

FALKIRK COUNCIL

**Subject : THREE YEAR GENERAL CAPITAL PROGRAMME
2015/16 – 2017/18
Meeting : FALKIRK COUNCIL
Date : 11 February 2015
Author : CHIEF FINANCE OFFICER**

1. INTRODUCTION

- 1.1 This report and appendices set out the proposed capital investment plans of Falkirk Council for the next three financial years on all areas of service delivery, with the exception of Council Housing which is reported separately to this Council meeting. The proposals contain ambitious investment plans of £93.1m over 3 years including the Tax Increment Financing (TIF) scheme.
- 1.2 The investments are set around an estimated level of resources as outlined in Section 3 of this report and any variations in these resources will have inevitable consequences on the programme as it moves forward.
- 1.3 Whilst the programme details investment over the next 3 years, there are certain projects that extend beyond this timeframe e.g. TIF.

2. BACKGROUND

- 2.1 Capital bids templates were sent out to Services at the beginning of the Capital Budget process. The information included in the bid sheets was used as the primary basis for assessing the bids. The assessment process included alignment with the Council's priorities, as agreed in the Single Outcome Agreement, in addition to the statutory requirements, risks and asset management implications for each project.

3. RESOURCES

- 3.1 Overall resources required for the 3 years total £93.1m as detailed below:

- Prudential Borrowing = £8.1m (9%)
- Scottish Government Capital Grant = £50.5m (54%)
- Capital Receipts = £7.2m (8%)
- Other Funding (Planning Obligations etc.) = £6.5m (7%)
- Prudential Borrowing for TIF Projects = £20.8m (22%)

- 3.2 The resources in this programme reflect the challenging economic climate. The revenue budget is under severe pressure with a projected £40m budget gap over 2015/16 to 2017/18. There is also the possibility that this could increase further with issues such as holiday pay. The consequences of capital investment ultimately flow through to the revenue budget in the form of loan charges and running costs. As the Council seeks to identify savings in revenue budgets to bridge the budget gap, it is imperative that the capital programme is also critically reviewed to reduce the impact on the revenue budget.
- 3.3 The 2015/16 general capital grant has been confirmed by Scottish Government as £13.5m which is c£2m greater than previously estimated. This is in line with expectations as previously advised to Members. Given the pressures that the revenue budget is currently under, it has been assumed that the increase in the 2015/16 grant settlement will be utilised to reduce the budgeted borrowing for 2015/16. The general capital grant for 2016/17 and 2017/18 has been estimated and is based on 2015/16 confirmed levels, with a modest reduction of 5% built in.
- 3.4 The grant figures in the capital programme include the impact of the grant reprofiling exercise undertaken by the Scottish Government as part of the 2011 Spending Review. The Falkirk impact of this exercise is as follows: -£1.2m (2012/13), -£1.0m (2013/14), £1.2m (2014/15), £1.0m (2015/16). Parity is thus established in 2015/16.
- 3.5 The draft programme assumes £2.9m Scottish Government Grant for Children and Young People over 2015/16 and 2016/17. The 2015/16 figure of £2.0m has been confirmed by Scottish Government and it is anticipated that further funding of £0.9m will also be available in 2016/17. Project spend of £0.9m for 2016/17 has been included on this basis, however should the funding not materialise to this extent, then the projects will be adjusted accordingly.
- 3.6 The draft programme assumes £7.7m of Scottish Government Grant funding for the new Additional Support Needs (ASN) secondary school. The total cost of the project is budgeted at £15.4m which is to be 50% grant funded from Scottish Government. In terms of the spend profile, £1.4m is anticipated in 2015/16, £10.8m for 2016/17 and the remaining £3.2m in 2017/18.
- 3.7 The Council has been successful in its bid for funding under the Scottish Government's Regeneration Capital Grant Fund Scheme (RCGF). An award of £1.4m has been made and will be applied to fund the Denny Town Centre project. The sum of £1.4m has consequently been included within resources and expenditure for the project. Development Services advise that there are a number of uncertainties concerning the final costs for the delivery of the project. These relate to the finalised tender process for construction of Phase 1 of the project; the potential requirement for contributions to be made towards the completion of the Denny Eastern Access Road (DEAR) for Phases 2 and 3 of the project; the outcome of the consultation on the War memorial and the potential construction/relocation costs involved and the costs for finalising the project as a whole. To address these uncertainties and ensure continuity of the project it is suggested that the balance of funds created by the additional £1.4m received via the RCGF be retained within the overall project budget.
- 3.8 It is apparent from the marketing of the Phase 2 site that the value is less than the amount of the contribution towards DEAR, which is anticipated in the Council's Supplementary Planning Guidance (SPG) and the terms of the outline planning consent for the masterplan. The consequence of this for delivery of the project will be considered in a report to a forthcoming meeting of the Council Executive.

- 3.9 Capital receipts reflect current market conditions and the impact on our projected ability to generate additional resources to fund the programme. The anticipated receipts include the sale of surplus property assets. Also included are projected ring-fenced property disposals covering investments in the Business Property Reinvestment Programme and the Denny Town Centre Regeneration Scheme. As noted in Section 7 of the Revenue Budget report, there will be the potential to deploy capital receipts to meet the costs of voluntary severance. To the extent that course of action is approved by Council and actioned, capital receipts applied will be replaced by borrowing.
- 3.10 Other Funding consists of known planning obligations from Developers and funding from revenue, including Earmarked Reserves.
- 3.11 Prudential Borrowing for projects included in the Tax Increment Financing (TIF) Scheme has been shown separately given both its scale and unique nature. In addition to borrowing of £20.8m, the TIF projects are also funded from Non-Domestic Rates Income (NDRI) of £3.2m which is included within 'Other Funding' in Appendix 1.
- 3.12 Considerable Prudential Borrowing is required to balance the proposed profile of expenditure but repayments are considered to be manageable within the confines of the Prudential Borrowing rules, as reflected in Appendix 2. However, although the repayments are manageable, it should be noted that borrowing costs are impacted by interest rate estimates and should interest rates materially change, borrowing levels may have to be reviewed and reduced. It is evident that interest rates are historically low and in consequence can only head in one direction. Additional revenue budget pressures may also require a review of borrowing costs going forward.

4. SERVICE INVESTMENT

- 4.1 The programme (Appendix 1) represents the full range of proposed projects. These will be supplemented in due course by carry forward expenditure attributable to delays caused by factors such as weather conditions, but this position will not be known until the close of the financial year. Estimated slippage in 2014/15 for major projects has been shown separately in Appendix 1.
- 4.2 The format of the budget provides Members with additional information on the major stand-alone projects. Appendix 1 shows the total project budget along with the split over a number of years. Members have also been given information on the design stage a project is currently at.
- 4.3 The following paragraphs give an overview of the most significant Service projects.
- 4.4 **Education**
- 4.4.1 Investment continues to be made to properties across the school estate, with the most notable single projects being the new ASN secondary school which is due to commence in 2015/16, and an extension to St. Joseph's primary school.
- 4.4.2 Rolling Programmes will continue to fund general property improvements to address condition surveys, capacity issues for all schools and any essential upgrades to Community Education properties. It should be noted that the proposed spend on some of these rolling programmes may require to be amended should revenue budget savings options be accepted by Members.

- 4.4.3 The draft programme includes spend of £2.9m to facilitate the expansion of early learning and childcare hours provision. This spend is fully funded by Scottish Government Grant, £2.0m of which has been confirmed for 2015/16 and £0.9m estimated for 2016/17.

4.5 **Development Services**

- 4.5.1 Roads projects include provision for structural works on the Council's roads network along with continued investment in Bridge Strengthening and Lighting upgrades.

- 4.5.2 Provision has been made for a new roundabout at Snab Brae, Bo'ness.

- 4.5.3 The Denny Eastern Access Road is predicated principally on attracting developer contributions. It is anticipated that works in the next three years will be conducted by Bett Homes through Section 75 commitments undertaken as a planning obligation.

- 4.5.4 The draft programme includes £2.4m for the Grangemouth Flood Prevention Scheme. Preliminary works will commence in 2015/16 with the major project spend of c£106m extending beyond 2017/18. This spend is based on the assumption that substantial Council funding (c£11m) and Scottish Government grant (c£85m) will be provided together with TIF funding of (c£10m). It should be noted that this funding requirement is set against a background of severe revenue budget pressure and restricted government funding.

- 4.5.5 Provision is made under the Economic Development Programme for the ongoing regeneration works in Denny Town Centre.

4.6 **Social Work**

- 4.6.1 The major project for Social Work is the refurbishment of Bainsford Day Centre. The works to be undertaken include a new roof, replacement of the exterior facia and alterations to the internal layout.

4.7 **Corporate & Neighbourhood**

- 4.7.1 The main project for this Service is the rolling replacement of the Council's operational vehicles.

- 4.7.2 Provision has been made for the essential building works at the Crematorium, cremator replacement and additional interment space. The works at the Crematorium are anticipated to be completed in 2016/17 and the additional interment space work will be programmed over 2015/16 to 2017/18.

- 4.7.3 Budgets are also included for upgrades to the Council's core parks and playparks.

- 4.7.4 The ICT budget provision includes a number of projects including Mobile and Flexible Working Solution, replacement of Council's e-mail system and other IT developments across the Council.

4.8 **TIF Projects**

- 4.8.1 Initial budgets are included for the range of infrastructure projects under the Scottish Government's TIF initiative. This is matched by discrete prudential borrowing and NDRI.

4.9 **Community Trust Investment**

- 4.9.1 Responsibility for capital investment in assets operated by Falkirk Community Trust lies with the Council and a budget is included to enable priority improvements. The Trust's capital plans within their proposed Business Plan for 2015/16 have been approved by full Council in January 2015.

5. PRUDENTIAL INDICATORS

- 5.1 A series of Prudential Indicators are used to demonstrate that capital spending plans are affordable, prudent and sustainable. Appendix 2 details these indicators over the 3 year programme.

6. CONCLUSION

- 6.1 Despite the funding constraints, this capital investment programme will help the Council and its Services to meet Community, Corporate and Service Plan priorities and improve facilities for the Falkirk area and its community. Moreover, this injection of investment should make a significant contribution to assisting the local economy in a difficult and challenging climate.
- 6.2 The programme will be monitored and controlled closely by Finance Services in association with other Services with periodic reporting to Committee on progress.

7. RECOMMENDATION

- 7.1 **Members are invited to approve the General Services Capital Programme and note the Prudential Indicators.**

Chief Finance Officer

Date: 27 January 2015

LIST OF BACKGROUND PAPERS

1. Scottish Government Finance Circular 9/2014

Any person wishing to inspect the above papers should telephone Falkirk (01324) 506300 and ask for Bryan Smail/Carole McGhee/Amanda Templeman.

Falkirk Council

**GENERAL
CAPITAL PROGRAMME**

2015/16 to 2017/18

THREE YEAR

INVESTMENT PLAN

FALKIRK COUNCIL
GENERAL CAPITAL PROGRAMME

THREE YEAR INVESTMENT PLAN

2015/16 to 2017/18

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SECTION 1

SUMMARY OF INVESTMENT PLANS

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

FUTURE INVESTMENT PLANS

	2015/16 £000	2016/17 £000	2017/18 £000
<u>EXPENDITURE</u>			
EDUCATION SERVICES	5,869	13,673	5,250
DEVELOPMENT SERVICES	9,020	8,213	9,401
SOCIAL WORK SERVICES	1,737	51	119
CORPORATE & NEIGHBOURHOOD SERVICES	4,469	5,175	3,647
CENTRAL SUPPORT SERVICES	150	150	150
GENERAL	311	-	-
TIF	6,189	7,876	9,956
COMMUNITY TRUST	550	550	550
TOTAL EXPENDITURE	28,295	35,688	29,073
<u>RESOURCES</u>			
FALKIRK COUNCIL BORROWING	1,696	5,530	787
SCOTTISH GOVERNMENT GRANTS	17,775	17,745	15,022
CAPITAL RECEIPTS – PROPERTY SALES	1,380	3,500	2,350
OTHER FUNDING (Grants/ Section 75/CFCR/NDRI)	2,326	2,268	1,911
BORROWING FOR TIF	5,118	6,645	9,003
TOTAL RESOURCES	28,295	35,688	29,073

SECTION 2
SERVICE INVESTMENT PLANS
FINANCIAL

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

NOTE

Each project in the capital programme has been allocated one of the symbols in the key below. The purpose of these symbols is to give Members additional information on the design stage and cost basis of each major project.

KEY



Feasibility/Appraisal Stage - Costs at this stage are based on broad basic unit costs based on a typical example.



Outline Design Stage – Proposals will include outline specifications and preliminary cost information and costs will be based on for example per square metre, from similar project types.



Detailed Design Stage – Proposals will include full co-ordinated designs to inform procurement/tender packages and contract construction information. Costs will be based on analysis of work packages, e.g. floors, windows, roof, earthworks, drainage etc



Tenders Received - The construction contract cost is now known. Costs can however fluctuate due to contract variations.










These budget headings represent a number of smaller projects which will be reported to Members on an aggregate basis.

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME










EDUCATION SERVICES

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2015/16 £'000	2016/17 £'000	2017/18 £'000			
Major Projects								
New ASN Secondary School	-	-	1,375	10,810	3,165	-	15,350	
St Mungo's Increased Capacity	-	-	-	-	150	200	350	
St Joseph's Primary School Extension	172	520	565	27	-	-	1,284	
			1,940	10,837	3,315			
Other Investments								
Community Education Properties			135	135	135			
Capital Improvements – All Schools			1,800	1,800	1,800			
Expansion of Early Learning and Childcare Provision – 3&4 Year Olds			901	901	-			
Expansion of Early Years Learning and Childcare Provision – 2 Year Olds			1,093	-	-			
			3,929	2,836	1,935			
TOTAL EDUCATION			5,869	13,673	5,250			

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

DEVELOPMENT SERVICES

ROADS & TRANSPORT INVESTMENT	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	2015/16 £'000	BUDGET 2016/17 £'000	2017/18 £'000	FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
Major Projects								
River Avon Gorge Bridge	65	10	30	-	-		105	
Falkirk High Station Car Park	12	397	135	-	-	-	544	
Denny Eastern Access Road *	109	-	785	785	785	4,645	7,109	
A904/A993 Snab Brae, Bo'ness			-	80	552	421	1,053	
			950	865	1,337			
Major Improvements & Structural Works								
Bridge Assessments and Strengthening			720	720	720			
Structural Works – Roads			2,650	2,650	2,650			
Structural Works – Lighting			600	600	600			
Road Safety (includes Cycling & Pedestrian schemes)			300	300	300			
Cycling, Walking, Safer Streets			236	194	194			
			4,506	4,464	4,464			
TOTAL ROADS & TRANSPORT			5,456	5,329	5,801			

* The DEAR project is predicated principally on attracting developer contributions (see para 4.5.3)

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

DEVELOPMENT SERVICES

**FLOODING &
ENVIRONMENTAL
INVESTMENT**

Major Projects

Flood Prevention Assessment -
Grangemouth




Flood Prevention

Flood Assessment & Minor Projects

Countryside & Environmental

Falkirk Countryside Access Strategy
Fund

**TOTAL FLOODING &
ENVIRONMENTAL**

PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	2015/16 £'000	BUDGET 2016/17 £'000	2017/18 £'000	FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
-	-	200	200	2,000	105,600	108,000	
		150	150	150			
		40	40	40			
		390	390	2,190			

**ECONOMIC DEVELOPMENT
INVESTMENT**

Major Projects



Town Centre Regeneration – Denny
Town Centre *

**Factory Buildings and Industrial
Estates**

Business Property Reinvestment

**TOTAL ECONOMIC
DEVELOPMENT**

TOTAL DEVELOPMENT




PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	2015/16 £'000	BUDGET 2016/17 £'000	2017/18 £'000	FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
1,861	1,349	2,174	1,494	410	1,751	9,039	
		1,000	1,000	1,000			
		3,174	2,494	1,410			
		9,020	8,213	9,401			

* Denny Town Centre project is subject to finalising various costs (see para 3.7)

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME








SOCIAL WORK SERVICES

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2015/16 £'000	2016/17 £'000	2017/18 £'000			
Major Projects								
Bainsford Day Centre – Refurbishment	-	-	1,686	-	-	-	1,686	
Older People								
MECS Conversions			51	51	51			
Control Room Equipment Replacement/Upgrades			-	-	68			
TOTAL SOCIAL WORK			1,737	51	119			

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME


CORPORATE & NEIGHBOURHOOD SERVICES

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2015/16 £'000	2016/17 £'000	2017/18 £'000			
Major Projects								
Crematorium – Upgrading Works	152	1,388	147	1,423	-	-	3,110	
Cemeteries – Additional Interment Space	356	-	450	775	970	200	2,751	
			597	2,198	970			
Administrative Buildings and Equipment								
Vehicle Replacement			2,100	1,800	1,800			
Corporate IT Investment			1,585	690	390			
			3,685	2,490	2,190			
Other Local Services								
Kinneil Kerse Landfill Restoration			-	300	300			
Core Parks Improvements			97	97	97			
Playparks Upgrades			90	90	90			
			187	487	487			
TOTAL CORPORATE & NEIGHBOURHOOD			4,469	5,175	3,647			


FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME


CENTRAL SUPPORT SERVICES

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	BUDGET 2015/16 £'000 2016/17 £'000 2017/18 £'000			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
Administrative Buildings and Equipment Accommodation			150	150	150			
TOTAL CENTRAL SUPPORT			150	150	150			

GENERAL

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	BUDGET 2015/16 £'000 2016/17 £'000 2017/18 £'000			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
Minor Capital Projects			311	-	-			
			311	-	-			






TIF

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	BUDGET 2016/17 £'000 2017/18 £'000			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
TIF Programme – All Projects	3,998	-	6,189	7,876	9,956	39,021	67,040	

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

COMMUNITY TRUST

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2014/15 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2015/16 £'000	2016/17 £'000	2017/18 £'000			
Culture & Leisure Strategy								
Culture & Leisure Strategy Fund			-	300	300			
Trust Property Investment			-	250	250			
ICT Infrastructure			280	-	-			
Mariner Centre Wave Machine Refurb			160	-	-			
Grangemouth SC – Refurb of flume			110	-	-			
TOTAL COMMUNITY TRUST			550	550	550			
TOTAL GENERAL PROGRAMME			28,295	35,688	29,073			

SECTION 3
SERVICE INVESTMENT PLANS
DESCRIPTION

NOTES
For
CAPITAL PROJECTS

The following pages provide brief descriptions of the projects contained in the previous pages of Council Service expenditure profiles.

EDUCATION SERVICES

NEW ASN SECONDARY SCHOOL

Additional high school facility 50% funded by the Scottish Government Grant.

St JOSEPH'S PRIMARY SCHOOL

A permanent extension to create additional classrooms, a new nursery, ancillary accommodation, new reception area, car park extension and provide an additional playground. This replaces previous modular accommodation.

St MUNGO'S INCREASED CAPACITY

Internal alterations to reconfigure the existing spaces to create more capacity.

COMMUNITY EDUCATION PROPERTIES

Rolling programme provision to address essential building condition upgrades.

CAPITAL IMPROVEMENTS – ALL SCHOOLS

Amalgamated rolling programme to cover school capacity/demographic pressures, asset management plans, pre five expansion, primary school hall extensions and primary school kitchen upgrades.

EXPANSION OF EARLY LEARNING & CHILDCARE PROVISION

Increase the nursery provision for 2, 3 and 4 year olds, fully funded by Scottish Government grant.

DEVELOPMENT SERVICES

ROADS & TRANSPORT - INVESTMENT

RIVER AVON GORGE BRIDGE

Provision towards preparation costs of a new approach road and bridge over A801 River Avon. Delivery and timing of the final scheme are subject to finalisation of a viable external funding package.

FALKIRK HIGH STATION CAR PARK

Construction of additional car parking at Slamannan Road for Falkirk High Station.

DENNY EASTERN ACCESS ROAD (DEAR)

Construction of a south eastern bypass of Denny connection Broad Street to Glasgow Road. The DEAR will alleviate problems at Denny Cross. Delivery and timing of the scheme is subject to receipt of funds in accordance with obligations set out in the Council's Supplementary Planning Guidance.

SNAB BRAE, BO'NESS ROUNDABOUT

To improve the current priority junction of the A904/A993 with a 50m diameter roundabout as identified through accident clusters report.

BRIDGE ASSESSMENTS AND STRENGTHENING

The continuing programme of strengthening bridges and other structures in the Council's road network where this has been identified as being necessary through the assessment programme and annual bridge inspection regime.

STRUCTURAL MAINTENANCE – ROADS

The rolling programme of structural maintenance of roads and footways throughout the Council area including the reconstruction of roads and other remedial works.

STRUCTURAL MAINTENANCE – LIGHTING

Continuing programme of replacing street lighting columns that are life expired and the upgrading of existing street lighting across the Council area.

ROAD SAFETY

Rolling programme provision for schemes which have been identified through route accident reduction plans, other accident analyses and surveys carried out on routes to school. The programme also covers the continued progression of cycling facilities throughout the Council area.

CYCLING, WALKING, SAFER STREETS

Scottish Government ring-fenced grant for projects to improve safer routes to schools, cycling and walking facilities.

DEVELOPMENT SERVICES – (Continued)

FLOODING & ENVIRONMENTAL - INVESTMENT

FLOOD PREVENTION SCHEME – GRANGEMOUTH

The implementation of alleviation works to mitigate local flood damage to property and businesses in the Grangemouth area. This project is part funded through the TIF programme and part Government grant funded.

FLOOD ASSESSMENT & MINOR PROJECTS

Annual provision to assess flood risk and implement minor works to protect our communities.

FALKIRK COUNTRYSIDE ACCESS STRATEGY FUND

Part of our statutory duty to prepare a core paths plan and manage the access network.

ECONOMIC DEVELOPMENT - INVESTMENT

DENNY TOWN CENTRE REGENERATION

Falkirk Council's scheme for Denny Town Centre Regeneration, including a new library, quality retail units and demolition of derelict and not fit for purpose housing blocks.

BUSINESS PROPERTY REINVESTMENT – FUTURE PROJECTS

Continued investment in the development of the Council's business property portfolio in line with the approved Business Property Reinvestment Strategy. Investment is dependent on capital receipts from previous developments including the Abbotsford Business Park.

SOCIAL WORK SERVICES

BAINSFORD DAY CENTRE REFURBISHMENT

Major External and Internal Refurbishment including a new roof and change to the internal layout.

MECS CONVERSIONS

Ongoing programme of upgrading MECS stock and purchase of additional units.

MECS CONTROL ROOM EQUIPMENT

The Control Room MECS alarm system needs updated to avoid the risk of not being able to contact the control room in emergencies.

CORPORATE & NEIGHBOURHOOD SERVICES

CREMATORIUM - NEW CREMATORS AND BUILDING WORKS

Replacement of cremators at Falkirk Crematorium and substantial investment in upgrading the facilities. This work will be necessary to meet new statutory mercury emissions.

CEMETERIES – ADDITIONAL INTERMENT SPACE

A project to address the anticipated lack of cemetery capacity in a number of burial grounds.

VEHICLE REPLACEMENT

Rolling programme provision of replacement of Council's operational vehicles.

CORPORATE IT INVESTMENT

Replacement of Corporate file servers and other investment needs to maintain the Council's IT services. This will include the implementation of mobile and flexible solutions and the replacement of the email system.

KINNEIL KERSE LANDFILL RESTORATION

Required investment programme for restoration of the Kinneil Kerse landfill site.

CORE PARKS IMPROVEMENTS

A rolling programme to further develop and implement improvements to the Council's seven core parks.

PLAYPARKS UPGRADES

Provision for ongoing upgrade to play equipment in local playparks in line with the Parks Development Plan.

CENTRAL SUPPORT SERVICES

ACCOMMODATION

Provision towards improvements to Council's operational properties. The main provision will be towards essential works to ensure the Municipal Buildings remains operational pending a longer term solution.

GENERAL

Minor Capital Works across various Council Services.

TIF

TIF PROGRAMME

Includes a number of projects such as the Grangemouth flood defences, M9 junction upgrades and other infrastructure.

COMMUNITY TRUST

CULTURE & LEISURE STRATEGY FUND

This allocation will be used to support investment in a range of Culture and Leisure projects designed to maintain or improve current facilities.

TRUST PROPERTY INVESTMENT

A programme to support investment in buildings operated by the Trust.

FALKIRK COUNCIL
PRUDENTIAL CODE INDICATORS
[including TIF but excluding HRA]

PRUDENTIAL INDICATOR		2015/16	2016/17	2017/18	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	5%	5%	5%	Shows how much of the Council's income is committed to repaying debt arising from capital investment.
2.	Incremental Impact of Capital Expenditure on Council Tax	Nil	Nil	£0.82	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line". This indicator now takes into account all revenue consequences of capital. As such, the impact is already built into the proposed revenue budget.
3.	Gross Borrowing	£'m	£'m	£'m	This is a key Prudence Indicator which shows that over the medium term external borrowing will only be for a capital purpose. The capital financing requirement reflects the underlying need to borrow to finance assets. It should be noted that the sums included as "Accounting Adjustment – Finance Lease Liabilities," are not an increase in borrowing or need to borrow, they are merely a presentational change as a result of the requirement to report under International Reporting Standards (IFRS).
	Gross External Borrowing	254.9	272.9	293.1	
	Accounting Adjustment – Finance Lease Liabilities	<u>115.4</u>	<u>109.8</u>	<u>104.3</u>	
		<u>370.3</u>	<u>382.7</u>	<u>397.4</u>	
	Capital Financing Requirement (includes HRA)	315.4	333.5	353.7	
	Accounting Adjustment – Finance				
	Lease Liabilities	<u>120.5</u>	<u>115.3</u>	<u>109.7</u>	
		<u>435.9</u>	<u>448.8</u>	<u>463.4</u>	

PRUDENTIAL INDICATOR		2015/16	2016/17	2017/18	COMMENTS
4.	Capital Expenditure	£'m 28.3	£'m 35.7	£'m 29.1	Simply the planned capital expenditure per the appended Capital Programme (including TIF).
5.	Capital Financing Requirement (General Fund only)	£'m 299.2	£'m 296.6	£'m 291.0	The Capital Financing Requirement reflects the underlying need to borrow for Capital Investment.
6.	Authorised Limit (AL) for External Debt:- Borrowing Accounting Adjustment - Finance Lease Liabilities	£'m 294.6 <u>115.4</u> <u>410.0</u>	£'m 310.2 <u>109.8</u> <u>420.0</u>	£'m 320.7 <u>104.3</u> <u>425.0</u>	This sets the maximum level of External Debt, based on capital investment plans and allowing some headroom over the Operational Boundary (see 7) for exceptional circumstances. It should be noted that the sums included as “Accounting Adjustment - Finance Lease Liabilities” are not an increase in the debt limits they are merely a presentational change as a result of the requirements to report under International Financial Reporting Standards (IFRS).
7.	Operational Boundary (OB) for External Debt:- Borrowing Accounting Adjustment – Finance Lease Liabilities	£'m 289.6 <u>115.4</u> <u>405.0</u>	£'m 305.2 <u>109.8</u> <u>415.0</u>	£'m 315.7 <u>104.3</u> <u>420.0</u>	This is set at a lower level than the Authorised Limit and is a robust estimate of the External Debt level arising from Capital Investment Plans. It should be noted that the sums included as “Accounting Adjustment – Finance Lease Liabilities” are not an increase in External Debt, they are merely a presentational change as a result of the requirement to report under International Financial Reporting Standards (IFRS).
8.	Actual External Debt	£'m <u>N/A</u>			This is an actual rather than estimated Indicator and will be reported when outturns become available.
9.	CIPFA Code of Practice for Treasury Management in the Public Services	Code has been adopted by the Council			The Treasury Management Code is designed to ensure prudence in treasury operations.