

The background of the slide is a large, light blue watermark of the University of Victoria crest. The crest features a crown at the top with four maple leaves. Below the crown is a shield divided into four quadrants: top-left shows a ship, top-right shows a stag's head, bottom-left shows a ship on waves, and bottom-right shows an eagle with wings spread. A banner at the bottom contains the motto 'ANNE FOR A'.

AGENDA ITEM

13

**Capital Programmes
Update 2017/18**

Falkirk Council

Title: Capital Programmes Update 2017/18
Meeting: Executive
Date: 28 November 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:

The Executive is asked to:-

- (1) Note the forecast spend for both the General Fund Services (£34.9m) and Housing Capital Programmes (£33.0m).**
- (2) Note the Prudential Indicators.**
- (3) Note the reduced external borrowing requirement for Capital Programme purposes.**
- (4) Advise the Trust what actions it should take in relation to investment in football pavilions.**

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 approved 2017/18 budget has been revised to £33.3m. The movement in the forecast spend against the revised budget of £33.3m is detailed below:

	£'m
Revised Budget 2017/18	33.277
Forecast	34.912
Forecast Variance	1.635
September Variance	1.883
Movement in Variance	(0.248)

4.1.2 The following paragraphs focus on the main areas of anticipated spend for 2017/18 (see Appendix 1), whilst section 4.2 will examine the movement in the forecast variance since the last report to the Executive in September.

4.1.3 **Children's Services (£9.0m)**

The new Carrongrange School has now opened, with costs of £4.7m being incurred this year. 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 is expected to commence in January 2018 with spend of £0.8m anticipated. In addition, work continues to improve the school estate, meet health and safety requirements and expand capacity (£1.8m). The forecast also includes £0.1m for works at the Dobbie Hall and £0.1m for Community Halls/Centres.

4.1.4 **Design, Roads & Transport (£10.0m)**

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 £6.0m 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. 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.

4.1.5 **Planning & Economic Development (£7.2m)**

The spend on the Crematorium upgrade is projected to be £2.2m with some of the new cremators now in use and the remainder will be operational in November. Cemetery Development is forecast to cost £0.6m. The rolling programme for investment in Parks assumes a spend of £0.2m during the year. Within Countryside Access, external funding mainly Sustrans grants, has been secured which will allow investment of £1.1m to take place this year. The forecast also includes spend on the Kinneil Walled Garden (£0.1m) whilst work at Bo'ness Harbour is expected to cost £0.1m. Also included are various Community Environmental Projects at a cost of £0.1m. The Denny Town Centre Regeneration project is forecast to spend £1.2m in 2017/18. Refurbishment work at Arnotdale House will commence this year with spend of £0.1m to take place. The spend on the Falkirk Townscape Heritage Initiative (FTHI) project is expected to be £1.4m and includes an external funding element of £0.6m.

4.1.6 **Environmental Services (£3.7m)**

Vehicle replacement spend is expected to be £2.7m; the purchase of Waste Collection and Street Bins (£0.4m) and recycling equipment (£0.2m) are also included in the forecast. In addition the restoration of Kinneil Kerse Landfill site continues at a cost of £0.3m.

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

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.

4.1.8 **Corporate & Housing (£3.9m)**

The spend on corporate IT is forecast to be £3.4m, 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 as part of the Council of the Future change programme. In addition to the IT spend the projection includes £0.2m for the upgrades to the West and Central Advice Hubs. Members approved the purchase of Westbank at September Council meeting. The cost is £0.15m and will be funded from the Council's Central Accommodation budget of £0.3m.

4.1.9 **Community Trust (£0.9m)**

4.1.9.1 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 (£0.05m), and minor works across a variety of other Trust operated buildings (£0.45m).

4.1.9.2 The Capital budget for the Trust's Digital Strategy has been removed from the programme and is now being routed directly through the Trust. This process was put in place in order to satisfy Vat regulations. The cost of the project will be reimbursed to the Trust via an adjustment to their annual Service payment.

4.1.9.3 At the Budget meeting in February 2017, the Trust was allocated £0.1m for investment in pavilions with football pavilions at Westquarter and Stirling Road, Camelon to be prioritised. The costs of the upgrades were not known at the time of the Budget meeting nor had such projects been identified or prioritised by the Trust as part of their 2017/18 Capital Programme bid which totals £0.620m . Development Services colleagues have now advised the Trust that the full amount required is c£0.227m and that there is therefore insufficient budget to complete the works. Guidance is now being sought from Members as to what action the Trust should now take. At this point in time the forecast spend for the year assumes that the £0.1m will be spent by the Trust, but this cannot be achieved until clarification is provided on this proposed expenditure

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 £1.64m more than the revised budget. The forecast variance reported to the September Executive was £1.88m more than the revised budget. The movement of £0.3m is analysed in the following table:

	2017/18 £'m
Increase in Slippage (see paragraph 4.2.3)	(1.214)
Projects fully funded from External Sources/Revenue Contributions	0.966
Forecast Variance 2017/18	(0.248)

4.2.2 As shown in the table above there are projects (c£1.0m) which have been included in the forecast which are fully funded from external sources and revenue contributions. The projects include recycling equipment which is being funded from the Spend to Save Reserve (£0.13m), works being carried out by Children's Services/Development Services which are funded from Planning Gains (£0.11m) and externally funded projects within the Falkirk Townscape Heritage Initiative (Falkirk THI) (£0.65m).

4.2.3 The reasons for the movement in the £1.2m slippage shown in the table at paragraph 4.2.1 are as follows:

	£'m	Comments
Children's Services		
Kinnaird Primary School Extension	(0.725)	Delayed due to Planning issues. Not expected on site until January 2018.
All Schools Budget	0.350	Acceleration of 2018/19 budget
Larbert Village Primary School – replace Playground Surface	0.025	Acceleration of 2018/19 budget
Development Services:		
Arnotdale House	(1.456)	See paragraph 4.2.4
Vehicle Replacement	0.417	Acceleration of 2018/19 budget
Corporate & Housing:		
Wi-Fi Upgrades Schools	0.075	Acceleration of 2018/19 budget
Community Trust:		
IT Infrastructure	0.073	Digital Strategy Budget removed from Capital & transferred to Trust. Prior slippage of £0.073m no longer applicable.
Victoria Buildings	(0.056)	Cost of upgrade to new premises, once staff move out of Victoria Buildings. Trust still seeking alternative accommodation.
Grangemouth Library	0.050	Acceleration of 2018/19 budget
Grangemouth Town Hall	0.022	Increase on previous projection, now projecting full spend
Bo'ness Town Hall	0.009	Increase on previous projection, now projecting full spend
Miscellaneous	0.002	Minor variances across Services
Slippage	(1.214)	

4.2.4 The refurbishment of Arnotdale House is a £1.62m project supported by £1.12m of Scottish Government Regeneration Capital Grant funding. The project is being undertaken in conjunction with the Cyrenians. Given the listed status of the building, work has been on-going with Historic Environment Scotland (HES) to resolve concerns with certain aspects of the original concept design. Planning and Listed Buildings Consent applications were submitted in early October; and there is a delay to the programme with contract acceptance anticipated in February 2018. Scottish Government has indicated in discussions that this is acceptable with the works being undertaken in 2018/19.

4.3 Resources – General Fund Services

4.3.1 The forecast for Resources is c£0.4m less than those reported to the Executive in September. The main reason for the reduction is the re-profiling of the Scottish Government Grant for the refurbishment works at Arnotdale House (£1.1m). The bulk of the works will now take place in 2018/19 (see paragraph 4.2.4) and the Grant will be applied in 2018/19 to part fund the cost of these works. This is offset in part by the additional external funding for the Falkirk THI (£0.6m) and additional Revenue Contributions of £0.13m from the Spend to Save Reserve for the funding of recycling equipment used to pack waste.

4.4 Major Standalone Projects

4.4.1 Members were 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 Denny Town Centre Regeneration and the construction of the new ASN School.

4.5 Housing Capital Programme

4.5.1 As previously advised to Members, the approved 2017/18 budget has been revised to £31.2m. The forecast spend for the year is £33.0m and has not changed from that reported to the September Executive (see Appendix 3). The following paragraphs focus on the main areas of anticipated spend.

4.5.2 Elemental Improvements (£16.8m)

Work continues to progress with £12.4m forecast to be spent on external fabric improvements e.g. re-roofing and roughcasting, £2.7m on kitchen and bathroom replacements and £1.7m on electrical works.

4.5.3 Energy Efficiency (£2.0m)

The Council's replacement heating scheme which will improve energy efficiency of homes, is forecast to spend £2.0m

4.5.4 New Build Housing (£2.2m)

As previously advised, 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.

4.5.5 **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 4.6.4).

4.5.6 **Estates & Other Expenditure (£2.3m)**

As previously advised 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.

4.5.7 **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.

4.6 **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 has carried over into 2017/18.

4.6.2 The Housing Revenue Account has increased its Capital Funded from Revenue Contributions (CFCR). The approved budget is £6.8m and the current forecast is £10.2m, which is £0.5m lower than was reported to the September Executive. This increase in CFR has been accounted for in the Housing Revenue Account forecast.

4.6.3 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.

4.6.4 Buy-back grant funding of £2.25m is forecast to part fund the £6m spend detailed in paragraph 4.5.5.

4.6.5 Prudential borrowing is only undertaken when all other sources of income have been exhausted. Consequently borrowing forecasts reflect the increased sales receipts and CFR, netted off by the overall increase in capital spend. Borrowing is therefore projected to be £3.7m less than budget.

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 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 forecast 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 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 is £59.4m; however the forecast reported to the September Executive was £41.4m. This has been further reduced to £38.4m as detailed in the Treasury Management Interim Review 2017/18 which is also included in this agenda for consideration by the Executive. The reduction from £41.4m to £38.4m is detailed below:

	Forecast Sept 2017	Forecast Nov 2017	Variance
	£'m	£'m	£'m
Capital Programmes Net of Capital Receipts	31.0	28.0	(3.0)
Service Repayments of Debt	(13.6)	(13.6)	-
Replacement of Short Term Borrowing	24.0	24.0	-
Total Long Term Borrowing Requirement	41.4	38.4	(3.0)

4.8.2 Borrowing for capital programme purposes is forecast to reduce to £28m, which is £3.0m less than reported to the September Executive. The reduction in borrowing is primarily due to the re-profiling of TIF projects c£2.6m.

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
Less:			
Earmarked for Employee Liabilities	(2.900)	-	(2.900)
To be Applied to 2017/18 Capital Programmes	(1.170)	-	(1.170)
Projected Balance at 31 March 2018	1.535	2.426	3.961

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. The balance also includes £0.5m of Business Property Reinvestment (BPR) receipts.

4.9.2 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:

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

Within the balance of £0.72m, a further £0.21m is potentially earmarked to be applied to the 2018/19 – 2020/21 General Fund Capital Programme. Discussions will continue with Services on the use of these receipts as an integral part of drafting the future capital programmes.

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 slipped in 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 £34.9m which is c£1.6m 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.

Director of Corporate & Housing Services

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Appendices

Appendix 1 – General Fund Forecast 2017/18

Appendix 2 – General Fund Major Standalone Projects

Appendix 3 – Housing Forecast 2017/18

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:

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

2017/18 CAPITAL PROGRAMME**GENERAL PROGRAMME - SUMMARY****APRIL 2017 TO SEPTEMBER 2017**

EXPENDITURE	2017/18 REVISED BUDGET	2017/18 FORECAST	2017/18 FORECAST VARIANCE
SERVICE INVESTMENT PLANS	£000	£000	£000
CHILDREN'S SERVICES	8,052	9,036	984
DEV - DESIGN, ROADS & TRANSPORT	10,195	10,046	(149)
DEV - PLANNING & ECONOMIC DEVELOPMENT	6,728	7,160	432
DEV - ENVIRONMENTAL SERVICES	3,044	3,685	641
ADULT SERVICES (SOCIAL WORK)	151	151	0
CORPORATE & HOUSING	4,101	3,906	(195)
COMMUNITY TRUST	1,006	928	(78)
TOTAL EXPENDITURE 2017/18	33,277	34,912	1,635

RESOURCES	2017/18 REVISED BUDGET	2017/18 FORECAST	2017/18 FORECAST VARIANCE
FALKIRK COUNCIL BORROWING	9,459	11,003	1,544
SCOTTISH GOVERNMENT BLOCK GRANTS	16,167	16,167	0
SCOTTISH GOVERNMENT SPECIFIC GRANTS	1,597	2,269	672
CAPITAL RECEIPTS - SALES	3,970	1,170	(2,800)
EXTERNAL FUNDING	1,034	3,874	2,840
RESERVES (DMR, CFCR and R&R)	0	429	429
SLIPPAGE ALLOWANCE	1,050	0	(1,050)
TOTAL RESOURCES 2017/18	33,277	34,912	1,635

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
CEMETERY DEVELOPMENT	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
TOTAL	149,859	24,940	12,418	112,631	149,989

Note 1

NOTE

1. As advised to September Executive, project will be £130k over budget. Service is liasing with Scottish Government for additional funding. Should the Service not be successful, costs will be funded from the All Schools Capital budget.

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

EXPENDITURE	2017/18 REVISED BUDGET	2017/18 FORECAST	2017/18 FORECAST VARIANCE
HOUSING INVESTMENT PLANS	£000	£000	£000
ELEMENTAL IMPROVEMENTS	13,321	16,780	3,459
ENERGY EFFICIENCY	2,200	2,000	(200)
NEW BUILD HOUSING	3,957	2,249	(1,708)
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
TOTAL EXPENDITURE 2017/18	31,228	33,029	1,801

RESOURCES	2017/18 REVISED BUDGET	2017/18 FORECAST	2017/18 FORECAST VARIANCE
BUDGETED PRUDENTIAL BORROWING	19,866	16,200	(3,666)
MORTGAGE TO RENT BORROWING	0	0	0
COUNCIL HOUSE SALES	0	2,400	2,400
ENERGY SECTION INCOME	0	107	107
CFCR	6,814	10,207	3,393
SCOTTISH GOVERNMENT - NEW BUILD	2,298	1,712	(586)
SCOTTISH GOVERNMENT - BUY BACK	2,250	2,250	0
OTHER GRANTS & CONTRIBUTIONS	0	153	153
TOTAL RESOURCES 2017/18	31,228	33,029	1,801

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	£26.62	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	£'m 274.8 <u>104.3</u> 379.1	£'m 260.4 <u>104.3</u> 364.7	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).
	Capital Financing Requirement (includes HRA) Accounting Adjustment – Finance Lease Liabilities	309.7 <u>109.7</u> 419.4	299.7 <u>104.3</u> 404.0	

PRUDENTIAL INDICATOR		BUDGET 2017/18	FORECAST 2017/18	COMMENTS
4.	Capital Expenditure GF TIF	£'m 24.7 <u>5.6</u> 30.3	£'m 34.9 <u>1.6</u> 36.5	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£5m of extra projects which are fully funded from additional grants and contributions.
5.	Capital Financing Requirement (GF & TIF)	£'m 272.5	£'m 265.4	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	£9.75	£13.39	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 138.7	The Capital Financing Requirement reflects the underlying need to borrow for HRA Capital Investment