

West Dunbartonshire Council
Report by the Chief Officer - Resources
Council: 9 March 2022

Subject: Capital Strategy 2022/23 to 2030/31

1. Purpose

- 1.1** The purpose of this report is to provide Members with the Council's updated capital strategy for the period 2022/23 to 2030/31.

2. Recommendations

- 2.1** Members are requested to approve the updated capital strategy as appended to this report.

3. Background

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

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

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

4. Main Issues

Capital Strategy

- 4.1** The capital strategy is reviewed and updated annually. This updated version covers the period 2022/23 to 2030/31 which is the same time period covered by the capital plan update which will be reported to Council as part of the separate budget report to this Council meeting.
- 4.2** The updated Strategy reflects new accounting rules which will come into effect on 01 April 2022 which require all leases (with a few exceptions) to be accounted for on the Council Balance Sheet as assets. Accounting for these on the Balance Sheet will result in

increases to the Council's assets and long term liabilities. This will also result in an adjustment to Prudential and Treasury Management indicators as it will increase the 'level of debt' identified by the Council; the Capital Financing Requirement; Operational Boundary; and Authorised Limit, by the value of the leases. Forecast and estimates of the ratio of financing costs to Net Revenue Stream may also be affected. This change affects all Councils, however this Council has a relatively low number of leased assets so the impact is not considered to be significant.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no personnel issues.

7. Financial and Procurement Implications

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

8. Risk Analysis

8.1 While the appended report provides the capital strategy of the Council there are 3 main risks associated with long term capital planning. These risks are noted below along with assurances over existing procedures to mitigate these risks.

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

9. Equalities Impact Assessment

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

10. Environmental Sustainability

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

11. Consultation

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

12. Strategic Assessment

12.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan.

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

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9 March 2022

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Appendix:	Capital Strategy 2022/23 to 2030/31
Background Papers:	Prudential Indicators 2021/22 to 2030/31 and Treasury Management Strategy 2021/22 to 2030/31 (Council 3 March 2021)
Wards Affected:	No wards directly affected.

