

The background of the slide features the coat of arms of the Government of Nunavut. It consists of a shield divided into four quadrants. The top-left quadrant shows a stylized building, the top-right shows a caribou head with antlers, the bottom-left shows a sailing ship on water, and the bottom-right shows a beaver. Above the shield is a crown with four maple leaves. Below the shield is a banner with the motto "ANE FOR A'".

## **Agenda Item 13**

# **Capital Programmes Update 2017/18**

**Falkirk Council**

**Title:** Capital Programmes Update 2017/18  
**Meeting:** Executive  
**Date:** 26 September 2017  
**Submitted By:** Director of Corporate & Housing Services

**1. Purpose of Report**

- 1.1 This report provides details of the forecast position for the General Fund Services and Housing Capital Programmes. It also presents the Prudential Indicators for information.

**2. Recommendations:**

**2.1 The Executive is asked to note:-**

- 1) the forecast spend for both the General Fund Services (£35.3m) and Housing Capital Programmes (£33.0m) and**
- 2) the Prudential Indicators and**
- 3) the reduced external borrowing requirement for Capital Programme purposes.**

**3. Background**

- 3.1 The General Fund Services and Housing Capital Programmes were approved by Council on the 22 February 2017. The 2017/18 budgets for both programmes are part of a three year plan and as such there will be movement in spend across the years.

**4. Considerations**

**4.1 General Fund Services Capital Programme**

- 4.1.1 The budget for 2017/18 was based on estimates made in late 2016. The approved budget of £26.0m (excluding TIF which is reported separately by Development Services) has been revised to £33.4m taking into account slippage of £6.8m from 2016/17 and £0.6m of projects that have been rescheduled from previously approved budgets. Details of the £0.6m of rescheduled projects are shown in Appendix 1. The revised budget for the General Services Capital Programme and the 2017/18 forecast is as detailed in the following table:

	£'m
Approved 2017/18 Budget	<b>25.958</b>
Add Slippage 2016/17	6.821
Add Projects Rescheduled to 17/18	0.605
<b>Revised Budget 2017/18</b>	<b>33.384</b>
Forecast	35.267
<b>Forecast Variance</b>	<b>1.883</b>

4.1.2 The following paragraphs focus on the main areas of anticipated spend for 2017/18 (see Appendix 2), whilst paragraph 4.2 will examine the forecast variance against the revised budget.

4.1.3 **Children's Services (£9.2m)**

The new Carrongrange School has now opened, with costs of £4.8m being incurred this year. Within the forecast spend of £4.8m, an overspend of £0.13m is expected (see paragraph 4.2.2). The project has attracted 50% grant funding from the Scottish Government. Scottish Government has also provided grant funding for Expansion of Early Years projects (£1.3m) which was not known about at the time the budget was approved in February 2017. Phase 1 of the extension to Kinnaird Primary School has commenced with spend of £1.5m anticipated. In addition, work continues to improve the school estate, meet health and safety requirements and expand capacity (£1.4m). The forecast also includes £0.1m for works at the Dobbie Hall and £0.1m for Community Halls/Centres.

4.1.4 **Roads & Transport (£8.7m)**

The Falkirk High Station Car Park project has now commenced with spend of £0.9m expected this year. The rolling programme of works for bridge strengthening, structural roads works, road safety and street lighting is forecast to spend £5.9m over the year. Cycling, Walking, Safer Streets project spend will equate to £0.9m most of which is externally funded. The repayment due to Transport Scotland in relation to Glenbervie Slip Road will be finalised this year with £0.2m being returned to them. Spend on the DEAR of £0.8m is anticipated, wholly funded by a contribution from Avant Homes, who are building a roundabout and access road into a new housing development. Development Services will be taking a separate report to the Executive on DEAR.

4.1.5 **Flooding & Environment (£2.8m)**

The Grangemouth Flood prevention project is forecast to spend £1.1m but is dependent on gaining access to some privately owned sites. Flood prevention schemes on minor projects are forecast to spend £0.2m. Within Countryside Access, external funding mainly Sustrans grants, has been secured which will allow investment of £1.1m to take place this year. There are various projects including works at Rannoch Park (£0.1m) and Lionthorn Bing (£0.2m). Work at Bo'ness Harbour is expected to cost £0.1m whilst the restoration of Kinneil Kerse Landfill site continues at a cost of £0.3m.

**4.1.6 Economic Development (£3.6m)**

The Denny Town Centre Regeneration project is forecast to spend £1.2m in 2017/18. Refurbishment work at Arnotdale House will take place this year with spend of £1.6m forecast, £1.1m of which is funded by Scottish Government Grant. The spend on the Falkirk Townscape Heritage Initiative (FTHI) project is expected to be £0.8m.

**4.1.7 Operational Services (£6.0m)**

Vehicle replacement spend is expected to be £2.3m. The spend on the Crematorium upgrade is projected to be £2.2m with the new cremators being in place by the end of September. Additional interment spaces are forecast to cost £0.6m. The rolling programme for investment in Parks assumes a spend of £0.2m during the year. The forecast also includes spend on the Kinneil Walled Garden (£0.1m), the purchase of Waste Collection and Street Bins (£0.4m), the purchase of recycling equipment (£0.09m) and various Community Environmental Projects at a cost of £0.1m.

**4.1.8 Adult Services (Social Work) (£0.2m)**

The main element of the Older Peoples Accommodation budget has been carried forward to 2018/19 (see Appendix 1). Spend of £0.05m will be incurred in relation to the rolling programme of replacement MECS equipment. The forecast also includes £0.1m for Changing Places Toilets, a scheme which provides fully accessible public toilet and changing facilities for people with complex disabilities.

**4.1.9 Corporate & Housing (£3.7m)**

The spend on corporate IT is forecast to be £3.2m, of which £0.6m is for the implementation of the Social Work Information System (SWIS) and £0.1m for the new Telephony system. The IT forecast also includes the spend for a number of business transformation enabling projects such as Mobile and Flexible Working Solutions across the Council (£0.5m) and delivery of the Digital Strategy (£0.1m). This will ensure that we move forward as a digitally focused Council. In addition to the IT spend the projection includes £0.2m for the upgrades to the West and Central Advice Hubs and £0.3m for the Council's central Accommodation budget.

**4.1.10 Community Trust (£1.1m)**

The main areas of spend include the replacement of pool plant and sauna fixtures at Grangemouth Sports Complex (£0.3m), upgrade works at Grangemouth Athletic Stadium (£0.1m), roof works at Mariner Leisure Centre (£0.1m), Sports Pavilion works (£0.1m) and minor works across a variety of other Trust operated buildings (£0.3m). The installation programme for the first phase of the Trust's Digital Strategy will also take place this year (£0.2m).

## 4.2 Forecast Variance 2017/18

- 4.2.1 The forecast variance for the General Fund Services Capital Programme as detailed in paragraph 4.1.1 is £1.9m more than the revised budget. This movement is analysed in the following table:

	<b>2017/18 £'m</b>
<b>Revised Budget 2017/18</b>	<b>33.384</b>
Forecast	35.267
<b>Forecast Variance 2017/18</b>	<b>1.883</b>
Analysis:	
Overspend New Carrongrange School	0.130
Projects fully funded from additional contributions	4.311
Abbotsford Business Park	(1.000)
Slippage	(1.558)
<b>Forecast Variance 2017/18</b>	<b>1.883</b>

- 4.2.2 The costs for the new Carrongrange School are expected to be £0.13m over budget. The projected overspend is due to design changes to enhance security, health and safety and disabled access features. Additional equipment within some classrooms to support children with additional support needs is also included within the projected overspend. The Service is liaising with Scottish Government to assess to what extent this can be grant funded. Any balance of overspend will be funded from the All Schools Capital budget.
- 4.2.3 As shown in the table above there are a number of projects (c£4m) which have been included in the forecast which are fully funded from additional grants and contributions (see paragraphs 4.3.2, 4.3.4 and 4.3.5).
- 4.2.4 The revised budget includes £1m for the new units at Abbotsford Business Park. The cost of these units is dependent on capital receipts of £1m being generated (see paragraph 4.3.3). Current forecasts suggest that this is unlikely and as such the works will not progress in 2017/18. There is no impact on the bottom line as both income and expenditure will be removed from the forecast.
- 4.2.5 The reasons for the £1.6m slippage shown in the table at paragraph 4.2.1 are as follows:

	£'m	Comments
<b>Children's Services</b>		
Camelon Education Centre	(0.232)	On hold pending outcome of Strategic Property Review (SPR)
<b>Development Services:</b>		
Grangemouth Flood Prevention Scheme	(0.764)	Delays in Ground Investigation contract with Ineos.
<b>Corporate &amp; Housing:</b>		
Social Work Integration IT Portal	(0.173)	Project has been delayed until information requirements have been established between Social Work and NHS.
West & Central Advice Hubs	(0.193)	Work underway to identify optimum location, taking longer than anticipated because need to ensure requirements of Service and Partners are met.
<b>Community Trust:</b>		
Various projects	(0.175)	Falkirk Town Hall seating delayed until July 2018 to work around bookings and avoid loss of income. The I.T. project delayed to fit in with the Digital Strategy phasing
<b>Miscellaneous</b>	(0.021)	Various Projects across Services
<b>Slippage</b>	<b>(1.558)</b>	

- 4.2.6 Services have been asked to provide details of projects that could be accelerated to mitigate the current slippage and any future slippage. Details of proposed projects at this stage are:

	£'m
<b>Children's Services:</b>	
All Schools Capital Improvement Programme	0.350
Larbert Village Primary School – Replace Playground Surface	0.025
<b>Development Services:</b>	
Vehicle Replacement	0.480
<b>Corporate &amp; Housing Services:</b>	
WiFi Upgrades across Schools	0.075
<b>Total Acceleration</b>	<b>0.930</b>

4.2.7 Acceleration of the projects noted above would reduce the slippage from c£1.6m to c£0.6m which is within the £1m slippage allowance included in the 2017/18 budget.

4.2.8 Finance will continue to liaise with Services to identify other projects that can be accelerated during the remainder of the year.

### 4.3 Resources – General Fund Services

4.3.1 The budgeted level of Resources has been amended to include the funding for the 2016/17 slippage (£6.8m) and those projects that were rescheduled to 2017/18 (£0.6m). The revised budget for Resources equates to £32.3m as detailed in Appendix 2 and the forecast for Resources is £35.3m, an increase of £3.0m.

4.3.2 The forecast for Resources includes additional Scottish Government grants of £1.3m for Expansion of Early Years projects and £1.1m for the upgrade of Arnotdale House. These grants are offset by Scottish Government funding for Grangemouth Flood Prevention scheme which is forecast to be £0.6m less than budget because of re-profiled spend (see paragraph 4.2.5).

4.3.3 The budget for Resources includes £1m of earmarked receipts for Abbotsford Business Park which will not materialise in 2017/18 (see paragraph 4.2.4). A number of capital receipts have been re-profiled to 2018/19 and 2019/20, details are as follows:

	£'m	Comments
Seabegs Road	0.550	Now being considered for new build project
Torwood School	0.450	Site was marketed but Executive did not approve the sale, seeking options to increase the value of the site.
Land at Banknock	0.500	Receipt linked to planning consent which is progressing slower than anticipated.
Weedingshall	0.150	School relocation has taken longer with property yet to be declared surplus
Redding Park Remediation	0.150	Negotiations between lawyers are taking longer than previously anticipated.
<b>Total Receipts</b>	<b>1.800</b>	

These receipts will be replaced by borrowing in 2017/18. The borrowing will be repaid once the receipts flow through in 2018/19 and 2019/20.

4.3.4 External funding is included for additional Countryside Access projects (£1.1m) and Roads projects (£0.5m).

- 4.3.5 Revenue Contributions are also included in the forecast with £0.2m of Devolved School Management Reserves to fund additional Capital works within the school estate and £0.09m of Capital Funded from Revenue Contribution (CFCR) to fund recycling equipment used to pack waste.

#### **4.4 Rescheduled Projects**

- 4.4.1 Members previously agreed to reschedule a number of projects to future years where delivery was dependent on strategic decisions yet to be made. The total value of projects rescheduled was £7.8m of which £0.6m is forecast to be delivered in 2017/18, with the remaining £7.2m being rescheduled beyond 2017/18. Details of the rescheduled Projects are shown in Appendix 1.

#### **4.5 Major Standalone Projects**

- 4.5.1 Members were advised that there are a number of projects which span several financial years. Details of these projects are provided in Appendix 3 and include such projects as Denny Town Centre Regeneration and the construction of the new ASN School.

#### **4.6 Housing Capital Programme**

- 4.6.1 The approved 2017/18 budget of £32.0m has been reduced to £31.2m to reflect the accelerated spend of £0.8m included in the 2016/17 outturn. Appendix 4 details the revised budget of £31.2m with a current forecast of £33.0m, an increase of £1.8m. The following paragraphs focus on the main areas of anticipated spend and the reasons for the forecast variance against the revised budget.

##### **4.6.2 Elemental Improvements (£16.6m)**

Work continues to progress with £12.4m forecast to be spent on external fabric improvements e.g. re-roofing and roughcasting, £2.2m on kitchen and bathroom replacements and £2.0m on electrical works. The forecast is £3.3m over budget as a result of accelerated spend in external fabric works.

##### **4.6.3 Energy Efficiency (£2.2m)**

The Council's replacement heating scheme which will improve energy efficiency of homes, is forecast to spend £2.2m.

##### **4.6.4 New Build Housing (£2.2m)**

New build housing is expected to spend £2.2m which is £1.7m less than budget. The two main projects are Duke Street, Denny (£1.2m) and Haugh Street, Falkirk (£0.8m). The £1.7m variance includes savings of £0.3m across these two projects and slippage in the Abbots Road project (£0.2m) which has been delayed because of additional flood risk assessments.

##### **4.6.5 Buy Backs (£6.0m)**

The purchase of ex-Local Authority houses which will help to meet housing demand continues and is expected to cost £6.0m. This is funded in part by Scottish Government grant of £2.25m (see paragraph 4.7.4).



#### **4.6.6 Estates & Other Expenditure (£2.3m)**

Estates and Other Expenditure is expected to spend £2.3m, which is £0.2m over budget. This spend includes a programme of estate improvement works and additional new close LED/emergency lighting installed in further properties following the successful pilot project last financial year.

#### **4.6.7 LHS Initiatives (£3.7m)**

The spend for LHS Initiatives remains on target at £3.7m. This spend will better meet housing demand identified in the Local Housing Strategy. It will also improve communities through remodelling of low demand properties.

### **4.7 Resources – Housing**

4.7.1 The Right to Buy Scheme ceased on 1 August 2016. The Council received a significant number of applications in the lead up to this date. Consequently not all applications could be processed in 2016/17 and £2.4m of sales receipts has carried over into 2017/18.

4.7.2 The Housing Revenue Account has increased its Capital Funded from Revenue Contributions (CFCR). The approved budget is £6.8m and the current forecast is £10.7m. This increase in CFCR has been accounted for in the Housing Revenue Account forecast.

4.7.3 Total Government Grant for New Build is expected to be £1.7m and is in relation to projects at Duke Street, Denny and Haugh Street, Falkirk. Grant of £0.6m has been re-profiled to 2018/19.

4.7.4 Buy-back grant funding of £2.25m is forecast to part fund the £6m spend detailed in paragraph 4.6.5.

4.7.5 Prudential borrowing is only undertaken when all other sources of income have been exhausted. Consequently borrowing forecasts reflect the increased sales receipts and CFCR, netted off by the overall increase in capital spend. Borrowing is therefore projected to be £4.2m less than budget.

### **4.8 Prudential Indicators**

4.8.1 A series of Prudential Indicators are used to demonstrate that capital spending plans are affordable, prudent and sustainable. They are approved by Members in February each year as part of the Budget process. Appendix 5 details these Indicators for 2017/18. There are 9 Indicators for the Council as a whole and 4 for Housing only. The following paragraphs focus on some of the key Indicators.

4.8.2 Given that the consequences of capital investment plans impact on the Revenue Budget in the form of loan charges and running costs, Indicator 1 “Ratio of Financing Costs to Net Revenue Stream” specifies the percentage of income that has to be set aside to repay loan charges. The budgeted percentage is the amount that was considered to be affordable at the beginning of the year and the forecast percentage should be no greater than this. Indicator 1 demonstrates that this is the case.

- 4.8.3 Indicator 2 details the incremental impact of Capital Expenditure on both council tax and weekly rents. It takes into account the revenue costs of any borrowing which is undertaken to fund the capital programmes and also any Capital Funded from Revenue Contributions (CFCR). The indicator for both programmes is projected to be higher than budget because of the additional Revenue Contributions as detailed in paragraphs 4.3.5 and 4.7.2. These additional contributions have been fully accounted for in the Revenue Budget forecasts.
- 4.8.4 The Capital Financing Requirement (CFR) measures the borrowing the Council needs to undertake to finance its Capital Programmes, both past and present (see Indicator 3). The level of borrowing is based on the total Capital Investment plans less resources such as grants, capital receipts and Revenue Contributions etc. The forecast CFR (£406.9m) is lower than the budgeted CFR (£419.4m) and is due in part to the General Fund projects which have been rescheduled beyond 2017/18, additional capital grants and Revenue Contributions as outlined in this report.
- 4.8.5 The Authorised Limit for borrowing is the maximum figure the Council can borrow at any given point during the financial year. The limit is based on Capital Investment plans and borrowing for treasury management purposes and cashflow. As the CFR only takes into account borrowing for the Capital Programmes it is less than the approved Authorised Limit. Given the additional resources within the Housing Capital Programme (see section 4.7) it is not considered necessary to increase this limit. Hence the projected figure in Indicator 6 remains at the budgeted level of £415m.

## 4.9 Capital Investment Plans & Treasury Management

- 4.9.1 Capital Investment plans and Treasury Management are intrinsically linked. The 2017/18 Treasury Strategy Report to Council in March 2017 detailed the estimated long term borrowing requirement for 2017/18. It is calculated in January 2017 and takes into account the estimated borrowing for capital programme purposes (including the likely slippage for 2016/17), service repayment of debt, borrowing for TIF and the replacement of any short term loans that are due to mature in 2017/18. As such it will inevitably change as the year progresses. The budgeted long term borrowing requirement and the updated forecast borrowing requirement are detailed below:

	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Capital Programmes Net of Capital Receipts	42.0	31.0	(11.0)
Service Repayments of Debt	(13.6)	(13.6)	-
Replacement of Short Term Borrowing	31.0	24.0	(7.0)
<b>Total Long Term Borrowing Requirement</b>	<b>59.4</b>	<b>41.4</b>	<b>(18.0)</b>

- 4.9.2 Borrowing for capital programme purposes is forecast to be £11m less than budget. Details of this anticipated reduction in borrowing are as follows:

		<b>2017/18 £'m</b>
<b>Budgeted Capital Programme (net of receipts &amp; incl TIF)</b>		<b>42.0</b>
Less:		
Re-profiled TIF projects	(1.6)	
Re-scheduled General Fund Projects	(6.9)	
Re-profile of General Fund Capital Receipts	1.8	
Re-profile of New Build Housing Grant	0.6	
Additional Housing Income – Council House Sales	(2.4)	
Additional Housing Revenue Contribution	(3.9)	
Variance in estimated Slippage/Acceleration for General Fund & Housing Programmes for 16/17 & 17/18	1.4	
		(11.0)
<b>Forecast Capital Programme (net of receipts &amp; incl TIF)</b>		<b>31.0</b>

4.9.3 Development Services advised the June Executive of an updated spend profile for TIF which reduced the borrowing requirement by £1.6m. Paragraph 4.4 and Appendix 1 detail the projects which have been rescheduled beyond 2017/18 (£7.2m) whilst paragraphs at 4.3 and 4.7 provide explanations for the variances in income for both the General Fund and Housing Capital Programmes. Given that the estimated borrowing is calculated in January 2017, a movement in forecast spend for both capital programmes is not unusual. These updated forecasts for income and expenditure ultimately impact on the amount of borrowing required to fund the Capital Programmes, resulting in a forecast reduction in borrowing of £11m for 2017/18.

4.9.4 It had been estimated that £31m of short term borrowing would be undertaken in 2016/17 and would therefore be due to mature in 2017/18. However short term borrowing of only £24m was required which accounts for the £7m variance in the table at paragraph 4.9.1.

## 4.10 Capital Reserves

### 4.10.1 Capital Receipts Reserves

This Reserve comprises proceeds from the sale of Council Assets. As part of the 2015/16 Revenue budget process, Members approved the potential to deploy capital receipts to meet the costs of Voluntary Severance. The movement on this Reserve is as detailed below:

	<b>General Fund £'m</b>	<b>HRA £'m</b>	<b>Total £'m</b>
<b>Balance at 1 April 2017</b>	<b>5.605</b>	<b>2.426</b>	<b>8.031</b>
Less:			
Earmarked for Employee Liabilities	(2.900)	-	(2.900)
To be Applied to 2017/18 Capital Programmes	(1.170)	-	(1.170)
<b>Projected Balance at 31 March 2018</b>	<b>1.535</b>	<b>2.426</b>	<b>3.961</b>

It should be noted that within the General Fund balance of £1.535m, £0.874m is included for Northfield Quarry which can only be applied at £0.03m per annum.

#### 4.10.2 Capital Grants Unapplied Accounts

This Reserve comprises Section 75 contributions from developers as well as capital grants/contributions for which conditions often apply. The movement on this reserve is as detailed below:

	<b>General Fund £'m</b>	<b>HRA £'m</b>	<b>Total £'m</b>
<b>Balance at 1 April 2017</b>	<b>0.740</b>	<b>1.082</b>	<b>1.822</b>
Less:			
To be Applied to 2017/18 Capital Programmes	(0.020)	-	(0.020)
<b>Projected Balance at 31 March 2018</b>	<b>0.720</b>	<b>1.082</b>	<b>1.802</b>

Further review of the balances will be undertaken with Services as part of the 2018/19 – 2020/21 Capital Programme process, to determine to what extent they can be applied to fund projects.

## 5. Consultation

- 5.1. There is no requirement to carry out a consultation on this report.

## 6. Implications

### Financial

- 6.1 Future budgets for both capital programmes will be adjusted to reflect the anticipated slippage for the General Fund Services and the accelerated spend for Housing.

### Resources

- 6.2 There are no resource implications arising from the report recommendations.

### Legal

- 6.3 There are no legal implications arising from the report recommendations.

### Risk

- 6.4 There is a risk that the cost of those General Fund Services projects which have been rescheduled beyond 2017/18 may increase because of construction inflation.

## **Equalities**

- 6.5 An equality and poverty impact assessment was not required.

## **Sustainability/Environmental Impact**

- 6.6 A sustainable assessment was not required.

## **7. Conclusions**

- 7.1 The forecast spend for 2017/18 for the General Fund is £35.3m which is £1.9m more than budget. This is due to supplementary projects which have been fully funded by grants and contributions.
- 7.2 The forecast spend for 2017/18 for the Housing Capital Programme is £33.0m, which is £1.8m more than budget. This is due to accelerated spend within the external fabric budget.

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Director of Corporate & Housing Services

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## **Appendices**

**Appendix 1 – Rescheduled Projects**

**Appendix 2 - General Fund Forecast 2017/18**

**Appendix 3 - General Fund Major Standalone Projects**

**Appendix 4 - Housing Forecast 2017/18**

**Appendix 5 - Prudential Indicators**

## **List of Background Papers:**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

Three Year Capital Programme 2017/18 – 2019/20 – Council 22 February 2017

**Appendix 1****(A) Projects Rescheduled to 2017/18:**

<b>Project</b>	<b>£'m</b>	<b>Comments</b>
Kinnaird Primary School	0.363	Phase 1 of the extension works now underway.
Glenbervie Slip Road	0.182	Repayment due to Transport Scotland
Victoria Buildings	0.060	Upgrade costs for alternative property, once relocated from Victoria Buildings.
<b>Total</b>	<b>0.605</b>	

**(B) Projects Rescheduled Beyond 2017/18:**

<b>Project</b>	<b>£'m</b>	<b>Comments</b>
Kinnaird Primary School Extension	1.037	Remainder of Phase 1 extension works.
Seabegs Road Safety Barrier	0.050	Insufficient budget to fully meet anticipated project costs.
Older People's Accommodation	3.728	Rescheduled pending Hubco review. Delays will ensure that an enhanced facility is now delivered.
Bainsford Day Centre	1.686	Rescheduled pending review of Day Care Services
Synthetic Pitches	0.740	Pending application of match funding
<b>Total</b>	<b>7.241</b>	

**2017/18 CAPITAL PROGRAMME****GENERAL PROGRAMME - SUMMARY****1 APRIL 2017 TO 31 JULY 2017**

<b>EXPENDITURE</b>	<b>2017/18 REVISED BUDGET</b>	<b>2017/18 FORECAST</b>	<b>2017/18 FORECAST VARIANCE</b>
<b>SERVICE INVESTMENT PLANS</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
CHILDREN'S SERVICES	7,886	9,192	1,306
DEV - ROADS & TRANSPORT	8,138	8,687	549
DEV - FLOODING & ENVIRONMENT	2,503	2,830	327
DEV - ECONOMIC DEVELOPMENT	3,429	3,558	129
DEV - OPERATIONAL SERVICES	5,897	5,987	90
ADULT SERVICES (SOCIAL WORK)	151	151	0
CORPORATE & HOUSING	4,101	3,758	(343)
COMMUNITY TRUST	1,279	1,104	(175)
<b>TOTAL EXPENDITURE 2017/18</b>	<b>33,384</b>	<b>35,267</b>	<b>1,883</b>

<b>RESOURCES</b>	<b>2017/18 REVISED BUDGET</b>	<b>2017/18 FORECAST</b>	<b>2017/18 FORECAST VARIANCE</b>
FALKIRK COUNCIL BORROWING	9,506	11,508	2,002
SCOTTISH GOVERNMENT BLOCK GRANTS	16,167	16,167	0
SCOTTISH GOVERNMENT SPECIFIC GRANTS	1,597	3,395	1,798
CAPITAL RECEIPTS - SALES	3,970	1,170	(2,800)
EXTERNAL FUNDING	1,034	2,674	1,640
RESERVES (DMR, CFCR and R&R)	60	353	293
SLIPPAGE ALLOWANCE	1,050	0	(1,050)
<b>TOTAL RESOURCES 2017/18</b>	<b>33,384</b>	<b>35,267</b>	<b>1,883</b>

**2017/18 CAPITAL PROGRAMME****GENERAL PROGRAMME - SUMMARY****MAJOR STANDALONE PROJECTS**

PROJECT NAME	TOTAL PROJECT BUDGET	PREVIOUS YEARS SPEND	2017/18 PROJECTED SPEND	FUTURE YEARS FORECAST	TOTAL FORECAST SPEND
	£000	£000	£000	£000	£000
NEW CARRONGRANGE HIGH SCHOOL	17,734	13,182	4,682	0	17,864
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE I	2,577	0	1,540	1,037	2,577
FALKIRK HIGH STATION CAR PARK	990	115	875	0	990
GRANGEMOUTH FLOODING	111,450	1,709	1,112	108,629	111,450
DENNY TOWN CENTRE REGENERATION	9,039	6,331	1,190	1,518	9,039
CEMETERIES UPGRADE	2,695	717	548	1,430	2,695
FALKIRK CREMATORIUM	3,408	1,195	2,196	17	3,408
MOBILE & FLEXIBLE WORKING	1,966	1,691	275	0	1,966
<b>TOTAL</b>	<b>149,859</b>	<b>24,940</b>	<b>12,418</b>	<b>112,631</b>	<b>149,989</b>



**2017/18 CAPITAL PROGRAMME****HOUSING INVESTMENT PROGRAMME - SUMMARY****APRIL 2017 TO JULY 2017**

<b>EXPENDITURE</b>	<b>2017/18 REVISED BUDGET</b>	<b>2017/18 FORECAST</b>	<b>2017/18 FORECAST VARIANCE</b>
<b>HOUSING INVESTMENT PLANS</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
ELEMENTAL IMPROVEMENTS	13,321	16,580	3,259
ENERGY EFFICIENCY	2,200	2,200	0
NEW BUILD HOUSING	3,957	2,229	(1,728)
ESTATES & OTHER EXPENDITURE	2,050	2,300	250
PROPERTY BUY BACKS	6,000	6,000	0
MORTGAGE TO RENT	0		0
LHS INITIATIVES & OTHERS	3,700	3,700	0
WINDOW LEASE BUY OUT	0	0	0
<b>TOTAL EXPENDITURE 2017/18</b>	<b>31,228</b>	<b>33,009</b>	<b>1,781</b>

<b>RESOURCES</b>	<b>2017/18 REVISED BUDGET</b>	<b>2017/18 FORECAST</b>	<b>2017/18 FORECAST VARIANCE</b>
BUDGETED PRUDENTIAL BORROWING	19,866	15,652	(4,214)
MORTGAGE TO RENT BORROWING	0	0	0
COUNCIL HOUSE SALES	0	2,400	2,400
ENERGY SECTION INCOME	0	107	107
CFCR	6,814	10,736	3,922
SCOTTISH GOVERNMENT - NEW BUILD	2,298	1,711	(587)
SCOTTISH GOVERNMENT - BUY BACK	2,250	2,250	0
OTHER GRANTS & CONTRIBUTIONS	0	153	153
<b>TOTAL RESOURCES 2017/18</b>	<b>31,228</b>	<b>33,009</b>	<b>1,781</b>

**FALKIRK COUNCIL**  
**PRUDENTIAL CODE INDICATORS**  
**[Excluding HRA]**

PRUDENTIAL INDICATOR		BUDGET 2017/18	FORECAST 2017/18	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	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	£22.20	£26.16	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line". Increase is due to additional Revenue Contributions to capital which have fully been accounted for in the revenue forecast figures.
3.	Gross Borrowing: Gross External Borrowing Accounting Adjustment – Finance Lease Liabilities  Capital Financing Requirement (includes HRA) Accounting Adjustment – Finance Lease Liabilities	£'m  274.8  <u>104.3</u> 379.1  309.7  <u>109.7</u> 419.4	£'m  263.3  <u>104.3</u> 367.6  302.6  <u>104.3</u> 406.9	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 Financial Reporting Standards (IFRS).

PRUDENTIAL INDICATOR		BUDGET 2017/18	FORECAST 2017/18	COMMENTS
4.	Capital Expenditure GF TIF	£'m  24.7 <u>5.6</u> 30.3	£'m  35.6 <u>4.2</u> 39.8	Simply the approved 2017/18 Capital Programme and the 2017/18 Forecast spend. Note that the General Fund forecast includes prior year slippage of c£7m and c£4m of extra projects which are fully funded from additional grants and contributions.
5.	Capital Financing Requirement (GF & TIF)	£'m 272.5	£'m 268.8	The Capital Financing Requirement reflects the underlying need to borrow for Capital Investment.
6.	Authorised Limit (AL) for External Debt:- Borrowing Other Long Term Liabilities	£'m  310.7 <u>104.3</u>  <u>415.0</u>	£'m  310.7 <u>104.3</u>  <u>415.0</u>	This sets the maximum level of External Debt, based on Capital Investment Plans and Treasury Management activities. It allows some headroom over the Operational Boundary (see below) for exceptional circumstances.
7.	Operational Boundary (OB) for External Debt:-  Borrowing Other Long Term Liabilities	£'m   305.7 <u>104.3</u> <u>410.0</u>	£'m   305.7 <u>104.3</u> <u>410.0</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 and Treasury Management activities.

PRUDENTIAL INDICATOR		BUDGET 2017/18	FORECAST 2017/18	COMMENTS
8.	Actual External Debt: External Borrowing Other Long Term Liabilities	<u>N/A</u>	<u>N/A</u>	This is an actual rather than an estimated Indicator and will be reported when the outturns becomes 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.

**FALKIRK COUNCIL**  
**HRA PRUDENTIAL CODE INDICATORS**

PRUDENTIAL INDICATOR		BUDGET 2017/18	FORECAST 2017/18	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	19%	18%	Shows how much of the Council's HRA income is committed to repaying debt arising from capital investment.
2.	Incremental Impact of Capital Exp. on weekly Rent	£2.51	£4.22	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line". Increase is due to additional Revenue Contributions to capital which have been fully accounted for in the revenue forecast figures.
3.	Capital Expenditure	£'m 32.0	£'m 33.0	Simply the approved and forecast capital expenditure.
4.	Capital Financing Requirement	£'m 146.8	£'m 138.1	The Capital Financing Requirement reflects the underlying need to borrow for HRA Capital Investment