

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest is shield-shaped and divided into four quadrants. The top-left quadrant shows a sailing ship on the water. The top-right quadrant shows a stag's head with antlers. The bottom-left quadrant shows a beaver. The bottom-right quadrant shows a grizzly bear. Above the shield is a crown with four maple leaves. Below the shield is a banner with the motto "A NE FOR A".

Agenda Item 10

Capital Programmes Update 2018/19

Falkirk Council

Title: Capital Programmes Update 2018/19
Meeting: Executive
Date: 19 February 2019
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 (£32.9m) and Housing Capital Programmes (£34.4m).
- (2) Note the Prudential Indicators.
- (3) Note the reduction in the external borrowing requirement for Capital Programme purposes.
- (4) Authorise officers to enter into negotiations to transfer the property at 85 Grahams Road, Falkirk from the General Fund to the Housing Revenue Account;

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 approved 2018/19 budget has been revised to £39.3m. The movement in the forecast spend against the revised budget of £39.3m is detailed below:

	£'m
Revised Budget 2018/19	39.263
Forecast	32.883
Forecast Variance	(6.380)
November Variance	(2.402)
Movement in Variance	(3.978)

4.1.2 The following paragraphs focus on the main areas of anticipated spend for 2018/19 (see Appendix 1), whilst section 4.2 will examine the movement in the forecast variance since the last report to the Executive in November.

4.1.3 **Children's Services (£6.3m)**

Phase I (Early Years Campus) of the expansion work at Kinnaird Primary School will complete this year (£1.6m) along with part of the phase II works (£0.3m). Internal upgrade works have been undertaken during the summer at Larbert High School (£0.3m) with the main element being carried out in 2019/20. The Scottish Government funded Early Years project is forecast to spend £1.8m. Further improvement works to the value of £1.6m 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, £0.2m for Community Halls/Centres and £0.4m for ASN/ASD provision within the primary schools.

4.1.4 **Design, Roads & Transport (£10.8m)**

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 £7.0m including £0.3m of accelerated Street Lighting spend. The LED Lighting replacement scheme is forecasted to spend £1.0m and is fully funded by £0.8m from the Energy Efficiency Loans Fund (EELF) and £0.2m from Salix Finance Ltd; (an independent publicly funded company who provide interest free loans to the public sector for energy efficiency projects). The forecast for Cycling, Walking, Safer Streets (CWSS) projects equates to £1.0m, including spend on the Abbotshaugh Bridge of £0.5m. All CWSS projects are fully funded from grants from Scottish Government, Sustrans, Transport Scotland and Falkirk Enterprise Trust (FET). Land negotiations are underway as part of the DEAR project and are taking longer than anticipated. It was recognised at the time this project was approved that this could be an issue. However notwithstanding this, the project is still expected to be completed within the original time frame that was approved i.e. by the end of 2020/21. The forecast spend this year is £0.4m against a budget of £1.1m. The Grangemouth Flood Prevention Scheme is expected to spend £1.0m, with £0.2m forecast for the minor Flood Prevention Schemes.

4.1.5 **Planning & Economic Development (£6.0m)**

Refurbishment work at Arnotdale House is expected to complete this year with spend of £1.5m forecast, £1.1m of which is funded by Scottish Government Grant. 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 anticipated spend on the external works at the Crematorium is £0.3m and Cemeteries development work is forecast to come in at £0.2m. The rolling programme for investment in Parks assumes a spend of £0.2m during the year, £0.05m of which is funded by external grants. Work at Bo'ness Harbour is expected to cost £0.1m and spend on Countryside Access projects is likely to be c£1.3m which is funded from external grants, mainly Sustrans. Upgrade works at the Citizen's Advice Bureau are anticipated to cost £0.2m, the A80/M80 Slip Road project is estimated at £0.2m, which is fully funded from Scottish Government grant, and £0.63m is included for a Synthetic Pitch at Westfield Park, Denny, £0.25m of which is funded by a Sports Scotland

grant. Various works amounting to £0.3m are to be completed and most are funded by planning obligation receipts.

4.1.6 Environmental Services (£4.0m)

Vehicle replacement spend is expected to be £2.2m, including £0.4m for the purchase of vehicles for the Council of the Future project "Smart Working, Smart Travel". The forecast includes £1.2m for the purchase of Waste Collection and Street Bins, which is funded in part by £1m of grant from Zero Waste Scotland. A further £0.5m of grant funding from Zero Waste Scotland has been awarded for 2019/20, as reported to the Executive in January. The forecast also includes spend on the restoration of Kinneil Kerse Landfill Site (£0.3m). Junction improvements at Roughmute Recycling Centre are also included at a cost of £0.3m. It should be noted that the location of the works is in close proximity to a mains water pipe and that although the project can be completed very quickly, it is subject to discussion and agreement with Scottish Water.

4.1.7 Adult Services (Social Work) (£0.3m)

Spend of £0.17m will be incurred in the programme for replacement MECS equipment and the transfer of analogue boxes to digital. 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 (£3.8m)

The spend on corporate IT is forecast to be £2.6m, 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 £0.4m for the refresh of PCs across the school estate. The IT forecast also includes £0.4m for the business transformation enabling project, Mobile and Flexible Working Solutions across the Council. In addition to the IT spend the projection includes £1.0m 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 £0.1m is forecast for the Council's Central Accommodation budget.

4.1.9 Community Trust (£1.7m)

The largest area of spend is in relation to the new Soft Play Area at the Mariner Centre (£1.0m). The cost of the Soft Play Area will initially be funded by the Council and thereafter the borrowing costs associated with this funding, will be recharged to the Trust via a deduction in the Council's Service payment to the Trust. New seating at Falkirk Town Hall is now in place at a cost of £0.2m. Various works at Grangemouth Sports Complex will be undertaken including the remaining spend on the replacement of pool plant and sauna fixtures at an overall cost of £0.1m. The forecast also includes £0.4m for minor works across a variety of other Trust operated buildings, including Grangemouth Stadium, Grangemouth Town Hall and Bo'ness Town Hall.

4.2 Forecast Variance 2018/19

- 4.2.1 The forecast variance for the General Fund Services Capital Programme as detailed in paragraph 4.1.1 is £6.38m less than the revised budget. The forecast variance reported to the November Executive was £2.402m less

than the revised budget. The movement of £3.978m is analysed in the following table:

	2018/19 £'m
Projects fully funded from External Sources	1.469
Early Years Projects Rescheduled to 2019/20	(1.294)
Increase in Slippage (see paragraph 4.2.4)	(4.153)
Movement in Forecast Variance 2018/19	(3.978)

- 4.2.2 As shown in the table above there are projects (c£1.5m) which have been included in the forecast which are fully funded from external sources. The main projects included are Waste Collection Bins of £1.0m, additional spend of £0.2m on the A80/M80 Slip road and £0.2m for Countryside Access projects, all of which are grant funded.
- 4.2.3 As detailed in paragraph 4.1.3, the spend on the Expansion of Early Years projects is expected to be £1.8m, which is £1.294m less than the November forecast. Some project expenditure had to be placed on hold to allow the Service time to consult on and assess the viability and use of other properties. In addition, the Service have undertaken a review of their expansion plans and are proposing a number of changes to the phased implementation dates. This project is fully funded from Scottish Government grant and both the budget and grant will be re-scheduled to 2019/20. This will therefore have a neutral impact on the bottom line.
- 4.2.4 The main reasons for the increase in slippage of £4.153m are as follows:

	£'m	Comments
Children's Services		
Kinnaird PS Ph1	(0.400)	Start delayed due to objections to planning application.
Camelon Ed. Centre	(0.232)	Project suspended at the moment pending Strategic Property Review.
Community Asset Transfers	(0.100)	On hold whilst dealing with a number of applications.
Various ASN & ASD projects	(0.092)	Review of all ASN provision is being done, so only limited spend so far.
Community Halls	(0.077)	Expenditure restricted whilst Community Asset Transfer applications are reviewed.
Development Services:		
Grangemouth Flood Prevention Scheme	(0.263)	Queries from ground site investigations.
DEAR	(0.690)	Problems with access to land.
Cemeteries Development	(0.292)	Spend delayed due to ongoing issues with land purchase, suitability of sites and compliance with SEPA regulations.

	£'m	Comments
Corporate & Housing:		
M&FW Roll Out to Schools	(0.151)	Delays due to switching suppliers, because original supplier no longer able to supply product.
Central Advice Hub	(0.663)	See para 4.2.5
Strategic Property Review	(0.477)	See para 4.2.5
Accommodation	(0.271)	See para 4.2.5
Community Trust:		
Grangemouth Sports Complex (various projects)	(0.137)	Customer Flow being reconsidered as part of longer term development option. Sports Hall seating cannot be installed until flooring has been refurbished that has been planned around sports events and current activity programme to minimise customer disruption.
Sports Pavilions	(0.059)	Emergency works being undertaken pending programme of works being prepared to meet the limited funds and pending confirmation of planning receipt funds being available for this project.
Athletic Stadium Grandstand Toilets	(0.050)	Survey work required to ensure structural integrity.
Callendar Park Play Area	(0.050)	Procurement process underway as part of a multi-Local Authority approach to the Antonine Wall developments.
Miscellaneous	(0.149)	Minor variances across Services
Total	(4.153)	

- 4.2.5 The table at paragraph 4.2.4 details slippage of c£1.4m within Corporate & Housing Services, in relation to Central Support accommodation budgets. The Central Support programme includes projects developed through the Strategic Property Review. It involves early stage feasibility work for the Council HQ facility, delivery of the advice hubs and associated works to relocate staff/rationalise the property assets owned by the Council. The programme for delivery of these works is being finalised at present and therefore some delay in expenditure is evident in the programme.

4.3 Resources – General Fund Services

- 4.3.1 The forecast for Resources is c£3.9m less than those reported to the Executive in November. The need for borrowing has reduced and is mainly due to the £4.1m of slippage (see paragraph 4.2.1). There is also £1.3m of carry forward for the Scottish Government grant for the Expansion of Early Years project (see paragraph 4.2.3) which is offset by £1.5m of projects which are fully funded from external grants (see paragraph 4.2.2).

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 the Grangemouth Flood Prevention Scheme and DEAR.

4.5 Housing Capital Programme

- 4.5.1 As previously advised to Members, the approved 2018/19 budget has been revised to £38.5m to reflect accelerated spend in 2017/18. The forecast spend for the year is £34.4m (see Appendix 3), which is £0.7m less than that reported to November Executive. The movement in the forecast variance is analysed in the following table:

	Movement Forecast Variance £'m	Paragraph Reference
Elemental Improvements	0.005	4.5.3
Energy Efficiency	0.018	4.5.4
New Build Housing	(0.117)	4.5.5
Estates Improvements	(0.604)	4.5.7
LHS Initiatives & Others	(0.026)	4.5.8
Total Movement	(0.724)	

- 4.5.2 The following paragraphs focus on the main areas of anticipated spend and movements from the previously reported position.

4.5.3 **Elemental Improvements (Forecast Spend £14.8m)**

Work continues to progress with £10.0m forecast to be spent on external fabric improvements e.g. re-roofing and roughcasting, £2.9m on kitchen and bathroom replacements and £1.9m on electrical works. The forecast reflects a very slight increase compared to the position reported in November.

4.5.4 **Energy Efficiency (Forecast Spend £1.2m)**

The Council's replacement heating scheme which will improve the energy efficiency of homes, is forecast to spend £1.1m. The project to extend the Combined Heat & Power (CHP) system and provide electricity from the CHP system to communal areas within high rise properties and other adjacent properties has had to be rescheduled to 2019/20. Rescheduling is necessary as the tender exercise did not provide value for money. A retendering process is currently underway based on different delivery timescales. There is a very small spend in the Private Wire project relating to initial fees and this accounts for the small increase in the forecast spend that was reported in November.

4.5.5 **New Build Housing (Forecast Spend £6.3m)**

New Build housing is expected to spend £6.3m this year, which is £2.4m less than budget and £0.1m less than the forecast in the November Executive report. The overall variance is primarily due to a later than expected start date for works at Seabegs Road, Bonnybridge, with the

movement since November due to some on-site delays with the Abbots Road project. Work is now progressing satisfactorily on the site. There are three main projects currently ongoing at Abbots Road, Grangemouth; Duke Street, Denny and Blinkbonny Road, Falkirk. These projects will deliver a total of 76 new homes. The Duke Street Denny is due to be completed in February 2019, delivering 19 new homes.

4.5.6 Buy Backs (Forecast Spend £6.0m)

The purchase of ex-Local Authority houses which will help to meet housing demand continues and is expected to cost £6.0m.

4.5.7 Estates Improvements (Forecast Spend £5.2m)

Estates Improvement is expected to spend £5.2m, which is c£3.7m over the approved budget of £1.5m. The additional spend relates to a rolling programme of improvements, including wall and path upgrades. This work is aligned to external fabric improvements works, with the level of work varying per location. Approximately £0.6m less is forecast than the position reported in November due to the nature and scale of works required over the remainder of the financial year.

4.5.8 LHS Initiatives & Other Priority Areas (Forecast Spend £1.1m)

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. In order to allow time to implement the required works following Members decision on the redevelopment of Haugh Gardens, Bainsford, spend is now anticipated in future financial years. An underspend of £3.5m is therefore projected this financial year, which is in line with the position reported in November. The forecast of £1.1m includes £0.2m for the purchase of ex-Council houses purchased through the Mortgage to Rent Scheme, which is part-funded through Government grant.

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 £9.6m, which is £1.3m higher than budget. The current forecast is £0.9m lower than that reported to the November Executive, due to an increase in the Housing Repairs budget.

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). This is consistent with the position reported in November.

4.6.3 Scottish Government grant funding of £2.25m is forecast to part fund the £6m Buy Back spend detailed in paragraph 4.5.6.

4.6.4 Government grant of £0.1m is to be received to part fund the Mortgage to Rent Scheme purchases as mentioned in paragraph 4.5.8.

4.6.5 Prudential borrowing is c£0.2m more than reported to the November Executive due to the reduction of the CFR of £0.9m, offset by the reduction in capital spend of £0.7m.

4.7 Prudential Indicators

- 4.7.1 A series of Prudential Indicators are used to demonstrate that capital spending plans are affordable, prudent and sustainable. They are approved by Members in 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 2018/19.

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 was £53.6m, but Members were advised in the Update report to the November Executive that this had been revised to £48.2m. The forecast has now been further revised to £44.8m. The movement since the November Executive is as follows:

	Forecast Nov' 2018	Forecast Feb'2019	Variance
	£'m	£'m	£'m
Capital Programmes Net of Capital Receipts	33.7	30.3	(3.4)
Service Repayments of Debt	(15.0)	(15.0)	-
Replacement of Long Term Borrowing	1.0	1.0	-
Replacement of Short Term Borrowing	28.5	28.5	-
Total Long Term Borrowing Requirement	48.2	44.8	(3.4)

- 4.9 Borrowing for capital programme purposes only i.e. Capital Programmes Net of Capital Receipts as detailed in the table at paragraph 4.8.1, is forecast to be £3.4m less than reported to the November Executive. This is due in the main to slippage of £4.1m in the General Fund Capital Programme (see table at paragraph 4.2.1), offset by additional borrowing in the Housing Capital Programme (see paragraph 4.6.5).

4.10 Capital Reserves

4.10.1 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 2018	4.837	2.632	7.469
Add:			
Anticipated Receipts 2018/19	0.660	-	0.660
Less:			
To be Applied to 2018/19 Capital Progs	(0.807)	-	(0.807)
To be Applied to Pay Off Debt 2018/19	(0.500)	-	(0.500)
Projected Balance at 31 March 2019	4.190	2.632	6.822

It should be noted that it is proposed that a further £3.366m of Capital Receipts will be applied to fund the 2019/20 to 2023/24 General Services Capital Programme. The balance on the Reserve will therefore be reduced to £0.824m. However this balance includes £0.604m 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.

4.10.2 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 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

4.10 Closer to Home Strategy

4.10.1 One of the key objectives of the Closer to Home Strategy is to provide Care leavers with more housing and support options. As such Corporate and Housing Services and Children's Services are developing a housing model to provide young people who have been in Care, with locally based housing and support, to help their transition into mainstream housing.

4.10.2 Two properties have been identified to deliver the model i.e.: Garry Place, Grangemouth and 85 Grahams Road, Falkirk. As the Grahams Road property is on the Council's General Fund Account, it is proposed to transfer that property to the HRA. The property transfer will enable the necessary works to be undertaken to provide fit for purpose housing with

support facilities. The transfer will be based on a valuation provided by the District Valuer and will generate a capital receipt for the Council's General Services Capital Programme. The receipt will be in the region of £0.15m to £0.2m.

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 which have slipped in 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 £32.9m which is £6.4m less than budget.
- 7.2. The forecast spend for 2018/19 for the Housing Capital Programme is £34.4m, which is £4.1m less than budget.

Director of Corporate & Housing Services

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Appendices

Appendix 1 - General Fund Forecast 2018/19

Appendix 2 - General Fund Major Standalone Projects

Appendix 3 - Housing Forecast 2018/19

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 2018/19 – 2020/21 – Council 7 March 2018

2018/19 CAPITAL PROGRAMME**GENERAL PROGRAMME - SUMMARY****APRIL 2018 TO DECEMBER 2018**

EXPENDITURE	2018/19 REVISED BUDGET	2018/19 FORECAST	2018/19 FORECAST VARIANCE
SERVICE INVESTMENT PLANS	£000	£000	£000
CHILDREN'S SERVICES	12,454	6,327	(6,127)
DEV - DESIGN, ROADS & TRANSPORT	10,423	10,790	367
DEV - PLANNING & ECONOMIC DEVELOPMENT	4,966	5,982	1,016
DEV - ENVIRONMENTAL SERVICES	3,009	4,009	1,000
ADULT SERVICES (SOCIAL WORK)	148	316	168
CORPORATE & HOUSING SERVICES	6,229	3,752	(2,477)
COMMUNITY TRUST	2,034	1,707	(327)
TOTAL EXPENDITURE 2018/19	39,263	32,883	(6,380)

RESOURCES	2018/19 REVISED BUDGET	2018/19 FORECAST	2018/19 FORECAST VARIANCE
FALKIRK COUNCIL BORROWING	10,931	9,230	(1,701)
SCOTTISH GOVERNMENT BLOCK GRANTS	13,053	13,053	0
SCOTTISH GOVERNMENT SPECIFIC GRANTS	8,621	4,302	(4,319)
CAPITAL RECEIPTS - SALES	2,360	807	(1,553)
EXTERNAL FUNDING	515	4,491	3,976
RESERVES (DMR, CFCR and R&R)	383	1,000	617
SLIPPAGE ALLOWANCE	3,400	0	(3,400)
TOTAL RESOURCES 2018/19	39,263	32,883	(6,380)

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	1,600	927	2,820
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE II	640	0	250	390	640
LARBERT HIGH SCHOOL PHASE III - V	1,972	180	310	1,482	1,972
DEAR	7,400	1,750	400	5,250	7,400
GRANGEMOUTH FLOODING	152,000	3,009	1,000	147,991	152,000
TOTAL	164,832	5,232	3,560	156,040	164,832

2018/19 CAPITAL PROGRAMME**HOUSING INVESTMENT PROGRAMME - SUMMARY****APRIL 2018 TO DECEMBER 2018**

EXPENDITURE	2018/19 REVISED BUDGET	2018/19 FORECAST	2018/19 FORECAST VARIANCE
HOUSING INVESTMENT PLANS	£000	£000	£000
ELEMENTAL IMPROVEMENTS	13,550	14,792	1,242
ENERGY EFFICIENCY	4,173	1,151	(3,022)
NEW BUILD HOUSING	8,707	6,272	(2,435)
PROPERTY BUY BACKS	6,000	6,000	0
ESTATES IMPROVEMENTS	1,500	5,153	3,653
LHS INITIATIVES & OTHERS	4,550	1,057	(3,493)
TOTAL EXPENDITURE 2018/19	38,480	34,425	(4,055)

RESOURCES	2018/19 REVISED BUDGET	2018/19 FORECAST	2018/19 FORECAST VARIANCE
BUDGETED PRUDENTIAL BORROWING	22,602	20,260	(2,342)
CFCR	8,288	9,574	1,286
SCOTTISH GOVERNMENT - NEW BUILD	5,340	2,223	(3,117)
SCOTTISH GOVERNMENT - BUY BACK	2,250	2,250	0
SCOTTISH GOVERNMENT MORTGAGE TO RENT GRANT	0	118	118
TOTAL RESOURCES 2018/19	38,480	34,425	(4,055)

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	£27.57	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.
3.	Gross Borrowing: Gross External Borrowing Accounting Adjustment – Finance Lease Liabilities Capital Financing Requirement (includes HRA) Accounting Adjustment – Finance Lease Liabilities	£'m 277.7 <u>97.5</u> 375.2 315.7 <u>104.2</u> 419.9	£'m 267.4 <u>97.5</u> 364.9 300.2 <u>104.2</u> 404.4	This is a key Prudence Indicator which shows that over the medium term external borrowing will only be for a capital purpose. The capital financing requirement reflects the underlying need to borrow to finance assets. It should be noted that the sums included as "Accounting Adjustment – Finance Lease Liabilities", are not an increase in borrowing or need to borrow, they are merely a presentational change as a result of the requirement to report under International Financial Reporting Standards (IFRS).

PRUDENTIAL INDICATOR		BUDGET 2018/19	FORECAST 2018/19	COMMENTS
4.	Capital Expenditure GF Slippage Allowance TIF	£'m 21.2 (3.4) <u>6.4</u> 24.2	£'m 32.9 - <u>2.1</u> 35.0	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 253.1	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 <u>97.5</u> <u>425.0</u>	£'m 327.5 <u>97.5</u> <u>425.0</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 322.5 <u>97.5</u> <u>420.0</u>	£'m 322.5 <u>97.5</u> <u>420.0</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 2018/19	FORECAST 2018/19	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 2018/19	FORECAST 2018/19	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	19%	19%	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)	(£1.18)	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line".
3.	Capital Expenditure	£'m 40.1	£'m 34.4	Simply the approved and forecast capital expenditure.
4.	Capital Financing Requirement	£'m 154.5	£'m 151.4	The Capital Financing Requirement reflects the underlying need to borrow for HRA Capital Investment