

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest includes a crown with four maple leaves, a shield divided into four quadrants (top-left: a ship, top-right: a stag, bottom-left: a ship, bottom-right: a grizzly bear), and a banner at the bottom with the motto 'A NE FOR A'.

Agenda Item 6

Capital Programmes Update 2019/20

Falkirk Council

Title: Capital Programmes Update 2019/20
Meeting: Executive
Date: 18 February 2020
Submitted By: Director of Corporate & Housing Services

1. Purpose of Report

- 1.1 This report details the final 2019/20 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 (£32.1m) and Housing Capital Programmes (£43.8m)
- (2) the Prudential Indicators
- (3) the external borrowing requirement

3. Background

- 3.1 The General Fund Services Capital Programme was approved by Council on 27 February 2019 whilst the Housing Capital Programmes was approved by Council the previous month, on 23 January 2019. The 2019/20 budgets for both programmes are part of a five 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 approved 2019/20 budget has been revised to £41.734m (£38.234m after deduction of the £3.5m slippage allowance). The movement in the forecast spend against this revised budget is detailed below:

	£'m
Revised Budget 2019/20	41.734
Forecast	32.140
Forecast Variance 2019/20	(9.594)
December Variance	(7.981)
Movement in Variance	(1.613)

4.1.2 The following paragraphs focus on the main areas of anticipated spend for 2019/20 (see Appendix 1), whilst section 4.2 will examine the movement in the forecast variance since the last report to the Executive in December.

4.1.3 **Children's Services (£9.3m)**

- Phase I (Early Years Campus) expansion work at Kinnaird Primary School is planned to complete this year (£1.6m) along with part of the phase II works (£0.3m).
- Work is continuing at Larbert High School (£0.2m) and Maddiston Primary School (£0.2m) which will be completed in 2020/21.
- Work on the Scottish Government Early Years initiative continues with spend of £4.9m forecast.
- Further improvement work to the value of £1.7m is expected to be carried out on the school estate, health and safety requirements and capacity expansion during the year.
- The current forecast also includes £0.1m for ASN/ASD provision and £0.2m for various works across the Service.

4.1.4 **Design, Roads & Transport (£10.7m)**

- The rolling programme of works for bridge strengthening, structural roads works, road safety and street lighting is forecast to spend £5.7m over the year.
- Cycling, Walking, Safer Streets project spend will equate to £0.3m all of which is externally funded.
- Spend on DEAR is forecast to come in at £0.2m and is delayed due to ongoing discussions with land negotiations. A separate report on the DEAR project was presented to the December Executive.
- The Grangemouth Flood Protection Scheme is expected to spend £2.7m, and £0.2m is forecast for the minor Flood Protection Schemes.
- The Energy Efficiency Street Lighting project is forecast to spend £1.3m and was approved as a Spend to Save project.
- Work on Larbert Station Car Park is expected to cost c£0.3m and is fully funded from developers' contributions.

4.1.5 **Planning & Economic Development (£2.9m)**

- Initial spend on fees for the town centre regeneration works (£0.1m) is expected this year and is funded by Scottish Government's Town Centre Fund.
- Spend on external work at the Crematorium is projected to be £0.3m.
- Cemeteries development work is forecast to come in at £0.3m.
- The rolling programme for investment in parks assumes a spend of £0.2m during the year.
- Work at Bo'ness Harbour is expected to cost £0.1m.
- Various countryside access projects are underway with a forecast spend of £0.5m, most of which is externally funded.
- The forecast also includes £0.6m for Synthetic Pitches which is part funded by a grant from Sports Scotland (£0.25m).
- The upgrade of the commercial property portfolio is forecast at c£0.3m.
- Various minor works across the section costing £0.5m.

4.1.6 **Environmental Services (£4.0m)**

- Vehicle replacement spend is expected to be £2.1m.
- The forecast also includes spend on the restoration of Kinneil Kerse Landfill Site (£0.4m)
- The purchase of Waste Collection Bins is projected at £1.1m, £1m of which is funded by a Zero Waste Scotland grant.
- Also forecast is £0.3m for junction improvements at Roughmute Recycling Centre and £0.1m for the Dalgrain Wash Facility.

4.1.7 **Adult Services (Social Work) (£0.5m)**

- Spend of £0.3m will be incurred for the replacement MECS equipment and the transfer from analogue to digital project.
- The forecast also includes £0.2m for Changing Places Toilets, a scheme which provides fully accessible public toilet and changing facilities for people with complex disabilities.

4.1.8 **Corporate & Housing (£3.1m)**

- Spend on Corporate IT is forecast to be £2.3m and includes £0.5m for software licences (including Office 365); £0.3m for the implementation of the Social Work Information System (SWIS); £0.3m for server replacement and £0.3m for the Refresh of the PC Estate in schools.
- 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 (£0.2m) and delivery of the Digital Strategy (£0.4m). This will ensure that the Council moves forward as a digitally focused Council.
- In addition to the IT spend the projection includes £0.3m for the upgrades to the West and Central Advice Hubs whilst the spend on the Front Facing Office project (including Brockville and Grangemouth Social Work office) is expected to be £0.1m.
- The Strategic Property Review forecast spend is £0.05m with a further £0.1m for spend on general accommodation
- Spend of £0.3m (fees) is forecast for the new Council HQ and Arts Centre.

4.1.9 **Community Trust (£1.7m)**

- The largest area of spend is in relation to investment at the Mariner Centre and Stenhousemuir Gym (£1.0m) of which Members approved £1.1m towards the cost of these projects.
- The forecast includes various planned works on Grangemouth Sports Complex (£0.2m) and minor works across a variety of other Trust operated buildings (£0.5m).

4.2 **Forecast Variance 2019/20**

- 4.2.1 The forecast variance for the General Fund Services Capital Programme as detailed in paragraph 4.1.1 is £9.6m less than the revised budget. The forecast variance reported to the December Executive was £8m less than the revised budget. The movement of £1.6m is analysed in the following table:

	2019/20 £'m
Projects fully funded from External Sources	0.292
Slippage (see paragraph 4.2.3)	(1.905)
Movement in Forecast Variance 2019/20	(1.613)

4.2.2 As shown in the above table, there are additional projects of £0.29m, which have been matched by an increase in external funding. These include minor projects funded from grants and planning obligations (£0.09m). Also included is the spend on the Expansion of Early Years which is forecast to be £0.2m more than reported to the December Executive. This project is fully funded from Scottish Government grant.

4.2.3 The main reasons for the increase in slippage of c£1.9m are as follows:

	£'m	Comments
Children's Services		
Denny PS	(0.600)	Tender came in over budget so construction is now delayed until necessary savings have been agreed.
Maddiston PS	(0.148)	Delay in completion of other essential work (Kinnaird PS) has led to delays in tenders being issued
All Schools Fund	0.150	Spend accelerated from 2020/21
Social Work:		
Changing Places Toilets	0.050	Spend accelerated from 2020/21.
Corporate & Housing:		
Office 365	(0.469)	Delay in pilot with knock-on effect in the purchase of licenses, which are based on roll out of Office 365 to users.
SWIS Replacement	(0.106)	Delays due to operational issues.
Digital Strategy Delivery	0.300	Accelerated from 2020/21 to mitigate against Office 365 delay.
Trust:		
Mariner / Stenh'muir H&F	(0.174)	Landlord has only recently advised of their inability to grant access to the desired Stenhousemuir unit at this time.
Mariner / Stenh'muir H&F	(0.353)	This value was previously accelerated, but spend now delayed due to the reason above.
Sports Pavilions	(0.226)	Project has been delayed pending clarification of priorities and demand from local teams.
Callendar House Toilets	(0.090)	Previously accelerated project but can now not be delivered by 31 March.
Various Trust projects	(0.168)	Various delays mainly due to necessary procurement timescales.
Miscellaneous	(0.071)	Across all Services
Net Increase in Slippage	(1.905)	

- 4.2.4 The revised 2019/20 budget assumes a £3.5m allowance for slippage. The total slippage figure in December was c£5.7m and a further c£1.9m is now reported in paragraph 4.2.1. The revised total forecast slippage for the year therefore equates to c£7.6m, which is £4.1m over the budgeted allowance of £3.5m.
- 4.2.5 The new reporting regime which has been introduced to monitor and control slippage requires the following:
- Where the project variance is greater than 25% of the budget (subject to a de minimis value of £0.1m), Services will be asked to attend CMT to fully explain the reasons for the variance.
 - Because of the large volume of low value projects within the Trust and IT projects within Corporate & Housing Services, all projects will be consolidated when assessing if the project variance is greater than 25% of the budget (subject to a de minimis value of £0.1m).
 - Note that the table at paragraph 4.2.3 details the movement in slippage from the December Executive report. However, it is the cumulative forecast slippage for the year that is compared to the revised budget to determine whether Services/Trust are required to provide an explanation of slippage to CMT. The following table gives an overall summary of slippage for the full year, whilst also detailing where slippage has met the criteria of the new monitoring regime.

	Total Slippage £'m	Revised Budget £'m	%	Report to CMT
Children's Services				
ASN Provision	0.275	0.379	73%	Oct 2019
Larbert High School	0.300	0.510	59%	Oct 2019
Maddiston Primary School	0.600	0.752	80%	Feb 2020
Denny Primary School	0.600	0.670	90%	Feb 2020
Development Services				
Cemeteries Development	0.401	0.698	57%	Oct 2019
DEAR	2.657	2.807	95%	See para 4.2.7
Corporate & Housing:				
Council HQ/Arts Centre/SPR & Office Accommodation	0.822	1.626	51%	See para 4.2.8
Trust:	0.635	2.322	27%	Feb 2020
Slippage Meeting Criteria	6.290	9.764	64%	
Add:				
Remaining Slippage	1.297	31.970	4%	
TOTAL SLIPPAGE	7.587	41.734	18%	

- 4.2.6 The table at paragraph 4.2.5 details total forecast slippage of c£7.6m. Whilst at first glance, this figure seems alarming, it should be noted that c£3.5m is in relation to DEAR (£2.7m) and the Council HQ/Arts/SPR (£0.8m). These projects have not progressed as initially expected (see paragraphs 4.2.7 and 4.2.8), and between them, they have fully absorbed the budgeted £3.5m slippage allowance. In totality 46% of the forecast slippage is in relation to these projects.
- 4.2.7 The reasons for slippage in the DEAR project are well documented and indeed Development Services reported to the December Executive providing an update on progress. There is therefore no requirement for the Service to report separately to CMT.
- 4.2.8 The Council HQ/Arts Centre and Strategic Property Review have been the subject of a number of reports during the year. The reasons for slippage in these projects are known and there is therefore no requirement for the Service to report separately to CMT.
- 4.2.9 As detailed in the table at paragraph 4.2.5, Children's Services and the Trust are required to report to CMT in February, detailing the reasons for slippage in their respective projects.

4.3 Resources – General Fund Services

- 4.3.1 The overall forecast for Resources is c£1.6m less than those reported to the Executive in December. This is essentially the reduced borrowing of £1.7m due to slippage offset by increased external funding of £0.1m.

4.4 Major Standalone Projects

- 4.4.1 Members were advised that there are a number of projects which span several financial years. Details of these projects are provided in Appendix 2 and include extensions at Kinnaird Primary School, Larbert High School, Denny and Maddiston Primary Schools. Also included are Early Years Expansion works, DEAR and Grangemouth Flood Protection Scheme.

4.5 Housing Capital Programme

- 4.5.1 The approved 2019/20 budget equates to £47.7m and the current forecast is £43.8m (see Appendix 3), an underspend of £3.9m. The current forecast spend has increased by £3.7m since the forecast reported to the December Executive. The increase of £3.7m primarily relates to external fabric improvement plus energy efficiency works progressing ahead of previously anticipated levels. More buy back properties have also been acquired. The following paragraphs focus on the main areas of forecast spend.
- 4.5.2 **Elemental Improvements (£14.9m)**
Work is progressing well with the programme of external fabric improvements, with £9.4m forecast to be spent e.g. re-roofing and roughcasting, £3.5m for kitchen and bathroom replacements and £2.0m on electrical works. The forecast is projected to be above budget by £1.4m, reflecting the progress within the external fabric improvement programme, with additional properties benefitting from these improvements.

4.5.3 Energy Efficiency (£6.0m)

The forecast spend is anticipated to be £1.6m below budget. The tendered costs returned for replacement heating to 3 high rise flats, were higher than expected. Additional grant funding was sought, but was however, unsuccessful. This unfortunately delayed the start of the planned work. Work is now progressing to conclude the procurement process and it is anticipated that works will commence early in the next financial year. The programme of other energy efficiency works continues with £1.4m forecast for replacement heating, £3.1m on extending the Combined Heat and Power (CHP) system to 3 high rise flats and £1.5m to supply electric energy from the CHP system to communal areas within high rise and other adjacent properties.

4.5.4 New Build Housing (£7.7m)

The forecast spend is anticipated to be £2.8m below budget which is £0.7m less than the underspend reported to the December Executive. There are currently two projects which have completed or nearly complete i.e. Abbots Road, Grangemouth (complete) and Blinkbonny Road, Falkirk (completion February 2020). These projects will deliver a total of 57 new homes in 2019/20. The development at the old Torwood School site was programmed to start on site in October 2019, however due to higher than estimated tender returns, a re-tendering exercise was undertaken. This project is planned to commence in February 2020. Additionally, later than anticipated contract starts for projects at Woodend Farm and at the former Bainsford Adult Day centre have resulted in lower than anticipated spend this year. These projects are now planned to commence in 2020/21.

4.5.5 Buy Backs (£6.5m)

The purchase of ex-Local Authority houses which will help to meet housing Demand, continues and is expected to cost £6.5m. This is £0.5m above budget and previous projected levels, reflecting an additional number of properties anticipated to be acquired.

4.5.6 Estates Improvements (£5.4m)

A total of £5.4m is expected to be spent on Estates and Other Expenditure against a budget of £3.5m, an overspend of £1.9m. This spend is primarily in relation to environmental improvements e.g. walls and path upgrades being undertaken as part of the fabric improvement programme.

4.5.7 LHS Initiatives & Other Priority Areas (£3.1m)

A total of £3.1m is expected to be spent during 2019/20, which is £3.4m below budget and is in line with the forecast reported to the December Executive. The project to convert flatted accommodation at Garry Place, Grangemouth (£0.8m) for young people leaving care has been completed and will accommodate 8 young people, with associated 24/7 support. The lift upgrading works (£0.9m) is underway at the high rise flats and is progressing in line with programme. Spend of £1.1m is also forecast for Health & Safety projects including asbestos pipe renewal and heat/smoke detection. The Photo Voltaics (PV) pilot project (£0.1m) has commenced however, the full programme implementation will now start in 2020/21. Replacement cladding works to Glenfuir Court High Rise has also been delayed pending the issue of revised design regulations following the

Grenfell Tower incident. Works are now anticipated to commence in 2020/21. These have resulted in reduced expenditure this year.

4.6 Resources – Housing

- 4.6.1 The approved budget and forecast includes £9.4m for Capital Funded from Revenue Contributions (CFCR), a reduction of £0.2m from the approved budget but the same as the position reported to the December Executive.
- 4.6.2 Total Government Grant for New Build is expected to be £3.1m. The grant is £2.8m lower than the approved budget and £0.3m less than the figure reported in December. This is due to the decrease in spend for New Builds as noted in paragraph 4.5.4, and the site acquisition of Seabegs Road currently on hold, pending the outcome of discussions with a neighbouring land owner on partial site acquisition.
- 4.6.3 Buy Back grant funding of £2.0m is forecast to part fund the £6.5m spend detailed in paragraph 4.5.5.
- 4.6.4 Prudential borrowing is only undertaken when all other sources of income have been exhausted. Consequently, borrowing forecasts reflect the total slippage of c£3.9m, netted off by the reduction in New Build Scottish Government Grant of c£2.8m. Borrowing is therefore projected to be £28.2m, which is c£1.2m below the budget of £29.4m.

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 Members each year as part of the Budget process. There are 8 Indicators for the Council as a whole and 3 for Housing only. Appendix 4 details the budgeted and forecast Indicators for 2019/20.

4.8 Capital Investment Plans & Treasury Management

- 4.8.1 Capital Investment plans and Treasury Management are intrinsically linked. The 2019/20 Treasury Strategy Report to Council in April 2019 detailed the estimated long term borrowing requirement for 2019/20. It is calculated in January 2019 and takes into account the estimated borrowing for capital programme purposes (including the likely slippage for 2018/19), service repayment of debt, borrowing for TIF and the replacement of any short term or long term loans that are due to mature in 2019/20. As such it will inevitably change as the year progresses.
- 4.8.2 The budgeted long term borrowing requirement was £69.2m, but Members were advised in the Update report to the December Executive that this had been revised to £53.4m. The forecast has now been further revised to £55.6m, an increase of £2.2m on the December Executive figure. Details of this movement are as follows:

	Forecast December £'m	Forecast February £'m	Variance £'m
Capital Programmes Net of Capital Receipts	33.4	35.6	2.2
Service Repayments of Debt	(12.5)	(12.5)	-
Replacement of Long Term Borrowing	2.5	2.5	-
Replacement of Short Term Borrowing	30.0	30.0	-
Total Long Term Borrowing Requirement	53.4	55.6	2.2

- 4.8.3 Borrowing for capital programme purposes only i.e. Capital Programmes Net of Capital Receipts as detailed in the table at paragraph 4.8.2, is forecast to be £2.2m more than reported to the December Executive. This is primarily due to an increase in spend of £3.7m for the Housing Capital Programmes (see paragraph 4.5.1), offset by increased slippage of £1.9m for the General Capital Programme (see paragraph 4.2.1).

4.9 Capital Reserves

4.9.1 Capital Receipts Reserves

This Reserve comprises proceeds from the sale of Council Assets. The movement on this Reserve is as detailed below:

	General Fund £'m	HRA £'m	Total £'m
Balance at 1 April 2019	1.621	2.729	4.350
Add:			
Anticipated Receipts 2019/20	0.243	0.140	0.383
Less:			
To be Applied to 2019/20 Capital Programmes	(0.070)	-	(0.070)
Projected Balance at 31 March 2020	1.794	2.869	4.663

It should be noted that within the General Fund balance of £1.794m, £0.754m is included for Northfield Quarry which can only be applied at an average of £0.07m per annum. As previously advised to Members, consideration will be given to using Capital Receipts to make additional Loans Fund debt repayments, resulting in a reduction in future Loan Charges to the General Fund, thus easing Revenue budget pressures. This will also be considered for Housing Capital Receipts.

4.9.2 Capital Grants Unapplied Account & Planning Obligations

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 in the following table:

	General Fund £'m	HRA £'m	Total £'m
Balance at 1 April 2019	4.513	1.939	6.452
Add:			
Anticipated Funds 2019/20	0.925	0.394	1.319
Less:			
To be Applied to 2019/20 Capital Programmes	(0.977)	(0.219)	(1.196)
Projected Balance at 31 March 2020	4.461	2.114	6.575

The balances held for planning obligations are ring-fenced for specific purposes and Services will continue to review these to ascertain what projects they can be applied to and when.

5. Consultation

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

6. Implications

Financial

- 6.1 Future capital programme budgets will be adjusted to reflect projects which have slipped or been rescheduled for the General Fund Services and Housing Capital Programmes.

Resources

- 6.2 There are no resource implications.

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 projects which have slipped or been rescheduled beyond 2019/20 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 2019/20 for the General Fund is £32.1m which is £9.6m lower than budget.
- 7.2 The forecast spend for 2019/20 for the Housing Capital Programme is £43.8m, which is £3.9m less than budget.

Director of Corporate & Housing Services

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Appendices

Appendix 1 - General Fund Forecast 2019/20

Appendix 2 - General Fund Major Standalone Projects

Appendix 3 - Housing Forecast 2019/20

Appendix 4 - 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:

Five Year Capital Programme 2019/20 – 2023/24 – Council 27 February 2019

Housing Investment Programme 2019/20 to 2023/24 – Council 23 January 2019

2019/20 CAPITAL PROGRAMME**GENERAL PROGRAMME - SUMMARY****FORECAST 2019/20****APRIL 2019 TO DECEMBER 2019**

EXPENDITURE	2019/20 REVISED BUDGET	2019/20 FORECAST	2019/20 FORECAST VARIANCE
SERVICE INVESTMENT PLANS	£000	£000	£000
CHILDREN'S SERVICES	11,577	9,264	(2,313)
DEV - DESIGN, ROADS & TRANSPORT	13,819	10,740	(3,079)
DEV - PLANNING & ECONOMIC DEVELOPMENT	5,244	2,918	(2,326)
DEV - ENVIRONMENTAL SERVICES	3,770	3,971	201
ADULT SERVICES (SOCIAL WORK)	447	505	58
CORPORATE & HOUSING SERVICES	4,555	3,055	(1,500)
COMMUNITY TRUST	2,322	1,687	(635)
TOTAL EXPENDITURE 2019/20	41,734	32,140	(9,594)

RESOURCES	2019/20 REVISED BUDGET	2019/20 FORECAST	2019/20 FORECAST VARIANCE
FALKIRK COUNCIL BORROWING	10,505	7,154	(3,351)
SCOTTISH GOVERNMENT BLOCK GRANTS	15,289	15,289	0
SCOTTISH GOVERNMENT SPECIFIC GRANTS	8,462	5,466	(2,996)
CAPITAL RECEIPTS - SALES	1,680	650	(1,030)
EXTERNAL FUNDING	2,298	3,580	1,282
RESERVES (DMR, CFCR and R&R)	0	1	1
SLIPPAGE ALLOWANCE	3,500	0	(3,500)
TOTAL RESOURCES 2019/20	41,734	32,140	(9,594)

2019/20 CAPITAL PROGRAMME**GENERAL PROGRAMME - SUMMARY****MAJOR STANDALONE PROJECTS**

PROJECT NAME	TOTAL PROJECT BUDGET	PREVIOUS YEARS SPEND	2019/20 FORECAST SPEND	FUTURE YEARS FORECAST	TOTAL FORECAST SPEND	
	£000	£000	£000	£000	£000	
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE I	3,300	2,204	1,600	0	3,804	} #
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE II	640	206	314	0	520	
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE III	1,230	0	0	846	846	
LARBERT HIGH SCHOOL PHASE III - V	2,492	437	210	1,845	2,492	
MADDISTON PRIMARY SCHOOL EXTENSION PHASE 1	3,229	0	152	3,077	3,229	
DENNY PRIMARY SCHOOL EXTENSION	2,207	0	70	2,137	2,207	
EARLY YEARS EXPANSION	15,572	2,242	4,880	8,450	15,572	
DEAR	7,400	283	150	6,967	7,400	
SNAB BRAE, BO'NESS	1,165	0	0	1,165	1,165	
ENERGY EFFICIENCY STREET LIGHTING	3,930	0	1,310	2,620	3,930	
GRANGEMOUTH FLOOD PROTECTION SCHEME	152,042	3,613	2,736	145,693	152,042	
TOTAL	193,207	8,985	11,422	172,800	193,207	

The overspend in Kinnaird PS Extension Phase 1 will be covered by the budgets in Phases 2 & 3.

2019/20 CAPITAL PROGRAMME**HOUSING INVESTMENT PROGRAMME - SUMMARY****FORECAST 2019/20****APRIL 2019 TO DECEMBER 2019**

EXPENDITURE	2019/20 REVISED BUDGET	2019/20 FORECAST	2019/20 FORECAST VARIANCE
HOUSING INVESTMENT PLANS	£000	£000	£000
ELEMENTAL IMPROVEMENTS	13,500	14,924	1,424
ENERGY EFFICIENCY	7,700	6,060	(1,640)
NEW BUILD HOUSING	10,500	7,718	(2,782)
PROPERTY BUY BACKS	6,000	6,500	500
ESTATE IMPROVEMENTS	3,500	5,430	1,930
LHS INITIATIVES & OTHER PRIORITY AREAS	6,500	3,119	(3,381)
TOTAL EXPENDITURE 2019/20	47,700	43,751	(3,949)

RESOURCES	2019/20 REVISED BUDGET	2019/20 FORECAST	2019/20 FORECAST VARIANCE
BUDGETED PRUDENTIAL BORROWING	29,415	28,235	(1,180)
CFCR	9,680	9,421	(259)
SCOTTISH GOVERNMENT - NEW BUILD	5,925	3,140	(2,785)
SCOTTISH GOVERNMENT - BUY BACK	2,000	2,000	0
SCOTTISH GOVERNMENT MORTGAGE TO RENT GRANT	0	56	56
SEEPS GRANT	680	680	0
OTHER / MISC.	0	219	219
TOTAL RESOURCES 2019/20	47,700	43,751	(3,949)

APPENDIX 4

FALKIRK COUNCIL **PRUDENTIAL CODE INDICATORS** **[including TIF]**

PRUDENTIAL INDICATOR		BUDGET 2019/20	FORECAST 2019/20	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	4%	4%	Shows how much of the Council's income is committed to repaying debt arising from Capital investment.
2.	Gross Borrowing Gross External Borrowing Accounting Adjustment – Finance Lease Liabilities Capital Financing Requirement (includes Housing) Accounting Adjustment – Finance Lease Liabilities	£'m 303.8 <u>90.7</u> <u>394.5</u> 336.6 <u>97.5</u> <u>434.1</u>	£'m 285.7 <u>90.7</u> <u>376.4</u> 314.0 <u>97.5</u> <u>411.5</u>	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 requirement of International Financial Reporting Standards (IFRS).
3.	Capital Expenditure GF TIF	£'m 32.1 <u>11.4</u> <u>43.5</u>	£'m 32.1 <u>2.4</u> <u>34.5</u>	Simply the approved 2019/20 Capital Programme and the 2019/20 forecast spend. Note that the General Fund forecast takes account of prior year slippage, projects rescheduled beyond 2019/20 and added projects which are fully funded from additional contributions.

PRUDENTIAL INDICATOR		BUDGET 2019/20	FORECAST 2019/20	COMMENTS
4.	Capital Financing Requirement (excludes Housing)	£'m 259.8	£'m 237.1	The Capital Financing Requirement reflects the underlying need to borrow for Capital Investment for the General Fund and TIF.
5.	Authorised Limit (AL) for External Debt:- Borrowing Accounting Adjustment - Finance Lease Liabilities	£'m 349.3 <u>90.7</u> <u>440.0</u>	£'m 349.3 <u>90.7</u> <u>440.0</u>	This sets the maximum level of External Debt, based on capital investment plans and allowing some headroom over the Operational Boundary (see 6) for exceptional circumstances.
6.	Operational Boundary (OB) for External Debt:- Borrowing Accounting Adjustment – Finance Lease Liabilities	£'m 344.3 <u>90.7</u> <u>435.0</u>	£'m 344.3 <u>90.7</u> <u>435.0</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 and Treasury Management activities.
7.	Actual External Debt	£'m <u>N/A</u>		This is an actual rather than estimated Indicator and will be reported when outturns become available.
8.	CIPFA Code of Practice for Treasury Management in the Public Services	The Treasury Management Code is designed to ensure prudence in treasury operations.		

FALKIRK COUNCIL
HOUSING PRUDENTIAL CODE INDICATORS

PRUDENTIAL INDICATOR		BUDGET 2019/20	FORECAST 2019/20	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	20%	20%	Shows how much of the Council's HRA income is committed to repaying debt arising from capital investment.
2.	Capital Expenditure	£47.7m	£43.8m	Simply the approved and forecast capital expenditure.
3.	Capital Financing Requirement	£174.2m	£174.5m	The Capital Financing Requirement reflects the underlying need to borrow for Housing Capital Investment.