

EE37. Capital Programme Financial Overview

The Emergency Executive considered a report by the Director of Corporate and Housing Services which provided an update on: the 2019/20 outturn position for the General Fund and Housing Capital Programmes, subject to audit; information on the 2020/21 Capital Programmes, and an update on the process for development of the 2021/22 – 2025/26 Capital Programmes.

The approved 2019/20 budget was revised to £41.7m (£38.2m after deduction of the £3.5m slippage allowance). Total General Fund capital investment in 2019/20 was £29.96m, excluding the TIF project which was reported separately. The revised 2019/20 budget had assumed a £3.5m allowance for slippage. The total slippage figure for 2019/20 was £9.8m - £6.3m over the budgeted allowance.

The Housing Capital Programme budget for 2019/20 was £47.7m, with total capital investment in housing of £43.6m at year end, an underspend of £4.1m and a net decrease in spend of £0.1m compared to the forecast reported to the February Executive.

The year end outturn information for 2019/20 for the General Fund Capital Programme had been used to update the starting point for the 2020/21 Capital Programme for the General Fund. The Covid-19 pandemic had impacted on the Council's ability to deliver the Capital Programme in 2020/21 with a number of projects being delayed. Conversely some projects, such as Connected Falkirk, had been accelerated.

It was estimated that c£20.5m of spend would no longer take place in 2020/21. The figures were provisional and highly likely to change as the full impact of Covid-19 became more clear. Work was ongoing in respect of Council priorities and development of a revised business plan, including Council recovery plans. These plans may include projects which would need to be progressed during 2020/21 and which would impact on the capital programme. It was expected that the Corporate and Business Plans would be presented to Members in September 2020.

Council requested at the budget meeting of 26 February 2020 that a report be submitted to the Executive on what would be achieved with an additional £7m of investment in roads. The work on this report had been impacted by the pandemic. It was anticipated that a report setting out more detail on roads investment would be submitted to Council in September 2020. A further report on the Council HQ and Arts Centre was also anticipated in Autumn 2020.

The current lack of certainty over the General Capital Grant did not preclude the progression of the 2021/22 – 2025/26 Capital Programmes. However, the Capital Programme was designed to ensure that the Council delivered on the priorities as set out in its Corporate Plan. It was recognised that in light of the pandemic, the vision and priorities of the Council would need to be revisited. A crucial element of the Capital Programme was ensuring that it supported delivery of Council priorities and helped to deliver on key Council of the Future workstreams and projects, for example:

- The Strategic Property Review
- Anytime, Anywhere Working Group
- Succeed Today, Excel Tomorrow (subject to Scottish Government funding arrangements)
- The Digital Strategy

Alongside these a number of large, strategic investment programmes would also need to be considered in the Capital Programme as a whole, including:

- The Falkirk Growth Deal
- Grangemouth Flood Protection Scheme
- Climate Change (aligned to the Strategic Property Review)
- Tax Incremental Finance Scheme

Decision

The Emergency Executive noted:-

- (1) the projected year end outturn for 2019/20 for both General Fund and Housing Capital Programmes;**
- (2) the Prudential Indicators and the external borrowing requirement for 2019/20;**
- (3) the draft revisions to the 2020/21 Capital Programmes, and the potential for further change as a result of the Covid-19 pandemic;**
- (4) that the bid process for the 2021/22 to 2025/26 General Fund Capital Programme had been delayed to ensure appropriate links with the revised Council vision and priorities; Business Plan, including Council Recovery Plans, and**
- (5) that there would be the opportunity at the Council meeting in September to take any necessary decisions, when the position would be clearer.**