> <li>• Neighbourhood team and caretaking service continued to operate in communities during the pandemic</li> </ul>

Regulatory & Regeneration	<ul style="list-style-type: none"> <li>• Visited and provided advice to businesses to ensure they are aware of applicable health protection guidance and that they continue to operate in a safe manner.</li> <li>• Changed to deliver services remotely including registration of deaths.</li> <li>• Delivered a range of sector specific Scottish Government COVID grants across our business community.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>• Continued to update their estimates of the cost of COVID to ensure Scottish Government funding was allocated appropriately.</li> <li>• Supported local communities by processing COVID hardship payments, free school meal payments.</li> <li>• Adapted interventions to meet emerging needs including allocation of funds to foodbank support, Scottish Welfare fund top ups and additional support for people facing housing rent and council tax pressures.</li> </ul>

#### 4. Main Issues

**4.1** Over the past year, West Dunbartonshire has had to address the twin tasks of managing the Covid-19 pandemic and beginning the recovery in our communities, services and economy. We continue to adapt and evolve our approach to ensure we deliver to the public at a time when public bodies have been under more pressure than ever experienced. This has meant learning new ways of delivering services, as well as refocusing our resources to ensure that we address the key issues. At the same time, we have also been ensuring we have the capacity and skills to fully respond to what our citizens need.

The Council and the Community Planning Partnership have a pivotal role in supporting and working with communities and now must lead recovery work with and alongside our local communities, focusing on getting the services people need in place as pressures and stresses escalate and impact the day to day lives of individuals and communities.

A report from the Institute for Fiscal Studies (IFS) has warned that the Scottish Government will face "tough decisions" between "axing, taxing or hoping for extra funding" in its multi-year resource spending review.

Significant pressure will be all around us as we move towards 2030 and deliver for our communities. Some difficult choices will be required to be made

as the economic impact of events including the pandemic and Brexit continue to take hold and the cost of living continues to rise.

COSLA has written to the Scottish Government seeking funding for a more generous pay deal for local government workers - with Council leaders backing a call for a "significant pay increase" for Council workers facing soaring inflation, to be "funded by the Scottish Government". Council leaders supported urgent calls for the First Minister and Finance Secretary to demand "the additional funding necessary to make such an enhanced pay offer", and for a meeting between the Scottish Government, COSLA and trade unions, "to press the case for sustainable long term funding for Local Government."

As we move forwards the priorities are around:

- Developing our Strategic Plan for 2022-27
- Balancing the finances - both revenue and reviewing capital investment plans
- Responding to the soaring cost of living and poverty
- Building the wealth of our communities
- Further developing partnership working with communities, public sector agencies and the third sector

Facing the challenges together is key and both Council and partners must focus on:

- Boosting our economy, creating good jobs and investment opportunities
- Addressing the cost of living crisis, tackling fuel poverty
- Education of our workforce and our people
- Sustainability and delivering on net zero
- Caring for our people
- Looking after our environment

We must create prosperity and jobs, good homes and continue our efforts to position West Dunbartonshire as a destination of choice to live, work, learn, visit and invest. .

Through our passion, imagination, commitment, integrity and demonstrating our values of ACHIEVE (Ambition, Confidence, Honesty, Innovation, Efficiency, Vibrancy and Excellence) we must focus on critical areas outlined below. Although by no means an exhaustive list, this demonstrates the complexity and challenges we will face as one of the 32 Council areas across Scotland.

- Delivering within tight budgets, financial constraints and with increasing cost pressures.
- Regeneration of sites and job creation

- Raising attainment
- Accessing external funding
- Developing our town centre plans and 20 minute neighbourhoods
- Responding to the Climate Emergency and delivering on the Scottish Government's net zero 2045 ambition
- Effectively running our new District Heating facility and addressing fuel poverty in our communities
- Continuing to develop our new housing investment and housing services
- Providing opportunities for active and sustainable travel.

## **5. People Implications**

- 5.1** A high proportion of the working population are employed in Public Sector Scotland (about 48%) and currently the Council has around 6500 with approximately 60-70% living within West Dunbartonshire. The dependency on employment within the Council is critical to support our communities and the prospect of a lack of funding to incentivise and support workforce investment is a potential significant challenge.

## **6. Financial and Procurement Implications**

- 6.1** The Council, like all councils, faces significant financial challenges and is required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook and increased demand for services. With so many external influences impacting on the economy, forecasting remains very difficult. The COVID-19 pandemic has elicited a fiscal response from the UK and Scottish Governments which is without precedent in modern times with both governments releasing large sums of funding to support the economy, households and frontline services in the COVID-19 response to help protect jobs, businesses and livelihoods.
- 6.2** Approximately 76% of the Council's budget is supported by Aggregated External Finance (AEF) from the Scottish Government. This includes general revenue grant, specific grants and Non-Domestic Rate income. The remaining 24% is made up from Council Tax and other Council sources of finance e.g. fees and charges. Consequently the Council has limited access to levers to influence income levels.
- 6.3** In addition the Scottish Government currently produces single year financial settlements for Local Government making it extremely challenging for the Council to accurately estimate future funding levels. However on the 31 May 2022 the Scottish Government published its Resource Spending Review providing insight into strategic priorities for the period up until 2026/27. Whilst it does not provide councils with their specific allocations it is sufficient to provide an overview of Scottish Government intentions. The Resource Spending Review states that Council funding will remain as 'flat cash' (at

current 2022/23 levels) until 2025/26 with a £100m added in 2026/27. This equates to a real term reduction (taking inflation into account) over the next four years of 7% which represents a continuing erosion of core funding for local government. A “flat-cash” settlement ignores the impact on Local Government of the material increases in inflation and energy costs and requires councils to absorb the full cost of any pay awards.

**6.4** The further we look toward 2030 the greater the uncertainty about the financial challenges the Council will face. In addition to the extent to which COVID-19 will continue to affect the national economy there are a number of further key issues which are likely to impact on the Council’s revenue budget. These include:

- the impact of population change/demographic shifts on funding levels
- future decisions of the Scottish Government regarding funding provided for Local Government and protection of other parts of the national budget
- potential use of available tax raising powers
- continuance of Health and Social Care integration within a context of increasing demand
- pension costs influenced by the impact of auto-enrolment
- costs associated with sustainability including waste disposal and recycling, energy and fuel costs
- the impact of the Feeley review of the delivery of Adult Social Care.

## **7. Risk Analysis**

**7.1** The new Strategic Plan will detail the priorities for the Council over the next five years and will be underpinned by performance indicators monitored and reported on annually through the annual report. This framework will demonstrate that the Council has robust processes in place to plan, manage and improve performance. Failure to produce a strategic plan for the 5 year term of the Council would be a significant risk.

**7.2** Due to the ongoing reductions in funding, and uncertainty over future funding levels, there is an inherent risk of there being insufficient financial resource to meet current and future service requirements and provide much needed support to the communities and businesses of West Dunbartonshire. The Council must continue to develop longer term financial planning, and maintain robust budget preparation and monitoring processes, as well as continuing to focus on transformational change to deliver services more efficiently and effectively.

**8. Equalities Impact Assessment (EIA)**

- 8.1** There are no direct issues relating to this report as it is for noting. An EIA will be completed during the development of the new Strategic Plan 2022-27

**9. Consultation**

- 9.1** This report has been compiled in consultation with some of the Chief Officers and the newly appointed Chief Executive.

**10. Strategic Assessment**

- 10.1** A new strategic plan is being developed for 2022-27 and will set out the strategic priorities for the Council for the coming five years.

**Name**            **Joyce White OBE**

Designation   Chief Executive, West Dunbartonshire Council

Date:            10<sup>th</sup> June 2022

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**Appendices:**            N/A

**Background Papers:**    N/A

**Wards Affected:**        N/A

**WEST DUNBARTONSHIRE COUNCIL****Report by: Chief Officer - Roads & Neighbourhood (Shared Service)****Council: 22 June 2022**

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**Subject: Levelling Up Fund Round 2 - Proposed Bid****1. Purpose**

- 1.1** This report seeks Council approval to submit a bid to the UK Levelling Up Fund by the round 2 deadline of 6<sup>th</sup> July 2022.

**2. Recommendations**

- 2.1** It is recommended that Council:

- i) Approves the proposed bid submission comprising the Clydebank Transportation Hub and the Carless Access Road (Scottish Marine Technology Park);
- ii) Notes that should Carless Access Road not be able to proceed further due to the assessment of the state aid position the Kilbowie Roundabout project will be developed for submission: and
- iii) Authorises the commencement of the procurement processes relating to the projects included in the bid.

**3. Background**

- 3.1** The first round of the Levelling Up Fund was announced at the 2020 Spending Review with an aim to support communities in realising this vision. By focusing on capital investment in local infrastructure and building on and consolidating prior programmes such as the Local Growth Fund and the Towns Fund, the first round of the Levelling Up Fund supported £1.7 billion of projects in over 100 local areas across all corners of the UK, delivering over £170 million of funding in Scotland.
- 3.2** The Levelling Up Fund is a capital fund to address systemic weaknesses in the economies of the UK's towns and cities. Bids are invited by 6<sup>th</sup> July 2022 for round 2 of Levelling Up Funding which focuses on local transport projects that make a genuine difference to local areas; town centre and high street regeneration; and support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets. The Fund is jointly managed by HM Treasury (HMT) and UK Government departments.

- 3.3** The Levelling Up Fund Round 2 Guidance was published in March, and further clarifications issued by Government during the following weeks. As such, Councils had limited time to work up bids, less time than would normally be taken to develop projects of this nature.

## **4. Main Issues**

- 4.1** Levelling Up Funding will focus on projects requiring up to £20m. One successful bid per MP area is allowed over the duration of the LUF programme to 2024/25. Funding re-submissions to subsequent rounds are acceptable following an unsuccessful bid. Having one MP aligned with our local authority boundary, the Council can only receive a maximum of one award of up to £20M. Exceptionally, there is also scope for larger high value transport projects. Bids above £20m and below £50m will be accepted for transport projects only, such as road schemes. They will be subject to a more detailed business case process and will need to score highly overall. Bids in excess of £20 million must be **90% Transportation based projects**. Again as above, having one MP, the maximum number of awards that the Council could receive would be one. In both cases securing the support of the local MP is advised but not essential.
- 4.2** West Dunbartonshire Council were successful, as part of round 1, in securing funds for a project requiring up to £20m with the Dumbarton Town Regeneration project. Therefore it is proposed to submit a bid for a large scale Transportation Project as part of round 2.
- 4.3** The Levelling Up Funding Bids can be submitted as a package of two or three projects, as long as their component elements are aligned and represent a coherent set of interventions.
- 4.4** The second round of the Levelling Up Funding is open to projects that can demonstrate spend from the Fund during the 2022-23 financial year. All funding provided from the Fund is to be spent by 31 March 2025, and by 2025-26 on an exceptional basis, therefore favouring shovel ready projects that are at an advanced stage of development or can be developed in the timescale.
- 4.5** Should the submission be unsuccessful it may be resubmitted for consideration for Levelling Up Fund 3.
- 4.6** There is a three-stage approach to the competitive Levelling Up Funding assessment and decision making:
- **Stage 1 Gateway:** This stage is pass/fail. It requires confirmation of some Levelling Up Funding expenditure in 2022-23.

- **Stage 2 Assessment and Shortlisting:** Bids will be assessed against four equally weighted criteria. A short-list will be developed from the highest scoring bids and those who score at least average or above on strategic fit, value for money and deliverability:
  - **Characteristics of the place** – each local authority is categorised 1-3 based on the funding assessment metrics, with West Dunbartonshire Council in Category 1.
  - **Deliverability** - will be gauged by the availability of supplementary finance, management and commercial cases, with bids which demonstrate investment (or start delivery) in financial year 2022-23.
  - **Strategic fit with local and Fund priorities** –should be addressed in the submission strategic case and should include stakeholder support.
  - **Value for money** – an economic case is required to explain project benefits and how it represents value for money.
- **Stage 3 Decision Making:** Following bid assessment and moderation, Ministers will make funding decisions. This is expected in Autumn 2022.

## 5. Options Appraisal

- 5.1** With a short turnaround between being provided with the details of the Funds at the end of March and the 6<sup>th</sup> July deadline, officers produced a range of prospective bids that could potentially meet Levelling Up Funding eligibility criteria and assessed which would be at a sufficiently advanced stage to submit a bid in round 2. This process entailed drawing up a long list of 9 prospective bids and agreeing a scoring mechanism that reflected Levelling Up Funding criteria as well as Council's corporate priorities. With input from senior officers across all relevant Services, projects were then ranked 1st to 9th, with Clydebank Transport Hub ranked number 1 and Carless Access Road, Scottish Marine Technology Park, ranked number 2.

It has been identified that there may a risk to delivery of the Carless Access Road in relation to state aid and the detail of this is contained within section 11.2 of the report. Should legal advice assess that the Carless Access Road can not be progressed due to the state aid position it is proposed to include the third ranked project which is Kilbowie Roundabout Improvements.

The prospective projects considered are outlined on the table below:

Rank	Prospective Project	Comments
1	Clydebank Transport Hub	Strong support from SPT, forms part of Clydebank Master Plan with initial designs and costing already completed. Links well with LUF2 themes
2	Carless Access Road (Scottish Marine Technology Park)	Supports regeneration and local development plan 2 and links with LUF2 themes
3	Kilbowie Roundabout Improvements	Would improve connectivity, bus priority, reduce congestion and emissions. Limited design information at current stage. Links well to LUF2 themes
4	A813 Road, Cycle and Footway Improvements	Currently phase 1 funding available from Sustrans. Requires land purchase. Does not have economic benefit assessment
5	A813 Ladyton Junction Improvement	Linked to above project but only at concept stage
6	A811 Walking and Cycle Improvements	Several issues with purchasing of adjacent land and final design and economic benefits still to be concluded
7	Alexandria Gyratory	Supported by Alexandria masterplan. Would need significant design work and further consultation
8	A812 Improvements	Would be difficult to deliver within timescales
9	Levensgrove Park Bridge	No existing business case. Doesn't align to criteria

## 6. Clydebank Transport Hub

- 6.1** Clydebank Rail and Bus Stations are located adjacent to each other on Chalmers Street, immediately south of Clydebank Town Centre. Both stations are located within a constrained road network which is expected to exceed its operational capacity in the coming years, with the public transport and active travel networks providing the only real options to support the regeneration and inclusive economic growth that is expected to take place within Clydebank and the wider Dunbartonshire area.
- 6.2** From an infrastructure point of view, the existing rail station facilities are non-compliant by the current standards ("Design Standards for Accessible Stations1"). The rail station facilities are not fit for purpose as they do not facilitate adequate access and egress for mobility impaired users.

- 6.3** In terms of passenger demand, the existing facilities are currently catering for 400k rail passengers and 2 million bus passengers per year. There are a number of major regeneration development proposals in the vicinity of the rail and bus stations as well as in the wider Clydebank area. These are all expected to contribute to increased bus and rail demand, with an increase to 700k rail passengers and 2.5 million bus passengers by 2029.
- 6.4** The Transport Hub will incorporate Clydebank Central Station, the bus station and infrastructure for active travel to encourage walking and cycling. The main objective being enhanced bus facilities, improved footways and public realm space. It will compliment and integrate with the railway station improvements providing better disabled access to both platforms.
- 6.5** The Improved Transport Hub supports the long term regeneration vision for Clydebank by establishing the North – South link between Queens Quay Titian Boulevard – Hume Street and potential enhancement of Abbotsford Road to the Forth and Clyde canal / National Cycle route and the shopping centre. The scheme offers enhanced access and egress for all mobilities to Sylvania Way and Alexander Street.
- 6.6** The strategic need for a new transport hub in Clydebank has been identified through a full review of the existing, and emerging, national, regional and local policy and an in depth look at the previous studies which have been carried out in the Clydebank Area which relate to transport network in Clydebank. It supports the long-term vision of Clydebank and the delivery of regional and local policy aspirations for the town and wider area of West Dunbartonshire
- 6.7** The proposed Clydebank Transport Hub will support regeneration within Clydebank, helping to create a sense of place / identity and reducing the sense of severance with the railway line and the A814 Glasgow / Dumbarton Road, while also improving accessibility and personal security. In terms of environmental benefits, the proposed transport hub is expected to remove a total of almost one million car km from the road network over the 25-year assessment period as a result of new users switching from car to more sustainable modes. This will reduce carbon and greenhouse gas emission and will therefore improve the air quality in Clydebank as well as the primary destination for trips from Clydebank (Glasgow) and will therefore aid in combatting the current 'Climate Emergency'.
- 6.8** The development of the transport hub will also support the realisation of the benefits from the wider housing and employment developments at sites such as Queens Quay and the Playdrome Site by ensuring the station provides a gateway experience and integrates these areas with the town centre. In addition bus services will be extended to facilitate Queens Quay.
- 6.9** The project aligns with the key objectives of the Levelling Up Fund 2, namely:

- Promote economic growth by building, enhancing, managing and maintaining transport services, infrastructure and networks to maximise their efficiency.
- Promote social inclusion by connecting remote and disadvantaged communities and increasing the accessibility of the transport network.

**6.10** The Local Delivery Plan 2 which outlines the Development Strategy for Clydebank Town Centre was approved by Council on 19<sup>th</sup> December 2018 lists the creation of a transport interchange at Chalmers Street to support development and improve accessibility of key sites in the town centre and Queens Quay as a key priority.

## **7. Carless Access Road**

**7.1** The project will provide improved road infrastructure, connectivity and accessibility into the currently derelict site of the former Careless Oil Terminal and support the future development of the Scottish Marine Technology Park (SMTP) by the Malin Group.

**7.2** North Clyde Riverbank, including the infrastructure required to deliver the proposed Scottish Marine Technology Park (SMTP) and connectivity projects along the Riverbank, was ranked number 2. SMTP is currently the most transformational proposed regeneration project in West Dunbartonshire. An economic impact assessment undertaken by Stantec for the Malin Group (owners of the site) concludes that the development would create 986 jobs, if fully realised, and add £125.4 million annually to West Dunbartonshire's economy.

**7.3** The redevelopment of the site benefits from a strong local policy support and West Dunbartonshire Local Development Plan 2 which includes a Carless development strategy and a number of site specific policies:-

- To remediate the Carless site to enable redevelopment for business and industrial uses, appropriate commercial uses and, where appropriate and justified, housing and day-to-day convenience retail uses;
- To provide a secondary access point to the site where residential development is proposed on site H2(33) Carless and to upgrade the existing access to serve the business and industrial and mixed-use areas of the site;
- To use development of the site to enhance the Green Network;
- To protect the Forth and Clyde Canal and its setting; and
- To ensure no adverse effect on the integrity of the Special Protection Area (SPA) or on the objectives of designation and the overall integrity of the Site of Special Scientific Interest (SSSI).

**7.4** The long-term development strategy for Carless requires a flexible approach to delivery of the site; enabling the remediation, infrastructure provision and new development to meet market conditions and overcome the challenges presented by site conditions.

- 7.5** A residential development will only be supported when a new access from Dumbarton Road has been provided to serve the residential development. As part of the bid project a new access into the site will be included and open up the site for further redevelopment potential.
- 7.6** It is fully aligned with the Clyde Mission Agenda (2019), the Scottish Government's Programme for Scotland 2020-2021 and aspirations for a more circular economy per the Scottish Government's Economic Strategy (2015). By enabling local employment opportunities for residents of Dalmuir and Mountblow, the SMTP will also contribute towards the creation of a 20-minute neighbourhood, an ambition of the Programme for Scotland 2020-2021
- 7.7** As well as providing redevelopment of 17.7 ha of vacant land on the banks of the River Clyde the development is expected to bring 750 net additional jobs to the area including high paid, high-skilled jobs associated with marine technology and providing a positive effect in the local economy.
- 7.8** The project aligns with the following objective of the LUF2:
- Promote economic growth by building, enhancing, managing and maintaining transport services, infrastructure and networks to maximise their efficiency.
- 7.9** A review of baseline economic conditions identified several challenges which the proposed development can help to address, namely:
- A decreasing population and a relatively low working age (16-64 years) population compared to the national average;
  - A high proportion of deprivation, both in overall rank and across individual domains;
  - A high economic activity rate and a high unemployment rate indicative of a high proportion of those looking for work;
  - Lower median full time gross annual pay in West Dunbartonshire compared to the wider Glasgow City Region (GCR) and Scotland; and
  - A high out-commuting profile to Glasgow City and Argyll and Bute.

## **8. Kilbowie Roundabout Improvements**

- 8.1** The Kilbowie Roundabout is a key transport interchange on the A82 linking Clydebank with both local and further connections. The roundabout is signalised and the traffic signals are close to the end of their design life. There is an opportunity to redesign the roundabout to improve the public realm and sustainable transport and active travel facilities.

The project aims to:

- Improve access to key destinations in West Dunbartonshire
- Reduce congestion

- Improve connectivity to jobs, education and leisure
- Prioritise bus movement
- Support active travel
- Improve air quality
- Encourage economic investment

## **9. People Implications**

- 9.1** Existing staff resources across several Services will be required to develop and submit the application for funding. Should the Levelling Up Funding application be successful, additional development resources will be required to deliver the project in the required timescale. Development costs can be capitalised and will be costed for the lifetime of the project and included in the Levelling Up Funding application.

## **10. Financial and Procurement Implications**

- 10.1** Levelling Up Funding requires at least a 10% funding contribution from the applicant. With the combined total cost of the Clydebank Transport Hub and Carless Access Road bid estimated at £25m, the Council has had positive discussions with both SPT and Marlin Group (Owner of the Carless Development Site) in relation to funding to deliver the projects and confirmation of a funding contribution from both is expected to be confirmed in the coming weeks. The Procurement timescales, though challenging are considered achievable within the programme timeframe, and approval is sought to commence procurement processes to deliver the projects should the bid be successful.

## **11. Risk Analysis**

- 11.1** For Levelling Up Funding the principal risk would be the failure to deliver the programme of projects by end 2024/25, leading to consequent withdrawal of Levelling Up Funding and leaving the Council with financial exposure. Delivery of the programme relies on several factors, including but not limited to:
- Reaching a suitable design solution for both projects that provides the desired outcomes whilst remaining on time and on budget; and
  - Delivery timescales for the Clydebank Transport hub. The initial design and preferred options are completed but will need further consultation with Network rail in regards to mobility access into the station.
- 11.2** It is recognised that the Carless Access Road project will need to address the requirements of the UK Government's new Subsidy Regime which was introduced through the Subsidy Control Act 2022 which was enacted on 28<sup>th</sup> April 2022. Projects where there may be significant benefit to one or more identifiable parties will need to demonstrate either

that they do not constitute a subsidy or if they do, that the subsidy is of a type permitted by the Law. The new legislative regime is substantially different from the preceding State Aid rules under which block exemptions from the general State Aid principles were available for certain types of infrastructure – e.g. ports and airports.

It is proposed to take specialist legal advice on the matter as the consequences of not addressing the subsidy regime correctly may include refusal of the grant application or a requirement for the recipient to repay the whole sums provided. There is funding available to obtain such advice within the project development funding.

As noted above, if the advice indicates that the Carless Access Road is likely to constitute a non-permitted subsidy, or there is insufficient time within the window for submission of Levelling Up Fund bids to resolve any significant concerns, it is proposed that the bid be submitted with the Kilbowie Roundabout Improvements project as the second project in place of the Carless Access Road.

- 11.3** Risk will be mitigated by availability of a suitable level of resource to progress the project components, taking a project management approach to design and delivery and early agreement with the key stakeholders

## **12. Equalities Impact Assessment (EIA)**

- 12.1** Screening and impact assessments will be carried out on specific projects elements as they are further developed.

## **13. Consultation**

- 13.1** The Clydebank Transport Hub and redevelopment of the former Carless Oil Terminal have been subject to previous consultation through the development of the Clydebank Master Plan and Local Development Plan (LDP2), with the latter approved by the Council's Planning Committee on 19<sup>th</sup> September 2018. In addition planning consent has already been sought and granted for the Scottish Marine Technology Park (DC19/0469).
- 13.2** An Options Appraisal exercise of the Clydebank Transport Hub was carried out in conjunction with Strathclyde Partnership for Transport and WSP Consultants along with an outline business case with the findings presented to Elected Members on 16<sup>th</sup> January 2019 with support provided for the preferred design option.
- 13.3** In arriving at the recommended bid engagement is being undertaken with Martin Docherty-Hughes MP.
- 13.4** Officers across Legal, Finance, Cultural Services, Planning, Regeneration, Housing, Sustainability and Roads and Transportation have had an input to the scoring process for the selection of Levelling Up Funding bid.

## **14. Strategic Assessment**

**14.1** At its meeting on 25 October 2017, the Council agreed that its five main strategic priorities for 2017 – 2022. The projects included in the Levelling Up Funding supports West Dunbartonshire in developing a strong local economy and improved employment opportunities as well as supporting individuals, families and carers living independently and with dignity.

- Delivering a key regeneration objective with associated job creation and business development objectives.
- Supporting businesses to develop their workforce, products and services.

**Gail Macfarlane**  
**Chief Officer – Roads and Neighbourhood Services**  
**14 June 2022**

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<b>Person to Contact:</b>	Liam Greene. <a href="mailto:Liam.greene@west-dunbarton.gov.uk">Liam.greene@west-dunbarton.gov.uk</a>
<b>Appendices:</b>	None.
<b>Background Papers:</b>	None.
<b>Wards Affected:</b>	Ward 4 – Kilpatrick, Ward 5 – Clydebank Central, Ward 6 – Clydebank Waterfront.

**WEST DUNBARTONSHIRE COUNCIL**

**Report by Chief Officer: Supply, Distribution and Property**

**Council 22 June 2022**

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**Subject: West Bridgend Hall**

**1. Purpose**

- 1.1** To update Council on progress with West Bridgend Hall project following the request for further information on the request for costs.

**2. Recommendations**

- 2.1** It is recommended that Council:

2.1.1 notes the contents of the report.

**3. Background**

- 3.1** At Council on 9 March 2022 Councillor Dickson moved the following:

*Motion Council notes the officer's recommendation 'F' regarding Westbridgend Community Centre, but is concerned about the unprecedented increase in the budget ask to provide this centre, which will then be transferred out of the Council. While we agree at this time to earmark the required funds, we believe that the next Council should determine the way forward for this project and as such a report will come to June Council detailing the reasons for this increase in budget and allowing the new Council to decide the best way forward. In the meantime officers should continue to work with the local community and assist them in seeking external funding.*

- 3.2** A decision was taken at Council on 22 February 2017 to fund the demolition of West Bridgend Community Centre with a view that a Community Asset Transfer application with a detailed business plan would be submitted by a community group for future use. Budget allocation at this time was £675k.

- 3.3** At the time of the budget setting in Feb 2017, the budget of £675k was based on a previous new build hall. The budget was assigned, it is believed, on a sq.m basis but did not provide financially for a number of actions which can be found in Appendix 1. In addition, the budget did not account for furniture, fixtures and equipment which will be required to deliver the group's ambitions within their business case.

- 3.4** The allocation of budget was contained within the budget at Council and a number of other projects were also included: Dalmonach Community Centre and 3 Sports Pavilions. Funding allocated to these projects appear to have also been based on costs of previous projects delivered.
- 3.5** As time progressed it was apparent that the budget set at the time was inadequate and this was reported via budgetary control reports.
- 3.6** Discussions with the group had been ongoing with the Strategic Lead for that area since 2017. An application was submitted by West Bridgend Community Hall Development Association including a detailed business case on 4 February 2018. The newly constituted group achieved charitable status in July 2018. The application contained a detailed business case to sustain a suitable new build community facility to be built on the site of the former West Bridgend Community Centre
- 3.7** Key target groups for future use of the new build include children and families, young people, people with disabilities, older people, people who have become isolated through a variety of issues. The group proposed to open the centre as a community hub. It is proposed that the community hub will include a community café space, after school and evening clubs for children and people of a variety of ages, parent and toddler groups, elderly lunch clubs, arts and fitness clubs as well as bigger events such as weddings, and family celebrations. They envisage that this will bring a positive impact on the lives of all residents in the area.

#### **4. Main Issues**

- 4.1** The Infrastructure, Regeneration and Economic Development Committee approved a report on 16 May 2019, proposing that a detailed design phase for a new community hall on the site of the former West Bridgend Community Hall be progressed, planning permission submitted and thereafter progress to tender to appoint a contractor to undertake the build. The report at the time confirmed the project could be delivered within budget £675k.
- 4.2** Following demolition of the old Community Centre work began with the group to look at designs which would meet their aspirations / requirements within their business case.
- 4.3** In October 2019 a dedicated architect was appointed to ensure a consistent approach following a request by elected members as there had been a number of changes with the architectural staff.
- 4.4** Initial designs were presented to WDC Place and Design Panel in December 2019 and feedback was provided in February 2020. Following feedback and pre application information, further design amendments and additional surveys were required to meet the planning requirements. The location of the old hall was on the flood risk plan and any new build therefore required to be relocated.

**4.5** From February 2020, a value engineering process has been ongoing to minimise the potential additional costs with the intention to deliver an economic build, but still delivering the community group's aspirations / business plan. The exercise has taken some considerable time due to the discussions with services and the community group to review and propose alternative options. COVID also caused significant delays in the completion of this exercise.

**4.6** Based on the proposed design and the requirements listed above, it is currently estimated that an additional £1.7m is required to deliver the project over 2 financial years 2022/23 and 2023/24. Taking into account the budget already provided, this would require estimated overall funding of £2.3m to be allocated to this project.

However it is important to stress that the total estimated budget of £2.3m is based on prices and assumptions when the revised cost was added to the Council's capital programme approved by Council on 9 March 2022. The construction industry is experiencing unprecedented increases in costs due to a combination of supply chain pressures and shortages, scarcities in the construction workforce, increased fuel costs and the impact of increasing energy costs on inflation. As such there is a genuine risk that the £2.3m estimate will increase before any build is commenced.

**4.7** The project has not yet been capable of qualifying for any capital funding to date but may be able to in the future and apply for some match funding and this is constantly reviewed.

**4.8** The Regeneration Capital Grant Fund (RCGF) is a Scottish Government managed fund delivered in partnership with COSLA that supports place-based regeneration projects. The project currently does not meet the RCGF delivery timescales for grant funding in 2023/24, however, this will be reviewed in conjunction with the group for funding 2024/25 in November 2022.

**4.9** We will be working with the group and West Dunbartonshire CVS in relation to potential funding from "the Big Lottery" and again, the group will be supported by council officers with any application. The outcome may not be known for some time, potentially up to 12 months. This may require advance transfer of land to ensure match funding is confirmed.

**4.10** A detailed analysis has been carried out by teams including quantity surveyors, who have referenced other buildings of a similar typology and advised that the budget cost following the value engineering is comparable across these other buildings - various public and community builds.

**4.11** The value re-engineering considered alternative, less costly materials however these do not meet the specifications set out by planning.

**4.12** A new build community centre similar to Milton hall at much reduced cost in line with original budget, was considered. However, this will not meet the

aspirations of the community, provide the facility required to fulfil / deliver the business case and in turn the community asset transfer would not proceed.

- 4.13** The revised estimated costs are reflective of the community group's business case / aspirations and include a catering kitchen to service the needs and functions of the hall, the works, fees, surveys, items listed in Appendix 1 and the specifications of materials as required by planning.
- 4.14** At the time of the original budget setting in 2017, a review of other facilities in the area which serve the community were looked at in order to facilitate decant of groups and allow the demolition to take place. Groups were decanted to Brucehill Activity Centre and Concorde Community Centre.
- 4.15** Brucehill Activity Centre is now not available for use as it has been turned into a bespoke centre for a local gymnastics club and precludes any other activity taking place. Following this change residents were required to travel to Alexandria Community Centre to continue with their activities.
- 4.16** Whilst the Concorde Community Centre is available for use for residents within this area, previous consultations have indicated that the community group users felt this facility was too far to travel on foot or by public transport.
- 4.17** There is therefore no longer a community facility west of Dumbarton High Street / Centre.
- 4.18** The trustees of the group were appointed on a 5 year fixed term, which can be extended, with the appointments varying from July 2018 to January 2019. At this stage the trustees have not provided confirmation on whether they intended to extend their appointments.

## **5. People Implications**

- 5.1** There are no people implications arising from this report.

## **6. Financial and Procurement Implications**

- 6.1** It is estimated an additional £1.7m is required to deliver the project over the two financial years 2022/23 and 2023/24 taking the total estimated budget to £2.3m. However this estimate is subject to the impact of inflationary pressures on construction projects as set out in paragraph 4.6.
- 6.2** There are no procurement implication arising from this report.

## **7. Risk Analysis**

- 7.1** There is a risk that should additional budget not become available the aspirations set by Council in 2017 for a new build facility may not be met.
- 7.2** There is a risk that should the Trustees not extend their current term and new Trustees not found then Westbridgend Community Hall Development Association could cease to exist and the asset would then come back to the

Council ownership and the Council would incur additional revenue liabilities as a result.

## **8. Equalities Impact Assessment (EIA)**

- 8.1** An equalities screening has been carried out for this report and there are no equality issues identified.

## **9. Strategic Environmental Assessment (SEA)**

- 9.1** A Strategic Environmental Assessment is not required for the purposes of this report

## **10. Consultation**

- 10.1** Consultation was undertaken with various officers across a number of services including Resources, Education Services, Corporate Health & Safety and Corporate Asset Management.

## **11. Strategic Assessment**

- 11.1** The provision of a new build hall will contributing to the Council's strategic priority for a strong local economy and improved job opportunities and also assist us in delivering the strategic priority of efficient and effective frontline services that improve the everyday lives of residents.

Angela Wilson  
Chief Officer, Supply, Distribution and Property  
Date: 24 May 2022

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<b>Appendices:</b>	Appendix 1
<b>Background Papers:</b>	Council – 9 March 2022. General Services Budget 2022/23 and Council Tax Setting.
<b>Wards Affected:</b>	Ward 3

<b>ACTION</b>	<b>ASSOCIATED INDICATIVE COST</b>
M&E engineer fees	£17,000
Structural engineer fees	£48,000
Landscape architect (Planning requirement)	£7,500
Flood Risk Assessments (Planning requirement)	£1,900
Ground Investigation Surveys	£8,900
Topographical Surveys (SEPA requirement due to building requiring to be relocated from original site)	£1,500
Drainage Surveys (SEPA requirement due to building requiring to be relocated from original site)	£4,000
Site investigations and survey works	£1,500
Contaminated Land Remediation Strategy (Planning Requirement)	Costs as yet unknown.
Abnormal Ground Conditions	£310,000
CDM Advisor fees	£5,700
Inflationary Costs	£100,000
Covid/Brexit related cost increase market still volatile and currently difficult to establish what these costs will be once we tender but contingencies in building construction costs include the current position.	£251,000
Requirement for renewables technology (due to revisions to the building technical standards)	contingency has been made building construction costs (below) but final detail still being value engineered with mechanical and electrical contractor.
Increased costs for external materials due to high visibility of the site (Planning requirement).	£617,000 (elements included in the building construction costs below)
Building Construction costs	£1,416,891