Agenda Item 9

Capital Programmes Update 2018/19

Agenda Item 9

Falkirk Council

Title: Capital Programmes Update 2018/19

Meeting: Executive

Date: 25 September 2018

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 (£33.6m) and Housing Capital Programmes (£37.4m) and
(2) the scope for accelerating projects within the General Fund Services Capital Programme and to approve those projects which have been identified.
(3) the Prudential Indicators and
(4) 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 7 March 2018. The 2018/19 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 2018/19 was based on estimates made in late 2017. The approved budget of £21.2m (excluding TIF which is reported separately by Development Services) has been revised to £39.3m taking into account £8.2m of slippage from 2017/18, £0.9m of projects which have been rescheduled from previously approved budgets (see Appendix 1) and £8.9m of projects which have been fully funded from additional contributions. The revised budget for the General Services Capital Programme and the 2018/19 forecast is as detailed in the following table:

	£'m
Approved Budget 2018/19	**21.201**
Add Slippage 2017/18	8.244
Add Projects Rescheduled to 2018/19	0.880
Projects Fully Funded from Additional Contributions	8.938
Revised Budget 2018/19	**39.263**
Forecast	33.610
Forecast Variance	**(5.653)**

4.1.2 The following paragraphs focus on the main areas of anticipated spend for 2018/19 (see Appendix 2), whilst paragraph 4.2 will examine the forecast variance against the revised budget.

4.1.3 **Children's Services (£8.2m)**

Phase 1 (Early Years Campus) of the expansion work at Kinnaird Primary School is planned to complete this year (£2.0m) along with part of the phase 2 work (£0.2m). Internal upgrade works have been undertaken during the summer at Larbert High School (£0.2m) with the main element being carried out in 2019/20. The Scottish Government, as part of their early years expansion plans, has provided additional grant funding of £5.0m in 2018/19, which when added to the £1.1m brought forward from 2017/18, gives a total budget of £6.1m. As the Scottish Government have acknowledged that Councils may not have the capacity to fully spend these monies in 2018/19, £3.0m of this grant funding will be re-profiled to 2019/20. This has a neutral impact on the bottom line as both income and expenditure will be removed from the forecast. Further improvement work to the value of £2.2m 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 works at the Dobbie Hall and £0.4m for Community Halls/Centres.

4.1.4 **Design, Roads & Transport (£9.7m)**

Final spend on the Falkirk High Station Car Park is expected at £0.2m. The rolling programme of works for bridge strengthening, structural roads works, road safety and street lighting is forecast to spend £6.7m over the year. Cycling, Walking, Safer Streets project spend will equate to £0.2m all of which is externally funded. Land negotiations are underway as part of the DEAR. The budget of £1.1m is forecast at the moment but it should be noted that timing of these negotiations may impact on 2018/19 spend. Members will be advised in due course. The Grangemouth Flood Prevention Scheme is expected to spend £1.3m, and £0.2m is forecast for the minor Flood Prevention Schemes.

4.1.5 **Planning & Economic Development (£5.1m)**

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 £0.6m. The final spend on Denny Town Centre Regeneration is forecast to be £0.5m. The spend on the external works at the Crematorium is projected to be £0.3m and Cemeteries development work is forecast to come in at £0.5m. 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 whilst the restoration of Kinneil Walled Garden is forecast to cost £0.2m. Additional funding both externally and internally (Reserves) will allow investment of £0.7m to take place this year. This investment includes upgrade works at the Citizen's Advice Bureau and some energy efficiency projects to be completed. The forecast also includes £0.4m for Synthetic Pitches.

4.1.6 **Environmental Services (£3.0m)**

Vehicle replacement spend is expected to be £2.2m. The forecast also includes spend on the restoration of Kinneil Kerse Landfill Site (£0.3m), the purchase of Waste Collection and Street Bins (£0.2m) and £0.3m for junction improvements at Roughmute Recycling Centre. .

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

The main element of the Older Peoples Accommodation budget has been carried forward to 2019/20 (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.

4.1.8 **Corporate & Housing (£5.4m)**

The spend on corporate IT is forecast to be £2.9m, and includes £0.4m for the implementation of the Social Work Information System (SWIS); £0.4m for server replacement; £0.3m for software licences and £0.1m for the Contact Centre upgrade. 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 (£0.6m) and delivery of the Digital Strategy (£0.2m). This will ensure that we move forward as a digitally focused Council. In addition to the IT spend the projection includes £1.6m for the upgrades to the West and Central Advice Hubs which reflects the decision made by the August Executive in relation to front facing offices. Spend of £0.4m is forecast for the Council's Central Accommodation budget and £0.5m for capital investment required as a result of the Strategic Property Review.

4.1.9 **Community Trust (£2.0m)**

The largest area of spend is in relation to the new Soft Play Area at the Mariner Centre (£0.8m). New seating at Falkirk Town Hall is now in place at a cost of £0.1m. Various works at Grangemouth Sports Complex will be undertaken including the remaining spend on the replacement of pool plant and sauna fixtures, plus new seating at an overall cost of £0.2m. Upgrade works at Grangemouth Athletic Stadium will be completed this year at a cost of £0.1m. The forecast also includes £0.8m for minor works across a variety of other Trust operated buildings.

Forecast Variance 2018/19

4.1.10 The forecast variance for the General Fund Services Capital Programme as detailed in paragraph 4.1.1 is £5.7m less than the revised budget. This movement is analysed in the following table:

	2018/19 £'m
Revised Budget 2018/19	**39.263**
Forecast	33.610
Forecast Variance 2018/19	**(5.653)**
Analysis:	
Early Years Projects Rescheduled to 2019/20	(3.026)
Underspend - Replacement of IHMS Servers	(0.020)
Overspend - Denny Town Centre	0.354
Abbotsford Business Park	(0.985)
Projects Fully Funded From Additional Contributions	0.747
Slippage	(2.723)
Forecast Variance 2018/19	**(5.653)**

4.1.11 As detailed in paragraph 4.1.3, the spend on the Expansion of Early Years projects is expected to be £3.0m below budget and will be re-scheduled to 2019/20.

4.1.12 The tender for the replacement of servers for the Housing Management System, came in at £0.020m below budget.

4.1.13 The costs for Denny Town Centre are expected to be £0.35m over budget. The projected overspend is due to a number of factors including works associated with land preparation, improvements to external lighting and public utilities. The increase will be funded from Business Property Reinvestment receipts.

4.1.14 The revised budget includes c£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 these receipts will not materialise and as such the works will not progress in 2018/19. There is no impact on the bottom line as both income and expenditure will be removed from the forecast.

4.1.15 As shown in the table above there are a number of projects (c£0.7m) which have been included in the forecast which are fully funded from additional grants and contributions (see paragraphs 4.3.4 and 4.3.5).

4.1.16 The reasons for the £2.7m slippage shown in the table at paragraph 4.2.1 are as detailed below:

	£'m	**Comments**
Children's Services		
Larbert High School Phases 3 - 5	(0.800)	Major structural works required, which couldn't be completed in summer 2018, so put back until summer 2019.
Kinnaird Primary School Extension – Phase 2	(0.400)	Can't start until Early Years Campus complete which is summer 2019.
Development Services:		
Grangemouth Flood Prevention Scheme	(0.755)	Delays in Ground Investigation contract with Ineos.
Corporate & Housing:		
Social Work Information System (SWIS)	(0.380)	Project had been delayed until information requirements had been established between Social Work and NHS. Contract has now been signed but full implementation will be in 2019/20.
Information Management System	(0.219)	Can't be progressed until decision made on Office 365 Business Case.
Follow Me Printing	(0.140)	Can't commence until Council printer options are agreed following the end of MFD contract.
Miscellaneous	(0.029)	Various projects across Services
Slippage	**(2.723)**	

4.1.17 Services have been asked to provide details of projects that could be accelerated to mitigate the current slippage and any future slippage. The Community Trust have advised that they can accelerate c£0.08m of works which would enhance the operation of services, or improve the customers' experience, at income generating sites. In addition Development Services are able to accelerate £0.3m of street lighting projects from the rolling programme of street lighting works. This would reduce the forecast slippage from £2.723m to £2.343m which is within the £3.4m slippage allowance in the 2018/19 budget.

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

4.1.19 As advised at the August Executive, 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 main findings of this review will be reported to Members in due course, via the Audit Committee.

4.2 Resources – General Fund Services

4.2.1 The budgeted level of Resources has been amended to include the funding for the 2017/18 slippage (£8.2m) and those projects that were rescheduled to 2018/19 (£0.9m).The revised budget for Resources equates to £35.9m (excluding the £3.4m slippage allowance) as detailed in Appendix 2 and the forecast for Resources is £33.6m, a reduction of £2.3m.

4.2.2 The forecast for Resources includes Scottish Government grants of £1.1m for the upgrade of Arnotdale House, £1.2m for Grangemouth Flood Prevention scheme and £3.1m for Expansion of Early Years projects. Note that this is £3m below the revised budget because the work has been re-profiled to 2019/20 (see paragraph 4.2.2).

4.2.3 The budget for Resources includes £1m of earmarked receipts for Abbotsford Business Park which will not materialise in 2018/19 (see paragraph 4.2.5). A number of capital receipts have been re-profiled beyond 2018/19 and some receipts are no longer anticipated. Details are as follows:

	£'m	**Comments**
Seabegs Road	0.550	Expected 2020/21
Victoria Buildings	0.200	Not being marketed at the moment and may be considered for Community Asset Transfer.
Heathrigg Nursery	0.050	Property now being used by Children's Services for Early Years Expansion, therefore no receipt anticipated.
Bonnybridge Social Club	0.050	Expected 2019/20
Weedingshall	(0.150)	Originally expected 2019/20, but brought forward to 2018/19.
Total Receipts	**0.700**	

These receipts will be replaced by borrowing in 2018/19. Where receipts materialise in future years, they will be used to repay the borrowing that was undertaken in 2018/19.

4.2.4 Additional external funding of £0.2m is included in the forecast for a number of smaller projects across Services. Business Property Reinvestment receipts of £0.4m are also included to fund the overspend for Denny Town Centre.

4.2.5 The forecast for Revenue Contributions is c£0.5m greater than budget. This is mainly due to some energy efficient projects which will be funded from the Central Energy Efficiency Fund (£0.4m) and upgrade works at the Citizen's Advice Bureau in Meeks Road (£0.1m).

4.3 Rescheduled Projects

4.3.1 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 £7.9m of which £0.6m was delivered in 2017/18, £0.9m is forecast to be delivered in 2018/19, with the remaining £6.4m being rescheduled beyond 2018/19. Details of the rescheduled Projects are shown in Appendix 1.

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 3 and include such projects as Kinnaird Primary School extensions, DEAR and Grangemouth Flood Prevention Scheme

4.5 Housing Capital Programme

4.5.1 The approved 2018/19 budget of £40.1m has been reduced to £38.5m to reflect the accelerated spend of £1.6m included in the 2017/18 outturn. Appendix 4 details the revised budget of £38.5m with a current forecast of £37.4m, a decrease of £1.1m. The following paragraphs focus on the main areas of anticipated spend and the reasons for the forecast variance against the revised budget.

4.5.2 **Elemental Improvements (£13.5m)**
Work continues to progress with £8.7m forecast to be spent on external fabric improvements e.g. re-roofing and roughcasting, £2.7m on kitchen and bathroom replacements and £2.1m on electrical works. The forecast is projected to be in line with budget.

4.5.3 **Energy Efficiency (£4.2m)**
The programme of works to improve the energy efficiency of our homes continues. These works include £1.1m of anticipated spend on replacement heating, £2.2m on extending the Combined Heat and Power (CHP) system to a further 3 High Flats and £0.9m to supply electric energy from the CHP system to communal areas within high rise properties and other adjacent properties.

4.5.4 **New Build Housing (£7.3m)**
The forecast spend is anticipated to be £1.4m below budget, primarily due to a later than expected start date for works at Seabegs Road, Bonnybridge. This is due to the decision of the Executive on 12 June 2018, not to pursue new build council housing on the site at this time. A total of 19 new homes are expected to be completed this year at Duke Street, Denny. Site works have also commenced at Abbots Road, Grangemouth and Blinkbonny Road, Falkirk. These sites will provide a further 57 homes when complete.

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.

4.5.6 **Estates Improvements (£4.1m)**
An additional £2.6m is expected to be spent on Estates and Other Expenditure. This additional 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 (£2.3m)**
The Local Housing Strategy (LHS) identified the need to review our housing stock to better meet housing demand and improve communities, in particular low demand 3 bedroom flatted accommodation. The first stage of that review is now complete and the outcomes are anticipated to be reported to Members in October 2018. In order to allow time to implement the required works following Members consideration, spend is now anticipated next financial year. An underspend of £2.3m is therefore projected this financial year.

4.6 Resources – Housing

4.6.1 The Housing Revenue Account has increased its Capital Funded from Revenue Contributions (CFCR). The approved budget is £8.3m and the current forecast is £10.5m. This increased CFCR of £2.2m has been accounted for in the Housing Revenue Account forecast.

4.6.2 Total Government Grant for New Build is expected to be £2.2m and is in relation to projects at Abbots Road, Grangemouth (£0.7m) and Blinkbonny Road, Falkirk (£1.5m). The grant is £3.1m lower than the approved budget due to changes in the programming of new build projects at Seabegs Road, Bonnybridge; Woodend Farm, Falkirk; Torwood school and Broad Street, Denny.

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

4.6.4 Prudential borrowing is only undertaken when all other sources of income have been exhausted. Consequently borrowing forecasts reflect the slippage off £1.1m, the increased CFCR of £2.2m, netted off by the reduction in New Build Scottish Government Grant of £3.1m. Borrowing is therefore projected to be £22.4m which is only marginally below the budget of £22.6m.

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/March each year as part of the Budget process. Appendix 5 details these Indicators for 2018/19. 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.

4.7.2 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.

4.7.3 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 additional Revenue Contributions as detailed in paragraphs 4.3.5 and 4.7.1. These additional contributions have been fully accounted for in the revenue forecasts.

4.7.4 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 (£409.1m) is lower than the budgeted CFR (£419.9m) and is due in part to the General Fund projects which have been rescheduled beyond 2018/19 and Revenue Contributions as outlined in this report.

4.7.5 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 slippage in both Capital Programmes it is not considered necessary to increase this limit. Hence the projected figure in Indicator 6 remains at the budgeted level of £425m.

4.8 Capital Investment Plans & Treasury Management

4.8.1 Capital Investment plans and Treasury Management are intrinsically linked. The 2018/19 Treasury Strategy Report to Council in April 2018 detailed the estimated long term borrowing requirement for 2018/19. It is calculated in January 2018 and takes into account the estimated borrowing for capital programme purposes (including the likely slippage for 2017/18), service repayment of debt, borrowing for TIF and the replacement of any short term or long term loans that are due to mature in 2018/19. As such it will inevitably change as the year progresses. The budgeted long term borrowing requirement and the updated forecast are as follows:

	Budget	**Forecast**	**Variance**
	£'m	**£'m**	**£'m**
Capital Programmes Net of Capital Receipts	39.4	34.8	(4.6)
Service Repayments of Debt	(15.3)	(15.0)	0.3
Replacement of Long Term Borrowing	1.0	1.0	-
Replacement of Short Term Borrowing	28.5	28.5	-
Total Long Term Borrowing Requirement	**53.6**	**49.3**	**(4.3)**

4.8.2 Borrowing for capital programme purposes only i.e. Capital Programmes Net of Capital Receipts as detailed in the table at paragraph 4.9.1, is forecast to be £4.6m less than budget. Details of this anticipated reduction in borrowing for capital programme purposes are as follows:

		2018/19 £'m
Budgeted Capital Programme (net of receipts & including TIF)		**39.4**
Less:		
Re-profiled TIF projects	(4.6)	
Slippage Allowance General Fund Capital Programme 2018/19 (£3.4m Budgeted Allowance less £2.7m Forecast)	0.7	
Re-scheduled General Fund Projects to 2019/20	(6.4)	
Re-profile of General Fund Capital Receipts	0.7	
Additional Housing Revenue Contribution	(2.2)	
Re-profile of New Build Housing Grant	3.1	
Slippage in Housing Capital Programme	(1.1)	
Variance in estimated 2017/18 Slippage for General Fund /Housing & TIF	5.2	(4.6)
Forecast Capital Programme (net of receipts & including TIF)		**34.8**

4.8.3 The spend profile for TIF projects is reported separately by Development Services. The General Fund Capital Programme has assumed a slippage allowance of £3.4m, however slippage is forecast to be £2.7m as detailed in the table at paragraph 4.2.1. The borrowing forecast shown in the above table assumes that there will be no further slippage and that the unused allowance of £0.7m will require to be borrowed. Paragraph 4.4 and Appendix 1 detail the projects which have been rescheduled beyond 2018/19 (£6.4m) whilst paragraph 4.3.3, 4.7.1 and 4.7.2 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 2018, 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 £4.6m for 2018/19.

4.8.4 **Capital Reserves**

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 2018	**4.837**	**2.632**	**7.469**
Less:			
To be Applied to 2018/19 Capital Programmes	(0.434)	-	(0.434)
Projected Balance at 31 March 2019	**4.403**	**2.632**	**7.035**

It should be noted that within the General Fund balance of £4.757m, £0.874m is included for Northfield Quarry which can only be applied at £0.03m per annum. The balance also includes £0.214m of Business Property Reinvestment (BPR) receipts.

4.8.5 Also included 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.

4.8.6 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 2018	**0.705**	**1.082**	**1.787**
Less:			
To be Applied to 2018/19 Capital Programmes	(0.200)	-	(0.200)
Projected Balance at 31 March 2019	**0.505**	**1.082**	**1.587**

Further review of the balances will be undertaken with Services as part of the 2019/20 – 2023/24 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 Housing Capital Programmes.

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 2018/19 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 2018/19 for the General Fund is £33.6m which is £5.7m less than budget. This may be reduced to £5.4m should Members approve the acceleration of projects as detailed in paragraph 4.2.8.

7.2 The forecast spend for 2018/19 for the Housing Capital Programme is £37.4m, which is £1.1m less than budget.

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Director of Corporate & Housing Services

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

Date: 11 September 2018

Appendices

Appendix 1 - Rescheduled General Fund Projects
Appendix 2 - General Fund Forecast 2018/19
Appendix 3 - General Fund Major Standalone Projects
Appendix 4 - Housing Forecast 2018/19
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 2018/19 – 2020/21 – Council 7 March 2018

Appendix 1

(A) Projects Rescheduled to 2018/19:

Project	£'m	Comments
Kinnaird Primary School	0.510	Phase 1 of the extension works now underway.
Synthetic Pitches	0.370	One of two synthetic pitches to be completed this year.
Total	**0.880**	

(B) Projects Rescheduled Beyond 2018/19:

Project	£'m	Comments
Kinnaird Primary School Extension	0.527	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	Pending review of Older People's Accommodation.
Bainsford Day Centre	1.686	Budget no longer required following decision to close Bainsford Day Centre. Will be used to fund other potential capital investment flowing from a review and redesign of day services for younger adults.
Synthetic Pitches	0.370	Remaining synthetic pitch to be completed.
Total	**6.361**	

Appendix 2

2018/19 CAPITAL PROGRAMME

GENERAL PROGRAMME - SUMMARY

1 APRIL 2018 TO 31 JULY 2018

EXPENDITURE	2018/19 REVISED BUDGET	2018/19 FORECAST	2018/19 FORECAST VARIANCE
SERVICE INVESTMENT PLANS	**£000**	**£000**	**£000**
CHILDREN'S SERVICES	12,454	8,228	(4,226)
DEV - DESIGN, ROADS & TRANSPORT	10,423	9,670	(753)
DEV - PLANNING & ECONOMIC DEVELOPMENT	4,966	5,076	110
DEV - ENVIRONMENTAL SERVICES	3,009	3,009	0
ADULT SERVICES (SOCIAL WORK)	148	147	(1)
CORPORATE & HOUSING SERVICES	6,229	5,432	(797)
COMMUNITY TRUST	2,034	2,048	14
TOTAL EXPENDITURE 2018/19	**39,263**	**33,610**	**(5,653)**

RESOURCES	2018/19 REVISED BUDGET	2018/19 FORECAST	2018/19 FORECAST VARIANCE
FALKIRK COUNCIL BORROWING	10,931	12,387	1,456
SCOTTISH GOVERNMENT BLOCK GRANTS	13,053	13,053	0
SCOTTISH GOVERNMENT SPECIFIC GRANTS	8,621	5,595	(3,026)
CAPITAL RECEIPTS - SALES	2,360	675	(1,685)
EXTERNAL FUNDING	515	1,020	505
RESERVES (DMR, CFCR and R&R)	383	880	497
SLIPPAGE ALLOWANCE	3,400	0	(3,400)
TOTAL RESOURCES 2018/19	**39,263**	**33,610**	**(5,653)**

Appendix 3

2018/19 CAPITAL PROGRAMME

GENERAL PROGRAMME - SUMMARY

MAJOR STANDALONE PROJECTS

PROJECT NAME	TOTAL PROJECT BUDGET	PREVIOUS YEARS SPEND	2018/19 PROJECTED SPEND	FUTURE YEARS FORECAST	TOTAL FORECAST SPEND
	£000	£000	£000	£000	£000
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE I	2,820	293	2,000	527	2,820
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE II	640	0	240	400	640
LARBERT HIGH SCHOOL PHASE III - V	1,972	180	200	1,592	1,972
DEAR	7,400	1,750	1,090	4,560	7,400
GRANGEMOUTH FLOODING	125,135	3,009	1,274	120,852	125,135
TOTAL	**137,967**	**5,232**	**4,804**	**127,931**	**137,967**

Appendix 4

2018/19 CAPITAL PROGRAMME

HOUSING INVESTMENT PROGRAMME - SUMMARY

APRIL 2018 TO JULY 2018

EXPENDITURE	2018/19 REVISED BUDGET	2018/19 FORECAST	2018/19 FORECAST VARIANCE
HOUSING INVESTMENT PLANS	**£000**	**£000**	**£000**
ELEMENTAL IMPROVEMENTS	13,550	13,550	0
ENERGY EFFICIENCY	4,173	4,173	0
NEW BUILD HOUSING	8,707	7,262	(1,445)
ESTATES & OTHER EXPENDITURE	1,500	4,096	2,596
PROPERTY BUY BACKS	6,000	6,000	0
LHS INITIATIVES & OTHERS	4,550	2,291	(2,259)
TOTAL EXPENDITURE 2017/18	**38,480**	**37,372**	**(1,108)**

RESOURCES	2018/19 REVISED BUDGET	2018/19 FORECAST	2018/19 FORECAST VARIANCE
BUDGETED PRUDENTIAL BORROWING	22,602	22,398	(204)
CFCR	8,288	10,524	2,236
SCOTTISH GOVERNMENT - NEW BUILD	5,340	2,200	(3,140)
SCOTTISH GOVERNMENT - BUY BACK	2,250	2,250	0
TOTAL RESOURCES 2017/18	**38,480**	**37,372**	**(1,108)**

Appendix 5

FALKIRK COUNCIL
PRUDENTIAL CODE INDICATORS
[Excluding HRA]

PRUDENTIAL INDICATOR		BUDGET 2018/19	FORECAST 2018/19	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.	Incremental Impact of Capital Expenditure on Council Tax	£12.53	£28.86	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line". Increase is primarily due to additional Revenue Contributions to capital which have been fully accounted for in the revenue forecast figures. This indicator will not be reported on beyond 2018/19 as the revised CIPFA Prudential Code does not consider it an effective tool in assessing whether Capital Investment plans are affordable, prudent or sustainable.
		£'m	£'m	
3.	Gross Borrowing:			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).
	Gross External Borrowing	277.7	272.9	
	Accounting Adjustment – Finance Lease Liabilities	97.5	97.5	
		375.2	370.4	
	Capital Financing Requirement (includes HRA)	315.7	305.7	
	Accounting Adjustment – Finance Lease Liabilities	104.2	104.2	
		419.9	409.9	

PRUDENTIAL INDICATOR		BUDGET 2018/19	FORECAST 2018/19	COMMENTS
4.	Capital Expenditure GF Slippage Allowance TIF	£'m 21.2 (3.4) 6.4 24.2	£'m 33.6 - 2.1 35.7	Simply the approved 2018/19 Capital Programme and the 2018/19 Forecast spend. Note that the General Fund forecast takes account of both prior year and current year slippage and also added projects which are fully funded from additional contributions.
5.	Capital Financing Requirement (GF & TIF)	£'m 265.3	£'m 256.4	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 327.5 97.5 425.0	£'m 327.5 97.5 425.0	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 322.5 97.5 420.0	£'m 322.5 97.5 420.0	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 2018/19	FORECAST 2018/19	COMMENTS
8.	Actual External Debt: External Borrowing Other Long Term Liabilities	N/A	N/A	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 2018/19	FORECAST 2018/19	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	(£0.34)	£3.60	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 40.1	£'m 37.4	Simply the approved and forecast capital expenditure.
4.	Capital Financing Requirement	£'m 154.5	£'m 153.5	The Capital Financing Requirement reflects the underlying need to borrow for HRA Capital Investment