

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer - Resources****Council: 21 December 2022**

Subject: Review of West Dunbartonshire Council's Capital Programme**1. PURPOSE**

- 1.1 To provide Council with the outcome of a review of the Council's Capital Programme and present recommendations to reduce the capital programme in light of concerns about affordability.

2. RECOMMENDATIONS

- 2.1 Council is asked to:
- a) Note the factors having a significant impact on the affordability and delivery of the Council's capital programme.
 - b) Approve the removal of the 34 projects listed at paragraph 4.15 of the report from the Council's capital plan
 - c) Approve reduced budget allocations to the 14 projects listed at paragraph 4.17 of the report.
 - d) Note these amendments will remove a total of £34.615m of capital expenditure from the Council's long term capital programme and generate an estimated £0.337m in revenue savings in 2023/24, rising to £0.515m in 2024/25 and £0.577m in 2025/26.
 - e) Note that future bids for new capital projects will be subject to an assessment carried out by the Council's Strategic Asset Management Group and recommendations for new projects will be submitted to Council for approval on an annual basis as part of the budget setting process. However, in exceptional circumstances, recommendations for new capital projects will be submitted to Council, for approval outside of that annual cycle.

3. BACKGROUND

- 3.1 On 9 March 2022, the Council agreed an updated ten year capital programme and a balanced 2023/24 revenue budget. The Capital Plan contains a range of specific projects allocated to services and also a number of recurring projects for areas where there is an acknowledgement that there needs to be a degree of capital spend each year (for example building upgrades, roads maintenance, vehicle replacement etc).
- 3.2 The capital plan profiles the capital expenditure over a ten year window. Exhibit 1 summarises that profiled expenditure over the period 2022/23 to 2020/31. Note that a number of the projects will also have incurred capital expenditure prior to 2022/23 however Exhibit 1 is focusing on the level of capital expenditure in the

current and future years. It can be seen that the current plan includes £275.6million of expenditure over the period 2022/23 to 2030/31.

Exhibit 1 – Summary of Planned Capital Expenditure as at March 2022 Budget Meeting (costs are in £000)

Service	No	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total 22/23- 30/31
RECURRING	14	17,576	14,043	13,550	14,079	13,101	13,103	13,103	13,103	13,103	124,761
CCF	5	3,305	1,251	0	0	0	0	0	0	0	4,556
SPD	12	3,187	2,290	4,000	1,952	0	0	0	0	0	11,429
HSCP	4	497	711	434	280	280	154	154	154	0	2,664
R&N	41	5,506	8,658	7,665	3,130	100	0	0	0	0	25,059
EDU	11	4,036	21,805	7,860	1,560	120	120	60	0	0	35,561
RES	8	76	2	4	0	30	0	0	0	0	112
H&E	3	125	35	35	35	35	35	35	0	0	335
R&R	32	17,048	27,585	13,510	9,000	3,383	0	0	0	0	70,526
P&T	5	150	146	46	47	48	49	50	51	0	587
Total	135	51,506	76,526	47,104	30,083	17,097	13,461	13,402	13,308	13,103	275,590

- 3.3 The Council receives a general capital grant from the Scottish Government each year (approx. £6m). Any spend above this level, not funded from other grants, is funded through borrowing. Capital spend funded from borrowing results in loan charges until the borrowing is fully repaid. Exhibit 2 summarises how the capital expenditure in each of the years between 2022/23 and 2030/31 is currently projected to be financed.

Exhibit 2 – Financing the Capital Programme 2022/23-2030/31

Service	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total 22/23- 30/31
Borrowing	34,172	48,948	32,725	16,554	7,541	6,813	6,754	6,660	6,455	166,622
Ring Fenced Capital Grant	8,223	20,218	7,701	5,951	2,908	0	0	0	0	45,001
General Capital Grant	5,982	6,648	6,648	6,648	6,648	6,648	6,648	6,648	6,648	59,166
Matched Funding	3,087	712	30	930	0	0	0	0	0	4,759
Other	42	0	0	0	0	0	0	0	0	42
Total	51,506	76,526	47,104	30,083	17,097	13,461	13,402	13,308	13,103	275,590

- 3.4 Exhibit 2 shows that the Council's current capital programme will require £166.6m of prudential borrowing over the period 2022/23 to 2030/31 based on current projections for the cost of specific projects. That represents 60% of the total planned capital programme expenditure.

4. MAIN ISSUES

Affordability of the Capital Programme

- 4.1 The current financial crisis is having a significant impact on both the affordability and delivery of the capital programme. The paragraphs below set out some of the key issues.
- 4.2 Cost Inflation

Rising prices across all sectors of the economy are having an impact on the price of products, materials and contractors. Contractors, sub-contractors and suppliers

are factoring in allowances to cover future cost increases, particularly for projects with a longer construction period. The majority of capital projects are likely to be affected by this and it is a reasonable assumption that any capital projects costed in the last 12-18 months, are likely to end up costing materially more than the current estimates in the Council's capital programme.

4.3 Availability of Products and Materials

The impact of various socio-economic factors and worldwide events are causing substantial supply chain issues, leading to significant delays and lack of availability of products and materials required to undertake capital work. This affects availability across all services including roads materials, buildings construction, ICT and fleet. In some cases, a lead time of 18 to 24 months has been quoted in respect of new plant and vehicles.

4.4 Cost of Funding the Capital Programme

As demonstrated in Exhibits 1 and 2, the capital programme, approved in March 2022, allocated a total capital budget of £276m over the period 2022/23 to 2030/31. The capital programme is funded by a mix of borrowing and grant funding from the UK and Scottish Governments, and other external sources. Around £6m is currently received on an annual basis through the General Capital Grant from the Scottish Government. Other grant funding normally involves a bidding process and therefore the Council faces growing competition from other local authorities. However, the majority, around 60% of the total capital spend, is funded from borrowing. The affordability of capital spend is therefore impacted by changes in interest rates.

4.5 It is well publicised that interest rates have increased materially in recent months, over and above what were already high projections, and this has had a significant impact on the affordability of the current Capital Programme. Interest rates continue to be volatile and therefore it is difficult to predict the future trend with a degree of certainty, but current PWLB borrowing rates sit at around 4.5% whereas in March 2022, when the new capital programme was agreed, on average, long-term borrowing of up to 10 years could be obtained at an interest rate of around 2.3%.

By means of illustration the payback for a capital project costing £10m at 2.3% interest rate per annum repaid over 40 years would have been £14.7m. However PWLB interest rates at the time of writing this paper are approximately 4.5% which increases the payback to £19.2m, an increase of £4.5m, which is a 31% increase on the original payback.

4.6 It is also reasonable to make an assumption that a £10m project could actually now cost in the region of £15m due to the cost inflation issues highlighted in paragraphs 4.1 and 4.2. A £15m project borrowed at a current interest rate of 4.5% per annum repaid over 40 years would result in a total payback of £22.4m

So after accounting for cost inflation coupled with interest rate rises, the result is that the cost of the original £10m project will have increased by 52% as demonstrated by Exhibit 3.

Exhibit 3 – Illustrative Impact of Rising Interest Rates and Cost Inflation

Original Build Cost	Total Interest Payable over 40 Years (@2.3%)	Total Original Payback	Revised Build Cost	Total Interest Payable over 40 years (@4.5%)	Total Revised Payback	Increase in Payback	Increase (%)
£10m	£4.715m	£14.715m	£15m	£7.403m	£22.403m	£7.688m	52%

Impact of Capital Spend on Future Revenue Budgets

- 4.7 The repayment of borrowing used to fund capital creates a future revenue budget commitment over the entirety of the anticipated lifespan of the new asset. Additional borrowing to fund more expensive capital projects will increase the Council’s overall debt position and will accrue substantial interest charges. These pressures are not unique to West Dunbartonshire Council and are being faced by all councils with a number of them also reviewing their current capital programmes due to concerns about affordability.
- 4.8 The Council has a statutory obligation to balance its budgets. The revenue budget is already under significant pressure from rising energy prices, rising fuel prices and staff pay awards. As a result of the higher interest rates, any new capital spend will add further pressure to the loans charges element of that budget. However, it is important that Members also recognise that, along with a substantial increase in the current cost of financing a capital project, once the asset is complete it may bring additional future revenue budget commitments through the need to fund future operating costs, including maintenance.
- 4.9 Decisions on capital spend will need to focus on obtaining best value for money for the Council, including prioritisation to ensure the continued delivery of essential services, a focus on mitigation of key areas of risk and consideration of available external funding, new income generation opportunities and budget efficiency savings that can be achieved.

Approach to Review of the Capital Programme

- 4.10 The review of the Council’s capital programme focused on:
1. Non-recurring projects which are considered non-essential.
 2. Annual recurring projects where the value remains static year on year.
 3. Budgets held for spend relating to other organisations.

And considered factors such as:

- legal and health and safety obligations
- impact on service delivery
- impact on the value and life of the assets
- potential for increases in repair costs if ageing assets are not replaced
- the extent to which projects are already well advanced or supported by external funding.

- 4.11 The capital programme was reviewed, on a line by line basis, by a sub group of the Strategic Asset Management group, chaired by the Chief Officer Resources,

with initial proposals and questions posed to all Chief Officers on the projects in the programme allocated to their services. Responses to those questions and feedback on the initial proposals were further considered by the sub group which has informed the recommendations set out in this report.

4.12 For each line in the capital programme there is a recommended action to either:

- Remove – cancel the project
- Reduce – reduce the allocated budget over the life of the programme
- Reprofile – no change to the overall allocated capital budget however a need to reprofile the anticipated spend as it affects the revenue impact of the borrowing
- Keep – retain the project with no changes

4.13 For each recommended action a brief rationale has also been provided.

Summary of Recommended Actions

4.14 Of the 123 projects currently in the capital programme (note this is 12 less than quoted in Exhibit 1 as Exhibit 1 was the capital programme as at March 2022 whereas the review was conducted on the updated capital programme as at period 7 2022/23 where 12 of the programmes had been removed as completed:

- 34 to be removed entirely totalling £12.911m
- 14 to have their allocated capital budget reduced totalling £21.704m
- 18 that need their capital expenditure reprofiled
- 57 that should be kept

The net effect of these changes would remove a total of £34.615m from the capital programme over the period 2022/23 to 2030/31.

4.15 The Finance team have reviewed the revenue implications of making the recommended changes summarised in paragraph 4.14. Based on current loan charge rates, if all the recommendations are accepted, there would be a reduction in loan charge payments (funded from revenue) of:

- £0.337m in 2023/24
- £0.515m in 2024/25
- £0.577m in 2025/26

In addition there would be an avoidance in in future loans principal repayments (funded through capital receipts) of:

- £0.903m in 2023/24
- £1.109m in 2024/25
- £1.348m in 2025/26

Note that further work is required to reprofile the 18 projects where reprofiling has been recommended. This is likely to increase the estimated revenue savings but not by a material amount.

4.16 Exhibit 4a summarises the 34 projects that are recommended to be removed and the rationale for their removal.

Exhibit 4a – Rationale for Projects Recommended for Removal

Service	Project	Rationale
R&R	Energy Projects quick wins	Costs for projects of this nature should either be aligned with the next three years of projects which Building Services have for Building Upgrades or via Central Repairs budget or the services own budget if a quick win is to reduce utility costs.
R&R	Upgrade obsolete heating controls (BEMS)	Costs for projects of this nature should either be aligned with the next three years of projects which Building Services have for Building Upgrades or via Central Repairs budget or the services own budget if an outcome is a reduction in utility costs.
R&R	Water Meter Downsize	Costs for projects of this nature should either be aligned with the next three years of projects which Building Services have for Building Upgrades or via Central Repairs budget or the services own budget if an outcome is a reduction in utility costs.
R&R	Zero Carbon	Costs for projects of this nature should either be aligned with the next three years of projects and beyond, which Building Services have for Building Upgrades. This will prevent disruption to service users within buildings as currently programmes are not aligned and therefore there is a risk that building upgrades work could be completed and then works to achieve net zero commenced and vice versa.
R&R	Viresco Studio and Arts Centre	Project cancelled and Scottish Government funding withdrawn
R&R	Lighting upgrades to LED in schools and Corporate buildings	This should be funded from building upgrades recurring budget after applying the existing prioritisation process. Currently programmes are ongoing outwith the building upgrades prioritisation process which has been approved by Council.
R&R	Water Automatic Meter Readers	Costs for projects of this nature should either be aligned with the next three years of projects which Building Services have for Building Upgrades or via Central Repairs budget or the services own budget if an outcome is a reduction in utility costs.
R&R	Replace Obsolete oil fired Boiler at HUB CEC.	This site is due for building upgrades work in line with the prioritisation process in 2023/24 and this should be added to the building upgrades project which has already accounted for the cost of this within the budget allocation.

R&R	Electricity Automatic Meter Readers	Costs for projects of this nature should either be aligned with the next three years of projects which Building Services have for Building Upgrades or via Central Repairs budget or the services own budget if an outcome is a reduction in utility costs.
CCF	Telephone System Upgrade	This was taken forward following criticism of the service in 2021/22 and would have enabled calls to be recorded for quality improvement and also introduced call positioning. The team will consult ICT to ascertain if there is any alternative funding other than capital.
SDP	New Sports Changing Facility Dumbarton West (Old OLSP)	Very minor spend to date against this project as yet and project has not progressed for an extended period of time. The spend to date has only been in relation to surveys for feasibility of the site and ground conditions together with planning application. The site has no current bookings and it is not known whether there is a demand for this and the booking previously taken when it was a school has moved to the new school location. There is potential for the site to be sold to developers whch would generate a capital receipt.
SDP	Purchase of 3 Welfare Units	No spend to date and building services have confirmed that, if and when these are required, they can be hired
SDP	Holm Park & Yoker Athletic FC	Project is complete.
SDP	New Westbridgend Community Centre	This project has been subject to previous council reports and commitments made to progress it however there has been no spend against it as at December 2022 and in the current economic climate it needs to be considered against other priorities and whether it delivers value for money. The Council have engaged with the community group to submit an application for funding of up to £1m from the Regeneration Capital Grant Fund and it is anticipated there is a good possibility they will be successful. This will not be known until around September 2023.
SDP	Changing Places Toilet Provision	This was a Council commitment when agreeing the 2022/23 but there is no spend too date against it although it is at design stage. Since that budget decision two changing place toilets have been installed in non WDC sites (Clydebank Shopping Centre and the Big Disability Building) and further ones could be added in Concorde and Alexandria Community Centre when they are refurbished in 2023/24 and 2024/25 as part of the Building Upgrades programme..
SDP	Alexandria Community Centre Sports Hall re-flooring	This is not considered a high priority project at the current time and there is no spend to date against it – there may be scope to incorporate these works into Building Upgrades prioritisation works and either commence in 2023/24 or 2024/25.

HSCP	Replacement of CareFirst	Whilst there has been concern that the CareFirst supplier (OLM) will no longer support the current version of Carefirst as they have developed a new cloud based replacement they have confirmed that their senior management team have not made any formal decisions around the general support for CareFirst. They have confirmed that they no longer provide bug fixes or enhancements for CareFirst unless there is a statutory need for them to do so. Given that support is still being provided and given the uncertainty about the future of social care provision due to the potential for a National Care Service it is not advisable to invest material capital sums in a system which may or may not be needed in the short to medium future.
R&N	Infrastructure - Flooding	This recurring budget line is used to fund smaller infrastructure projects as and when they arise. In essence it is a 'general pot'. Going forward these infrastructure projects should be subject to a specific capital bid to ensure they are considered equally against all other capital bids
R&N	Footways/Cycle Path Upgrades	This can be absorbed within the existing recurring roads annual budget.
R&N	Spaces for People	Project has been completed and budget is not required. Was carried forward in error.
R&N	A813 Road Improvement Phase 2	Chief Officer to consider the impact of removing this phase 2 budget and, if appropriate, bring forward a future capital bid for revised works.
R&N	A811 Lomond Bridge	Project is complete and no budget beyond 2022/23 - remove from capital programme
R&N	Elevated Platforms (Building Services)	No spend to date and building services have confirmed that if and when these are required they can be hired.
R&N	Protective overcoating to 4 bridges over River Leven	Renton Bridge has been completed but other bridge works not yet procured. Remove this now and future bids can be submitted and assessed as required.
R&N	Mandatory 20mph Residential communities	This was a capital bid that has taken a long time to deliver as linked to Scottish Government and transport bill. It can be reduced and phased over a number of years or removed at current time. Recommendation is to remove at current time and consider need to reintroduce it at a later date if and when there is greater clarity from the Scottish Government over what is required
R&N	Footway Resurfacing (RAMP)	There is no spend to date against this just now as it is taking a long time to procure a contractor in the current market. This budget should be removed and the costs absorbed from within the recurring roads budget
R&N	Water Safety	This budget was a political decision taken in early 2022 - the budget has not been spend as at November 2022.
R&N	Street sign renewal	This should be funded from the recurring roads budget

R&N	Christmas lights	No costs assigned for this as of yet and Christmas light provision is subject to review
R&N	Roads improvements	Council commitment when agreeing 2022/23 budget. No spend to date.
R&N	Pavement improvements	Council commitment when agreeing 2022/23 budget. No spend to date.
H&E	Invest in "Your Community Initiative"	This is externally funded but won't extend beyond 2022/23 so can be removed from the capital programme however has no savings impact
H&E	Integrated Housing Management System	This budget was to cover costs of capitalised consultancy however there is now less of a need for consultancy so budget no longer required
H&E	Dennystoun Forge Site Improvements	Budget is the funding included within the Council's Capital Block Grant to support the provision of service to Gypsy Travelling community. Funding in 2022/23 is earmarked for proposed improvements to the Dennystoun Forge site in terms of traffic calming measures and play provision. Future years spend is undetermined and therefore can be removed.

4.17 Exhibit 4b summarises the capital budget implications of removing the 34 projects over the life of the capital programme and the revenue savings over the three year period 2023/24 to 2025/26. Where there is a 0 for a revenue saving it either means the associated revenue saving is beyond 2025/26 or is simply due to it being a small amount which has rounded to 0.

Exhibit 4b – Capital and Revenue Implications of Removed Projects

Service	Project	Capital Budget Removed 22/23 – 30/31 (£000)	2023/24 Revenue (£000)	2024/25 Revenue (£000)	2025/26 Revenue (£000)
R&R	Energy Projects quick wins	31	1	1	1
R&R	Upgrade obsolete heating controls (BEMS)	131	5	4	4
R&R	Water Meter Downsize	3	0	0	0
R&R	Zero Carbon	242	10	8	6
R&R	Viresco Studio and Arts Centre	0	0	0	0
R&R	Lighting upgrades to LED in schools and Corporate buildings	50	2	2	2
R&R	Water Automatic Meter Readers	20	1	1	0
R&R	Replace Obsolete oil fired Boiler at HUB CEC.	110	4	4	4
R&R	Electricity Automatic Meter Readers	10	0	0	0

CCF	Telephone System Upgrade	11	0	0	0
SDP	New Sports Changing Facility Dumbarton West (Old OLSP)	340	0	14	13
SDP	Purchase of 3 Welfare Units	78	3	3	3
SDP	Holm Park & Yoker Athletic FC	86	3	3	3
SDP	New Westbridgend Community Centre	2,290	44	89	85
SDP	Changing Places Toilet Provision	150	6	5	5
SDP	Alexandria Community Centre Sports Hall re-flooring	40	2	1	1
HSCP	Replacement of CareFirst	1,400	11	20	27
R&N	Infrastructure - Flooding	800	0	4	8
R&N	Footways/Cycle Path Upgrades	800	4	8	12
R&N	SpACES for People	390	16	15	14
R&N	A813 Road Improvement Phase 2	2,325	0	0	0
R&N	A811 Lomond Bridge	84	3	3	3
R&N	Elevated Platforms (Building Services)	45	2	1	1
R&N	Protective overcoating to pa4 bridges over River Leven	279	0	0	11
R&N	Mandatory 20mph Residential communities	489	9	19	18
R&N	Footway Resurfacing (RAMP)	350	14	13	13
R&N	Water Safety	30	1	1	1
R&N	Street sign renewal	100	4	4	4
R&N	Christmas lights	0	0	0	0
R&N	Roads improvements	1,000	40	50	50
R&N	Pavement improvements	1,000	40	50	50
H&E	Invest in "Your Community Initiative"	0	0	0	0
H&E	Integrated Housing Management System	77	1	1	1
H&E	Dennystoun Forge Site Improvements	150	0	1	3
	TOTAL	12,911	227	304	314

4.18 Exhibit 5a summarises the 14 projects proposed for a reduction, the rationale for the reduction and the proposed reduction.

Exhibit 5a – Rationale for Projects Recommended for Reduction

Service	Project	Rationale and Proposed Reduction
CCF	Heritage Capital Fund	Chief Officer has confirmed that £1.7million can be released. This would remove funding for Dalmuir Library/Gallery project, reduce the scope of works to the roof and stonework at Town Hall; reduce the Town Hall renovation project; and reduce the scope of works at Bruce Street Baths. Alexandria Library is complete and the Council is contracted to complete work in the basement of Clydebank Library. Proposal is to reduce the budget by £1.7 million.
R&N	Allotment Development	This budget is used to work towards Scottish Government targets for allotments however the Council has historically struggled to find suitable plots which has resulted in ongoing reprofiling. Proposal is to reduce the budget by 50% at the current time and reassess this when reviewing the capital programme again in advance of agreeing the 2024/25 budget.
R&N	A813 Road Improvement Phase 1	There has been substantial prior year spend against this project however the £0.625m budgeted for 2025/26 is for a different area of road so it can be cancelled without there being any recharge to revenue. Chief Officer to consider the impact of removing this £0.625m and, if appropriate, bring forward a future capital bid for revised works.
EDU	Audio Visual Equipment	There is a requirement to replace and renew these teaching resources which was delayed due to COVID. Fully removing this budget would remove the Council's capacity to replace an ageing electronic teaching board provision. Therefore proposal is to half the capital budget allocation between 2023/24 and 2030/31 and ask the service to bring forward a specific phased replacement programme for AV equipment with a consideration of how much can be funded from school budgets (likely to be reduced) and how much from the Council's capital programme.
RES	Agresso upgrade	This is a critical system for the Council. The £25k spend in 2022/23 is mandatory as we require new functionality to continue to provide services however the £30k in 2026/27 is speculative with an assumption we will need further investment. Proposal is to remove the 2026/27 budget and reconsider if it is necessary nearer the time.
R&R	Regeneration/ Local Economic Development	Capital budget is required for existing regeneration projects however levels of future investment in regeneration projects need to be further considered with a robust case by case cost benefit analysis carried out. Proposal is to retain budgets in 2023/24 to 2025/26 but reduce by 50% from 2026/27 onwards.
P&T	ICT Security & DR	There has been underspends in prior years against this recurring budget line which suggests there is some scope to reduce the overall allocation however IT costs are generally increasing so any reduction in this budget line will need to be relatively minor. Furthermore this supports a planned five year refresh for key

		hardware which the Council already tries to extend to six or seven years wherever possible. Proposal is to reduce annual allocation by 10%
SDP	Building Upgrades	This is a recurring and needs led budget and any reduction in allocated budget will require a review of the planned programme of works. A 10% reduction in 2023/24 will mean works to Parkhall Library, Clydebank East Community Centre, Goldenhill Pavilion, Glenhead Community Centre will not go ahead at the current time but can be reconsidered as part of the longer term programme of works. Any further reduction beyond 10% would impact on planned works to schools and early learning centres. Proposal is to reduce annual allocation by 10%.
HSCP	Aids & Adaptations for HSCP clients and telecare	This is a recurring and demand led budget which historically has spend fluctuating between 79% and 100% of budget which suggests there is scope to reduce the commitment but not by an excessive amount. COVID has resulted in a backlog of social work assessments and this, added to the deterioration in the health and mobility of people affected by COVID restrictions means there is a possibility of an increase in pressure on this budget. Therefore spend against it should be closely monitored to determine if the reduced budget is sufficient over the medium to long term. Proposal is to reduce annual allocation by 15%
R&N	Infrastructure - Roads	Historically spend against this recurring budget has averaged 84% which suggests there is scope to reduce the commitment by around 15%. Recommended reduction of 20% slightly exceeds that which may require a change in strategy to move away from resurfacing and focus on more localised structural patching. This may result in an increase in complaints and insurance claims so this will need to be closely monitored to assess whether a 20% reduction is excessive. Proposal is to reduce annual allocation by 20%
P&T	ICT Modernisation	Historically spend against this recurring budget has averaged 76% which suggests there is scope to reduce the commitment by around 20%. Proposal is to reduce annual allocation by 20%
RES	Payment Card Industry Data Security Standard (PCIDSS)	Removing this and not completing the project would mean the Council are not compliant with payment security standards which gives rise to a risk of a fine and reputational risk if payments not taken securely. However latest estimate is a reduced capital cost so budget reduced to reflect that. Proposal is to reduce by £10k.
R&N	Public non-adopted paths and roads	This recurring budget is mostly used for grounds and upgrades to paths in parks, cemeteries. Reducing the budget by 50% will leave some annual budget for these types of work of a lesser amount but larger projects over a pre-determined threshold should be submitted as a specific capital bid to enable them to be considered by the capital prioritisation process. Proposal is to reduce annual allocated by 50%
R&N	Vehicle Replacement	There is considerable reprofiling against this recurring budget line due to lead times on vehicles. Work is currently underway to determine the funding required to transition to an electric fleet

		which ultimately will be added to the capital budget and replace the current recurring budgeted amounts. Recommendation to reduce recurring budget at current time will require a reprogramming of current vehicle requirements and that review should consider possible reductions in workforce. Proposal is to reduce by estimated £2m unspent in 2022/23 and reduce the annual allocation from 2023/24 onwards by 20%
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4.18 Exhibit 5b summarises the capital budget implications of reducing the 14 projects over the life of the capital programme and the revenue savings over the three year period 2023/24 to 2025/26. Where there is a 0 for a revenue saving it either means the associated revenue saving is beyond 2025/26 or is simply due to it being a small amount which has rounded to 0.

Exhibit 5b – Capital and Revenue Implications of Reduced Projects

Service	Project	Capital Budget Removed 22/23 – 30/31 (£000)	2023/24 Revenue (£000)	2024/25 Revenue (£000)	2025/26 Revenue (£000)
CCF	Heritage Capital Fund	1,700	22	67	64
R&N	Allotment Development	178	7	0	0
R&N	A813 Road Improvement Phase 1	625	0	0	0
EDU	AV Equipment - Education	240	1	2	3
RES	Agresso upgrade	30	0	0	0
R&R	Regeneration/Local Economic Development	2,500	0	0	0
P&T	ICT Security & DR	440	0	3	5
SDP	Building Upgrades	2,472	0	12	23
HSCP	Aids & Adaptations for HSCP clients and telecare	1,071	0	5	10
R&N	Infrastructure - Roads	5,084	0	25	49
P&T	ICT Modernisation	1,474	0	9	15
RES	Payment Card Industry Data Security Standard (PCIDSS)	10	0	0	0
R&N	Public non-adopted paths and roads	1,800	0	9	18
R&N	Vehicle Replacement	4,080	80	79	76
	TOTAL	21,704	110	211	263

4.17 Appendix 1 details the 18 capital projects that need their capital expenditure reprofiled and Appendix 2 lists the 57 that are recommended to be kept in the capital programme without any amendments.

Future additions to the capital programme

- 4.18 Future bids for additions to the Council's capital programme will be subject to a robust assessment/risk prioritisation process which will be carried out by the Council's Strategic Asset Management Group and will include input and a recommendation by the Chief Officer Resources and Chief Officer Supply, Distribution and Property.
- 4.19 Services submitting a request for a new capital project will be asked to complete a bid form which will include a range of information including financial implications and the project's link to the Council's corporate objectives and strategic plan. Consideration will be given to factors such as any legal/statutory requirements, service delivery, and financial benefit.
- 4.20 Whilst services will be asked to score their bids against these types of categories the scores will be subject to review by the Strategic Asset Management Group to ensure scores are applied consistently across all projects.
- 4.21 Recommendations in relation to potential new capital projects will normally be submitted to Council as part of the annual budget setting process. Only in exceptional circumstances will a capital project request be submitted to Council for consideration outwith this annual budgeting cycle.

5. PEOPLE IMPLICATIONS

- 5.1 None as a direct consequence of this report

6. FINANCIAL AND PROCUREMENT IMPLICATIONS

- 6.1 Sets out the options to reduce the capital budget expenditure and associated revenue impact.

7. RISK ANALYSIS

- 7.1 Reductions in the capital programme, and in particular some of the recurring service budgets, may have a detrimental impact on service delivery and may create an increase in complaints.

8. EQUALITIES IMPACT ASSESSMENT (EIA)

- 8.1 None of the proposed amendments to the capital programme are considered to require a formal EIA.

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 strategic priorities of the Council's Strategic Plan.

- 10.2 The capital budget contributes to all categories by providing funding in specific areas to help the Council achieve and develop these priorities.

Laurence Slavin
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Date: 21 December 2022

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Appendices

Appendix 1 – Capital projects requiring capital expenditure reprofiled

Appendix 2 – Capital projects to be retained with no changes

Background Papers

Budget Report to Council - 9 March 2022

Financial Update Report to Council – 22 June 2022

Appendix 1 – Capital projects requiring capital expenditure reprofiled

Service	Project	Rationale
R&R	Installation of Solar PV at Clydebank Leisure Centre	This budget should be kept as it is a spend to save project which is anticipated will deliver revenue savings. It does however need reprofiled to ensure loan charge estimates are as accurate as possible
R&R	Replace existing main hall Air Handling unit at Clydebank Town Hall	This has slipped for a couple of years and we need to reprofile the expenditure to ensure loan charge estimates are as accurate as possible
R&R	Leisure Energy projects	This is a budget for capital works in a leisure centre, in particular to replace an air handling unit which is required and the project is very near going for tender. The expenditure needs reprofiled.
R&R	Regeneration Fund	The budget is fully allocated across four projects with only a small contingency amount of £55k retained. However costs need reprofiled to better reflect anticipated timing of spend ensure revenue implications are more accurately calculated
R&R	Place Based Investment	These capital funds will be required for costs relating to Titan Boulevard and the Alexandria masterplan. However costs need reprofiled to better reflect anticipated timing of spend ensure revenue implications are more accurately calculated
R&R	Clydebank Can on the Canal	Majority of this is externally funded (WDC contribution is £30k) - expenditure needs reprofiled into 2023/24 as not all to be spent in 2022/23 however as predominantly externally funded there is no impact on revenue costs
R&R	Levelling Up Fund	Levelling Up is externally grant funded but costing need reprofiled
R&N	Pothole Rapid Repair Service	This is a bid for a JCB pothole patcher which has a long lead in time. No costs allocated yet but likely to exceed £100k. Purchase can be considered as part of wider roads review
R&N	Flood Risk Management	This capital budget is still required to complete the planned works however there has been material reprofiling already and the whole budget needs reprofiled so we can more accurately calculate the estimated revenue impact of this capital spend
R&N	Gruggies Burn Flood Prevention	Council have submitted a bid for £20m of funding from Scottish Government. Design underway and will be complete this financial year which will determine phasing. If project costs more than the funding requested the Council will require to fund overspend. If delivered within the external funding and it is fully received we may not require WDC funding at all. Can be reviewed when there is certainty from Scottish Government.

R&N	Waste Transfer Station	Feasibility has been completed. If paused/stopped the Council won't be ready for landfill ban in 2025 and service provider bids will be much higher. Currently preparing a bid for external funding. May need reprofiling.
R&N	Electric Vehicle Charging Points	Electric Vehicle strategy and expansion plan is underway in city region. There is an expectation that up to £0.300 million of external funding will be made available in 2023/24. Advisable to pause this project until there is greater clarity over that.
R&N	Cemetery Extension, North Dalnotter	This was a five year use extension. Number of lairs are required to meet anticipated number however budget needs to be reprofiled to better match expected timing of expenditure
R&N	Traffic Signal Upgrades	There were a number of signal failures at Kilbowie roundabout due to age of signals and the Council received complaints regarding the issue. This is also a safety concern. There has been no spend against this line as at November 2022 so it may need to be reprofiled
R&N	Vehicle Replacement Strategy	These vehicles are necessary to deliver roads and neighbourhood service however lead in time for the vehicles is between 18 months and two years. Budget needs reprofiled
EDU	Choices Programme -	This budget is largely spent so no benefit in removing this - however 2022/23 needs reprofiled
RES	Cost of Living	The Cost of Living Capital Fund was launched on 31 October 2022 and a Council decision taken to cap it at £0.250m per annum over a four year period. Spend needs to be reprofiled to reflect that decision.
RES	Cash Receipting system enhancements	This is an enabler for the PCIDSS project and should be amalgamated with that line - this expenditure is now expected in 2023/24

Appendix 2 – Capital projects to be retained with no changes

Service	Project	Capital Budget 2022/23 - 2030/31 (£000)	Rationale for Keeping
R&R	Legal Case Management System	33	This budget should be kept as it is a spend to save project which is anticipated will deliver revenue savings.
R&R	Solicitor Project	40	This is appropriate capitalisation of a solicitor post so should be retained as a capital cost at the current time - however this will be subject to a wider review of capitalised staff costs in 2023/24
R&R	Replace failed heating controls	7	This is a small spend with the majority already spent.
R&R	District Heating Network Expansion	11,220	District Heating Network Expansion is a long term project and the Council is fully committed to it with capital costs required to part fund connections to, for example, Golden Jubilee, West College Scotland, Dumbarton Road flats and Health Centre
R&R	Exxon City Deal	31,369	Exxon City Deal is predominantly externally funded and there is also Council contribution. If we ceased this now we would need to pay back considerable amounts of incurred costs.
R&R	Level UP Funding	68	Levelling Up is externally grant funded
R&R	Re -imagine Antonine Wall	30	This is linked to matched funding from other councils and Historic Environment Scotland
R&R	Town Centre Fund	142	Projects funded by Scottish Government.
CCF	Transformation of Infrastructure Libraries and Museums	191	This work is being considered as part of a saving option being developed by the relevant Chief Officer. It is likely this capital budget will be reduced as a consequence of that saving option however no reductions being proposed as part of this review to avoid any double counting.
CCF	Strathleven Place	1,590	This project is linked to the Glencairn House and depot rationalisation and will free up the current museum store and office space in Poplar Road. The project formed part of the rationale for the Glencairn project. Opportunities exist to attract external funding.

SDP	Depot Rationalisation	8,417	The options appraisal business case for the depot rationalisation project is currently being developed with a view to bringing it to a future meeting of the IRED Committee in the first half of 2023. Whilst this is still in progress early indications are that the existing budget provision of £8.4m will be materially insufficient meaning that continuance of the project in its current guise is no longer financially viable. An alternative option might be to invest capital monies in the existing assets to ensure they are fit for purpose. With that in mind it is recommended to keep this budget in the capital programme at the current time to ensure we have money set aside for that upgrade work in the event that that is the preferred option.
SDP	New Sports Changing Facility at Glen Lussett	134	Unit is now in productions, demolition work is complete and awaiting date for installation. Too far progressed to cancel.
SDP	Children and Families Team (Dumbarton /Vale of Leven)	TBC	Scoping of this work is ongoing and there is no budget allocated to it yet. Once there is greater clarity over the scope of works and associated cost a decision will be required as to whether funding will be made available for it.
HSCP	Community Alarm upgrade	924	British Telecom will no longer support analogue telephone lines from 2025 and no longer install them from Summer 2023. The current community alarms are analogue based and require to be replaced for HSCP to provide this service. The current value approved last year will require to be refined when the Scottish Digital Office make their final approvals on providers. Estimates of cost vary across other local authority areas and the financial risk has been raised with the Scottish Government by the HSCP and requests for additional funding have been made.
HSCP	Replace Elderly Care Homes and Day Care Centres	320	Budget mostly spent
HSCP	Criminal Justice Adaptations	73	Funded from HSCP revenue
RES	Valuation Joint Board - Requisition of ICT Equipment	9	This is an approved budget for the DAB VJB and is minor

R&N	Cycling, Walking and Safer Streets	683	This is fully funded by the Scottish Government so no benefit in ceasing or reducing the project
R&N	Street lighting and associated electrical infrastructure	813	This recurring budget is used to upgrade street lighting as required as part of the column replacement programme. If the budget was removed the team would submit annual bids for capital funding reflecting programme and locations that require upgrades. This would just create a resource issue to assess multiple capital bids of a relatively minor value.
R&N	Environmental Improvement Fund	13	Budget is almost fully spent - no benefit in removing this now
R&N	Kilmaronock Cemetery Extension	13	Budget is almost fully spent - no benefit in removing this now
R&N	Posties Park Sports Hub	844	This budget is already overspent and there would be no value in cancelling the project now
R&N	Sports Facilities Upgrades - Argyll Park	6	Budget is almost fully spent - no benefit in removing this now
R&N	Vale of Leven Cemetery Extension	553	Budget required to provide sufficient burial space for forecast need
R&N	Playparks	22	Externally funded
R&N	Auld Street Clydebank - Bond	42	Externally funded
R&N	Clydebank Charrette, A814	498	Project almost complete
R&N	Bus, cycling and walking infrastructure improvements & Park and Rides	1,627	Externally funded
R&N	Purchase of gritters	400	Gritters are ordered and are due early 2023 having been delayed for two years due to external influences. This is a spend to save as currently leasing vehicles.
R&N	Turnberry Homes - traffic calming/management	5	Only small amount left in budget and matched funding is expected

R&N	Electrical Charging Points - Rapid Charge	50	Only small amount left in budget and matched funding is expected
R&N	River Leven Flood Prevention Scheme	620	This budget is required as the Council contribution to this work. This work is being progressed.
R&N	Bus rapid development fund	214	Externally funded
R&N	Replacement of compactors at Dalmoak	160	This is essential equipment to maintain a service which generates income
R&N	Depot Improvement Works	62	This budget is to address a health & safety issue required to advance the depot project
R&N	Roads Plant	80	This is a spend to save as the Council currently hire this equipment at the moment which has a revenue implication. We do street lighting repairs inhouse so equipment is required.
R&N	East End Park Resurfacing	200	The pitch is currently close to the end of life and without investment it will need to be closed. We currently spend around £10k a year on maintenance and this would be removed if the pitch was in good condition - the facility also generates income which would be lost if it was closed.
R&N	Balloch Mountain Bike Track	210	£10k for design and £200k for Council contribution toward estimated £800k total build with an assumption that further £600k will be funded by external parties. Linked to Nike championships coming to Glasgow. Once design is completed there will be greater clarity over anticipated cost and we can engage with partners to determine if the build will go ahead.
R&N	Play Area Upgrade Programme	500	This is to upgrade 82 play areas. Proposal was to supplement the Scottish Government funding with £500k of Council funding to programme the upgrading of all play parks to become accessible. If we don't add to SG it will take longer to upgrade. There is a programme that will come to Council setting out the order for upgrading. Keep budget in programme for now and reconsider once Council paper has been considered
R&N	Flood prevention	500	This budget is Council funding to progress various flood prevention works that are required. It should be kept in the programme

			but amalgamated with other flood prevention budget lines.
R&N	Large Bins for High Traffic Areas (pilot)	25	This is linked to in development savings proposals relating to waste collection. Larger bins are likely to be required to support those options.
R&N	Community Sports Fund	66	This budget has been spent - kept in for the purposes of this review but the whole project will be stripped from the capital programme when it is presented to Council as part of the 2023/24 budget pack
R&N	Knowes Nature reserve	228	Externally funded
R&N	Additional Pavement Requirements	5	Budget is almost fully spent - no benefit in removing this now
EDU	Digital Inclusion	41	Project almost complete
EDU	Schools Estate Improvement Plan - next Phase Fairley	29,355	This is a committed project being progressed with the framework provider (Hub West Scotland) and the specification is subject to review. Current capital cost escalation strongly suggest the whole budget will be required
EDU	Schools Estate Improvement Plan	4,487	The schools estate improvements are long established commitments which are well communicated to service users including some statutory consultations
EDU	Free School Meals	10	Required to meet Scottish Government standards and budget largely spent
EDU	Schools Estate Refurbishment Plan	4	Work will be commencing shortly and only very small budget remaining
EDU	Early Years Early Learning and Childcare Funding	795	Required to meet standards and funded via Scottish Government
EDU	Dalmonach CE Centre	26	This is mostly spent and the project is complete - just needs final account closed to see if any remaining that can be removed.
RES	Direct Project Support	16,910	Keep level as it is as part of this review however revisit this budget in 2023/24 once the capital programme has been reduced and implement a phased plan to reduce this capital commitment over a three year period
RES	Electronic Insurance System - claim/incident management	7	This project has prior year spend against it which is well in excess of the amount of budget left to completion. Ceasing the project now would require this prior year spend to be charged to revenue with no benefit

	system		
RES	IFRS 16 Database	5	The Council is required to have this in place by 31/3/23 as per accounting standards. The cost of not having a system/database far exceeds the purchase price due to a manual workaround being labour intensive option with material risk of error.
P&T	Development of Workforce Management System	337	This is all staffing cost and required for a viable Workforce Mgt System. If the system is not developed, it will create a lot of additional manual work for analysing and maintaining WMS related data which will be disproportionate to the spend here. If this is removed from capital programme it will need to be funded from revenue.
P&T	Internet of Things Asset Tracking	17	Budget mostly spent
P&T	365 Implementation	273	Budget mostly spent and 365 implementation is required. There will be a future capital bid for further phases of the project

