

The background of the slide features a large, light blue watermark of the Coat of Arms of the City of Edinburgh. The crest includes a crown with four thistles, a shield divided into four quarters (top-left: saltire, top-right: stag's head, bottom-left: ship, bottom-right: eagle), and a motto scroll at the bottom.

Agenda Item 10

Capital Programmes Outturn 2017/18

Title: Capital Programmes Outturn 2017/18
Meeting: Executive
Date: 14 August 2018
Submitted By: Director of Corporate & Housing Services

1. Purpose of Report

- 1.1 This report provides details of the outturn position, subject to final audit review, of the 2017/18 General Fund Services and Housing Capital Programmes. It also presents the Prudential Indicators for information.

2. Recommendations:

The Executive is asked to:-

- (1) Note the 2017/18 outturn position, subject to audit, for both the General Fund Services (£28.3m) and Housing Capital Programmes (£32.9m).**
- (2) Note the reduced external borrowing requirement for Capital Programme purposes.**
- (3) Note the Prudential Indicators.**

3. Background

- 3.1 The main aim of the capital programmes is to deliver priority projects on time and on budget. It should be noted however, that both capital programmes are three year programmes and the nature of the projects therein means that spend will inevitably move between years. As such the Executive has previously approved the rescheduling of a number of General Fund projects to future years (see paragraph 4.3.5).

4. Considerations

4.1 General Fund Services Capital Outturn 2017/18

- 4.1.1 As previously advised to the Executive, the approved 2017/18 budget of £26m was revised to £33.6m to take into account slippage from the 2016/17 Capital Programme. Subject to audit, the outturn for the General Services Capital Programme for 2017/18 is:

	2017/18 £'m
Revised Budget	33.595
Outturn	28.317
Variance	(5.278)

Detailed spend across all Services is shown in Appendix 1.

4.1.2 The following paragraphs focus on the main areas of spend during 2017/18, whilst section 4.3 will detail the movement in the outturn variance since the last report to the Executive in February 2018.

4.1.3 **Children's Services (£7.2m)**

The new Carrongrange School has now opened, with costs of £5.1m being incurred this year. The project has attracted 50% grant funding from the Scottish Government. The construction of phase I of the extension to Kinnaird Primary School has commenced in April 2018 with spend of £0.3m on fees being incurred during 2017/18. In addition, work continues to improve the school estate, meet health and safety requirements and expand capacity (£1.8m).

4.1.4 **Design, Roads & Transport (£8.4m)**

The Falkirk High Station Car Park project is now complete with spend of £0.7m incurred in 2017/18. Spend of £5.7m was incurred for the rolling programme of works for bridge strengthening, structural roads works, road safety and street lighting. Cycling, Walking, Safer Streets project spend was £0.3m, £0.2m of which was externally funded. The repayment due to Transport Scotland in relation to Glenbervie Slip Road was finalised this year with £0.4m being returned to them. Avant Homes have built a roundabout and access to a housing development as part of the DEAR project. These works were undertaken directly by Avant Homes and therefore are not included in the Council's 2017/18 outturn figures. Spend of £1.1m was incurred on the Grangemouth Flood prevention project with a further £0.1m on minor flood prevention schemes.

4.1.5 **Planning & Economic Development (£6.4m)**

The spend on the Crematorium upgrade came in at £2m with the new cremators now in use and just some minor work to be completed in 2018/19. The cost of Cemetery Development works was £0.3m. The rolling programme for investment in Parks incurred a spend of £0.3m during the year. Within Countryside Access, external funding mainly Sustrans grants, was secured which allowed investment of £1.2m to take place during 2017/18. Also spent was £0.1m on Bo'ness Harbour and £0.2m on various Community Environmental Projects. The Denny Town Centre Regeneration project spend was £1m in 2017/18. Minimal refurbishment work at Arnotdale House was undertaken at a cost of £0.05m with the major element of this work taking place in 2018/19. The spend on the Falkirk Townscape Heritage Initiative (FTHI) was £1.2m, £1m of which was externally funded.

4.1.6 **Environmental Services (£2.8m)**

Vehicle replacement spend was c£2m. Waste Collection and Street Bins were purchased at a cost of £0.4m and £0.2m was incurred for recycling equipment. In addition the restoration of Kinneil Kerse Landfill site continued at a cost of £0.2m.

4.1.7 **Adult Services (Social Work) (£0.05m)**

Spend of £0.05m was incurred in relation to the rolling programme of replacement MECS equipment.

4.1.8 **Corporate & Housing (£2.7m)**

The spend on corporate IT was £1.5m, which included £0.3m for replacement servers and £0.3m for software. The IT spend also included a number of business transformation enabling projects including £0.3m for Mobile and Flexible Working Solutions across the Council and £0.1m of spend on four Council of the Future (CotF) projects. In addition to the IT spend the outturn includes £0.04m towards the upgrades to the West and Central Advice Hubs. During 2017/18, Members approved the purchase of Abbotsford House at a cost of c£1.02m.

4.1.9 **Community Trust (£0.8m)**

The main areas of spend were the replacement of pool plant and upgrade of the Changing areas at the Grangemouth Sports Complex (£0.3m), works at Grangemouth Athletic Stadium (£0.1m) and minor works across a variety of other Trust operated buildings (£0.2m). Work on the new soft play area at the Mariner Centre commenced during the year with costs of £0.2m being incurred.

4.2 **Resources – General Fund Services**

4.2.1 Scottish Government Grants received of c£18m includes £16.8m for the General Capital Grant and £0.9m funding for the Grangemouth Flood Prevention Scheme. Also included is £0.2m for Cycling, Walking Safer Street projects and £0.1m for Early Years projects within Children's Services. External Funding of £3.3m was applied which included Sustrans Grants, Planning Obligations & other receipts. Revenue Contributions equated to £1.7m leaving a balance of £5.3m of borrowing required to fund the Capital programme.

4.2.2 The Revenue Contributions of £1.7m are one off sources of capital funding in 2017/18, the impact of which have already been accounted for in the Financial Outturn 2017/18 reported to the June Executive.

4.3 **Outturn Variance 2017/18**

4.3.1 The outturn variance as detailed at paragraph 4.1.1 was £5.3m under budget. The outturn variance includes slippage of c£8.2m netted off by c£2.9m of additional projects which are included in the programme, and fully funded by specific additional resources. Slippage of c£5.1m was reported to the February Executive. The overall increase in slippage of £3.1m is as detailed below:

	2017/18 £'m
Outturn Variance	(5.278)
Less Additional Projects Fully Funded from External Sources/Revenue Contributions/Earmarked Funding	(2.927)
Final Slippage	(8.205)
Slippage February Executive	(5.119)
Increase in Slippage	(3.086)

4.3.2 Details of the £3.1m increase in slippage are outlined below:

	£'m	Comments
Children's Services		
Various Projects	(0.086)	Projects on hold pending local consultation on options to be considered - Larbert High School, St Mungo's High School & Mariner Support Centre.
Development Services:		
Grangemouth Flood Scheme	0.075	Slippage not as high as previously reported.
Roads Projects	(0.359)	Various works delayed because of "Beast from the East"
Vehicle Replacement Programme	(0.703)	Vehicles narrowly missed 31 March delivery date.
Adult Services (Social Work)		
Changing Places Toilets	(0.099)	Work now underway at Mariner Centre & Grangemouth Sports Complex
Corporate & Housing:		
West & Central Advice Hubs	(0.045)	Approved Sept'17, work progressing
Accommodation Investment	(0.229)	Pending outcome of Strategic Property Review
Social Work Information System (SWIS)	(0.607)	Procurement process took longer than anticipated.
Contact Centre Upgrades	(0.135)	Delayed due to technical challenges and installation of required lines.
Mobile & Flexible Working Solution (including schools)	(0.227)	Further design work required following phase 1 at schools.
Telephony Contract	(0.070)	Contract negotiations took longer than expected
Replacement Servers	(0.124)	Replacement timed to minimise service disruption, so not all completed during year.
Online School Payments	(0.070)	Timing of procurement
Wi Fi across Council including Children's Services	(0.108)	Pending survey results, will complete in 2019
Office Business Continuity Plan	(0.098)	Ongoing discussions to integrate with Central Hub project
Various projects	(0.063)	Miscellaneous smaller IT projects
Community Trust:		
Various Projects	(0.072)	Various projects including Grangemouth & Bo'ness Town Halls.
Miscellaneous	(0.066)	Minor variances across Services
Total Increase in Slippage	(3.086)	

- 4.3.3 Discussions have taken place with Internal Audit and the 2018/19 Audit Plan includes a review of the General Fund Capital Programme. This work is currently underway and is focused on reviewing mechanisms for recording, reporting and monitoring expenditure relating to the General Capital Fund Programme, including arrangements for dealing with slippage. The findings of this review will be reported to Members in due course, via the Audit Committee.
- 4.3.4 The 2018/19 General Fund Capital Programme will be increased by the overall slippage of £8.2m and will be fully funded by borrowing, which was already budgeted for in 2017/18.
- 4.3.5 The Executive previously approved the rescheduling of a number of projects to future years. Consequently, where appropriate, the 2018/19 Capital Programme will also be adjusted to include these projects. The total value of projects that were rescheduled to 2018/19 is c£0.88m and includes £0.51m for phase I of the extension at Kinnaird Primary School and £0.37m for a 3G Synthetic Pitch. A further £6.36m has been rescheduled beyond 2018/19 and includes £0.53m for the completion of phase I of the extension at Kinnaird Primary School, £3.73m for Older Peoples Accommodation, £0.37m for the remaining 3G Synthetic Pitch and £1.69m for Bainsford Day Centre upgrade. However, Members have previously been advised of the decision to close Bainsford Day Centre. The budget of £1.69m will therefore no longer be required for an upgrade at the centre but instead will be used to fund other potential capital investment flowing from a review and redesign of day services for younger adults.

4.4 Major Standalone Projects

- 4.4.1 The Executive was previously advised that there are a number of projects which span several financial years. Details of these projects are provided in Appendix 2 and include such projects as the new Carronrange High School, the DEAR and Denny Town Centre Regeneration.

4.5 Housing Capital Programme

- 4.5.1 Subject to audit, the outturn for the Housing Capital Programme for 2017/18 is £32.9m as detailed in Appendix 3. This spend delivered a range of improvements to the Council's housing stock and housing estates. The Housing Investment Programme also helped to fund the delivery of additional houses to meet the continuing need for affordable housing.
- 4.5.2 The outturn variance was £1.7m over budget (£1.4m in February) and was primarily due to the acceleration of external fabric improvements from 2018/19 to 2017/18. This accelerated spend offset slippage in New Build housing projects and Local Housing Initiatives. The following paragraphs provide details of the work undertaken.
- 4.5.3 **Elemental Improvements (£17.2m)**
Of the £17.2m spent in relation to Elemental Improvements, £12.2m was spent on external fabric improvements e.g. re-roofing and roughcasting, £2.9m on kitchen/bathroom renewals and £2.1m on electrical upgrading works. The February Executive report forecast a spend of £16.8m.

However, further projects were accelerated to mitigate slippage in other parts of the Housing capital programme.

4.5.4 Energy Efficiency (£1.4m)

This expenditure covers the programme of replacement and upgrading of heating to more energy efficient systems across the Council area. This programme slipped by £0.6m from the February report due to difficulties in obtaining access to a number of properties.

4.5.5 New Build Housing (£3.1m)

Approximately £3.1m was incurred in 2017/18 on the continuing programme of new Council house building. The spend was c£0.9m lower than budget and was mainly due to the sites at Blinkbonny Road and Abbots Road being acquired a year earlier in 2016/17 (£1.2m), slippage in the Abbots Road project (£0.4m) which was delayed because of additional flood risk assessments, offset in part by the purchase of the site at Torwood School £0.6m.

4.5.6 Buy Backs (£6.8m)

In 2017/18 the total expenditure incurred in relation to the buy-back of ex-Local Authority houses was c£6.8m. Scottish Government provided grant funding of £2.25m to part fund the Buy Backs.

4.5.7 Mortgage to Rent (£0.1m)

There was only one property purchased through the Mortgage to Rent Scheme. This is a demand led project and reflects a positive trend in individual's financial circumstances in that less people are requiring to transfer from ownership to rent, due to financial difficulties. Funding of £0.05m was received from the Scottish Government.

4.5.8 Estates & Other Expenditure (£2.0m)

Spend of £2m 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.

4.5.9 Local Housing Schemes (LHS) - Initiatives (£2.3m)

During 2017/18, spend of £2.3 was incurred which is £1.4m below the budget of £3.7m. Work is progressing to finalise designs for the remodelling of low demand flatted properties, to enable a programme of works to be established. This work will help to better meet housing demand identified in the Local Housing Strategy and improve communities.

4.6 Resources – Housing

4.6.1 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 carried over into 2017/18.

4.6.2 The Housing Revenue Account increased its Capital Funded from Revenue Contributions (CFCR). The approved budget was £6.8m and the outturn was £11.3m, which is £1.0m higher than was reported to the February Executive. This increase in CFCR has been accounted for in the Housing Revenue Account outturn.

- 4.6.3 Total Government Grant for New Build was £1.9m and is in relation to projects at Duke Street, Denny and Haugh Street, Falkirk. Grant of £0.4m has been re-profiled to 2018/19.
- 4.6.4 Buy-back grant funding of £2.25m was received and used to part fund the £6.8m spend detailed in paragraph 4.5.6.
- 4.6.5 Prudential borrowing is only undertaken when all other sources of income have been exhausted. Borrowing was c£5.3m less than budget, which was primarily due to additional Council House sales receipts (£2.4m) and CFCR (£4.5m), netted off by the overall increase in capital spend of £1.7m.

4.7 Prudential Indicators

- 4.7.1 A series of Prudential Indicators are used to demonstrate that capital spending plans are affordable, prudent and sustainable. They are approved by Council in February each year as part of the Budget process. There are 9 Indicators for the Council as a whole and 4 for Housing only. Appendix 4 details the budgeted and actual Indicators for 2017/18.

4.8 Capital Investment Plans & Treasury Management

- 4.8.1 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 was calculated in January 2017 and took account of 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 were due to mature in 2017/18. As such it will inevitably change as the year progresses. The budgeted long term borrowing requirement reported to the February 2018 Executive was £35.4m, however the actual long term borrowing requirement for 2017/18 was £28.9m. This was reported within the Treasury Management Annual Review 2017/18 to the June 2018 Executive. The reduction from £35.4m to £28.9m is detailed below:

	November 2017 Forecast	2017/18 Actual	Variance
	£'m	£'m	£'m
Capital Programmes Net of Capital Receipts	25.0	19.9	(5.1)
Service Repayments of Debt	(13.6)	(15.0)	(1.4)
Replacement of Short Term Borrowing	24.0	24.0	-
Total Long Term Borrowing Requirement	35.4	28.9	(6.5)

- 4.8.2 The long term borrowing requirement for Capital Programme purposes was £5.1m less than reported to the February Executive. This reduction is analysed below:

		2017/18 Actual £'m
February Executive - Forecast borrowing required for Capital Programme (net of receipts & including TIF)		25.0
Adjustments:		
Slippage General Fund Capital Programme	(3.1)	
Additional General Fund Revenue Contributions	(1.0)	
Additional Housing Revenue Contribution	(1.0)	(5.1)
Actual Borrowing Requirement for Capital Programme (net of receipts & including TIF)		19.9

- 4.8.3 Additional Revenue Contributions of £1.1m for the General Fund Capital Programme included contributions mainly for Council of the Future projects, Vehicle Replacement and various Capital works across the School estate. As detailed in paragraph 4.6.2, Housing also increased Revenue Contributions by £1m to supplement grant funding and other Capital resources within the Housing Capital Programme.

4.9 Capital Reserves

4.9.1 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:

	General Fund £'m	HRA £'m	Total £'m
Balance at 1 April 2017	5.605	2.426	8.031
Cash Received in 17/18	1.342	2.606	3.948
Less:			
Applied to fund Employee Liabilities 2017/18	(1.810)	-	(1.810)
Applied to 2017/18 Capital Programmes	-	(2.400)	(2.400)
Balance at 31 March 2018	5.137	2.632	7.769

- 4.9.2 It should be noted that within the General Fund balance of £5.137m, £0.874m is included for Northfield Quarry which can only be applied at £0.03m per annum. The balance also includes £0.568m of Business Property Reinvestment (BPR) receipts.
- 4.9.3 Also included in the balance is £1.74m in respect of land transferred to Housing for new build housing projects. These transfers are subject to planning consent and as such cannot be applied in case the planning

consents are not granted. If not granted, the receipts will have to be transferred back to Housing.

- 4.9.4 The Bid process for the next round of the General Fund Capital Programme is underway. The General Capital Programme will be extended from three years to five in order to better align with the Council's Medium Term Financial Plan. Consequently the next General Fund Capital Programme will span 2019/20 to 2023/24. The Capital Receipts Reserve will be examined as part of this process to determine to what extent balances can be utilised to fund priority projects.

4.9.5 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:

	General Fund £'m	HRA £'m	Total £'m
Balance at 1 April 2017	0.740	1.082	1.822
Cash Received in 17/18	-	-	-
Less:			
Applied to 2017/18 Capital Programmes	(0.035)	-	(0.035)
Balance at 31 March 2018	0.705	1.082	1.787

- 4.9.6 Within the balance of £0.705m, a further £0.34m is potentially earmarked to be applied to the 2018/19 – 2020/21 General Fund Capital Programme.
- 4.9.7 Similar to the Capital Receipts Reserve, the Capital Grants Unapplied Accounts will be examined as part of the 2019/20 to 2023/24 Capital Bid process to determine to what extent balances can be utilised to fund priority 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 slippage and rescheduled projects 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 slipped in 2017/18 may increase because of construction inflation. This could also be the case for those projects which have been rescheduled to future years (see paragraph 4.3.5).

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 financial outturn for 2017/18, subject to audit, for the General Fund Capital Programme is £28.3m, which is £5.3m less than budget. This is due to slippage in the programme, offset in part by supplementary projects which have been fully funded by grants, contributions and other earmarked funding.
- 7.2 The financial outturn for 2017/18, subject to audit, for the Housing Capital Programme is £32.9m, which is £1.7m more than budget. This is due to accelerated spend within the external fabric budget, offset in part by reduced spend in LHS Initiatives and New Build Housing.

Director of Corporate & Housing Services

Author – Carole McGhee, Capital, Treasury & Insurance Manager – 01324 506340,
carole.mcghee@falkirk.gov.uk

Date: 31 July 2018

Appendices

Appendix 1 – General Fund 2017/18 Outturn

Appendix 2 – General Fund Major Standalone Projects

Appendix 3 – Housing 2017/18 Outturn

Appendix 4 – Prudential Indicators 2017/18

List of Background Papers:

None

2017/18 CAPITAL PROGRAMME**GENERAL PROGRAMME - SUMMARY****APRIL 2017 TO MARCH 2018**

EXPENDITURE	2017/18 REVISED BUDGET	2017/18 OUTTURN	2017/18 OUTTURN VARIANCE
SERVICE INVESTMENT PLANS	£000	£000	£000
CHILDREN'S SERVICES	8,052	7,195	(857)
DEV - DESIGN, ROADS & TRANSPORT	10,195	8,407	(1,788)
DEV - PLANNING & ECONOMIC DEVELOPMENT	6,741	6,380	(361)
DEV - ENVIRONMENTAL SERVICES	2,931	2,770	(161)
ADULT SERVICES (SOCIAL WORK)	151	50	(101)
CORPORATE & HOUSING	4,201	2,677	(1,524)
COMMUNITY TRUST	1,324	761	(563)
HELIX	0	77	77
TOTAL EXPENDITURE 2017/18	33,595	28,317	(5,278)

RESOURCES	2017/18 REVISED BUDGET	2017/18 OUTTURN	2017/18 OUTTURN VARIANCE
FALKIRK COUNCIL BORROWING	9,706	5,335	(4,371)
SCOTTISH GOVERNMENT BLOCK GRANTS	15,263	16,763	1,500
SCOTTISH GOVERNMENT SPECIFIC GRANTS	2,572	1,224	(1,348)
CAPITAL RECEIPTS - SALES	3,970	0	(3,970)
EXTERNAL FUNDING	1,034	3,252	2,218
RESERVES (DMR, CFCR and R&R)	0	1,743	1,743
SLIPPAGE ALLOWANCE	1,050	0	(1,050)
TOTAL RESOURCES 2017/18	33,595	28,317	(5,278)

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

PROJECT NAME	TOTAL PROJECT BUDGET	PREVIOUS YEARS SPEND	2017/18 ACTUAL SPEND	FUTURE YEARS FORECAST	TOTAL FORECAST SPEND	
	£000	£000	£000	£000	£000	
NEW CARRONGRANGE HIGH SCHOOL	17,734	13,016	5,054	0	18,070	Note 1
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE I	2,577	0	293	2,284	2,577	
FALKIRK HIGH STATION CAR PARK	990	115	695	180	990	Note 2
DENNY EASTERN ACCESS ROAD (DEAR)	7,400	940	810	5,650	7,400	
GRANGEMOUTH FLOODING	111,450	1,709	1,076	108,665	111,450	
DENNY TOWN CENTRE REGENERATION	7,533	6,331	1,024	178	7,533	
CEMETERY DEVELOPMENT	2,695	717	317	1,661	2,695	
FALKIRK CREMATORIUM	3,408	1,195	1,997	216	3,408	
MOBILE & FLEXIBLE WORKING	1,966	1,691	275	0	1,966	
TOTAL	155,753	25,714	11,541	118,834	156,089	

NOTE

1. The overspend in this project is funded by additional Scottish Government grant and two other smaller grants.

2. Spend up to and including 2017/18 (£1.75m) was incurred direct by Avant Homes. Future year spend of £5.65m will be procured by the Council.

2017/18 CAPITAL PROGRAMME**HOUSING INVESTMENT PROGRAMME - SUMMARY****APRIL 2017 TO MARCH 2018**

EXPENDITURE	2017/18 REVISED BUDGET	2017/18 OUTTURN	2017/18 OUTTURN VARIANCE
HOUSING INVESTMENT PLANS	£000	£000	£000
ELEMENTAL IMPROVEMENTS	13,321	17,233	3,912
ENERGY EFFICIENCY	2,200	1,419	(781)
NEW BUILD HOUSING	3,957	3,073	(884)
PROPERTY BUY BACKS	6,000	6,834	834
ESTATES & OTHER EXPENDITURE	2,050	1,969	(81)
MORTGAGE TO RENT	0	72	72
LHS INITIATIVES & OTHERS	3,700	2,293	(1,407)
TOTAL EXPENDITURE 2017/18	31,228	32,893	1,665

RESOURCES	2017/18 REVISED BUDGET	2017/18 OUTTURN	2017/18 OUTTURN VARIANCE
BUDGETED PRUDENTIAL BORROWING	19,866	14,558	(5,308)
MORTGAGE TO RENT BORROWING	0	22	22
COUNCIL HOUSE SALES	0	2,399	2,399
ENERGY SECTION INCOME	0	222	222
CFCR	6,814	11,303	4,489
SCOTTISH GOVERNMENT - NEW BUILD	2,298	1,875	(423)
SCOTTISH GOVERNMENT - BUY BACK	2,250	2,250	0
OTHER GRANTS & CONTRIBUTIONS	0	214	214
SCOTTISH GOVERNMENT MORTGAGE TO RENT GRANT	0	50	50
TOTAL RESOURCES 2017/18	31,228	32,893	1,665

FALKIRK COUNCIL
PRUDENTIAL CODE INDICATORS
[Excluding HRA]

PRUDENTIAL INDICATOR		REVISED BUDGET 2017/18	OUTTURN 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	£22.71	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 252.0 <u>104.3</u> 356.3 284.8 <u>109.7</u> 394.5	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		REVISED BUDGET 2017/18	OUTTURN 2017/18	COMMENTS
4.	Capital Expenditure GF TIF	£'m 33.6 <u>4.2</u> 37.8	£'m 28.3 <u>0.7</u> 29.0	Simply the revised 2017/18 Capital Programme and the actual capital expenditure.
5.	Capital Financing Requirement (GF & TIF)	£'m 272.5	£'m 257.6	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		REVISED BUDGET 2017/18	OUTTURN 2017/18	COMMENTS
8.	Actual External Debt: External Borrowing Other Long Term Liabilities	<u>N/A</u>	252.0 <u>104.3</u> <u>356.3</u>	Actual External Debt per Annual Accounts 2017/18 which confirms compliance with the Authorised Limit (AL) and Operational Boundary (OB).
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		REVISED BUDGET 2017/18	OUTTURN 2017/18	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	19%	17%	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	£9.75	£14.11	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 2017/18 HRA outturn.
3.	Capital Expenditure	£'m 31.2	£'m 32.9	Simply the revised 2017/18 Capital Programme and actual capital expenditure.
4.	Capital Financing Requirement	£'m 146.8	£'m 136.9	The Capital Financing Requirement reflects the underlying need to borrow for HRA Capital Investment