

City Chambers  
DUNDEE  
DD1 3BY

23rd February, 2024

Dear Colleague

**CITY GOVERNANCE COMMITTEE**

You are requested to attend a MEETING of the **CITY GOVERNANCE COMMITTEE** to be held remotely on Monday, 4th March, 2024 following the meetings of the Children, Families and Communities and Neighbourhood Regeneration, Housing and Estate Management Committees called for 5.00pm.

The meeting will be livestreamed to YouTube. Members of the Press or Public wishing to join the meeting as observers should follow this link [www.dundee.gov.uk/live](http://www.dundee.gov.uk/live)

Yours faithfully

GREGORY COLGAN

Chief Executive

**AGENDA OF BUSINESS**

**1 DECLARATION OF INTEREST**

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which would reasonably be regarded as so significant that they are likely to prejudice your discussion or decision-making.

**2 EURO 2024 CHAMPIONSHIP – PROPOSAL FOR FAN ZONE**

This item has been placed on the agenda by Councillor Coleman who will request that committee considers the proposal to instruct officers to investigate the viability of a fan zone at either Slessor Gardens or City Square for Scotland matches during the forthcoming Euro 2024 championship, taking into account securing possible sponsorship, considering an access charge and looking to a professional events management company to manage the initiative.

**3 CAPITAL EXPENDITURE MONITORING 2023/2024 - Page 1**

(Report No 64-2024 by the Executive Director of Corporate Services, copy attached).

**4 REVENUE MONITORING 2023/2024 - Page 17**

(Report No 50-2024 by the Executive Director of Corporate Services, copy attached).

**5 TREASURY MANAGEMENT STRATEGY 2024/2025 - Page 31**

(Report No 60-2024 by the Executive Director of Corporate Services, copy attached).

**6 TREASURY POLICY STATEMENT 2024/2025 - Page 49**

(Report No 61-2024 by the Executive Director of Corporate Services, copy attached).

**7 COMMUNITY WISHES - Page 67**

(Report No 23-2024 by the Executive Director of Corporate Services, copy attached).

**8 IT STRATEGY 2024/2029 - Page 79**

(Report No 62-2024 by the Executive Director of Corporate Services, copy attached).

**9 PROVISION OF BANKING SERVICES – CONTRACT MIGRATION - Page 97**

(Report No 63-2024 by the Executive Director of Corporate Services, copy attached).

**REPORT TO: CITY GOVERNANCE COMMITTEE – 4 MARCH 2024**  
**REPORT ON: CAPITAL EXPENDITURE MONITORING 2023/24**  
**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**  
**REPORT NO: 64–2024**

**1 PURPOSE OF REPORT**

1.1 To appraise Elected Members of the latest position regarding the Council's Capital Plan 2024-29.

**2 RECOMMENDATION**

2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Plan 2024-29.

**3 FINANCIAL IMPLICATIONS**

3.1 This report shows the latest projections for 2023/24 expenditure and total cost as at 31 January 2024.

Appendix 1, which details the General Services position to the end of January 2024, shows a revised projected outturn for 2023/24 of £72.210m, a decrease of £1.431m since the Capital Plan 2024-29 report was approved at City Governance Committee on 19<sup>th</sup> February 2024 (Report 18-2024, Article VII refers). The net movements that have contributed to this movement are summarised in paragraph 5.1 of the report. The net figure of £1.431m will still be required in 2024/25 and funded from borrowing and grants and contributions in that year.

Appendix 3, which details the Housing HRA position to the end of January 2024, shows a revised projected outturn for 2023/24 of £18.341m, a decrease of £0.222m since the Capital Plan 2024-29 report was approved at City Governance Committee on 19<sup>th</sup> February 2024 (Report 18-2024, Article VII refers).

An explanation of the major variances is shown in Section 5 and 6 of the report.

**4 BACKGROUND**

4.1 The Capital Plan 2024-29 was approved at City Governance Committee on 18 February 2024 (Report 18-2024, Article VII refers).

In addition to monitoring the in-year budget (i.e. 2023/24) the total projected cost of each project will be monitored against the cost when the tender acceptance was approved at Committee. Furthermore, the projected completion date for each project will be monitored against the completion date as anticipated when the tender report was approved. The capital programme is being monitored in conjunction with the Council's asset managers.

The Housing HRA Capital Programme 2023/24 was approved as part of the Capital Plan 2024-29 which was approved at City Governance Committee on 18 February 2024 (Report 18-2024, Article VII refers). In addition, the Housing HRA Capital Budget reflects information contained in Scottish Housing Quality Standard submission.

Officers within services continue to review the capital programme of works and prioritising those projects that can realistically be progressed during the current year. There is a risk of further slippage in the capital programme, as the Council reacts to the market conditions currently affecting the construction industry. Updated projections will be incorporated into future capital monitoring reports.

4.2 Local Authorities from 1 April 2004 are required, by Regulation, to comply with the Prudential Code under Part 7 of the Local Government Act 2003. The Capital Budget for 2023/24 is being monitored within the framework of the updated Prudential Code 2021.

4.3 The Capital Monitoring report provides detailed information on major projects and programmes contained within the Capital Budget and the impact of expenditure movements on future financial years.

## 5 GENERAL SERVICES CURRENT POSITION

5.1 Appendix 2 details the latest projected outturn for major projects and programmes, both for 2023/24 and for the whole project life-span. In addition, the Appendix monitors project timescales. In some instances, it is not possible to provide approved or projected total project costs and timescales due to the project being a block programme containing various smaller projects within it. In these cases, the total cost is assumed to be the budgeted figure plus previous year actuals. The projected completion date is assumed to be the end of the financial year.

Appendix 1 summarises the total gross expenditure for 2023/24 and how this expenditure is funded. The projected budgeted capital expenditure is 100% of the projected capital resources. Project cashflows, for phasing of budgets, are constantly being reviewed. Actual expenditure to 31 January is 73% of the Revised Budget 2023/24 compared to 61% for the same period last year.

The overall net reduction in the projected outturn for 2023/24 reflects project/programmes budgets being reprofiled. Key variations are as follows and details are provided in subsequent paragraphs.

Reductions in planned expenditure include:

- Low Carbon Transport - Green Transport Hub & Spokes – Bell Street – (£0.355m)

### 5.2 2023/24 Expenditure Variations

Appendix 1, which details the General Services position to the end of January 2024, shows a revised projected outturn for 2023/24 of £72.210m, a decrease of £1.431m since the Capital Plan 2024-29 report was approved at City Governance Committee on 19<sup>th</sup> February 2024 (Report 18-2024, Article VII refers). The main reason for the movement is detailed in point 5.2.1 below:

5.2.1 Low Carbon Transport - Green Transport Hub & Spokes – Bell Street (Tackle Climate Change and Reach Net Zero Carbon Emissions by 2045) – Reduction in projected expenditure of £0.355m in 2023/24. The budget has been rephased to reflect the latest programme of works from the contractor. The project is funded by a capital grant from UK Government Levelling Up Fund and borrowing. There will be a reduction in capital grants & contributions in 2023/24 and a corresponding increase in 2024/25.

5.3 Projected capital expenditure as a percentage of projected capital resources is currently standing at 100%. Project cashflows, for phasing of budgets, are constantly being reviewed.

5.4 The table below shows the latest position regarding the capital resources for funding of the 2023/24 programme: -

	<b>Approved Budget £m</b>	<b>Adjustments £m</b>	<b>Revised Budget £m</b>	<b>Projected Outturn £m</b>	<b>Variance £m</b>
Borrowing	35.552	(1.072)	34.480	34.480	-
General Capital Grant	14.983	-	14.983	14.983	-
Capital Grants & Contributions	18.932	(0.359)	18.573	18.573	-
Capital Receipts – Sale of Assets	1.048	-	1.048	1.048	-
Capital Financed from Current Revenue	1.131	-	1.131	1.131	-
Capital Fund	<u>1.995</u>	-	<u>1.995</u>	<u>1.995</u>	
	<u>73.641</u>	<u>(1.431)</u>	<u>72.210</u>	<u>72.210</u>	<u>-</u>

5.4.1 Over the last 5 years the actual outturns achieved have been: -

	<b>£m</b>
2019/20	50.172
2020/21	39.537
2021/22	45.038
2022/23	44.086
2023/24 (Projected)	72.210

#### 5.5 Projected Total Cost Variations

There are no total cost variations to report since the previous capital monitoring report went to committee.

#### 5.6 Completion Date Variations (this compares the estimated completion date as per the tender acceptance report to the actual completion date)

5.6.1 There are no completion date variations to report since the previous capital monitoring report went to committee.

Officers are constantly reviewing the capital programme to ascertain the impact of global supply chain issues on the timescales for delivering projects. Officers will report any further revisions to estimated completion dates in future capital monitoring reports.

### 6 HOUSING HRA - CURRENT POSITION

#### 6.1 2023/24 Expenditure Variations

Appendix 2 details the latest projected outturn for each project, both for 2023/24 and for the whole project life-span. In addition, the Appendix monitors project timescales. In some instances, it is not possible to provide approved or projected total project costs and timescales due to the project being a block programme containing various smaller projects within it. In these cases, the total cost is assumed to be the budgeted figure plus previous year actuals. The projected completion date is assumed to be the end of the financial year.

Appendix 3 summarises the total gross expenditure for 2023/24 and how this expenditure is funded. The projected budgeted capital expenditure is 100% of the projected capital resources. Project cashflows, for phasing of budgets, are constantly being reviewed. Actual expenditure to 31st December 2024 is 44% of the Revised Budget 2023/24 compared to 55% for the same period last year.

6.2 Appendix 3, which details the Housing HRA position to the end of January 2024, shows a revised projected outturn for 2023/24 of £18.341m, a decrease of £0.222m since the Capital Plan 2024-29 report was approved at City Governance Committee on 19<sup>th</sup> February 2024 (Report 18-2024, Article VII refers).

6.3 Projected capital expenditure as a percentage of projected capital resources is currently standing at 100%. Project cashflows, for phasing of budgets, are constantly being reviewed.

6.4 The table below shows the latest position regarding the funding of the 2023/24 programme: -

	<b>Approved Budget £m</b>	<b>Adjustments £m</b>	<b>Revised Budget £m</b>	<b>Projected Outturn £m</b>	<b>Variance £m</b>
Borrowing	15.351	(222)	15.129	15.129	-
Capital Grants & Contributions	1.873	-	1.873	1.873	-
CFCR	450	-	450	450	-
Capital Receipts – Sale of Assets	439	-	439	439	-
Receipts from Owners	<u>450</u>	<u>-</u>	<u>450</u>	<u>450</u>	<u>-</u>
	<u>18.563</u>	<u>(222)</u>	<u>18.341</u>	<u>18.341</u>	<u>-</u>

6.4.1 Over the last 5 years the actual outturns achieved have been: -

	<b>£m</b>
2019/20	23.565
2020/21	7.316
2021/22	12.338
2022/23	9.232
2023/24 (Projected)	18.341

#### 6.5 Projected Total Cost Variations

There are no total cost variations to report since the previous capital monitoring report went to committee.

#### 6.6 Completion Date Variations (this compares the estimated completion date as per the tender acceptance report to the actual completion date)

There are no completion date variations to report since the previous capital monitoring report went to committee.

All Housing Capital Projects are continually reviewed across the partnership. Any variations to estimated costs and completion dates will be reported in future capital monitoring reports throughout the year.

### 7 **RISK ASSESSMENT**

7.1 There are a number of risks which may have an impact on the Capital Expenditure programme. The main areas of risk are identified in Appendix 4 to this report. along with the impact. consequences and controls in place to mitigate the risk together with the mechanisms in place to help mitigate these risks.

### 8 **POLICY IMPLICATIONS**

8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

### 9 **CONSULTATION**

9.1 The Council Leadership Team have been consulted and are in agreement with the content of this report.

### 10 **BACKGROUND PAPERS**

10.1 None.

**ROBERT EMMOTT**  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**22 FEBRUARY 2024**

**2023/24 DUNDEE CITY COUNCIL CAPITAL EXPENDITURE MONITORING TO 31st JANUARY 2024**

	<u>Approved Capital Budget 2023/24 £000</u>	<u>Total Budget Adjustments £000</u>	<u>Revised Capital Budget 2023/24 £000</u>	<u>Actual Spend 2023/24 £000</u>	<u>Projected Outturn 2023/24 £000</u>	<u>Variance £000</u>	<u>Actual Spend to 31.01.2024 as a % of Revised Budget</u>
<b>GENERAL SERVICES</b>							
<b><u>Capital Expenditure</u></b>							
Reduce Child Poverty & Inequalities in Income, Education & Health	29,631	0	29,631	22,311	29,631	0	75%
Deliver Inclusive Economic Growth	6,131	(269)	5,862	3,102	5,862	0	53%
Tackle Climate Change and reach Net Zero carbon emissions by 2045	16,884	(429)	16,455	12,548	16,455	0	76%
Build Resilient and Empowered Communities	8,829	(364)	8,465	5,580	8,465	0	66%
Design a Modern Council	12,166	(369)	11,797	9,494	11,797	0	80%
<b>Capital Expenditure 2023/24</b>	<b>73,641</b>	<b>(1,431)</b>	<b>72,210</b>	<b>53,035</b>	<b>72,210</b>	<b>0</b>	<b>73%</b>
<b><u>Capital Resources</u></b>							
Expenditure Funded from Borrowing	35,552	(1,072)	34,480	26,333	34,480		
General Capital Grant	14,983		14,983	13,343	14,983		
Capital Grants & Contributions - corporate	337		337	337	337		
Capital Grants & Contributions - project specific	18,595	(359)	18,236	8,915	18,236		
Capital Receipts - Sale of Assets	1,048		1,048	1,048	1,048		
Capital Financed from Current Revenue	1,131		1,131	1,064	1,131		
Capital Fund	1,995		1,995	1,995	1,995		
<b>Capital Resources 2023/24</b>	<b>73,641</b>	<b>(1,431)</b>	<b>72,210</b>	<b>53,035</b>	<b>72,210</b>		
<b>Capital Expenditure as % of Capital Resources</b>	<b>100%</b>		<b>100%</b>		<b>100%</b>		

## Appendix 2

## REDUCE CHILD POVERTY AND INEQUALITIES IN INCOMES, EDUCATION AND HEALTH

Project/Nature of Expenditure	Approved Budget	Total Adjusts	Revised Budget	Expenditure to	Projected Outturn	Note 1				
	2023/24 £000	£000	2023/24 £000	31/01/2024 £'000	2023/24 £000	Actual Project Cost to 31/01/2024 £000	Current Approved Project Cost £000	Projected Total Cost £000	Approved Completion Date	Projected/ Actual Completion Date
<b>MAJOR PROJECTS - Reduce Child Poverty and Inequalities</b>										
Harris Academy Extension	3,386		3,386	3,375	3,386	4,613	5,174	4,824	Dec-23	Aug-24
(Less External Funding)	(3,386)		(3,386)	(3,370)	(3,386)	(3,373)	(5,174)	(4,824)		
School Estate Investment-East End Community Campus	25,700		25,700	18,540	25,700	21,552	100,800	100,800	Jul-25	Jul-25
<b>OTHER PROJECTS - Reduce Child Poverty and Inequalities</b>	545		545	396	545	16,965	18,959	18,800		
<b>Net Expenditure</b>	<b>26,245</b>		<b>26,245</b>	<b>18,941</b>	<b>26,245</b>	<b>39,757</b>	<b>119,759</b>	<b>119,600</b>		
<b>Receipts</b>	<b>(3,386)</b>		<b>(3,386)</b>	<b>(3,370)</b>	<b>(3,386)</b>	<b>(3,373)</b>	<b>(5,174)</b>	<b>(4,824)</b>		
<b>Gross Expenditure</b>	<b>29,631</b>		<b>29,631</b>	<b>22,311</b>	<b>29,631</b>	<b>43,130</b>	<b>124,933</b>	<b>124,424</b>		

Note 1: The Current approved project cost is either the approved cost as per the tender price, or the revised budgeted figure as per the Capital Plan 2024-29

## Appendix 2

## DELIVER INCLUSIVE ECONOMIC GROWTH

Project/Nature of Expenditure	Approved Budget 2023/24	Total Adjusts	Revised Budget 2023/24	Expenditure to 31/01/2024	Projected Outturn 2023/24	Note 1				
	£000	£000	£000	£'000	£000	Actual Project Cost to 31/01/2024	Current Approved Project Cost	Projected Total Cost	Approved Completion Date	Projected/ Actual Completion Date
	£000	£000	£000	£'000	£000	£000	£000	£000	Date	Date
<b>MAJOR PROJECTS - Deliver Inclusive Economic Growth</b>										
Site 6 South Development - Offices	5,594		5,594	3,020	5,594	4,008	26,202	26,202	Feb-25	Mar-25
Demolition of Properties & Remediation Works	400	(249)	151	112	151	245	284	284	Mar-24	Mar-24
<b>OTHER PROJECTS - Deliver Inclusive Economic Growth</b>	137	(20)	117	(30)	117	49,609	47,594	50,087		
<b>(Less External Funding)</b>	(30)		(30)	(10)	(30)	(9,851)	(7,894)	(10,202)		
<b>Net Expenditure</b>	<b>6,101</b>	<b>(269)</b>	<b>5,832</b>	<b>3,092</b>	<b>5,832</b>	<b>44,011</b>	<b>66,186</b>	<b>66,371</b>		
<b>Netted Off Receipts</b>	<b>(30)</b>		<b>(30)</b>	<b>(10)</b>	<b>(30)</b>	<b>(9,851)</b>	<b>(7,894)</b>	<b>(10,202)</b>		
<b>Gross Expenditure</b>	<b>6,131</b>	<b>(269)</b>	<b>5,862</b>	<b>3,102</b>	<b>5,862</b>	<b>53,862</b>	<b>74,080</b>	<b>76,573</b>		

Note 1: The Current approved project cost is either the approved cost as per the tender price, or the revised budgeted figure as per the Capital Plan 2024-29

## Appendix 2

## TACKLE CLIMATE CHANGE AND REACH NET ZERO CARBON EMISSIONS BY 2045

Project/Nature of Expenditure	Approved Budget	Total Adjusts	Revised Budget	Expenditure to	Projected Outturn	Note 1				
	2023/24 £000		2023/24 £000	31/01/2024 £'000	2023/24 £000	Actual Project Cost to 31/01/2024 £000	Current Approved Project Cost £000	Projected Total Cost £000	Approved Completion Date	Projected/ Actual Completion Date
<b>MAJOR PROJECTS - Tackle Climate Change and Reach Net Zero Emissions by 2045</b>										
Broughty Ferry to Monifieth Active Travel Improvements	9,913		9,913	8,616	9,913	14,045	9,067	18,031	Aug-24	Mar-25
(Less External Funding)	(9,913)		(9,913)	(4,880)	(9,913)	(10,309)	(9,067)	(17,281)	Mar-24	Mar-25
Cycling, Walking & Safer Routes	1,235		1,235	685	1,235	1,374	1,924	1,924	Mar-24	Mar-24
(Less External Funding)	(1,235)		(1,235)	(627)	(1,235)	(1,316)	(1,924)	(1,924)	Mar-24	Mar-24
DCA Lifecycle plant replacement programme	100		100	30	100	38	4,550	4,550	Tender not yet approved	
Low Carbon Transport (Green Transport Hub & Spokes - Bell Street)	1,330	(355)	975	525	975	545	16,000	16,000	Main Tender not yet approved	
(Less External Funding)	(1,330)	355	(975)	20	(975)	20	(14,400)	(14,400)		
Vehicle Fleet & Infrastructure	1,305	16	1,321	1,198	1,321	2,375	2,499	2,499	Mar-24	Mar-24
(Less Sale of Vehicles & Equipment)	(69)	(16)	(85)	(60)	(85)	(60)	(85)	(85)	Mar-24	Mar-24
<b>OTHER PROJECTS - Tackle Climate Change and Reach Net Zero Carbon Emissions by 2045</b>	3,001	(90)	2,911	1,494	2,911	24,344	27,556	27,515		
(Less External Funding)	(1,402)	(5)	(1,407)	501	(1,407)	(1,879)	(2,937)	(2,937)		
<b>Net Expenditure</b>	<b>2,935</b>	<b>(95)</b>	<b>2,840</b>	<b>7,502</b>	<b>2,840</b>	<b>29,177</b>	<b>33,183</b>	<b>33,892</b>		
<b>Receipts</b>	<b>(13,949)</b>	<b>334</b>	<b>(13,615)</b>	<b>(5,046)</b>	<b>(13,615)</b>	<b>(13,544)</b>	<b>(28,413)</b>	<b>(36,627)</b>		
<b>Gross Expenditure</b>	<b>16,884</b>	<b>(429)</b>	<b>16,455</b>	<b>12,548</b>	<b>16,455</b>	<b>42,721</b>	<b>61,596</b>	<b>70,519</b>		

Note 1: The Current approved project cost is either the approved cost as per the tender price, or the revised budgeted figure as per the Capital Plan 2024-29

## Appendix 2

## BUILD RESILIENT AND EMPOWERED COMMUNITIES

Project/Nature of Expenditure	Approved Budget	Total Adjusts	Revised Budget	Expenditure to	Projected Outturn	Note 1				
	2023/24 £000	£000	2023/24 £000	31/01/2024 £'000	2023/24 £000	Actual Project Cost to 31/01/2024 £000	Current Approved Project Cost £000	Projected Total Cost £000	Approved Completion Date	Projected/ Actual Completion Date
<b>MAJOR PROJECTS - Build Resilient and Empowered Communities</b>										
Road Maintenance Partnership	3,460		3,460	2,848	3,460	2,848	3,460	3,460	Mar-24	Mar-24
Street Lighting Renewal	1,100		1,100	819	1,100	819	1,100	1,100	Mar-24	Mar-24
City Improvement/Investment Fund	523		523	344	523	423	1,217	1,217	Mar-24	Mar-24
(Less External Funding)	(523)		(523)	(344)	(523)	(423)	(717)	(717)	Mar-24	Mar-24
Parks & Open Spaces	1,404	(100)	1,304	491	1,304	3,306	4,119	4,119	Mar-24	Mar-24
(Less External Funding)	(175)		(175)	(116)	(175)	(1,839)	(1,696)	(1,677)	Mar-24	Mar-24
<b>OTHER PROJECTS/PROGRAMMES - Build Resilient and Empowered Communities</b>	2,342	(264)	2,078	1,078	2,078	18,899	21,615	20,268		
(Less External Funding)	(531)	25	(506)	(29)	(506)	(1,687)	(2,860)	(2,860)		
<b>Net Expenditure</b>	<b>7,600</b>	<b>(339)</b>	<b>7,261</b>	<b>5,091</b>	<b>7,261</b>	<b>22,346</b>	<b>26,238</b>	<b>24,910</b>		
<b>Receipts</b>	<b>(1,229)</b>	<b>25</b>	<b>(1,204)</b>	<b>(489)</b>	<b>(1,204)</b>	<b>(3,949)</b>	<b>(5,273)</b>	<b>(5,254)</b>		
<b>Gross Expenditure</b>	<b>8,829</b>	<b>(364)</b>	<b>8,465</b>	<b>5,580</b>	<b>8,465</b>	<b>26,295</b>	<b>31,511</b>	<b>30,164</b>		

Note 1: The Current approved project cost is either the approved cost as per the tender price, or the revised budgeted figure as per the Capital Plan 2024-29

DESIGN A MODERN COUNCIL

Project/Nature of Expenditure	Approved Budget 2023/24 £000	Total Adjusts £000	Revised Budget 2023/24 £000	Expenditure to 31/01/2024 £'000	Projected Outturn 2023/24 £000
<b>MAJOR PROJECTS/PROGRAMMES - Design a Modern Council</b>					
Baldovie Depot Redevelopment	31		31	11	31
Depot Rationalisation Programme	250		250	155	250
Dundee Ice Arena Plant & Upgrade	900		900	874	900
Olympia Refurbishment Works	2,992	(157)	2,835	2,784	2,835
Property Lifecycle Development Programme	4,624		4,624	3,492	4,624
Purchase Computer Equipment	1,437	(100)	1,337	1,120	1,337
(Less External Funding)	(1)		(1)		(1)
Schools Connectivity	290		290	10	290
<b>OTHER PROJECTS/PROGRAMMES - Design a Modern Council</b>	1,642	(112)	1,530	1,048	1,530
<b>Net Expenditure</b>	<b>12,165</b>	<b>(369)</b>	<b>11,796</b>	<b>9,494</b>	<b>11,796</b>
<b>Netted Off Receipts</b>	<b>(1)</b>		<b>(1)</b>		<b>(1)</b>
<b>Gross Expenditure</b>	<b>12,166</b>	<b>(369)</b>	<b>11,797</b>	<b>9,494</b>	<b>11,797</b>

Note 1

Actual Project Cost to 31/01/2024 £000	Current Approved Project Cost £000	Projected Total Cost £000	Approved Completion Date	Projected/Actual Completion Date
200	5,200	5,200		Tender not yet approved
326	3,063	3,063		Tender not yet approved
1,017	9,100	9,100		Main Tender not yet approved
6,056	6,163	6,264	Oct-23	Oct-23
6,542	7,674	7,674	Mar-24	Mar-24
2,470	2,897	2,897	Mar-24	Mar-24
(648)	(650)	(649)	Mar-23	Mar-23
20	2,600	2,600		
41,373	41,408	45,108		
<b>57,356</b>	<b>77,455</b>	<b>81,257</b>		
<b>(648)</b>	<b>(650)</b>	<b>(649)</b>		
<b>58,004</b>	<b>78,105</b>	<b>81,906</b>		

Note 1: The Current approved project cost is either the approved cost as per the tender price, or the revised budgeted figure as per the Capital Plan 2024-29

## Appendix 2

## TACKLE CLIMATE CHANGE AND REACH NET ZERO EMISSIONS BY 2045 - HOUSING REVENUE ACCOUNT ELEMENT

Project/Nature of Expenditure	Approved Budget 2023/24 £000	Total Adjusts £000	Revised Budget 2023/24 £000	Expenditure to 31/01/2024	Projected Outturn 2023/24 £000
Energy Efficient	1,456	(26)	1,430	589	1,430
<b>Net Expenditure</b>	<b>1,456</b>	<b>(26)</b>	<b>1,430</b>	<b>589</b>	<b>1,430</b>
<b>Receipts</b>					
<b>Gross Expenditure</b>	<b>1,456</b>	<b>(26)</b>	<b>1,430</b>	<b>589</b>	<b>1,430</b>

Note 1				
Actual Project Cost to 31/01/2024 £000	Current Approved Project Cost £000	Projected Total Cost £000	Approved Completion Date	Projected/ Actual Completion Date
2,172	10,432	10,342	Mar-25	Mar-25
<b>2,172</b>	<b>10,432</b>	<b>10,342</b>		
<b>2,172</b>	<b>10,432</b>	<b>10,342</b>		

## BUILD RESILIENT AND EMPOWERED COMMUNITIES - HOUSING REVENUE ACCOUNT ELEMENT

Project/Nature of Expenditure	Approved Budget 2023/24 £000	Total Adjusts £000	Revised Budget 2023/24 £000	Expenditure to 31/01/2024	Projected Outturn 2023/24 £000
Free from Serious Disrepair	5,138	(125)	5,013	2,652	5,013
Modern Facilities & Services	250		250		250
Healthy, Safe and Secure	2,941	(88)	2,853	1,774	2,853
Miscellaneous	1,415	17	1,432	828	1,432
Increased Supply of Council Housing	7,130		7,130	1,978	7,130
(Less External Funding)	(1,873)		(1,873)		(1,873)
Demolitions	33		33	25	33
Sheltered Lounge Upgrades	200		200	141	200
<b>Net Expenditure</b>	<b>15,234</b>	<b>(196)</b>	<b>15,038</b>	<b>7,398</b>	<b>15,038</b>
<b>Receipts</b>	<b>(1,873)</b>		<b>(1,873)</b>		<b>(1,873)</b>
<b>Gross Expenditure</b>	<b>17,107</b>	<b>(196)</b>	<b>16,911</b>	<b>7,398</b>	<b>16,911</b>

Note 1				
Actual Project Cost to 31/01/2024 £000	Current Approved Project Cost £000	Projected Total Cost £000	Approved Completion Date	Projected/ Actual Completion Date
3,972	6,499	6,366	May-24	Jul-24
	490	250	Mar-24	Mar-24
6,247	7,639	7,639	Mar-24	Mar-24
2,141	2,750	2,750	Mar-24	Mar-24
18,978	24,130	24,130	Mar-24	Mar-24
(7,867)	(7,098)	(7,867)		
25	33	33	Mar-24	Mar-24
141	200	200	Mar-24	Mar-24
<b>23,637</b>	<b>34,644</b>	<b>33,502</b>		
<b>(7,867)</b>	<b>(7,098)</b>	<b>(7,867)</b>		
<b>31,504</b>	<b>41,742</b>	<b>41,369</b>		

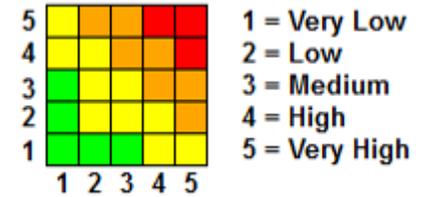
Note 1: The Current approved project cost is either the approved cost as per the tender price, or the revised budgeted figure as per the Capital Plan 2023-28

**DUNDEE CITY COUNCIL CAPITAL EXPENDITURE MONITORING 31 JANUARY 2024**

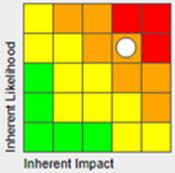
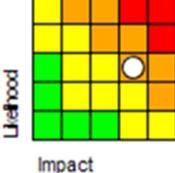
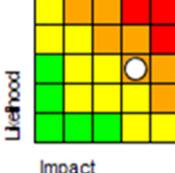
	<u>Approved Capital Budget 2023/24 £000</u>	<u>Total Budget Adjustments £000</u>	<u>Revised Capital Budget 2023/24 £000</u>	<u>Actual Spend to 31 Jan 2024 £000</u>	<u>Projected Outturn 2023/24 £000</u>	<u>Variance £000</u>	<u>Actual Spend to 31.1.2024 as a % of Revised Budget</u>
<b><u>Capital Expenditure 2023/24</u></b>							
<b><u>Tackle Climate Change and reach Net Zero carbon emissions by 2045</u></b>							
Energy Efficiency	1,456	(26)	1,430	589	1,430	-	41%
<b><u>Build Resilient and Empowered Communities</u></b>							
Free from Serious Disrepair	5,138	(125)	5,013	2652	5,013	-	53%
Modern Facilities and Services	250		250		250	-	0%
Healthy, Safe & Secure	2,941	(88)	2,853	1,774	2,853	-	62%
Miscellaneous	1,415	17	1,432	828	1,432	-	58%
Increase Supply of Council Housing	7,130		7,130	1,978	7,130	-	28%
Demolitions	33		33	25	33	-	76%
Community Care - Sheltered Lounge Upgrades	200		200	141	200	-	71%
<b>Capital Expenditure 2023/24</b>	<b>18,563</b>	<b>(222)</b>	<b>18,341</b>	<b>7,987</b>	<b>18,341</b>	-	<b>44%</b>
<b><u>Capital Resources 2023/24</u></b>							
<b>Expenditure Funded from Borrowing</b>	15,351	(222)	15,129	7,703	15,129	-	
<b>Capital Receipts, Grants &amp; Contributions - project specific</b>							
Scottish Government Grants	1,873		1,873	234	1,873	-	
<b>Capital Funded from Current Revenue</b>							
Council Tax discount reductions used to fund affordable housing	450		450		450	-	
<b>Capital Receipts, Grants &amp; Contributions</b>							
Receipts from Owners	450		450	(5)	450	-	
<b>Capital Receipts:-</b>							
Sale of Assets - Land	439		439	55	439	-	
	<b>18,563</b>	<b>(222)</b>	<b>18,341</b>	<b>7,987</b>	<b>18,341</b>		
<b>Capital Expenditure as % of Capital Resources</b>	<b>100%</b>		<b>100%</b>		<b>100%</b>		

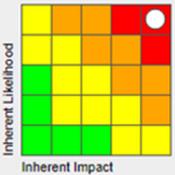
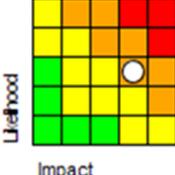
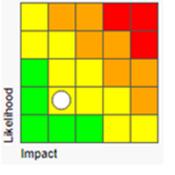
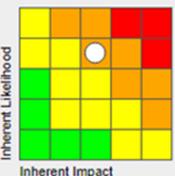
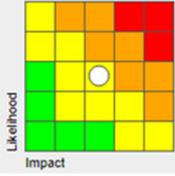
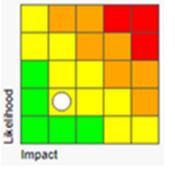
## APPENDIX 4

### Pentana Risk Matrix



Risk Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Qtr)	Residual Risk (Current)
1.General Price inflation may be greater than contingencies already built into figures in capital monitoring/plan.	<ul style="list-style-type: none"> <li>Lasting effect of Brexit</li> <li>The war in Ukraine</li> <li>Labour shortages pushing up labour costs.</li> </ul>	<ul style="list-style-type: none"> <li>Increased financial cost of projects.</li> <li>Potential Overspends as allowance in Capital Plan is insufficient to cover increased cost.</li> </ul>	<ul style="list-style-type: none"> <li>Changes to the scope of projects to accommodate additional costs.</li> <li>Delays to project progressing due to rescoping of project.</li> <li>Changes to Capital Plan to accommodate the additional costs by reallocation of resources from other projects</li> </ul>		<ul style="list-style-type: none"> <li>Robust Capital Monitoring processes in place to enable any potential issues to be highlighted as soon as they arise, and any necessary action taken.</li> </ul>		
2.Additional Costs once Project has started and works on-going	<ul style="list-style-type: none"> <li>Unforeseen circumstances such as ground conditions leading to delay and /or additional cost.</li> <li>Under performance in the materials supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Increased financial cost of projects.</li> <li>Potential Overspends as allowance in Capital Plan is insufficient to cover increased cost.</li> </ul>	<ul style="list-style-type: none"> <li>The estimated completion of the project is delayed</li> <li>Changes to the scope of the ongoing project, if possible, to accommodate the increased costs.</li> <li>Changes to Capital Plan to accommodate the</li> </ul>		<ul style="list-style-type: none"> <li>Robust monitoring of the project by professional Project Managers means potential issues are highlighted and remedial action taken to resolve as soon as possible.</li> <li>Specific Risk registers exist for major capital</li> </ul>		

Risk Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Qtr)	Residual Risk (Current)
			additional costs by reallocation of resources from other projects		projects contained within the capital monitoring, and they are continually reviewed as the project progresses, and corrective action taken where necessary. <ul style="list-style-type: none"> <li>Capital monitoring processes ensure overspends are highlighted as soon as known and corrective action taken.</li> </ul>		
3.Estimated Completion date for the Project	<ul style="list-style-type: none"> <li>Extreme weather conditions can delay progress</li> <li>Unforeseen issues can arise once project starts e.g. ground conditions</li> <li>Under performance in the materials supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Delay in the asset becoming operational.</li> <li>Negative press coverage for Council</li> <li>Service delivery impacted due to delays in completing works.</li> </ul>	<ul style="list-style-type: none"> <li>Potential additional revenue costs as asset not operational and ready to be used,</li> <li>Delay In achieving revenue savings from the project.</li> <li>Knock on effect of not being able to progress subsequent projects, as staff engaged on delivery of current project.</li> <li>Potential additional capital costs where equipment has been hired.</li> <li>Potential claim from contractors for extension of time.</li> </ul>		<ul style="list-style-type: none"> <li>Robust monitoring of the project by professional Project Managers means when potential delays to the project are highlighted and remedial action taken to resolve as soon as possible to minimise any delays to the completion date.</li> </ul>		

Risk Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Qtr)	Residual Risk (Current)
<p>4.Capital Receipts from Sale of Assets not achieved</p>	<ul style="list-style-type: none"> <li>Uncertain market conditions, e.g. level of interest rates and inflation, means housing developers are not purchasing sites for development.</li> <li>Abnormals can reduce the value of the site being marketed.</li> <li>Brownfield sites have higher level of abnormals due to contamination etc.</li> <li>Uncertain economic/world means businesses are not expanding</li> </ul>	<ul style="list-style-type: none"> <li>Less funding available to fund current capital programme</li> </ul>	<ul style="list-style-type: none"> <li>Alternate capital resources identified to compensate for the shortfall, if possible.</li> <li>Capital programme is reprioritised to take account of the funding shortfall</li> </ul>		<ul style="list-style-type: none"> <li>Robust monitoring of the projected capital receipts by officers from City Development and Support services, means any shortfalls are identified and remedial action taken.</li> </ul>		
<p>5.Delays in Capital Receipts being Received</p>	<ul style="list-style-type: none"> <li>Uncertain market conditions, e.g. level of interest rates and inflation, means housing developers are delaying purchasing sites for development, in anticipation that interest rates and rate of inflation will come down</li> <li>Businesses are delaying applying for business loans for expanding etc</li> </ul>	<ul style="list-style-type: none"> <li>Less funding available to fund current capital programme in the short term</li> </ul>	<ul style="list-style-type: none"> <li>Capital programme is slipped to take account of the delays in receiving the capital receipts</li> </ul>		<ul style="list-style-type: none"> <li>Robust monitoring of the projected capital receipts by officers from City Development and Support services, means any short-term delays are identified and remedial action taken.</li> <li>The capital expenditure programme naturally slips due to external factors, so any delays in</li> </ul>		

Risk Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Qtr)	Residual Risk (Current)
	in anticipation that interest rates will come down				receiving receipts can be matched against the expenditure slippage.		

**REPORT TO: CITY GOVERNANCE COMMITTEE – 4<sup>TH</sup> MARCH 2024**

**REPORT ON: REVENUE MONITORING 2023/2024**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 50-2024**

**1 PURPOSE OF REPORT**

1.1 To provide Elected Members with an analysis of the 2023/24 projected revenue outturn as at 31 December 2023 and the impact on the Council’s overall balances position.

**2 RECOMMENDATIONS**

2.1 It is recommended that the Committee:

- (a) note that as at 31 December 2023 the General Fund is projecting an overall overspend of £2.689m against the adjusted 2023/2024 Revenue Budget and the impact this has on the projected Council’s General Fund Balances;
- (b) note the budget adjustments totalling £19.968m and detailed in second column of Appendix A as virements to the previously approved Revenue Budget;
- (c) note that as at 31 December 2023 the Housing Revenue Account (HRA) is projecting an overspend of £3.001m against the adjusted HRA 2023/24 Revenue Budget and the impact this has on the element of the projected Renewal & Repair Fund balance earmarked to HRA;
- (d) note the position on ring-fenced grants expenditure outlined in Appendix B;
- (e) note that the Chief Executive, in consultation with Executive Directors, will continue to take appropriate steps to manage current and recurring revenue expenditure, including reviewing all vacancies within the Council, reduce discretionary expenditure where possible and limit any new recurring commitments. Executive Directors will work with Corporate Finance to develop recovery plans to identify options to reduce the projected in year overspend;
- (f) note the key strategic, operational and financial risks being faced by the Council outlined in Appendix C; and
- (g) notes the current position in relation to Leisure and Culture Dundee (LACD), as set out in paragraph 7.3.

**3 FINANCIAL IMPLICATIONS**

3.1 The unallocated portion of the General Fund as at 31 December 2023 is projecting an overspend of £2.689m against the adjusted 2023/24 Revenue Budget. The impact this would have on the Council’s General Fund Balances is outlined below:

General Fund	Opening Balance 1 April 2023 £000	(Surplus) / Deficit for the Year £000	Transfers (In) / Out £000	Projected Balance 31 March 2024 £000
Earmarked Carry-forwards*	5,962	1,866		4,096
Children Services pressures	4,300	4,300		0
Organisational Change Fund	2,532	109		2,423
Covid cost related pressures*	14,647	2,481		12,166
Covid recovery measures	1,280	875		405

Service change initiatives	5,000			5,000
Roof Remedial Works	3,707	1,220		2,487
Inflationary Pressures	3,800	3,137	500	163
Cost of Living pressures			(500)	500
Contribution to 2023/24 budget	1,750	1,750		0
Other earmarked Funds	4,443	788		3,655
<b>Total earmarked funds</b>	<b>47,421</b>	<b>16,526</b>	<b>0</b>	<b>30,895</b>
Unallocated Balance	9,226	2,689		6,537
<b>Total General Fund</b>	<b>56,647</b>	<b>19,215</b>	<b>0</b>	<b>37,432</b>

\* These balances will be drawn down as required.

- 3.2 At the meeting of CoSLA leaders on 3 November 2023, it was agreed to implement the LGE pay offer made on 21 September 2023 in two phases. Phase 1 was applied to salaries in November 2023, backdated to 1 April 2023. Phase 2 will follow in January 2024. The estimated cost of Phase 1 of £8.648m as detailed below is met from the contingency budget and reflected in the report.

<b>Service</b>	<b>£000</b>
Children & Families Service	3,530
City Development	862
Neighbourhood Services	1,702
Chief Executive	100
Corporate Services	1,614
<b>Subtotal</b>	<b>7,808</b>
Dundee Health & Social Care Partnership	840
<b>Total</b>	<b>8,648</b>

- 3.3 The Scottish Government operate the Bellwin Scheme as emergency funding arrangements for local authorities to fund any response to emergencies or disasters. Under the terms of the scheme, a claim can be made if eligible losses exceed the annual threshold level set by the Scottish Government, which for Dundee City Council is £753,196. This means that the first £753,196 of eligible losses incurred during 2023-2024 will be met from existing resources. Any costs in relation to responding to recent storms are included with service outturns, for the current financial year these are below the above threshold although officers will continue to monitor this throughout the remainder of the year.

The Scottish Government has established a Ministerial Workforce in response to the Storm Babet and funding has now been provided to individuals and business directly affected by the flooding.

- 3.4 Above projections will continue to be monitored by officers throughout the remainder of the year and reported to Members. It should be noted that a report to City Governance Committee highlighted a potential budget deficit of £26.1m for 2024/25 (Report No:9-2024 to City Governance Committee on 8 January 2024, refers).
- 3.5 Based on the financial information available as at 31 December 2023 the HRA outturn position for 2023/24 is projecting an overspend of £3.001m. Further details are provided in section 8 of this report.

## 4 BACKGROUND

- 4.1 Following approval of the Council's 2023/24 Revenue Budget by the Policy and Resources Committee on 23 February 2023, this report provides the projected revenue outturn position as at 31 December 2023, against the adjusted 2023/24 Revenue Budget.
- 4.2 The total 2023/24 Revenue Budget is £423.963m. For revenue monitoring purposes, the Council Tax Reduction Scheme budget of £14.072m is moved from expenditure to income and netted off against Council Tax income. This results in total budgeted expenditure of £409.891m for revenue monitoring purposes, as set out in Appendix A.
- 4.3 This report provides a detailed breakdown of service revenue monitoring information along with explanations of material variances against adjusted budgets. Where services are projecting a significant (underspend) or overspend against adjusted budget, additional details have been provided. Where service expenditure is on target and no material variances are anticipated, additional information has not been provided.
- 4.4 The forecast position is shown in more detail in the appendices to this report, as follows:

**Appendix A** shows the variances between budget and projected outturn for each service of the Council.

**Appendix B** shows the financial performance against ring-fenced funding to date.

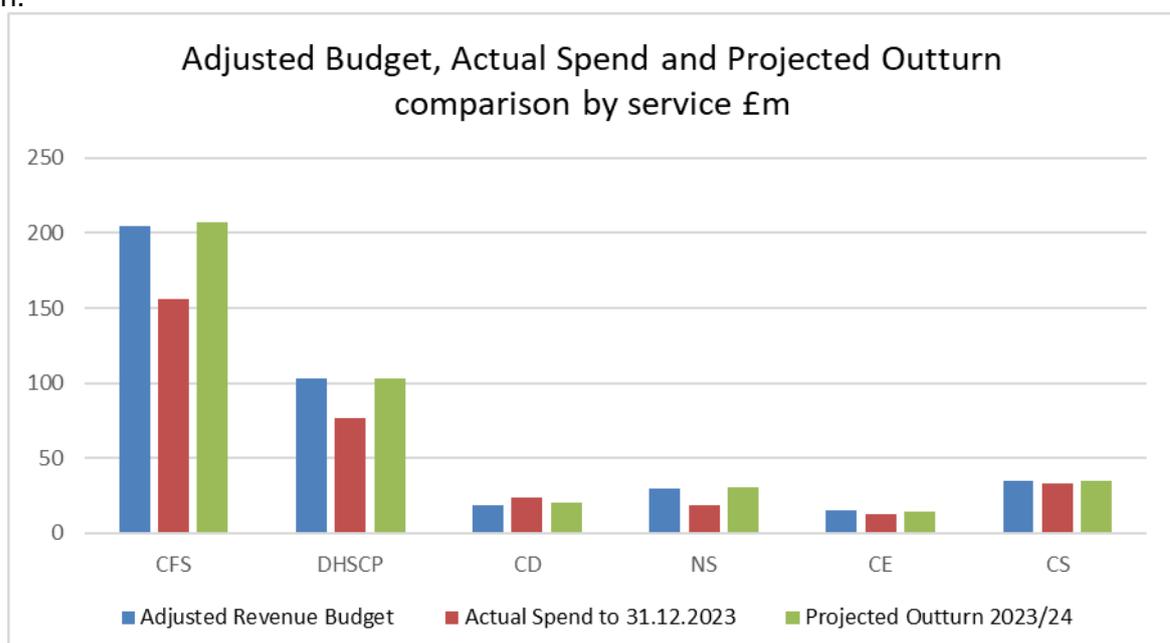
**Appendix C** lists the key strategic, operational and financial risks being faced by the Council.

## 5 GENERAL FUND SERVICES - MONITORING POSITION AS AT 31 DECEMBER 2023

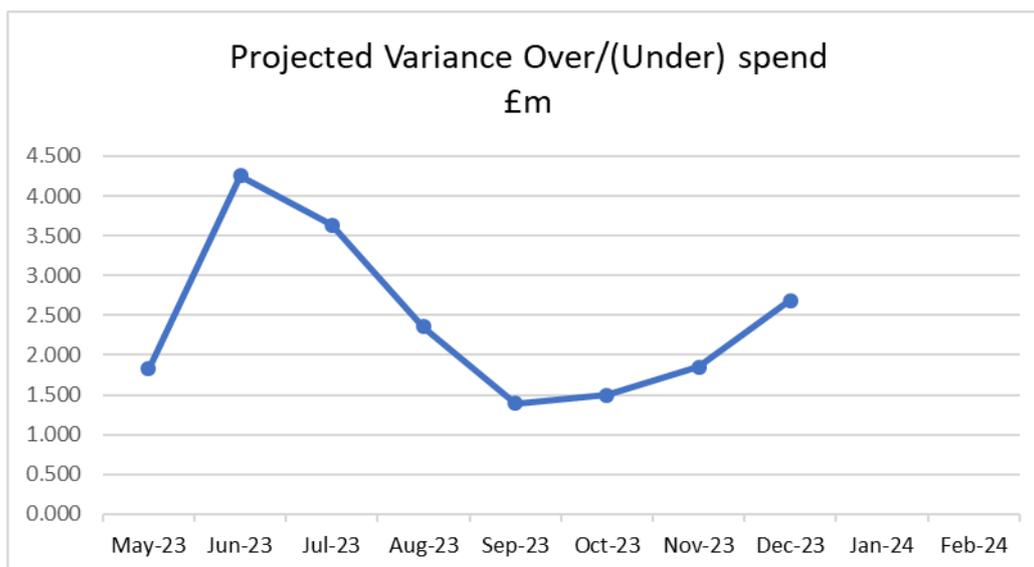
- 5.1 The forecast position as at 31 December 2023 for General Fund services is summarised below.

	(Under)/ Over Spend as at 31 December £m	(Under)/ Over Spend as at 30 November £m	Movement (from previous month) £m
<b>Net Expenditure</b>	4.354	3.522	0.832
<b>Sources of Income</b>	(1.665)	(1.673)	0.008
<b>Net over/ (underspend) on unallocated portion of General Fund</b>	2.689	1.849	0.840

The graph below details the comparison between each service's actual spend and projected outturn.



The graph below shows the projected variance over the reported periods.



5.2 The table below details the key factors which contributed to the movement from previous month.

	£m
Projected increase in bad debts in the year	0.412
Increase in Teachers Staff Costs relating to cover arrangements for maternity and sickness absence	0.138
Projected overspend in pupil transport costs within Children and Families	0.329
Increase in projected overspend in supplies & services within Neighbourhood Services, due to anticipated expenditure on Bed & Breakfast accommodation	0.295
Projected reduction in line extension income generated from waste management	0.104
Increased property costs within City Development due to emergency Health and Safety repair costs identified at DCC operational properties	0.156
Projected increase in fleet costs	0.125
Projected overspend on Winter Maintenance	0.499
Reduction in projected under recovery of fixed and indirect overheads within Construction services, due to a revised allocation to overhead costs and revised changes in assumptions made as part of the budget setting process	(0.691)
Additional income from planning applications	(0.144)
Projected underspend in general contingencies uncommitted balances	(0.182)

## 6 DETAILED ANALYSIS

The following paragraphs summarise the main areas of variance by service along with appropriate explanations. These figures reflect movements for the full year to date.

### 6.1 Children & Families Services: £2.747m overspend

	£m
Children's Services third party payments due to a higher than anticipated number of children who have been placed into secure care of £1.556m offset against additional grant funding for unaccompanied asylum-seeking children of £0.606m	0.950
Projected overspend in staff costs (teacher's element £0.522m and LGE £0.285m element) partially offset by savings arising from planned industrial action	0.807
PPP unitary charges (reflecting greater RPI than budgeted)	0.450
Projected overspend in Early Years payments to private providers	0.210
Projected overspend on energy costs	0.629

Less: Planned transfers from earmarked reserves to meet energy pressures	(0.629)
Projected overspend in property costs due to rates anticipated to be higher than budget	0.161
Projected overspend in other property costs due to increased cost for repair and maintenance in schools	0.311
Projected overspend in transport costs mainly relating to Pupil Transport	0.329
Income received in respect of Ukrainian Refugees expenditure already incurred	(0.135)
Additional income from SEN, departmental recharges, early years childcare fees	(0.364)

Third party payments for placements within Children Services remain a significant cost pressure although the service is implementing a plan to reduce these costs. Since April, the number of children and young people placed in external residential and secure accommodation has reduced from 43 to 32. In addition, there continues to be a reduction in the number of internal foster placements available, which means that children and young people returning to the city are either placed in Young Person's Houses, with kinship carers or their own parents. Finally, shift changes have also been implemented within Young Person's Houses to increase the room capacity available and reduce reliance on expensive external placements outwith the city.

This area is under ongoing review to ensure that appropriate steps are taken to bring overall spend in line with the approved budget level before the end of the financial year.

A review of costs in relation to school catering services provided by Tayside Contracts is ongoing and the outcome will be reflected in the next monitoring report.

## 6.2 Dundee Health & Social Care Partnership: Breakeven

The latest Financial monitoring report presented to Dundee IJB projects an overspend of £4.780m for 2023/24 (utilising actual info to end December), with this information presented to Dundee IJB at its meeting on 21st February 2024. This projected overspend now exceeds 2023/24 IJB Financial Plan where up to £3m has been identified and set aside in IJB Reserves to cover the anticipated shortfall. The projection also recognises an element of winter demand pressures which will be funded from further £1m identified IJB Reserves. The balance of projected overspend is anticipated to be funded from IJB's General Reserves. The improved position from previous reported figure is partly due to confirmation of a share of uplift funding from Dundee City Council towards the 23/24 pay award settlement.

DHSCP is continuing to respond to significant operational challenges in demand and demographics (notably in Care at Home provision to help mitigate against hospital delayed discharges and reduce social care unmet need), and in particular staffing challenges (both recruitment and retention, sickness absence and premium cost of back-fill cover), complexity of needs in community settings, and the wider impact of deferred treatments on health and wellbeing following the pandemic period, all of which are impacting on the projected financial position. Operational managers and finance team continue work to explore ways of mitigating the overspend through efficiencies, cost reduction, transformation and savings opportunities and any impact of these actions will be reported in due course.

Under the risk sharing arrangement reflected in the Integration Scheme, the Integration Joint Board (IJB) retains any underspend within its reserve balances for investment in integrated health and social care services in future years. Sufficient Reserves are held by Dundee IJB to cover the projected 2023/24 shortfall therefore there is no additional contribution requirement or financial risk forecast in 2023/24 for Dundee City Council.

## 6.3 City Development: £1.493m overspend

	£m
Anticipated health and safety repair costs within Dundee House, City Square and DCC operational properties and additional security staff at Dundee House	0.617
Projected overspend on energy costs, including Street Lighting	1.235
Less: Planned transfers from earmarked reserves to meet energy costs pressures	(1.235)
Projected increase in fleet costs	0.865
Shortfall in income generated from Building Warrants	0.342
Projected overspend on winter maintenance	0.499
Projected underspend against No None Left Behind Employability Funding	(0.236)
Forecasted shortfall in income from off-street car parking	0.745
Less: Planned transfers from Covid earmarked reserves to meet associated loss of income	(0.745)
Increase in projected rental income from commercial property portfolio	(0.497)
Projected increase in income from planning applications	(0.144)

The service continues to review this area to ensure any non-essential repairs can be deferred to enable them to contain this budget pressure. In addition, the service is reviewing all other discretionary spend in particular vacant posts and identifying areas that could bring additional income, for example from projects or commercial activities to assist in offsetting the projected overspend.

The cost of the Council's fleet remains a budget pressure due to rising expenditure in relation to the external hire of vehicles used by services. A review is underway to ensure the overall fleet utilised by services is in line with the budget provision available and that the true cost of fleet managed on behalf of external bodies is recovered accordingly.

## 6.4 Neighbourhood Services: £1.229m overspend

	£m
Mainly reflects that additional income expected to be gained from excess revenue share for the waste to energy contract has not materialised partly due to falling energy prices	1.435
Less: Planned transfers from earmarked reserves to meet energy and inflationary pressures associated with waste to energy plant.	(1.273)
Increased property costs within Neighbourhood Services relating to additional expenditure on Network flats, lost rents and repairs and maintenance	0.874
Projected overspend within supplies and services, mainly due to anticipated expenditure on Bed & Breakfast and additional removal costs	0.696
Increase in fleet hire charges forecasted to be higher than budget. The fleet overspend is mainly attributable to increased, unbudgeted fleet charges.	0.639
Streetscene & Land Management: income mainly from projects, interment fees and ground maintenance activities are forecasted to be lower than budgeted	0.617
Shortfall in income generated from waste management	0.138
Income from recharges, additional service charges and Housing Benefit income from temporary accommodation	(1.478)
Additional income from the NHS and staff recharges	(0.124)
Anticipated staff cost underspend due to vacancies	(0.295)

As noted at 6.3, a technical review is underway on fleet budgets to identify rationalisation opportunities to ensure there is adequate provision to managing this resource in future fleet management budgets related to waste and environmental operations.

## 6.5 Corporate Services: (£0.329m) underspend

	<b>£m</b>
Projected underspend in staff costs due to vacancies and action taken to postpone recruitment process	(0.404)
Projected overspends in supplies & services expenditure mainly due to increased costs of Computer Hardware, Software and Licences	0.331
Projected additional income mainly relating to estimated Superannuation Fund recharge, additional government funding and other internal recharges, offset by income shortfall in relation to the ongoing closure of the Underground Garage	(0.341)

## 6.6 Construction Services: £0.601m overspend

	<b>£m</b>
Projected net shortfall in the recovery of fixed and indirect overheads largely due to a reduction in productive hours that has been partly impacted by industrial action earlier this year and staff absence levels being greater than anticipated	0.351
One-off set up costs associated with the implementation on total mobile repairs management system	0.250

## 6.7 Contingencies: (£0.882m) underspend

	<b>£m</b>
Corporate provision set aside for pay pressures that is no longer required	(0.700)
Projected underspend on general contingencies	(0.182)

## 6.8 Capital Financing Costs: (£1.294m) underspend

	<b>£m</b>
Savings due to slippage in 2022/23 capital programme resulting in lower loan repayments in 2023/24 and deferral of any new long-term borrowing until later in the financial year	(1.294)

The concurrent capital monitoring report for the period to date identifies further slippage and a forecasted reduction in planned expenditure. The position will continue to be monitored closely in the coming months and officers will report any movement to the above projection as a consequence of this.

## 6.9 Council Tax: (£1.665m) underspend

	<b>£m</b>
Projected over-recovery of Council Tax income	(1.355)
Projected underspend on Council Tax Reduction	(0.310)

## 6.10 Bad Debt Provision: £0.647m overspend

	<b>£m</b>
Projected increase in bad debts in the year mainly due to an increase in old debt, including unpaid commercial rent	0.647

This position will continue to be monitored closely in the coming months.

## 6.11 Miscellaneous Items: (reduced income £0.193m)

	<b>£m</b>
Reduction in Tayside Contacts' distributable surplus	0.193

## 7 ONGOING ACTIONS

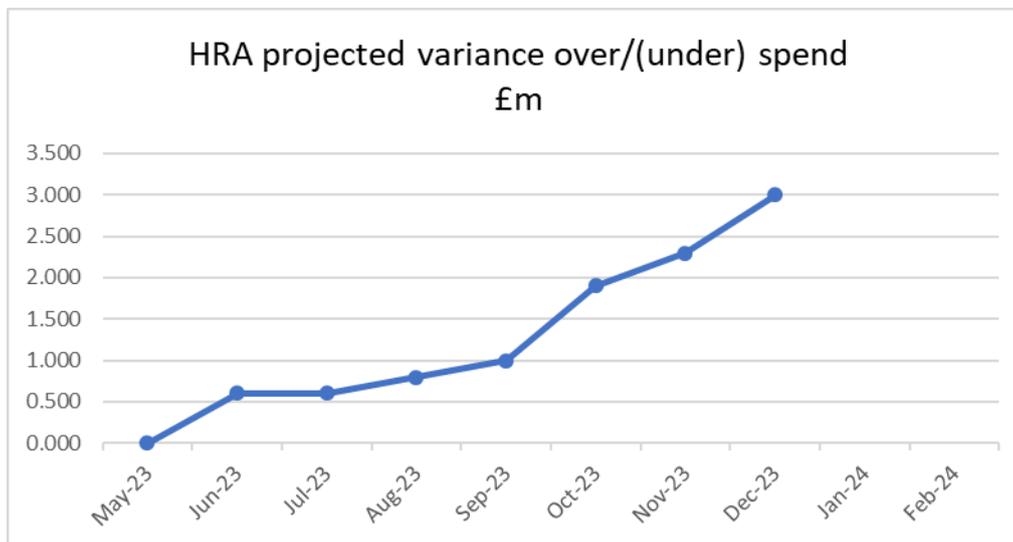
- 7.1 This report identifies projections based on the first 9 months of the financial year. The figures are therefore indicative at this stage and are used by the Council Leadership Team to identify variances against budget and enable corrective action to be taken as appropriate. Each service is working closely with Corporate Finance staff, firstly to ensure that these projections are met and then to identify scope to improve the outcome.
- 7.2 In addition, further Council-wide initiatives are underway to help manage existing and emerging cost pressures. These include reviewing the requirements for overtime working, a focus on absence rates and increased vacancy control over the remainder of the financial year. There is an ongoing review of discretionary spend and other opportunities for efficiencies and budget savings.
- 7.3 In October 2022 the Council agreed to authorise the Chief Executive to issue a letter of comfort to Leisure and Culture Dundee confirming the Council's continuing financial support in financial year 2022/23 and for a period of at least 12 months beyond the date of the signing of Leisure and Culture Dundee's 2021/22 accounts whilst setting out an expectation that from 2023/24 Leisure and Culture Dundee will operate with a balanced budget (Article III of the minute of Policy and Resources Committee on 31 October 2022 refers). Leisure and Culture Dundee have been provided with additional financial support of £2.914m over the past two years to mitigate the impact of Covid 19 with the expectation that this support will cease this year. The expected cost of financial support to LACD for 2023/24 of £1.586m will be met from Covid earmarked reserves. To provide certainty, stability and time for Leisure and Culture Dundee to develop a balanced budget from 2024/25 onwards the Council further agreed (Article VI of the minute of the meeting of City Governance on 21 August 2023 refers) to extend this support to 31 March 2024. It was further agreed at the City Governance meeting on 4 December 2023 that the Chief Executive be authorised to extend the support to LACD to 30 June 2024 should this be necessary.
- 7.4 The cost pressures experienced by the Council is of course also experienced by partner organisations, notably Tayside Contracts where the effects of food inflation is an additional pressure that is keenly felt. Please note that additional food cost pressures will be covered though existing budget provisions.

## 8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AT 31 DECEMBER 2023

- 8.1 The forecast position as at 31 December 2023 for the HRA is summarised below:

	(Under)/ Over Spend as at 31 December £m	(Under)/ Over Spend as at 30 November £m	Movement (from previous month) £000
Net Expenditure	3.198	2.605	0.593
Sources of Income	(0.197)	(0.307)	0.110
<b>Net over/ (underspend)</b>	<b>3.001</b>	<b>2.298</b>	<b>0.703</b>

The graph below shows the projected variance over the reported periods.



- 8.2 The key variances that make up the December position are shown in the table below. These figures reflect movements for the full year to date.

	£m
Additional expenditure on relets to work through the backlog of properties and void losses is greater than budgeted. In addition, higher than budgeted electricity costs for stair lighting and additional expenditure on timber treatment and asbestos works.	3.225
Savings due to slippage in the 2022/23 capital plan resulting in lower loan repayments in 2023/24 and deferral of new long-term borrowing until later in the year	(0.197)
Anticipated underspend in staff costs due to delays in filling vacant posts	(0.150)
Projected overspend in Supplies and Services due to additional professional fees and special collections	0.140

- 8.3 Any final variance will be adjusted against Renewal & Repair Fund, the housing element of which amounted to £11.392m as at 31 March 2023. This adjustment would be in addition to the £0.500m that was agreed as part of the 2023/24 HRA Revenue Budget that would be taken from the Renewal & Repair Fund to fund a one-off increase in the Hardship Fund (Report No: 33-2023 to Policy & Resources Committee on 23 January 2023, refers). A system of perpetual detailed monitoring will continue to take place up to 31 March 2024 with the objective of the HRA achieving a final outturn which is below or in line with the adjusted 2023/24 HRA Revenue Budget.

## 9 RISK ASSESSMENT

- 9.1 In preparing the Council's 2023/24 Revenue Budget, the key strategic, operational and financial risks faced by the Council over this period were considered. To alleviate the impact these risks may have if they occur, a number of general risk mitigation factors are utilised by the Council.
- 9.2 The key risks in 2023/24 have been assessed both in terms of the probability of whether they will occur and the severity of their impact on the Council should they indeed happen. These risks have been ranked as either zero, low, medium or high. Details of this risk assessment are included in Appendix C to this report.
- 9.3 These risks have been assessed and ranked accordingly both in terms of the probability of whether they will occur and the severity of their impact on the Council should they indeed happen. Any changes to the assessment from the previous reporting period, together with any additional comments included, are highlighted in bold type.

**10 POLICY IMPLICATIONS**

10.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

**11 CONSULTATIONS**

11.1 The Council Leadership Team were consulted in the preparation of this report.

**12 BACKGROUND PAPERS**

12.1 None

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**22 FEBRUARY 2024**

DUNDEE CITY COUNCIL										
2023/2024 REVENUE OUTTURN MONITORING										
PERIOD 1 APRIL 2023 - 31 DECEMBER 2023										
	Approved		Adjusted			Projected	Previous	Movement	Actual	Actual
	Revenue	Total	Revenue	Actual	Projected	Variance	Month	since	31.12.2023	31.12.2022 as
	Budget	Budget	Budget	Spend to	Outturn	Over/(under)	Projected	Previous	as a % of	a % of 2022/23
	2023/24	Adjustments	2023/24	31.12.2023	2023/24	spend	Variance	Month	Adjusted	Adjusted
	£m	£m	£m	£m	£m	£m	£m	£m	Budget	Budget
<b>General Fund Services</b>										
Children & Families	185.991	18.330	204.321	156.164	207.068	2.747	2.228	0.518	76%	73%
Dundee Health & Social Care Partnership	102.437	0.922	103.359	77.019	103.359	0.000	0.000		75%	70%
City Development	15.449	3.136	18.585	23.766	20.078	1.493	0.945	0.548	128%	80%
Neighbourhood Services	26.251	3.133	29.384	18.965	30.613	1.229	0.847	0.382	65%	72%
Chief Executive	14.015	0.758	14.773	12.615	14.706	(0.067)	0.000	(0.067)	85%	60%
Corporate Services	31.964	3.123	35.087	32.744	34.758	(0.329)	(0.311)	(0.018)	93%	111%
Construction Services	0.000		0.000	2.597	0.601	0.601	1.292	(0.691)		
	376.107	29.402	405.509	323.869	411.182	5.673	5.001	0.672	80%	76%
Capital Financing Costs / Interest on Revenue Balances	19.796		19.796	17.889	18.502	(1.294)	(1.294)			
Contingencies:										
- General	0.500	(0.288)	0.212		0.030	(0.182)	0.000	(0.182)		
- Budget growth/Cost Pressures	12.051	(9.146)	2.905		2.205	(0.700)	(0.700)			
- New monies	0.428		0.428		0.428					
- Pay award funding through capital	(3.444)		(3.444)		(3.444)					
Miscellaneous Items	(2.322)		(2.322)	(1.742)	(2.129)	0.193	0.193		75%	75%
Bad Debt Provision	0.000		0.000		0.647	0.647	0.236	0.412		
Discretionary Non Domestic Rates (NDR) Relief	0.392		0.392	0.478	0.478	0.086	0.086		122%	107%
Supplementary Superannuation Costs	2.708		2.708	1.321	2.637	(0.071)	0.000	(0.071)	49%	74%
Tayside Valuation Joint Board	0.878		0.878	0.591	0.878				67%	55%
Empty Property Relief Devolution	2.798		2.798	2.099	2.798				75%	0%
<b>Total Expenditure</b>	<b>409.891</b>	<b>19.968</b>	<b>429.859</b>	<b>344.505</b>	<b>434.214</b>	<b>4.354</b>	<b>3.522</b>	<b>0.832</b>	80%	71%
<b>Sources of Income</b>										
General Revenue Funding	(269.139)	(11.730)	(280.869)	(195.574)	(280.869)				70%	66%
Contribution from National Non Domestic Rates (NNDR) Pool	(73.704)		(73.704)	(55.278)	(73.704)				75%	75%
Council Tax	(61.698)		(61.698)	(13.762)	(63.363)	(1.665)	(1.673)	0.008	22%	23%
Use of Balances -										
Balance on Covid Recovery Fund	(1.750)		(1.750)		(1.750)				0%	
Committed Balances c/f	0.000	(1.866)	(1.866)		(1.866)					
Earmarked funds	0.000	(6.263)	(6.263)		(6.263)					
Service concessions	(3.600)		(3.600)		(3.600)				0%	
Change Fund	0.000	(0.109)	(0.109)		(0.109)					
<b>(Surplus)/Deficit for the year</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>79.892</b>	<b>2.689</b>	<b>2.689</b>	<b>1.849</b>	<b>0.840</b>		
<b>(Surplus)/Deficit for Housing Revenue Acct</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(17.207)</b>	<b>3.001</b>	<b>3.001</b>	<b>2.298</b>	<b>0.703</b>		

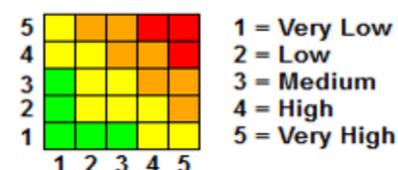
**DUNDEE CITY COUNCIL  
2023/2024 RING FENCED GRANTS  
PERIOD 1 APRIL 2023 - 31 DECEMBER 2023**

Ring-fenced grants	Income Carry Forward from 22/23	Budget		Actuals		Projected Outturn for year		Projected (Surplus)/ Deficit
		Expenditure	Income	Expenditure	Income	Expenditure	Income	
	£000	£000	£000	£000	£000	£000	£000	£000
Early Learning and Childcare Expansion (ELC)	(1,767)	14,351	(14,351)	10,055	(16,111)	16,118	(16,118)	0
Pupil Equity Fund (PEF)	(1,986)	5,107	(5,107)	4,959	(1,986)	6,093	(7,093)	(1,000)
Scottish Attainment Challenge (SAC)	(205)	3,764	(3,764)	3,256	(314)	3,969	(3,969)	0
Criminal Justice Social Work (Incl covid) (CJS)	0	5,412	(5,350)	3,945	(3,447)	5,350	(5,350)	0
<b>Overall Total</b>	<b>(3,958)</b>	<b>28,634</b>	<b>(28,572)</b>	<b>22,215</b>	<b>(21,858)</b>	<b>31,530</b>	<b>(32,530)</b>	<b>(1,000)</b>

Budget for CJS includes the mainstream budget provision of £62k.

Risks - Revenue Assessment

Corporate Risk Matrix



Risk Title	Causes	Impact	Inherent Risk	Controls	Residual Risk (Previous Month)	Residual Risk (Current Month)
1. General price inflation may be greater than anticipated.	<ul style="list-style-type: none"> <li>Government policies and regulations</li> <li>Poor economic conditions</li> <li>Impact of rising price rises e.g. energy</li> </ul>	<ul style="list-style-type: none"> <li>Increased financial cost / rising prices</li> <li>Potential budget overspends</li> <li>Potential for interest rate rises through intervention measures</li> </ul>		<ul style="list-style-type: none"> <li>Corporate Procurement strategy in place, including access to nationally tendered contracts for goods and services</li> <li>Fixed price contracts agreed for major commodities i.e. gas and electricity.</li> <li>Budgetary controls are in place, to identify potential overspends and take remedial action as required or possible, for example by utilising budget virements.</li> </ul>		
2. Capital Financing Costs - level of interest rates paid will be greater than anticipated.	<ul style="list-style-type: none"> <li>Substantial decline of global financial market</li> <li>Economic factors impacting on interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Increased borrowing costs</li> <li>Greater return on investments / cash balances</li> </ul>		<ul style="list-style-type: none"> <li>Treasury Management Strategy. Limited exposure to variable rate funding.</li> <li>Budgetary controls are in place, to identify potential overspends and take remedial action as required or possible.</li> </ul>		
3. Unforeseen new cost pressures arising during the course of the financial year.	<ul style="list-style-type: none"> <li>Financial constraints</li> <li>Demand pressures</li> <li>Cost of Living</li> </ul>	<ul style="list-style-type: none"> <li>Potential overspends</li> </ul>		<ul style="list-style-type: none"> <li>Budgetary controls are in place, to identify potential overspends and take remedial action as required or possible, for example by utilising budget virements.</li> </ul>		
4. Chargeable income budget not achieved.	<ul style="list-style-type: none"> <li>Reduced demand for chargeable services, for example due to cost of living crisis</li> <li>Market competition</li> </ul>	<ul style="list-style-type: none"> <li>Loss of income</li> <li>Revision of budgeted income collection levels required</li> </ul>		<ul style="list-style-type: none"> <li>Budgetary controls are in place, to identify potential overspends and take remedial action as required or possible, for example by utilising budget virements.</li> </ul>		

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**REPORT TO:** CITY GOVERNANCE COMMITTEE – 4 MARCH 2024  
**REPORT ON:** TREASURY MANAGEMENT STRATEGY 2024/2025  
**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES  
**REPORT NO:** 60-2024

## **1 PURPOSE OF REPORT**

This report introduces the Dundee City Council Treasury Management Strategy Statement and Annual Investment Strategy for 2024-2025, the preparation of which is a requirement of the Council's Treasury Policy Statement and the CIPFA Code of Practice on Treasury Management.

## **2 RECOMMENDATION**

The Committee are asked to:

- 1 note that in terms of the Treasury Policy Statement, the Executive Director of Corporate Services is obliged to present the annual Treasury Management Strategy at the start of each financial year.
- 2 approve the strategy proposed by the Executive Director of Corporate Services as set out in the attached document "Treasury Management Strategy 2024/2025".

## **3 FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from the recommendations in this report. However, decisions made within the Treasury Management function will affect the cost of the Council's long and short-term borrowing in 2024/2025 and future years. The level of capital financing costs included in the Provisional Revenue Budget 2024/25 for General Services amounts to £22.429m. The equivalent figure that was included in the Housing Revenue Account Budget agreed earlier this year amounts to £19.658m, both are based on an average Loans Fund interest rate of 3.85%.

## **4 BACKGROUND**

The Council's Treasury Policy Statement (Article IV of the Minute of Meeting of the Policy and Resources Committee of 6 March 2023, report no 68-2023 refers) requires that the Policy and Resources Committee will receive and consider the Treasury Management Strategy at the start of each new financial year.

## **5 TREASURY MANAGEMENT STRATEGY 2024/2025**

The Council's Treasury Management Strategy for 2024/2025 is set out in detail in the attached document. The net new borrowing required in 2024/2025 is £102m. In light of this there is expected to be phased borrowing during the year. This will be based on cash flow and interest rate monitoring to determine the term and value of each loan taken.

In light of the continuing uncertainties in the finance market, lending transactions will be closely monitored to achieve maximum security of capital. This will involve using all available sources of information to assess the financial strength of any counterparties.

There is a notable addition to the Treasury Management Strategy 2024/25 with an additional prudential indicator. This is the introduction of liability benchmark, and can be found in section 2.3 of the strategy document.

## **6 POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

7 **CONSULTATION**

The Council Leadership Team have been consulted in the preparation of this report.

8 **BACKGROUND PAPERS**

None

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**22 FEBRUARY 2024**



**DUNDEE CITY COUNCIL**

**TREASURY MANAGEMENT STRATEGY 2024/2025**

Executive Director of Corporate Services  
March 2024

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## 1. INTRODUCTION

### 1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

### 1.2 Treasury Management Strategy for 2024/25

The strategy for 2024/25 covers two main areas:

#### Capital Planning

- the capital plans and the prudential indicators.

#### Treasury Management

- current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- borrowing strategy;
- debt rescheduling;
- investment strategy;

These elements cover requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and Scottish Government Investment Regulations not included in the Treasury Policy.

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## 2. CAPITAL PRUDENTIAL INDICATORS 2024/25 – 2028/29

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans. The figures below are based on the latest approved version of the Capital Plan 2024-2029 (Article VII of the Policy and Resources Committee of 19 February 2024, report 18-2024 refers).

### 2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital Programme Thematic Summary - Capital Plan 2024-2029 (£000's)								
Capital Investment Theme	Overall Project Cost	Prior to 31/3/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Reduce Child Poverty and Inequalities in incomes, Education and Health	149,782	21,176	29,631	64,217	9,758	7,500	17,500	-
Delivery Inclusive Economic Growth (including Community Wealth Building)	59,741	24,949	6,131	19,232	6,050	1,700	1,279	400
Tackle Climate Change and reach Net Zero carbon emissions by 2045	138,119	31,670	18,340	31,267	17,205	14,537	12,300	12,800
Build Resilient and Empowered Communities	184,569	44,157	25,936	27,423	26,911	23,092	16,043	21,007
Design a Modern Council	84,187	14,146	12,166	19,869	16,682	9,661	5,910	5,753
<b>Total Gross Expenditure</b>	<b>616,398</b>	<b>136,098</b>	<b>92,204</b>	<b>162,008</b>	<b>76,606</b>	<b>56,490</b>	<b>53,032</b>	<b>39,960</b>

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital Resources Summary - Capital Plan 2024-2029 (£000's)					
Resource	2024/25	2025/26	2026/27	2027/28	2028/29
Capital expenditure funded from borrowing	121,979	52,283	36,277	37,450	23,494
Capital element of General Capital Grant (net of Private Sector Housing Grant)	11,551	12,578	13,000	13,000	12,578
Capital grants & contributions - corporate	450	450	450	450	450
Capital grants & contributions - project specific	18,421	8,741	4,313	682	2,988
Capital Receipts - Sale of Assets	2,731	2,104	2,000	1,000	-
Capital Fund	426	-	-	-	-
Capital financed from current revenue & programme slippage	6,450	450	450	450	450
<b>Total</b>	<b>162,008</b>	<b>76,606</b>	<b>56,490</b>	<b>53,032</b>	<b>39,960</b>

### 2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as prudent annual repayments from revenue need to be made which reflect the useful life of capital assets financed by borrowing. As agreed within the Loans Fund Policy Review (Article VII of the Minute of the Meeting of the Policy & Resources Committee of 30 September 2019, Report No. 279-2019 refers), the Council has revised the method of calculation of loan repayments to ensure that its underlying debt liability reflects the consumption of the assets associated with that debt, and also reflects the period to which benefits are provided to the community now and in the future.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The following table annotates the CFR projections\*:

Capital Financing Requirement (£000's)			
Year	Non-HRA	HRA	Total
2023/24	468,000	182,000	650,000
2024/25	560,000	192,000	752,000
2025/26	581,000	200,000	781,000
2026/27	578,000	216,000	794,000
2027/28	585,000	223,000	808,000
2028/29	574,000	232,000	806,000

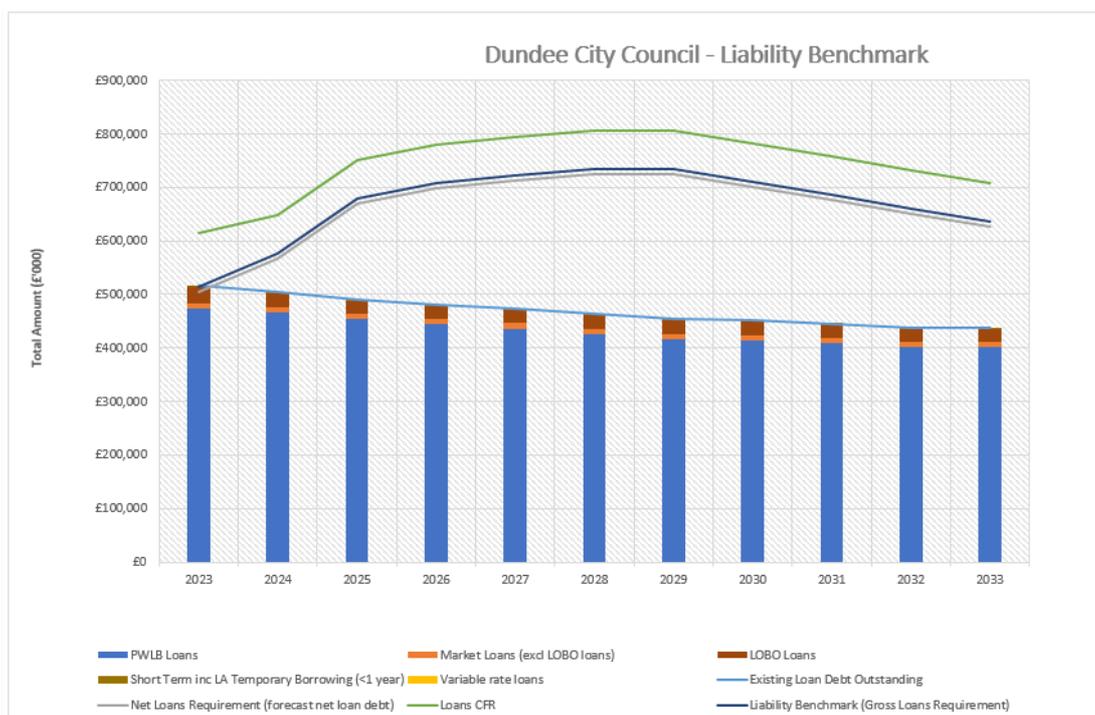
\* The table above excludes PFI and finance leases

### 2.3 Liability Benchmark

A third and new prudential indicator for 2024/25 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum, although CIPFA recommends a ten year analysis.

There are four components to the LB: -

- 1 **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years.
  - 2 **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments.
  - 3 **Net loans requirement:** this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
  - 4 **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.
-



The Council currently operates an under-borrowed position which means capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. See Borrowing strategy (section 3.4) for more information.

### 3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

#### 3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2023, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000s	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
<b>External Debt</b>					
Debt at 1 April	711,405	680,257	731,588	828,361	851,182
Expected change in Debt	(26,496)	56,323	102,491	28,734	13,263
Expected change in Other long-term liabilities	(4,652)	(4,992)	(5,718)	(5,913)	(6,182)
Total Gross debt (31 March)	680,257	731,588	828,361	851,182	858,263
Capital Financing Requirement	779,038	808,000	904,000	927,000	934,000
Under Borrowed	98,781	76,412	75,639	75,818	75,737

Within the prudential indicators there are a number of key indicators to ensure that the Council

operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Executive Director of Corporate Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

### 3.2 Treasury Indicators: limits to borrowing activity

#### Operational boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational Boundary (£000's)			
Year	Borrowing	Other	Total
2023/24	573,000	160,000	733,000
2024/25	675,000	154,000	829,000
2025/26	704,000	148,000	852,000
2026/27	717,000	142,000	859,000
2027/28	731,000	135,000	866,000
2028/29	730,000	129,000	859,000

#### Authorised limit for external debt

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- a) This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35 (1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- b) The Council is asked to approve the following authorised limit:

Authorised Limit (£000's)			
Year	Borrowing	Other	Total
2023/24	603,000	160,000	763,000
2024/25	705,000	154,000	859,000
2025/26	734,000	148,000	882,000
2026/27	747,000	142,000	889,000
2027/28	761,000	135,000	896,000
2028/29	760,000	129,000	889,000

### 3.3 Prospects for interest rates

A more detailed interest rate forecast and economic commentary are set out in appendix 5.2.

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The table below gives their central view.

Link Asset Services Interest Rate View 7/2/2023							
	Mar '24	Jun '24	Sep '24	Dec '24	Mar '25	Jun '25	Sep '25
Bank Rate View	5.25	5.25	4.75	4.25	3.75	3.25	3.00
3m av. earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00
6m av. earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10
12m av. earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10
5yr PWLB Rate	4.50	4.40	4.30	4.20	4.10	4.00	3.80
10yr PWLB Rate	4.70	4.50	4.40	4.30	4.20	4.10	4.00
25yr PWLB Rate	5.20	5.10	4.90	4.80	4.60	4.40	4.30
50yr PWLB Rate	5.00	4.90	4.70	4.60	4.40	4.20	4.10
	Dec '25	Mar '26	Jun '26	Sep '26	Dec '26	Mar '27	
Bank Rate View	3.00	3.00	3.00	3.00	3.00	3.00	
3m av. earnings	3.10	3.10	3.10	3.10	3.10	3.10	
6m av. earnings	3.10	3.10	3.10	3.10	3.20	3.20	
12m av. earnings	3.70	3.60	3.60	3.50	3.50	3.50	
5yr PWLB Rate	3.90	3.80	3.70	3.70	3.70	3.70	
10yr PWLB Rate	4.20	4.20	4.10	4.10	4.10	4.10	
25yr PWLB Rate	4.00	4.00	3.90	3.90	3.90	3.90	
50yr PWLB Rate	3.00	3.00	3.00	3.00	3.00	3.00	

The forecast above was reported as at 5<sup>th</sup> February 2024, and there were no changes to rates forecast from 8<sup>th</sup> January 2024. Link's central forecast for interest rates was previously updated on 7 November 2023 and reflected a view that the Monetary Policy C would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least the second half of 2024. They expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their on-going robustness). Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

In the upcoming months, their forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

## PWLB RATES

The gilt curve has moved a little higher through January and February following big downward movements through November and December, reflecting a "reality check" that central banks are unlikely to be bullied into cutting rates early. At the time of writing there is 50 basis points difference between the 5 and 50 years' parts of the curve.

**The balance of risks to the UK economy:** The overall balance of risks to economic growth in the UK is even.

### Downside risks to current forecasts for UK gilt yields and PWLB rates include:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

### Upside risks to current forecasts for UK gilt yields and PWLB rates:

- Despite the tightening in Bank Rate to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, which may prove inflationary, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected gilt issuance, inclusive of natural maturities and Quantitative Tightening, could be too much for the markets to comfortably digest without higher yields compensating.

### 3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, base rate continues to increase during the first half of 2023.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Executive Director of Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a further FALL in long and short term rates then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short-term rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years. All relevant activities will be reported to Committee.

### 3.5 Debt rescheduling

As short term borrowing rates vary against longer term fixed interest rates, there may be potential opportunities to generate savings by moving between long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All relevant activities will be reported to Committee.

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## 4 ANNUAL INVESTMENT STRATEGY

### 4.1 Investment strategy

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

**Investment returns expectations:** The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to have peaked at 5.25% in Q4 2023.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2023/24 (residual)	5.30%
2024/25	4.55%
2025/26	3.10%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

For its cash flow generated balances, the Council will seek to utilise money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

### 4.2 Investment interest risk

The Council holds relatively low levels of cash which helps limit borrowing costs. The table below details projections for investment cash balance (31 March), the average investment cash balance, investment interest.

£000s	Actual 2022/23	Outturn 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27
Investment cash balance (31 March)	12,575	5,000	5,000	5,000	5,000
Average investment cash balance	43,696	13,450	15,000	15,000	15,000
Investment interest	825	660	683	465	450
Average interest rate	1.88%	4.91%	4.55%	3.10%	3.00%

The above investment interest is generated from Money Market Funds. We are currently budgeting for £683,000 of income in 2024/25 based on an average interest rate of 4.55% and an average cash balance of £15m.

## 5 APPENDICES

### 5.1 CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2024/25 – 2028/29

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

## Capital expenditure

Capital expenditure values used to prepare indicators are based on the latest approved Capital Plan 2024-2029 (Article VII of the Policy and Resources Committee of 19 February 2024, report 18-2024 refers) as shown in section 2.1 of this report.

## Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

### Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Non-HRA	5.8%	7.3%	7.3%	7.4%	7.1%
HRA	34.6%	34.4%	33.5%	34.9%	36.2%

The estimates of financing costs include current commitments and the proposals in this budget report.

### Ratio of commercial and service income to net revenue stream

This indicator identifies the trend in commercial and service income against the net revenue stream.

	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Non-HRA	1.4%	1.3%	1.3%	1.3%	1.3%

## Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity structure of fixed interest rate borrowing			
	Lower	Upper	
Under 12 months	0%	10%	

12 months to 2 years	0%	15%
2 years to 5 years	0%	25%
5 years to 10 years	0%	25%
10 years plus	50%	95%
Upper limit for total principal sums invested for longer than 365 days	n/a	No sums will be invested longer than 365 days

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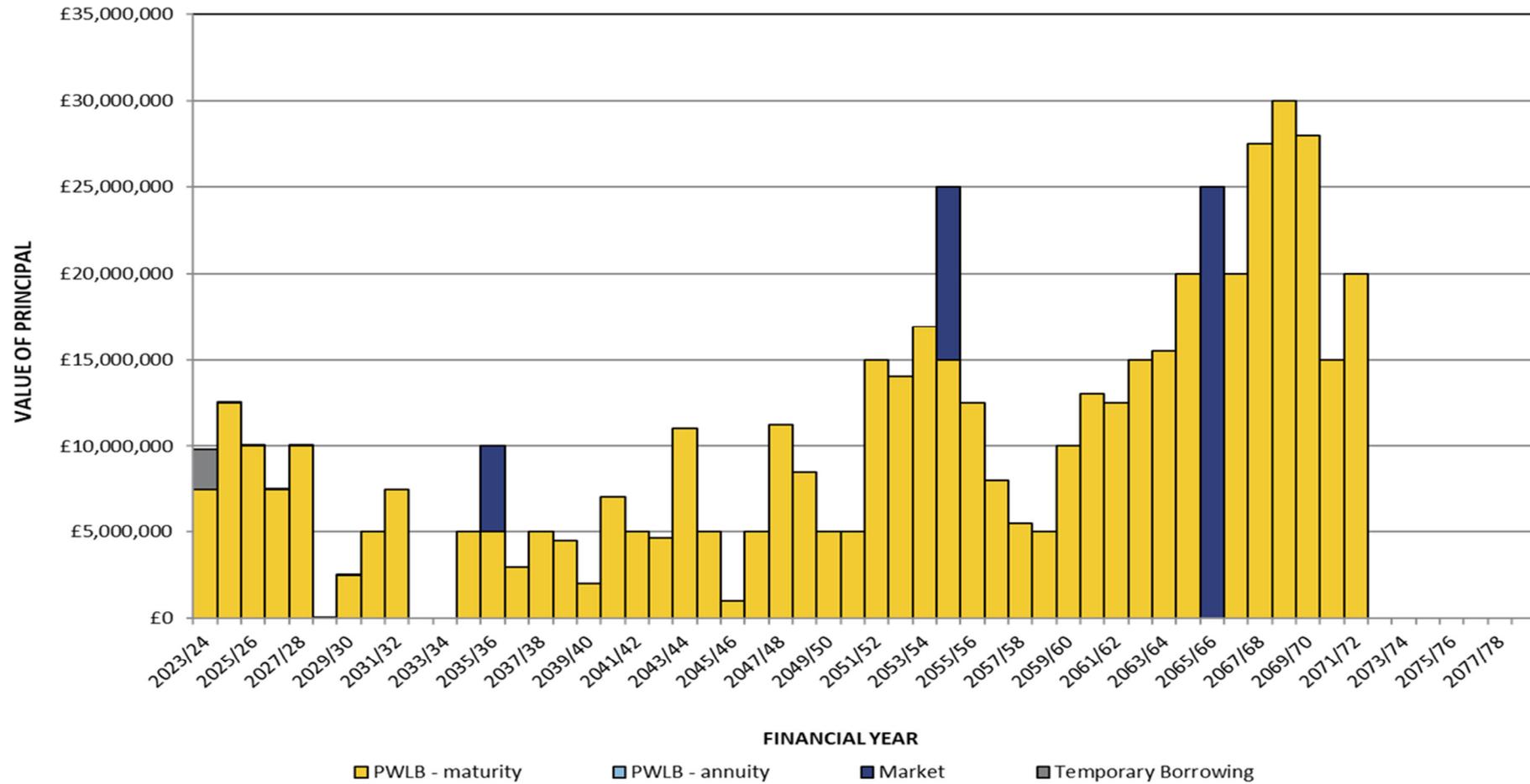
### 5.3 INTEREST RATE FORECASTS 2024-2027

The table below shows Link Asset Services view on UK Interest Rates on 5<sup>th</sup> February 2024.

Link Group Interest Rate View 05.02.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

5.3 MATURITY PROFILE OF EXTERNAL BORROWING

The tables below shows a maturity profile of the Council’s external borrowing portfolio as at 31 March 2023. The profile comprises of loans from Public Works Loan Board (PWLB), Lender Option Borrower Option loans (LOBOs) from Banks and temporary loans from other Local Authorities.



**REPORT TO:** CITY GOVERNANCE COMMITTEE – 4 MARCH 2024  
**REPORT ON:** TREASURY POLICY STATEMENT 2024/2025  
**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES  
**REPORT NO:** 61-2024

## **1 PURPOSE OF REPORT**

This report reviews the Council's Treasury Policy Statement which is intended to govern all borrowing and lending transactions carried out by the Council.

## **2 RECOMMENDATION**

Members are recommended to approve the policies and procedures laid out in the attached Treasury Policy Statement 2024/2025, noting no changes.

## **3 FINANCIAL IMPLICATIONS**

None.

## **4 INTRODUCTIONS**

The Policy and Resources Committee approved the current Treasury Policy Statement on 6<sup>th</sup> March 2023 (Article III of the Minute of Meeting of the Policy and Resources Committee of 6<sup>th</sup> March 2023, report no 66-2023 refers). The statement is subject to review annually or earlier in the event of a major policy change.

## **5 BACKGROUND**

### **5.1 The CIPFA Treasury Management in the Public Services Code of Practice 2017 and Cross-Sectorial Guidance Notes 2018 (The Code)**

In December 2017, CIPFA issued a revised Treasury Management Code of Practice and also a revised Prudential Code. These revisions focused particularly on non-treasury investments and especially on major purchases of property with a view to generating substantial increases in income compared to normal treasury management activities. In such, the main change in the revised code extended the definition of "investments" to include other non-financial assets which the organisation holds primarily for financial return, such as investment property portfolios, however for Scottish Councils, the definition of investment properties was already accommodated within the 2010 Investment Regulations.

The Code introduced a requirement for Scottish Councils to list all non-treasury investments and financial guarantees, loans etc. as part of their annual Treasury Management Strategy Statement, and greater explanation for investment in non-financial assets in such areas as their objectives, how they have been appraised, how they have been financed, and what powers were used to undertake them.

It should be noted that whilst nothing in the Code should be taken as overriding statutory provision, CIPFA recommends that all public organisations adopt the revised four clauses of the Code, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances. In addition, they also recommend the form of words in the Code for the organisation's treasury policy statement and that this should include high level policies for borrowing and investments.

### **5.2 Revised CIPFA Treasury Management Code and Prudential Code 2021**

CIPFA published revised codes on 20<sup>th</sup> December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. The changes will have impact on future Treasury related reports and risk management framework.

The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address ESG issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- ensure that any long-term treasury investment is supported by a business model;
- a requirement to effectively manage liquidity and longer-term cash flow requirements;
- amendment to TMP1 to address ESG policy within the treasury management risk framework;
- amendment to the knowledge and skills register for individuals involved in the treasury management function (to be proportionate to the size and complexity of the treasury management conducted by each council);
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

In addition to the above, all investments and investment income will be required to be attributed to one of the following three purposes:

- Treasury management
- Service delivery
- Commercial return

### 5.3 Investment Regulations

In accordance with section 40 of the Local Government in Scotland Act 2003, the Scottish Government issued investment regulations (The Local Government Investments (Scotland) Regulations 2010) and finance circular 5/2010 which sets out the requirements to obtain the consent of Scottish ministers for making investments. This report is in accordance with the requirements of these documents.

## 6 TREASURY POLICY STATEMENT

This document sets out the policies and objectives of the Council's Treasury Management activities and the practices which will be used to achieve these. It contains the following:

- Treasury Management Policy Statement
- Treasury Management Practices Main Principles in 12 key areas.

Please note that there are no revisions to the policy.

## 7 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

The major issues identified relate to Risk Management and these are addressed in Section II of the Treasury Policy Statement under TMP1. This is further summarised in the Risk Register which is regularly reported to Committee in the Treasury Management Activity Reports.

## 8 CONSULTATION

The Council Leadership Team have been consulted in the preparation of this report.

**9 BACKGROUND PAPERS**

CIPFA Prudential Code for Capital Finance in Local Authorities 2017  
CIPFA Code of Practice on Treasury Management 2017  
CIPFA Treasury Management in the Public Services Cross-Sectorial Guidance Notes 2018  
CIPFA Revised Treasury Management Code and Prudential Code 2021

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**23 FEBRUARY 2024**

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**DUNDEE CITY COUNCIL**

**TREASURY POLICY STATEMENT  
2024-2025**

Executive Director of Corporate Services  
March 2024

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## 1. TREASURY MANAGEMENT POLICY STATEMENT

The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Services. As part of the adoption of that code, the Council agrees to create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating policies, objectives and approach to risk management of its treasury management activities.
- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control these activities.

This document outlines the Council's Treasury Management Policy Statement which provides a framework for the Council's treasury management activities. Any reference in this policy to the Executive Director of Corporate Services should be taken to be any other officer which has been given delegated powers.

Dundee City Council defines its treasury management activities as:

**"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."**

Subject to any legal restrictions, this definition covers the following activities:

- Arranging, administering and managing all capital financial transactions
- Approving, arranging and administering all borrowing on behalf of the Council
- Cash flow management
- Investment of surplus funds
- Ensuring adequate banking facilities are in place, negotiating bank charges, and ensuring the optimal use by the Council of banking and associated facilities and services

Dundee City Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.

Dundee City Council acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable performance measurement techniques, within the context of effective risk management.

Dundee City Council must comply with the appropriate regulations, codes and guidance when undertaking treasury management activities:

- The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016
- The Local Government Investments (Scotland) Regulations 2010
- Local Government in Scotland Act 2003
- CIPFA Treasury Management in the Public Services: Codes of Practice and Cross-sectorial Guidance Notes 2021
- CIPFA Prudential Code for Capital Finance in Local Authorities 2021

## 2. DELEGATIONS OF AUTHORITY & GOVERNANCE

### 2.1. Scheme of Delegation

#### Policy and Resources Committee

- Approve annual treasury management policy and strategy.
- Approve capital strategy
- Review periodic treasury management activity reports.
- Approve amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.
- Provide budget consideration and approval.

#### Executive Director of Corporate Services

- Ensure that all the Council's borrowing and lending transactions and practices comply with the CIPFA Code of Practice on Treasury Management in the Public Services.
- Prepare a Treasury Policy Statement which will be approved by the Policy and Resources Committee and reviewed annually.
- Prepare a Capital Strategy which will be approved by the Policy & Resources Committee and reviewed annually.
- On commencement of each financial year submit a report to the Policy and Resources Committee on the Treasury Management Strategy for that year (including forecasts).
- Monitor compliance of activities to approved policies, strategies and practices including the performance of Treasury Management.
- Submit a report to the Policy and Resources Committee twice yearly reviewing the Council's Treasury Management activities, and comparison to forecasts. One of these reports will be an annual report on the Treasury Management activities of the previous financial year.
- Approve the selection and appointment of external service providers and agreeing terms of appointment.
- Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensure the adequacy of internal audit, and liaise with external audit.
- Ensure preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- Ensure that the capital strategy is prudent, sustainable, affordable in the long term and provides value for money.
- Ensure that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council
- Ensure that the Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
- Ensure the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources.
- Ensure that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities.
- Provide Policy and Resources Committee with a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.
- Ensuring that Policy and Resources Committee are adequately informed and understand the risk exposures taken on by the Council.
- Ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above.
- Ensure creation of Treasury Management Practices which specifically deal with how non-treasury investments will be carried out and managed, to include the following: -
  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;

- Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

#### Internal Audit

- Provide a resource allocation in the Internal Audit Plan, when considered appropriate by the Senior Manager – Internal Audit, for reviewing the internal controls in place.
- Deliver the assignments detailed in the Internal Audit Plan, discussing and agreeing the scope and objectives, including, where appropriate, recommendations for improving the overall control environment.
- Undertake follow-up and progress reviews as and when required and report, as appropriate, on the findings from these exercises.

### **3. BORROWING POLICIES**

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activities. This will involve both the organisation of the cash flow and where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for the current year and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

#### **3.1. Sources & Methods of Borrowing**

The council will generally undertake 2 types of borrowing:

Long term borrowing (over 1 year) – These funds are sourced predominantly from UK Treasury (formerly PWLB) in line with available capacity within the prudential limits set as maximum levels of borrowing. This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35 (1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Short term borrowing - (under 1 year) – These funds are sourced from other Councils via market brokers or directly. The limit is set by the council as part of its treasury indicators and must not exceed 30% of the net variable rate borrowing.

A detailed list of approved methods of raising capital finance can be found within **TMP4 – Approved Instruments, Methods & Techniques**.

#### **3.2. Borrowing in advance of need**

The Council will not borrow in excess of its Capital Financing Requirement with the prime intention to profit from the investment of the extra sums borrowed. In accordance with the revised Code, any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

#### **3.3. Debt Rescheduling**

The Council will monitor opportunities to refinance existing long term debt in order to generate savings or to support the current Treasury Strategy and longer term debt maturity profile, and will

take action as appropriate. The Executive Director of Corporate Services will report to Committee on any such activities.

#### 4. INVESTMENT POLICIES

The Council's investment policy has regard to the Scottish Government's - Investment (Scotland) Regulations 2010, (and accompanying Finance Circular), and the 2021 CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes, ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the Scottish Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long-Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

##### 4.1. Permitted Instruments

The Council may invest monies in accordance with their requirements only by using the following instruments:

- Temporary deposits with an approved institution
- Money Market Funds
- Ultra-short dated bond funds
- Debt Management Office
- Investment Properties
- Loans to other organisations for service reasons and for which specific statutory provision exists\* (to a maximum of £30m with £10m with any single party)
- Investment in Council companies, joint ventures, or other entity formed by a Council to deliver services (to a limit of £1.25m).
- Loans to / investment in the loan stock of Council companies
- Investment in Shared Equity Housing Schemes
- Investment in Subordinated Debt of projects delivered via the "HubCo" model
- Investments in share in equity, bond and property funds (on a FVCI basis)
- Foreign currencies, to service overseas contracts

\* These loans will normally be made at prevailing market rates but on occasion for service reasons, these may be offered at an interest rate below the market rate but always ensuring that the Council takes account of such issues as State Aid as advised by Link Asset Services. Annual Strategies and Reports will need to recognise all loans to third parties as investments.

##### 4.2. Creditworthiness policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of Credit Default Swap spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years \*
- Dark pink 5 years - Enhanced cash funds (Money Market Funds) with 1.25 credit score
- Light pink 5 years - Enhanced cash funds (Money Market Funds) with 1.50 credit score
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

The Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Link Asset Services creditworthiness service use ratings from all three agencies, but by using a scoring system, it does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored continuously. The Council is sent a weekly list from Link Asset Services of all the investment counterparties with a summary of the all the ratings changes in the preceding week but is also alerted daily to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

The maximum deposit will be in line with counterparty credit rating as follows:

- F1+ £12m
- F1 £10m
- AAAMf - Money Market Funds £10m
- Ultra-short dated bond funds £10m
- UK Local Authorities £10m
- Debt Management Agency £10m
- Part-Nationalised UK Banks £5m  
(with a minimum holding of 20% as per Link Asset Services approach)
- OEICs - Government Liquidity, Gilt, Bond and Equity Funds\* 70% of asset class with any one institution

\* Common Good and Insurance Funds only or at discretion of Executive Director of Corporate Services – see section 7 "Treasury Risk Register"

#### 4.3. Country limits

The Council will only use UK regulated institutions.

#### 4.4. Policy on longer term investments

Until the new investment regulations took effect from 1 April 2010, investing by Scottish local Councils was limited to one year. This restriction has been removed from that date and this Council accordingly wishes to be able to make use of this power at times when such investing is both appropriate and attractive.

This may be exercised for general treasury management purposes in line with Capital Financing Requirements within the Capital Plan with the exception of earmarked investments made at the Discretion of the Executive Director of Corporate Services.

### 5. CASH & LIQUIDITY POLICIES

The purpose of this policy is to outline the principles of cash management across the Council and for those who it undertakes Treasury and Banking Services to ensure the efficient and effective management of cash resources to maximise investment income while ensuring sufficient cash on hand to meet obligations and avoid funding shortfalls.

This policy also contributes towards meeting the Council's obligations to all relevant parties by ensuring the existence of an effective cash management system to provide for the payment and investment of cash, transmitting timely and reliable cash flow forecasts and ensuring compliance with relevant statutory and regulatory requirements.

### 6. REPORTING ARRANGEMENTS

The Council will adopt the following reporting arrangements in accordance with the requirements of the Code:

Area of Responsibility	Council / Committee/ Officer	Frequency
Treasury Management Policy Statement	P&R Committee	Annually at the start of the financial year
Treasury Management Strategy / Annual Investment Strategy	P&R Committee	Annually at the start of the financial year
Treasury Management Strategy / Annual Investment Strategy – mid-year activity report	P&R Committee	Annually by December
Treasury Management Strategy / Annual Investment Strategy – updates or revisions at other times	P&R Committee	As required
Annual Treasury Outturn Report / Annual Investment Report	P&R Committee	Annually by 30 September after the end of each financial year
Prudential Indicators	P&R Committee	Quarterly as part of Capital Monitoring report.
Capital Strategy	P&R Committee	As required
Treasury Management Practices	Executive Director of Corporate Services	As required

### 7. TREASURY MANAGEMENT PRACTICES

Dundee City Council will follow the main principles as detailed for the treasury management practices listed below:

## **TMP 1 Risk Management**

The Executive Director of Corporate Services will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in **TMP6 Reporting requirements and management information arrangements**. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in separate working schedules maintained by the Executive Director of Corporate Services. In summary, the following types of risks are identified, more information can be found in detailed TMPs –

- Liquidity Risk Management
- Interest Rate Risk Management
- Exchange Rate Risk Management
- Inflation Risk Management
- Credit and Counterparty Risk Management
- Refinancing Risk Management
- Legal and Regulatory Risk Management
- Fraud, Error and Corruption and Contingency Management
- Market Risk Management
- Environmental, Social and Governance risk management

## **TMP 2 Performance Measurement**

Dundee City Council is committed to the pursuit of best value in its treasury management activities and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in separate working schedules maintained by the Executive Director of Corporate Services.

## **TMP 3 Decision-making and analysis**

Dundee City Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processed and practices to be pursued in reaching decisions are detailed in separate working schedules maintained by the Executive Director of Corporate Services.

## **TMP 4 Approved Instruments, Methods and Techniques**

Dundee City Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in separate working schedules maintained by the Executive Director of Corporate Services and within the limits and parameters defined in **TMP1, Risk Management**.

## **TMP 5 Organisation, Clarity and Segregation of Responsibilities and Dealing Arrangements**

Dundee City Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner and that there is at all times a clarity of treasury management responsibilities.

The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions and the audit and review of the treasury management function.

If Dundee City Council requires to depart from these principles, the Executive Director of Corporate Services will ensure that the reasons are properly reported in accordance with **TMP6 Reporting requirements and management information arrangements** and the implications properly considered and evaluated.

The Executive Director of Corporate Services will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangement for absence cover. The present arrangements are detailed in separate working schedules maintained by the Executive Director of Corporate Services.

The Executive Director of Corporate Services will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in separate working schedules maintained by the Executive Director of Corporate Services.

The delegation to the Executive Director of Corporate Services in respect of treasury management is set out in the Introduction to the Treasury Policy Statement. The Executive Director of Corporate Services will fulfil all such responsibilities in accordance with the organisation's policy statement and TMP's and CIPFA's Standard of Professional Practice on treasury management.

### **TMP 6 Reporting Requirements and Management Information Arrangements**

Dundee City Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Policy and Resources Committee will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs.

### **TMP 7 Budgeting, Accounting and Audit Arrangements**

The Executive Director of Corporate Services will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matter to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk Management, **TMP2 Best Value and Performance Measurement** and **TMP4 Approved Instruments, Methods and Techniques**.

The Executive Director of Corporate Services will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP6 Reporting Requirements and Management Information Arrangements.

Dundee City Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory regulatory requirements in force.

Dundee City Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

### **TMP 8 Cash and Cash Flow Management**

Unless statutory or regulatory requirements demand otherwise, all monies which belong to the Council will be under the control of the Executive Director of Corporate Services, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular

and timely basis, and the Executive Director of Corporate Services will ensure that these are adequate for the purposes of monitoring compliance with TMP1 (1) Liquidity Risk Management.

### **TMP 9 Money Laundering**

Dundee City Council is alert to the possibility that it may become the subject of attempts to involve it in transactions involving the laundering of money. Accordingly, it will have a policy which is reviewed every three years (or earlier if regulations require), maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved with these activities are properly trained, and adequate records are maintained. The Council recognises the importance of ensuring that all staff are aware of money laundering requirements and the risks it poses to the organisation and it will ensure that guidance is readily available and communicated across all areas within the Council.

### **TMP 10 Training and Qualifications**

Dundee City Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Council operates a Professional Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

The Council will ensure that Councillors are also provided with adequate training and guidance to enable them to undertake their duties in respect of treasury management. The Executive Director of Corporate Services will recommend and implement the necessary arrangements.

### **TMP 11 Use of External Service Providers**

Dundee City Council recognises the potential value of employing external providers of Treasury Management Services, in order to acquire access to specialist skills and resources. Service providers will be subject to full evaluation in terms of costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Executive Director of Corporate Services.

### **TMP 12 Corporate Governance**

Dundee City Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This organisation has adopted and has implemented the key recommendations of the CIPFA Code. This, together with the other arrangements detailed in separate working schedules maintained by the Executive Director of Corporate Services are considered vital to the achievement of proper corporate governance in treasury management, and the Executive Director of Corporate Services will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

The Executive Director of Corporate Services will maintain, separate from this document, schedules specifying the systems and routines to be employed and the records to be maintained to ensure adherence to these principles.

### **Appendix 1 Environmental, Social and Governance risk management**

ESG is an area that CIPFA is still working on after the 2022 revised codes. In particular, work will be needed to coordinate the priority which needs to be given to issues of security, liquidity and yield (SLY) while also accommodating ESG principles as a fourth priority and principle to apply.

The assessment and implementation of ESG considerations are better developed in equity and bond markets than for short-term cash deposits, primarily due to the wider scope of potential investment opportunities. Furthermore, there is a diversity of market approaches to ESG classification, analysis

and integration. This means that a consistent and developed approach to ESG for public service organisations, focussed on more typical Treasury-type investments, is currently difficult to achieve. CIPFA, therefore, recommends authorities to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation's own relevant policies, such as environmental and climate change policies.

CIPFA does not expect that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

**REPORT TO:** CITY GOVERNANCE COMMITTEE – 4 MARCH 2024  
**REPORT ON:** COMMUNITY WISHES  
**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES  
**REPORT NO:** 23 -2024

## **1.0 PURPOSE OF REPORT**

1.1. The purpose of this report is to provide an overview to a proposed Community Wishes approach for Dundee City Council. This will be delivered as an expansion to the Community Benefits programme and as part of Community Wealth Building (CWB).

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee:

- note the information included within this report and that an update on the first year of operation will come back to committee after this is completed.

## **3.0 FINANCIAL IMPLICATIONS**

3.1 There are no direct financial implications arising from the agreement of this report.

## **4.0 BACKGROUND**

4.1 Dundee City Council has an established Community Benefits Policy which is designed to maximise the economic and social benefits of council procurement activity. The current model of community benefits includes agreeing a series of linked measures in higher value contracts including outcomes in the following key areas:

- **Supplier Development** – including measures to encourage the use of local contractors, social enterprises and supported businesses.
- **Employment and Skills** – a range of outcomes intended to provide employment and training opportunities for local people including work experience placements, apprenticeships and employment opportunities for those disadvantaged in the labour market.
- **Awareness Raising and Environmental Outcomes** – a range of outcomes that encourage contractors to work with local schools, further and higher education establishments, employability or community groups.

While higher value contracts will include the full range of activities, lower value contracts tend only to have a selection of these and are typically limited to awareness raising or work placement requirements. While the approach works well it can be challenging to localise outcomes that ensure communities most effected by individual projects or those areas of highest deprivation directly benefit from these measures. Securing appropriate 'awareness raising' or work placement outcomes for lower value contracts can also be difficult as contracts can be in very diverse areas, highly specialised or not local, so finding an outcome or client group that they can meaningfully engage with can be complicated and time consuming to manage.

### **4.2 What is Community Wishes?**

The basic principle is that communities are asked to articulate small projects or asks which they would like to see delivered in their community or to support their local group. These can be wide ranging but typically include support for small installations, maintenance or clean-up projects, materials or volunteering time to complete projects, sponsorship etc. These requests are then moderated to ensure that they can be undertaken e.g. having planning consent, and

crucially, that they are sought after by the wider community before being published on an online portal. Contracted providers are then directed to this portal where they are asked to select a wish to fulfil as part of their contractual commitment to delivering specified community benefits.

The benefits for contractors are that it allows them to focus their expertise more directly in the delivery of their community benefit, to target specific communities or interests and by being moderated protects them from supporting organisations or projects that have not been through any appropriate assessment. It also allows them to evidence Corporate Social Responsibility, commitment to their community or environment and demonstrate their position as a good partner for the city. Contractors will be requested to provide evidence of their wish in terms of an evidence return form and where appropriate photographs which can be used by the contractor and council to secure positive case studies and PR for the works undertaken. For local communities, it allows them to access skilled labour and expertise from a range of contractors and to deliver small projects which will make a real difference to their local community or group.

## 5.0 PROPOSED MODEL

5.1 An internal working group has been established to take forward this work with representatives from across relevant service areas. Key priorities in the development of this process were that it is as easy to use as possible to encourage community applications and efficient to administer to ensure there are no additional resources required by the Council. The project will be delivered in phases with a soft launch largely targeted at organisations which the Communities Team already have a relationship with. This will allow us to begin to populate the system with wishes at a smaller scale to confirm that our systems are robust before marketing the system to the wider community, third sector partners and intermediaries. A post implementation review phase will then be undertaken after 12 months to ensure any necessary improvements or changes can be made.

### 5.2 Stages

- Gathering Wishes – wishes will be gathered initially through Communities staff and their existing contacts of community groups and individuals. To avoid limiting proposals, groups will not need to be constituted to submit wishes but should represent a wider group or community rather than themselves. Communities staff will also be able to submit requests on the behalf of groups. Once the model is developed and tested a full launch will be planned to include briefings for partners, social media and other communications.
- Submitting / uploading wishes – a submission form has been agreed (outline questions provided in Appendix 1) to gather details of the request which would include details of who would benefit from the wish and its link to Community Plan priorities.
- Moderating wishes – wishes would be directed to the relevant Communities Officer who will be able to distribute them to their teams for assessment. This will ensure that wishes are being assessed by someone familiar with their area. Teams would be assessing based on the deliverability i.e. does the request have all relevant permissions e.g. planning consents and is it likely to be something welcomed by the wider community. There would be no value judgement of wishes, recognising that they are of value to the group submitting. Examples of where wishes would be granted are detailed in Appendix 2. While Communities Officers will have designated authority to moderate requests, advice from relevant staff in key areas also be available should more complex queries on specific requests arise. It is proposed that Communities staff will escalate more complex or higher risk projects to Local Community Planning Partnerships as required and direct inappropriate bids to other sources if required. Based on evidence from schemes elsewhere, it is envisaged that most requests will be able to be approved without incident. Final decisions on awarding wishes are subject to officer discretion.
- Approving and publishing wishes – once approved wishes will be added to a list that will provide details of the requirements and the status of projects
- Directing contractors – procurement category officers will direct contractors with community benefit requirements in their contracts to community wish lists to deliver the required

number of outcomes and as part of an active procurement exercise or as part of contract management processes, confirm contractor competence to undertake this if required.

- Delivering and evidencing wishes - the contractor would deliver the wish and produce evidence in the form of an outcomes/outputs form and (where appropriate) photographs. Evidence would be moderated by procurement category officers i.e. to ensure consents were in place and published. The contractor would also require that the delivered wish was subject to the same liabilities for insurance that were already in place for the works or services procured out with the wish.
- Evidencing and reporting – Local Community Planning Partnerships will have access to quarterly reports of what has been requested and delivered in their area. Delivered wishes will also be included as part of the Council's Annual Procurement Report and once the system is fully established, details of delivered outcomes/outputs could also be published on open data sources.

## **6.0 NEXT STEPS**

6.1 The next steps are summarised as follows:

- Presentations to Local Community Planning groups and Communities contacts (March 2024)
- Implement Launch of Community Wishes Approach (June 2024)
- Monitor and Evaluation of programme (June 2025)

## **7.0 CONCLUSION**

7.1 This report details to work that has been completed towards developing this approach for Dundee City Council as part of our Community Wealth Building priorities. It is acknowledging the contribution which will be required from services across the council to make this a reality. Once established this approach is intended to result in real and tangible benefits to communities of Dundee, through securing additional value from contracted provision.

## **8.0 POLICY IMPLICATIONS**

8.1 This report has been subject to an Integrated Impact Assessment to identify impacts on Equality & Diversity, Fairness and Poverty, Environment and Corporate Risk. An impact, positive or negative, on one or more of these issues was identified. An appropriate senior manager has checked and agreed with this assessment. A copy of the Integrated Impact Assessment showing the impacts and accompanying benefits of/mitigating factors for them is included as an Appendix to this report.

## **9.0 CONSULTATION**

9.1 The Council Leadership Team were consulted in the preparation of this report.

## **10.0 BACKGROUND PAPERS**

10.1 None.

**PAUL THOMSON**  
**HEAD OF CORPORATE FINANCE**

**ROBERT EMMOTT EXECUTIVE**  
**DIRECTOR OF CORPORATE SERVICES**

**23 FEBRUARY 2024**

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### Proposed Community Wishes Submission Questions

- Who you are?
- What purpose your group represents?
- Provide a description of what you would like delivered along with a summary which will be used to advertise your request to contractors.
- What Type of Project are you looking for support with?
  - **Donation of Materials** – do you have a project idea but need assistance in buying or sourcing materials to complete this? Do you have an arts club in need of arts supplies etc.?
  - **Donation of Time / Services** – do you need some staff resource to support your project, this can be non-specific i.e. helping with a community clear up or could be specifically something which requires someone with expertise to deliver. Do you need lights, or plumbing checking or the installation of an outside tap.
  - **Sponsorship** – do you have a small sponsorship request, to provide strips or sports equipment for local sporting teams or to print leaflets or fund a one of purchase which would be beneficial to the communities you live in? Please note smaller sponsorship requests may be more likely to be supported.
  - **Other** – we expect Community Wishes to be in a wide range of areas including things we haven't thought of yet!
- Where do you want the project to be delivered? You will be asked to provide a postcode to where the wish will be delivered.
- You will be asked to identify which community plan outcomes your project will principally support and who would benefit from the Wish being delivered. As with the Community Regeneration Fund you will also be asked to indicate what support there may be for your idea within your community, although consultation is not required to submit a wish.
- You will be asked to provide information on the timescales you are looking for and whether these are particularly time bound. Note that it is contractors who will select wishes and we are not able to guarantee delivery within a particular timescale.
- For wishes which are not on land which you own we need to know that all the relevant permissions have been agreed. Advice on planning requirements can be provided.
- For wishes involving events are the relevant we require to confirm that all the relevant licences are in place. Advice on licencing arrangements can be provided.
- We need to know your plans for any ongoing maintenance (if this is relevant) and how long you think the result of the wish may last. Note the contractor will not be responsible for any ongoing costs or maintenance associated with anything which is implemented as part of a wish.

**Criteria of when wishes will be considered for acceptance**

In order that wishes are considered for granting you must ensure the following:

- 1) All required information on the wish submission must be fully completed.
- 2) The location of your project must be within the Dundee City Council boundary.
- 3) Your wish should support towards delivering one or more of the Council's Strategic Priorities <https://www.dundee.gov.uk/council-plan-2022-2027>
- 4) The delivery of your wish would evidence wider benefits for the community.
- 5) Your wish supports a community or group.
- 6) Your wish is reasonable and proportionate. Remember these wishes are intended to be for small projects or asks. Council officers can direct you to other sources of funding for more significant projects where this would be applicable.
- 7) Deadlines for your timescales are considered achievable by officers. It is suggested that your asks, in relation to timescales, are as flexible as they can be.
- 8) Where required to do so you have permission from the landowner to undertake the project. Note guidance on land ownership be provided where this is available.
- 9) You have the necessary licencing arrangements in place (where applicable) e.g. in relation to hosting of events.
- 10) You have the necessary planning consent in place (where applicable).
- 11) Your request is not in relation to works / activities that are either on existing Council maintenance schedules or relate to areas of work that have been agreed to be undertaken by the Council. If the request is in relation to something which is on an existing maintenance schedule consideration to approve this would be on a case-by-case basis.
- 12) Your wish is not clearly duplicated with other existing requests.

All accepted final wishes are subject to Council Officers discretion.

# Integrated Impact Assessment

Committee Report Number: 23-2024

Document Title: Community Wishes Approach

Document Type: Procedure

Description:

This paper provides details of the proposed Community Wishes Approach.

The basic principle of Community Wishes is that communities are asked to articulate small projects or asks which they would like to see delivered in their community, or to support their local group. These can be wide ranging but include support for small installation, maintenance or clean-up projects, materials or volunteering time to complete projects, printing leaflets, decorating, undertaking surveys, sponsorship. These requests are then moderated by the council to ensure that they can be undertaken e.g. having planning consent and crucially that they are wanted by the wider community before being published on an online portal. Contracted providers are then directed to this list where they are asked to select a wish to fulfil as part of their contracted required community benefit.

The benefit for contractors is that it allows them to focus their expertise more directly in the delivery of their community benefit, allows them to target specific communities or interests and by being moderated protects them from supporting organisations or projects which have not been through any assessment. For local communities, it allows them to access skilled labour and expertise from a range of contractors and to deliver small projects which will make a real difference to their community or group.

Intended Outcome:

Delivery of a Community Wishes approach  
Small projects and improvements delivered in local communities  
More community benefits delivered and those delivered more localised

Period Covered: 01/06/2024 to 01/02/2025

Monitoring:

The system will be developed in the council's online customer service platform (Firm Step) and will have the ability to report on the wishes which have been requested and delivered in each locality area. This will be reported to the relevant LCPP by the Community Officer on a quarterly basis. Annual monitoring of the outcomes of the programme will be included within the procurement annual report.

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## Equality, Diversity and Human Rights

### Impacts & Implications

Age: Positive

Wishes may include supporting community activities which help particular age groups i.e. young people or older people's groups

Disability: Positive

Wishes may include support activities for people with disabilities. Website will include accessibility features and will have an option for wishes to be entered by empowerment teams directly if members were unable to complete wish requests directly

Gender Reassignment: No Impact

Marriage & Civil Partnership: No Impact

Pregnancy & Maternity: Positive

Wishes may support or enhance activities intended to support new parents.

Race / Ethnicity: Positive

Wishes may support activities targeted at particular ethnic groups.

Religion or Belief: No Impact

Sex: Positive

Wishes may support gender specific activities i.e. Menshed or Andys Shed activities which supports Mens mental health

Sexual Orientation: Positive

Wishes may support specific activities supporting LGTB communities i.e. pride activities

Are any Human Rights not covered by the Equalities questions above impacted by this report?

No

## Fairness & Poverty

### Geographic Impacts & Implications

Strathmartine:	Positive
Lochee:	Positive
Coldside:	Positive
Maryfield:	Positive
North East:	Positive
East End:	Positive
The Ferry:	Positive

West End:

Positive Implications: This programme will provide the opportunity positive impacts across all ward areas with wishes being submitted and delivered across the city. Particular focus will be given in the pilot phase to developing links with LCPP partnerships with those organisations directly involved with the LCPP or Empowerment teams invited to submit wishes in the pilot phase. Wishes submitted and delivered could include improvements to green spaces, small improvements to community groups which will make them able to deliver more in local communities e.g. provision of an outside tap for a food growing people would make it easier for members to operate or sponsorship costs to fund updated equipment or kit to a sports group would allow them to operate in local communities with less costs to participants removing barriers to participating in sport activities.

## Household Group Impacts and Implications

Looked After Children & Care Leavers: Positive

Wishes may include activities which support this group

Carers: Positive

Wishes may include activities which support this group

Lone Parent Families: Positive

Wishes may include activities which support this group

Single Female Households with Children: Positive

Wishes may include activities which support this group

Greater number of children and/or young children: Positive

Wishes may include activities which support this group

Pensioners - single / couple: Positive

Wishes may include activities which support this group

Unskilled workers or unemployed: Positive

Wishes may include activities which support this group

Serious & enduring mental health problems: Positive

Wishes may include activities which support this group

Homeless: Positive

Wishes may include activities which support this group

Drug and/or alcohol problems: Positive

Wishes may include activities which support this group

Offenders & Ex-offenders: Positive

Wishes may include activities which support this group n

## Socio Economic Disadvantage Impacts & Implications

Employment Status: Positive

Wishes could be from community or voluntary organisations who support people into employment

Education & Skills: Positive

Wishes could come from organisations delivering education and skills to communities. While it is not intended to allow wishes from schools wishes could be accepted from community-based training groups including craft groups, gardening groups etc

Income: Positive

While programmes will not directly raise incomes they may support programmes that benefit low-income groups

## Socio Economic Disadvantage Impacts & Implications

Caring Responsibilities (including Childcare): Positive

Wishes could come from organisations which support carers or those with caring responsibilities

Affordability and accessibility of services: Positive

Wishes could support projects which improve the accessibility and knowledge of services

Fuel Poverty: Positive

While wishes will not support individual energy efficiency measures they may support projects which support people in fuel poverty

Cost of Living / Poverty Premium: Positive

Could support local based projects which address these issues in local communities by creating more services locally

Connectivity / Internet Access: Positive

While application will be made on line we will have provision for groups not comfortable with this to have submission made by the Community Empowerment teams.

Income / Benefit Advice / Income Maximisation Positive

Wishes could be submitted to enhance or support the service of income maximisation services i.e. through printing leaflets or supporting local provision

Employment Opportunities: Positive

Wishes could be submitted by organisations which support employability in local communities

Education: Positive

While wishes will not be accepted from schools directly in the first instance organisations related to schools (i.e. Parent councils) could submit wishes as could community based education services i.e. craft groups for materials

Health: Positive

Would be able to accept wishes from organisations or groups which would improve people's physical or mental wellbeing.

Life Expectancy: No Impact

Mental Health: Positive

Wishes could be submitted by projects focusing on mental health or improvements to areas which would provide benefits including mental health benefits

Overweight / Obesity: Positive

Wishes could be submitted by projects focusing on mental health or improvements to areas which would provide benefits including mental health benefits

Child Health: Positive

Wishes could include projects intended to improve child health e.g. supporting sport-based programmes

Neighbourhood Satisfaction: Positive

The programme is likely to improve neighbourhood satisfaction by tackling issues identified in areas.

Transport: No Impact

## Environment

### Climate Change Impacts

Mitigating Greenhouse Gases: Positive

Wishes could include projects designed to educate people about climate change or physical projects such as community growing or tree planting projects.

Adapting to the effects of climate change: No Impact

## Resource Use Impacts

Energy efficiency & consumption: Positive

Wishes could support energy efficiency programmes. Also, the system has been designed to be paperless.

Prevention, reduction, re-use, recovery or recycling of waste: Positive

Wishes could include environmental programmes to support recycling and reduce waste

Sustainable Procurement: Positive

The Wishes system is part of sustainable procurement with contractors asked to contribute as part of their community benefit requirements.

## Transport Impacts

Accessible transport provision: No Impact

Sustainable modes of transport: Positive

Wishes could support encouragement of sustainable travel routes for examples cycling or walking groups

## Natural Environment Impacts

Air, land & water quality: Positive

Wishes may include activities which improve the natural environment including clean ups of green spaces and litter picks

Biodiversity: Positive

Wishes may include improvements to green space which could include biodiversity. The Councils Biodiversity lead will be part of the expert panel and can be consulted on wishes requested (where appropriate)

Open & green spaces: Positive

Wishes may include improvements to green space.

## Built Environment Impacts

Built Heritage: Positive

Wishes could include improvements to the built environment

Housing: No Impact

Is the proposal subject to a Strategic Environmental Assessment (SEA)?

No further action is required as it does not qualify as a Plan, Programme or Strategy as defined by the Environment Assessment (Scotland) Act 2005.

## Corporate Risk

### Corporate Risk Impacts

Political Reputational Risk: Positive

There is a risk of raising expectations within communities that wishes will be delivered and them not being selected by contractors. This will be mitigated by being clear in the application process that wishes cannot be delivered within a specific time frame and may not be supported at all.

#### Economic/Financial Sustainability / Security & Equipment: Negative

There will be an organisational impact of running the model, in terms of staff time to encourage the submission of wishes, moderation and connecting with contractors. This has been mitigated with the design with queries being undertaken with the firm step process and expert panel identified to support queries. The system will be as automated as possible to minimise impact on staff involved in delivery

#### Social Impact / Safety of Staff & Clients: Negative

While some of the wishes may include elements where a contractor would require a specific skills set or expertise. Risk will be mitigated by confirming contractor's ability to undertake more technical wishes and extending contractors liability insurance where required to work undertaken as part of the programme.

#### Technological / Business or Service Interruption: Negative

As the programme will be delivered largely on line there is a risk associated with issues with the system. The programme will be delivered using dedicated website and firm step system. This would be protected by the dedicated security team in place within the council's IT department.

#### Environmental: No Impact

#### Legal / Statutory Obligations: Positive

There is potential for wishes to be requested for areas which the council are responsible for maintaining. A process has been put in place where these wishes will be assessed on a case by case basis by the relevant department and a recommendation made. There would also be an option for organisations to be supported to make a participation request if appropriate.

#### Organisational / Staffing & Competence: Positive

Throughout the process efforts have been made to ensure that staff at each stage of the process will be supported. At moderation stage wishes will be assessed by the empowerment team for that area and be supported by an expert panel to answer queries. There will also be the option to consult the LCPP on higher risk requests. When approving contractors this will be undertaken by the relevant Category Officer with support from the Contract managers as required.

#### Corporate Risk Implications & Mitigation:

There are moderate levels of risk associated with the subject matter of this report. However, having undertaken a full analysis of the upside and downside risks there is a clear benefit in what is proposed and we are satisfied that adequate controls are available to mitigate the downside risks. The downside financial exposure to the Council is less than £250,000 and this together with other areas of risk can be effectively managed

**REPORT TO: CITY GOVERNANCE COMMITTEE – 4 MARCH 2024**

**REPORT ON: IT STRATEGY 2024-2029**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 62-2024**

## **1.0 PURPOSE OF REPORT**

1.1 To seek approval for the adoption of the IT strategy for the period 2024 to 2029.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee:

(a) agree to the objectives of the IT strategy.

## **3.0 FINANCIAL IMPLICATIONS**

3.1 The 2024-29 Capital plan contains, under designing a modern Council, £5.217m for purchase of computer equipment, £3.798m for a desktop collaboration platform, £1.4m for schools' connectivity, £1.5m for desktop collaboration software, £350k for asset management system replacement. This funding will contribute towards the implementation of the IT strategy.

## **4.0 BACKGROUND**

4.1 This report identifies the proposed strategy for delivery of the IT Service, digital technology, Infrastructure, and applications. The strategy supports the objectives to design a modern Council and the guiding principles and themes of the Council digital strategy.

4.2 Over the life of the previous IT strategy there has been significant investment in our technology and development of the IT service. The following provides an example of what was achieved:

- Implementation of Microsoft 365 providing increased flexibility and collaboration
- Hybrid video conferencing with Teams – provided the ability to host meetings with attendees being onsite or remote
- Migration of all IT infrastructure to a third-party co-location facility
- Delivery of the digital platform that has enabled digital transformation across the Council
- Implementation of a cloud-based Customer Contact Centre providing citizens to request or access Council services anytime anywhere

4.3 This strategy outlines objectives and principles that will be used to guide future developments and delivery of digital technology. It identifies some key projects that will be undertaken to provide secure, efficient, sustainable, and affordable IT.

4.4 The IT service now provides all the digital technology that underpins the operation of the Council and supports digital transformation and service improvement. The IT strategy sets out how the IT service will be aligned with the objectives and requirements of the Council and will provide a robust and secure platform for digital transformation.

4.5 The IT Strategy reflects technology and infrastructure changes that will be instrumental in building an IT service to help the Council drive change, generate efficiency savings and deliver the Council's strategic aims and objectives.

**5.0 POLICY IMPLICATIONS**

5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

**6.0 CONSULTATIONS**

6.1 The Council Leadership Team were consulted in the preparation of this report.

**7.0 BACKGROUND PAPERS**

7.1 None.

**JACQUI KOPEL**

**HEAD OF CUSTOMER SERVICES & IT**

**ROBERT EMMOTT**

**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**16 FEBRUARY 2024**



# **Dundee City Council Information Technology Strategy 2024-29**

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## Contents

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## Document Control

Title	IT Strategy 2024-2029
Version	1.3
Date Issued	12/02/2024
Status	Draft
Document owner	Graeme Quinn

## Document Revision History

Version	Date	Author	Summary of changes
1.1	15/12/2023	GQ	Initial draft version
1.2	06/02/2024	GQ	Updated with feedback from staff workshops
1.3	12/02/2024	GQ	Added risks and updates to some sections

## Approval Record

Version No	Approval Body	Approval Date	Review Date
1.2			

### Introduction

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This document sets out the Council's strategy for our IT Service over the period 2024 – 2029 and how technology and the IT service can support Dundee City Council in delivering its key priorities.

The role of the IT Service is essential to the delivery of all Council services and is fundamental to most business transformation across the organisation. With advancements in technologies and communication methods used by our residents, this IT Strategy aims at ensuring the Council stay ahead and continue to explore new and better ways technology can help our residents access our services in the ways that are right for them.

We live in a digital age where service models and people's expectations of when and how they access services are changing. Demand for Council services are increasing, alongside a challenging financial situation means the need for cost-effective IT solutions has never been greater.

Future IT service delivery must be secure, efficient, sustainable, and affordable. Making best use of technology will help ensure services are fit for purpose now and in the future. We will ensure the needs of the Council are met through close collaboration with services areas, innovative design, and a customer centric approach.

This IT strategy will be updated over the life of the document to respond to the changing and evolving environment the Council operates within. It has been developed with the following considerations:

- changing demands for technology to support the Council digital strategy
- hybrid working and the increased demand for more flexible ways of working
- the fast-paced changing technological landscape
- new IT service delivery models that embrace cloud computing
- the changing model for funding the IT service. Moving away from traditional capital funding to revenue-based costs
- increased need to prioritise compliance, establishing secure data management practices, and protecting data the council stores and uses
- the Council's commitment to net zero, sustainability goals and reducing environmental impact of all Council services
- the increased global threat from Cyber Security attacks
- significant financial and economic challenges facing the Council
- requirement for continual investment in the IT service to ensure we can maintain business as usual, develop the service to meet future demand, and gain efficiency and cost savings from the latest technologies

This IT Strategy reflects technology and infrastructure changes that will be instrumental in building an IT service to help the Council drive change, generate efficiency savings and deliver the Council's strategic aims and objectives. The IT Service aims to provide excellent, customer service, user experience, and embrace technology as an enabler for efficient and economical services.

## Our IT Vision

The Vision for this strategy and the IT service is to support and embrace new technology, infrastructure, applications, and digital solutions required for the future. We will:

**Provide secure, flexible, integrated solutions, based on the best technology to help deliver a modern Council. Collaborate closely with customers and stakeholders to develop future-proof solutions that enable service transformation across the Council.**

## Objectives

Advances in technology present opportunities and challenges for the Council. We will ensure that technology solutions are designed to provide agility, flexibility and be aligned to strategic objectives. We will make use of industry expertise and work closely with technology partners to best understand changes in the market and how new technologies can benefit the Council.

The strategy will be aligned with the Council Plan, Corporate Services Service Plan, Digital Strategy and Net Zero Transition Plan, the key objectives of the IT strategy are:

- to deliver secure, robust, and affordable IT platforms
- implement a cloud first approach for new solutions
- provide digital technology to maximise the digitising of processes
- ensure investment in technology meets the needs of the Council
- encourage innovation and smarter ways of working
- deliver the best user experience of technology, applications, and digital services
- build technical solutions around customer's needs
- develop the IT service and solutions to support the transition to net zero
- provide high quality customer care and communicate changes clearly

## Principles

Our Strategy reflects upon the Council Values, these underpin the IT service key principles. Those key principles are:

- value our customers
- collaboration
- flexible and innovative
- efficient and economical solutions
- technology as an enabler
- secure
- accessible and simple

## Infrastructure

The IT infrastructure must be planned and developed to align with the needs of Council services. More applications and services will be moved to cloud computing. While a cloud first

approach will be adopted, we will consider the cost and best fit approach to delivering each solution. Adopting hybrid cloud will provide a flexible and cost-effective approach to support all applications.

We will take advantage of the benefits cloud computing offers the Council. Enabling us to reduce legacy running costs. This will free up staff and create capacity for development and innovation.

The Council are committed to climate changes as set out in Dundee Climate Action Plan which set goals of becoming net-zero by 2045 or sooner. The IT Service is fully committed to protecting our environment and enhancing it for the future. We will design and architect IT solutions whose impact on the environment is understood. The cloud first approach will ensure that IT services are sustainable and carbon emissions are more easily controlled and minimised. Some cloud services can be made available on demand, which means they are not running unless they are required. This reduces the consumption of the service and therefore reduces costs and carbon emissions.

## **Infrastructure Architecture**

A set of guidelines and principles will be developed to support decision-making and design of the infrastructure. We will follow industry standards for enterprise architecture based on the IT Infrastructure Library (ITIL) Framework, and The Open Group Architectural Framework (TGOAF). These frameworks compliment the IT Service Management (ITSM) principles already in place.

Adopting Enterprise Architecture practices helps align business and technology and is used to define requirements and the rationale for IT solutions. Service transformation and digital projects will benefit from these principles by streamlining and reducing complexity of decision making for IT solutions.

This architecture approach provides a set of procedures and standards that directs analysis, planning, design, and implementation, and are used to:

- support evidence-based decision making
- provide a consistent set of guidelines for all IT solutions
- aid in the definition of functional requirements
- allow for close collaboration between IT and service areas
- align technology with service delivery outcomes
- continually assess the IT infrastructure to support changing and growing demands
- ensure IT solutions provide value for money and return benefits

## **Infrastructure Principles**

A modern, secure, and robust IT infrastructure is essential to enable digital transformation and provide a foundation for future IT service delivery. Traditional hardware and data centre

investment will be replaced by cloud services and platforms capable of supporting the future needs of the Council and changes in demand.

Continual investment in IT infrastructure and technology solutions will be essential to maintain a robust and secure IT service. To support digital transformation and changing demands for IT services the following key principles will be used:

- **Network Infrastructure** – our connectivity and network will be built on robust, secure fibre technologies and complimented with high-speed wireless. We will build a secure reliable Wi-Fi network to support users across all Council offices and schools. The network will be built to meet demand from services and provide a flexible, cost-effective future-proof solution for digital transformation.
- **Zero Trust Network Architecture** – a new security model to support the changing demand from users and further enhance the anytime, anywhere access requirements. This model fully supports cloud, hybrid cloud platforms, applications and will help enable the digital services and technologies we need to meet the Council's long-term strategic objectives.
- **Cloud Infrastructure** – Infrastructure as a Service (IaaS) will be utilised to replace current on-premises infrastructure. Providing a secure and robust environment to enhance the Council's disaster recovery and business continuity. We will use on demand cloud services to reduce costs and eliminate the need for large hardware refresh projects.
- **Cloud Platforms and Services** – we will leverage the flexibility of Platform as a Service (PaaS), to provide services like virtual desktops, telecommunications, databases, and business intelligence. PaaS offers a complete development platform and deployment environment that can be used to develop apps and other resources.

## Application Portfolio

The IT service manages a large portfolio of business applications required to support the many different Council services. This portfolio has grown over the years and most applications are still hosted within the Council data centre. A new approach to application management and support will be developed.

We will collaborate with application owners and users to develop a full understanding of current application capabilities across the Council. Co-ordinating, planning and maintaining the application roadmap for upgrades, and identifying development opportunities. Gaining a better understanding of business requirements to fully utilise the functionality of each application.

Our approach is to reduce the size of the application portfolio, and have more integrated, flexible, cloud hosted applications. This will help to reduce costs and release valuable resources for more innovative work. New requirements will be assessed against the current application portfolio to identify duplication, and opportunities of rationalising, whilst maintaining the cloud first approach.

Where new applications are required, they will be fully assessed with suppliers, procurement, and the service area to ensure alignment to IT and digital strategies. We will use this process to ensure they meet the required security standards, are cost-effective and meet the business objectives. The cloud first strategy will allow us to take advantage of the economies of scale of cloud. When possible, we will host applications on our cloud platform, rather than pay for a supplier to host the application on a different platform.

The interface between applications will play a vital role in fully digitising processes and helping build a modern Council. We will reduce the burden on the IT service having to develop the interfaces, making use of open and accessible standards and common technology components.

### **Application Principles**

Cloud applications will enable easy integration with data and other innovative technologies such as business intelligence (BI) and artificial intelligence (AI). This can be used to make systems more efficient and allow us to continuously improve processes, while also helping manage automated workflows, improve decision making and support smarter ways of working.

We will streamline solutions and develop the future application portfolio with the following principles:

- reduce the size of the application portfolio
- minimise the work required from IT to support, upgrade, and integrate applications
- collaborate with application owners and users to develop a full understanding of current application capabilities
- where appropriate use Software as a Service (SaaS) for application delivery
- ensure that Application Programme Interfaces (APIs), or similar web services are provided wherever possible
- investigate the integration of applications with cloud technologies like AI and BI
- we will adopt as many standard features as possible from the applications we buy, instead of spending time adapting applications to meet our specific needs

### **Security**

Maintaining the security of IT services has never been more challenging due to the significant increase in cyber-attacks, ransomware, malware, and other threats. Security will continue to be a priority for all IT infrastructure, applications, cloud platforms and data. We will build new solutions that are designed to be secure and resilient.

A continual review of security systems, technologies, policies, and procedures will be carried out to ensure new risks are identified and mitigated. We will make use of best practices, cyber security alerts, advice and tools made available through national organisations such as National Cyber Security Centre (NCSC), Scottish Cyber Co-ordination Centre (SCCC) and Cyber Security Information Sharing Partnership (CISP).

We will ensure that our defences against cyber threats are as robust as possible. Protecting not only against technical and workforce risks, but also understanding the threats, and maintaining comprehensive knowledge of our IT assets. Risks are managed through the Council risk register; IT risk register and IT asset management plan.

Secure and resilient IT services built on cloud platforms and utilising fibre network infrastructure will enhance business continuity and disaster recovery. Providing a cost-effective solution for protecting critical Council applications and making restoring services in a disaster scenario easier and faster.

A key component of cyber security is educating our people in how to use devices and how to identify potential threats. Raising awareness and understanding of the threats from cyber-attacks will be a regular part of our cyber defence.

## Security Principles

- Follow national guidelines and frameworks including the NCSC 10 steps to Cyber Security, Scottish Government Cyber Resilience Framework, NCSC Cloud Security Principles.
- Ensure continued PSN accreditation is achieved, and work towards Cyber Essentials+.
- Participate in the NCSC Active Cyber Defence Programme.
- Work with partners and industry experts to improve our cyber security posture.
- Migrate away from legacy applications.
- Make use of cloud security technologies.
- Provide staff and elected members with ongoing learning and awareness to help build cyber security best practice.
- Work with partners across the public sector through participation in the Scottish Local Government Digital Office, the Cyber Security Information Sharing Partnership (CISP) and the Scottish Local Authority Information Security Group (SLAISG).
- Continually develop and review our security technologies portfolio and IT staff skills in line with the changing threat landscape.
- Our security controls will be balanced to ensure they are proportionate and allow services to be delivered securely and Council objectives achieved.

## Digital Workplace

Creating a digital workplace will involve investing in the right technology to meet the needs of staff and supporting the objectives of the digital strategy. We will deploy digital tools and technologies for staff to carry out their work and deliver better services for the communities of Dundee.

Hybrid working models that encourage flexible, smarter, mobile, and remote working have become the norm. The digital strategy sets out to build a digitally enabled workforce and technology enabled services. Laptops have replaced desktops as the device of choice for

most staff. There has been a shift towards smartphones and Microsoft Teams being used for communicating. Staff are embracing the new applications and technologies and the use of Microsoft 365 for collaboration and communication has played a key role in this change.

We will encourage collaboration and knowledge-sharing through the use of tools like Microsoft Teams, SharePoint and platforms that facilitate real-time communication and file sharing. This will help to foster a culture of teamwork in the hybrid working environment. Fully supporting the flexible working arrangements with appropriate tools and technologies.

In our schools there has been significant growth in the number of mobile devices being used. We must provide support for learners and teachers in the rapidly changing use of technology and support their digital learning ambitions.

The life span of digital devices and technology is longer now than it has ever been. Carrying out maintenance and updates regularly will help to extend the life of the devices and ensure they are secure and continue to meet the service needs.

A customer centric approach to ensure we meet the demands of Council staff will be adopted. We will introduce new ways of engaging with staff and service areas to understand their needs and support them with the digital tools and technology. We will improve communication between the IT service and customers, consolidating systems, improving efficiency, and providing more channels for a better customer experience.

## Digital Workplace Principles

The following principles will help us meet the demands of our customers and develop a digital workplace for a modern Council:

- we will extend the use of laptops and improve the user experience with more flexible cloud platforms, allowing us to remove legacy applications and technologies
- continue to evolve the services and technologies used by staff, that are now essential to their daily work
- build upon the anytime anywhere access that is currently available, putting in place new solutions and technologies to improve security and make access to applications and data easier
- maximising the investment in the current digital tools and technologies and ensure we continue to have the right tools
- further develop the use of Microsoft 365 and the suite of applications it provides
- reduce costs and help meet some of our net zero goals by upgrading, refurbishing, and reusing laptops, desktops, and smartphones as much as possible
- improve customer engagement with a cloud-based IT service management portal. Enabling easy access to IT resources through a single point of contact with the IT service

## Action Plan

This IT strategy provides the agility and flexibility to meet new demands and allows us to design the IT service to fit with Council priorities and objectives. Some key projects have already been identified to enhance our services. These are based on the principles described in the strategy and align with the Council Plan, Digital Strategy, Corporate Services Service Plan and Net Zero Transition Plan.

- **Fibre Network** – Increased use of cloud will mean an increased reliance on the internet and a need for more internet bandwidth. This will require a robust and reliable fibre network infrastructure to ensure demand for capacity can be met. Delivery of a new city-wide fibre network to connect all schools to high-speed internet is underway. This project will begin a transformation of the Council network to support the demand for cloud and internet-based services for the future. The high capacity of fibre and ability to upgrade capacity easily, meets the requirements for access to cloud services. The fibre network will be extended to other Council locations where enhanced network service is required.
- **Cloud Migration** – the cloud first strategy will involve applications, databases, web servers and data stores migrating to cloud computing. It is expected a hybrid cloud model will be adopted for a period of time to support legacy applications that cannot be migrated. Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) will be utilised to replace current on-premises hardware and services.
- **Zero Trust Network Architecture** – This project will require new modern security technologies to be deployed that will work across the hybrid cloud model, securing the fibre network and access to cloud services. This will provide a security backbone for all IT services that meets the needs of the Council and reduces risk from cyber-attacks.
- **Cloud End-User Computing (EUC)** – the current Citrix virtual desktop infrastructure will be replaced with a cloud service that provides secure access to applications, desktops, and data. A secure and robust environment will be developed, making use of the flexibility of cloud to adjust capacity to meet demand. The platform will enhance the Council's disaster recovery and business continuity. EUC will continue to provide the benefits of virtual desktops but without the large costs for licenses and hardware.
- **Cloud Telecommunication Platform** – the current on-premises telephone system is approaching end of life and requires significant investment. Migrating the telephone system to a cloud platform will support hybrid working and provide a low maintenance solution that can be securely and easily accessed from any device anywhere. A cloud communication platform will be capable of integrating with other applications such as Microsoft Teams, to provide a holistic communication solution. It will also provide an integrated customer contact centre capable of supporting multi-channel communications to meet the digital ambitions of the Council.
- **Legacy Applications** – a process to identify legacy applications and replace them with modern, cloud applications has started. Work will be carried out to review the full application portfolio and develop a plan for upgrade and migration.
- **Wi-Fi Network** - development of the Council Wi-Fi network will be carried out, to make it more widely available and easier to use for staff, learners, teachers, guests,

and visitors. It will support the increased demand in schools and corporate offices for the increasing number of mobile devices. We will put in place a new security model that provides a robust, flexible, and easy to use system.

- **IT Service Management** – a cloud portal to drive customer interaction with the IT service will be implemented. It will underpin our service improvement process and drive efficiency savings, helping to streamline processes and provide interactive feedback to staff. Access to the system will be easier and more widely available through the use of cloud, meeting the need for anytime anywhere access.

## Measures of Success

We will measure our success by:

- reduction in the number of applications.
- the number of applications hosted in our cloud platform.
- the number of applications provided as Software as a Service (SaaS)
- number of open Application Programme Interfaces (APIs) in use.
- annual PSN accreditation achieved.
- cyber essentials+ achieved annually.
- increased use of Microsoft 365 applications.
- reduction in user support requests.
- improved staff satisfaction through annual staff survey.
- number of laptops in use to support anytime, anywhere access and hybrid working.
- the number of servers hosted on our cloud platform.

## Risks

The environment that the Council operates within, and the pace of technology change continues to impact Council services and the work we do. The risks associated with achieving the outcomes of this strategy have been identified. Risks are managed through the corporate risk register and the IT Service risk register. We will work to mitigate risks and minimise any impact to the IT service.

Risk	Context	Mitigation
Cyber Security	Cyber-attacks present a significant risk to Council systems and data. Ransomware, malware, denial of service are the most common attacks.	Network security controls. Security and vulnerability scans. PSN accreditation. IT assets updated and managed.
Failure to meet business requirements	Changing demands from customers, requirement for digital services, Council objectives. IT being unaware of	Regular engagement with Council services. Investigation of new technologies that offer solutions for business requirements.

	new projects within a service or informed too late.	Continued investment in systems and applications. Application governance.
New technology	Fast pace of changing technologies. Disruption in the market from new technology such as artificial intelligence. Failure to upgrade and replace old systems and services. Lack of required skills and experience within the IT service.	Maintain awareness of industry trends and technology change. Engagement with third party suppliers and industry experts. Collaboration with service areas and learning and organisational development. Identify training needs through annual staff development meetings and one to ones. Ongoing investment in technology, infrastructure, and applications.
Hybrid working and external access to systems	More devices being used to access systems from outside the Council network. Data being accessed on multiple cloud platforms. Lack of user training and awareness, Failure to detect malware and viruses on devices.	Implement secure remote access. Regular updates of devices. Security scans. Cloud security tools. Regular audit of security controls and policies.
IT staff retiring or leaving. Lack of resources	Some very experienced staff approaching retirement age. Knowledge and skills lost. Less people to carryout essential work. Legacy system support not available. Difficult to find time for knowledge transfer. Lack of time for handover when someone retires.	Replace legacy systems. Use standard tools and resources. Work to set policies and procedures. Succession planning and knowledge transfer. Staff training.
Complex application integration or adaptation	Applications require IT staff to develop and support integrations. Bespoke requirements designed and created to adapt software.	Reduce size application portfolio. Simplify application development. Adopt existing functions and features rather than adapt applications. Standardise across cloud platform and less different technologies.
System failures	Potential for hardware faults. Errors following patching or upgrade. Network connectivity	Monitoring of resources. Investment and refresh cycles.

	issues. Lack of maintenance. Lack of capacity	Regular maintenance schedule. Management of assets.
Council staff training and awareness	Staff require training on new systems, new staff need to learn the systems we use. Knowledge and awareness required of cyber-attacks, digital tools available and good practices for information safety.	Close collaboration with learning and organisational development. Good communication of IT changes and developments. Engagement with service areas.

## Governance

This IT strategy defines the direction for Dundee City Council over the next five years. However, as new opportunities and technologies emerge or the needs of the business change, the strategy will require to be updated. The strategy will be formally reviewed on an annual basis and progress reported to the Council's Corporate Leadership Team and City Governance Committee.

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**REPORT TO:** CITY GOVERNANCE COMMITTEE – 4 MARCH 2024  
**REPORT ON:** PROVISION OF BANKING SERVICES – CONTRACT MIGRATION  
**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES  
**REPORT NO:** 63-2024

## **1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to provide an update on the contract arrangements for the provision of Banking Services which would ensure business continuity and ongoing efficient and effective banking services.

## **2. RECOMMENDATION**

- 2.1 It is recommended that the Committee
- Approves the sourcing route (Scottish Procurement Framework SP-21-037) which will mean continuity of service a seamless migration to a Framework bringing immediate financial benefit to the Council.
  - Delegates authority to the Executive Director of Corporate Services to award a contract to the sole supplier on Scottish Government Framework Agreement for the Provision of Banking Services.

## **3. FINANCIAL IMPLICATIONS**

- 3.1 The recommended migration to Scottish Government Framework will lead to an estimated contract cost of £37,500 per financial year, providing savings of £11,000 per annum against the existing cost of £48,500. These costs will be met from the existing Corporate Services Revenue Budget. Any material deviation from this cost will require further approval from this Committee, prior to the contract being awarded.

## **4. DETAILS OF THE PROJECT BEING COMMISSIONED**

- 4.1 Dundee City Council has had a contract with Royal Bank of Scotland for provision of banking services for several years, following open tender exercises. The last tender exercise was in 2019, and this contract is due to expire on 30 June 2024.
- 4.2 The incumbent contractor (Royal Bank of Scotland) is the sole provider on the Scottish Government Framework agreement (SP-21-037). The framework expires on 31 July 2026. The decision to migrate to the Scottish Procurement Framework followed a recent market test (2022), and Dundee City Council will benefit from increased buying power, which translates to ongoing high standards of service and financial savings tariffs.
- 4.3 The Community Benefit requirements of the existing contract are to deliver a minimum of two awareness raising or work placements through the duration of the contract. The contractor was able to offer extensive experience in this area and has agreed to work with the Corporate Procurement Team to agree appropriate interventions which could include fraud awareness, money sense or financial education to a wide range of clients from vulnerable groups to business communities. They have also offered to deliver work experience opportunities for local school or college students. RBS provide community benefits in schools and have made donations to local charities. Delivery of further community benefits can be explored further throughout the proposed contract period.

## 5 SOURCING STRATEGY SUMMARY

- 5.1 Royal Bank of Scotland are considered by several local authorities to provide superior service and to promote best practice. Royal Bank of Scotland has utilised Dundee City Council as a strategic partner approach, to pilot improvements within the sector.

The proposal is to migrate from expiring contract into a framework agreement which will extend until 31 July 2026. The framework is currently utilised by Scottish Government and other public agencies including other local authorities.

- 5.2 The main benefit of migrating from the existing contract into the framework agreement would result in immediate savings on tariffs of £11,000 per annum. All other contract terms and conditions remain unchanged. There will be no disruption to the existing banking service.

## 6. RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge

Description of Risk	Actions to be taken to manage Risk
<b>Commercial Risk</b> – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	The risk is minimised by direct awarding (migrating to) via this Framework.  Migration to the Scottish Procurement Framework which encompasses: <ul style="list-style-type: none"> <li>• pre-agreed terms and conditions</li> <li>• Competitive savings tariffs through increased buying power which can be realised immediately following Committee Approval of this proposal.</li> </ul>
<b>Technical Risk</b> – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	Migration to the Scottish Procurement Framework: <ul style="list-style-type: none"> <li>• encompasses pre-agreed terms and conditions.</li> <li>• There is no cost of change implications for Dundee City Council.</li> </ul>
<b>Performance Risk</b> – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	Migration to the Scottish Procurement Framework: <ul style="list-style-type: none"> <li>• Brings with it, dedicated framework management by Scottish Procurement colleagues, in addition to Dundee City Council contract monitoring arrangements.</li> <li>• Dundee City Council will continue to benefit from effective response times.</li> </ul>
Contractual Risk – Being able to remedy the 's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Migration to the Scottish Procurement Framework: <ul style="list-style-type: none"> <li>• encompasses pre-agreed terms and conditions which have been recently market tested (2022).</li> </ul>
<b>Procurement Risk</b> – where a procurement is found unsound in law, through the public procurement rules	There are no procurement risks arising from a call off from this Framework.

**7. CONCLUSION**

- 7.1 Royal Bank of Scotland continues to deliver good service to the Council through our long-term relationship. Given their ongoing ability to meet the quality criteria, Dundee City Council benefits from this, along with increased buying power and continuity of service. The Framework sourcing route offers high quality client service through dedicated Local Authority Specialist Relationship Management and provides enhancements to current products and service delivery which will also enable greater flexibility in relation to current financial management practices. This service will enable the Council to continue adapting the current operations further to achieve further efficiencies and improve effectiveness.

**8. POLICY IMPLICATIONS**

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

**9. CONSULTATION**

- 9.1 The Council Leadership Team were consulted in the preparation of this report.

**10. BACKGROUND PAPERS**

- 10.1 None

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**19 FEBRUARY 2024**

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