

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest is a shield 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 2019/20**

Falkirk Council

**Title:** Capital Programmes Update 2019/20  
**Meeting:** Executive  
**Date:** 8 October 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:**

**2.1 The Executive is asked to note:-**

- (1) the forecast spend for both the General Fund Services (£41.2m) and Housing Capital Programmes (£44.6m)**
- (2) the Prudential Indicators**
- (3) the external borrowing requirement**

**3. Background**

- 3.1 The General Fund Services Capital Programme was approved by Council on 27 February 2019 whilst the Housing Capital Programmes was approved by Council the previous month, on 23 January 2019. The 2019/20 budgets for both programmes are part of a five year plan and as such there will be movement in spend across the years.

**4. Considerations**

**4.1 General Fund Services Capital Programme**

- 4.1.1 The approved 2019/20 budget has been revised to £41.734m (£38.234m after deduction of the £3.5m slippage allowance). The movement in the forecast spend against this revised budget is detailed below:

	£'m
<b>Revised Budget 2019/20</b>	<b>41,734</b>
Forecast	41.237
<b>Forecast Variance 2019/20</b>	<b>(0.497)</b>
August Variance	<b>0.261</b>
<b>Movement in Variance</b>	<b>(0.758)</b>

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

4.1.3 **Children's Services (£11.5m)**

- Phase I (Early Years Campus) expansion work at Kinnaird Primary School is planned to complete this year (£1.6m) along with part of the phase II works (£0.3m).
- Work is continuing at Larbert High School (£0.3m) and Maddiston Primary School (£0.8m) which will be completed in 2020/21.
- The Denny Primary School extension is also due to start this year with a spend of £0.7m anticipated.
- Work on the Scottish Government Early Years initiative continues with spend of £5.8m forecast.
- Further improvement work to the value of £1.4m is expected to be carried out on the school estate, health and safety requirements and capacity expansion during the year.
- The current forecast also includes £0.1m for ASN/ASD provision and £0.5m for various works across the Service.

4.1.4 **Design, Roads & Transport (£14.1m)**

- The rolling programme of works for bridge strengthening, structural roads works, road safety and street lighting is forecast to spend £5.7m over the year.
- Cycling, Walking, Safer Streets project spend will equate to £0.3m all of which is externally funded.
- Spend on DEAR is forecast to come in at £2.8m. However, it should be noted that this is dependent on the successful and timely outcome of land negotiations.
- The Grangemouth Flood Protection Scheme is expected to spend £3.4m, and £0.2m is forecast for the minor Flood Protection Schemes.
- The Energy Efficiency Street Lighting project is forecast to spend £1.3m and was approved as a Spend to Save project.
- Work on Larbert Station Car Park is expected to cost c£0.3m and is fully funded from developers' contributions.

4.1.5 **Planning & Economic Development (£4.7m)**

- Various town centre regeneration works will take place at a cost of £2.2m, £2m of which is funded by Scottish Government's Town Centres Fund.
- Spend on external work at the Crematorium is projected to be £0.3m.
- Cemeteries development work is forecast to come in at £0.3m.
- The rolling programme for investment in parks assumes a spend of £0.2m during the year.
- Work at Bo'ness Harbour is expected to cost £0.1m whilst the restoration of Kinneil Walled Garden is forecast to cost £0.1m.
- Various countryside access projects are underway with a forecast spend of £0.4m, most of which is externally funded.
- The forecast also includes £0.6m for Synthetic Pitches which is part funded by a grant from Sports Scotland (£0.25m).

- The upgrade of the commercial property portfolio is due to start this year at a cost of c£0.3m.
- Various minor works across the section costing £0.2m

#### 4.1.6 **Environmental Services (£3.8m)**

- Vehicle replacement spend is expected to be £1.9m.
- The forecast also includes spend on the restoration of Kinneil Kerse Landfill Site (£0.4m)
- The purchase of Waste Collection and Street Bins is projected at £1.1m, £1m of which is funded by a Zero Waste grant.
- Also forecast is £0.3m for junction improvements at Roughmote Recycling Centre and £0.1m for the Dalgrain Wash Facility.

#### 4.1.7 **Adult Services (Social Work) (£0.4m)**

- Spend of £0.3m will be incurred for the replacement MECS equipment and the transfer from analogue to digital project.
- The forecast also includes £0.1m 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 (£4.2m)**

- Spend on corporate IT is forecast to be £2.6m, and includes £0.9m for software licences (including Office 365); £0.4m for the implementation of the Social Work Information System (SWIS); £0.3m for server replacement and £0.3m for the Refresh of PC Estate in schools.
- The IT forecast also includes the spend for a number of business transformation enabling projects such as Mobile and Flexible Working Solutions across the Council (£0.1m) and delivery of the Digital Strategy (£0.2m). This will ensure that the Council moves forward as a digitally focused Council.
- In addition to the IT spend the projection includes £0.5m for the upgrades to the West and Central Advice Hubs whilst the spend on the Front Facing Office project is expected to be £0.3m.
- The Strategic Property Review forecast spend is £0.3m with a further £0.1m for general spend on accommodation
- Spend of £0.4m (fees) is forecast for the new Council HQ.

#### 4.1.9 **Community Trust (£2.5m)**

- The largest area of spend is in relation to investment at the Mariner Centre and Stenhousemuir Gym (£1.44m). Members approved £1.1m towards the cost of these projects and a further £0.06m has been allocated from the Trust's core 2019/20 budget and £0.28m accelerated from the Trust's approved 2020/21 budget.
- The forecast includes various planned works on Sports Pavilions (£0.2m); Grangemouth Sports Complex (£0.2m) and Grangemouth Stadium (£0.1m).
- The forecast also includes £0.6m for minor works across a variety of other Trust operated buildings.

## 4.2 Forecast Variance 2019/20

- 4.2.1 The forecast variance for the General Fund Services Capital Programme as detailed in paragraph 4.1.1 is £0.497m less than the revised budget. The forecast variance reported to the August Executive was £0.261m greater than the revised budget. The movement of £0.758m is analysed in the following table:

	<b>2019/20 £'m</b>
Projects fully funded from External Sources	0.353
Slippage (see paragraph 4.2.3)	(1.111)
<b>Movement in Forecast Variance 2019/20</b>	<b>(0.758)</b>

- 4.2.2 As shown in the above table, there are a number of additional projects which have been matched by an increase in external funding. These include projects for countryside access (£0.1m), various projects funded from planning obligations (£0.1m), Electric Vehicle Chargers (£0.1m) and some minor projects costing £0.05m.
- 4.2.3 The main reasons for the increase in slippage of c£1.1m are as follows:

	<b>£'m</b>	<b>Comments</b>
<b>Children's Services</b>		
ASN Provision	(0.275)	Pending outcome of an ASN review.
Larbert High School	(0.220)	Work on the toilets could not be completed before the new term.
<b>Development Services</b>		
Cemeteries Development	(0.401)	SEPA regulations make finding sites more difficult.
<b>Corporate &amp; Housing:</b>		
Information Management System	(0.125)	Can only be undertaken after rollout of Office 365.
Follow Me Printing	(0.140)	On hold following implementation of alternative printing solution.
Azure Web Space (Cloud)	(0.097)	On hold pending rollout of Office 365.
<b>Community Trust</b>		
Grangemouth Sports Centre - Customer Flow	(0.082)	Project put on hold pending review.
Hippodrome Reception	(0.050)	Work cannot be completed until 20/21.
<b>Gross Slippage</b>	<b>(1.390)</b>	
Less:		
<b>Community Trust</b>		
Mariner Centre Health & Fitness	0.279	Accelerated spend from 2020/21.
<b>Net Slippage</b>	<b>(1.111)</b>	

4.2.4 The Revised 2019/20 budget assumes a £3.5m allowance for slippage. Although there was no slippage forecast in the Update report to the August Executive, this has now been revised to c£1.1m as detailed in the table at paragraph 4.2.3. However, the forecast slippage is still within the budgeted allowance of £3.5m.

4.2.5 The new reporting regime which has been introduced to monitor and control slippage requires the following:

- Where the project variance is greater than 25% of the budget (subject to a de minimis value of £0.1m), Services will be asked to attend CMT to fully explain the reasons for the variance.
- Because of the large volume of low value projects within the Trust and IT projects within Corporate & Housing Services, all projects will be consolidated when assessing if the project variance is greater than 25% of the budget (subject to a de minimis value of £0.1m).
- In terms of the slippage forecast in paragraph 4.2.3, the following table details whether Services/Trust should provide a detailed explanation of slippage to CMT:

	<b>Revised Budget £'m</b>	<b>Slippage £'m</b>	<b>%</b>	<b>Report to CMT (Y/N)</b>
<b>Children's Services</b>				
ASN Provision	0.379	0.275	73%	Y
Larbert High School	0.510	0.220	43%	Y
<b>Development Services</b>				
Cemeteries Development	0.698	0.401	57%	Y
<b>Community Trust – All Projects</b>	2.322	0.132	11%	N
<b>Corporate &amp; Housing: All IT Projects</b>	2.929	0.362	12%	N
<b>Total</b>		<b>1.390</b>		

### **4.3 Resources – General Fund Services**

- 4.3.1 The overall forecast for Resources is c£0.7m less than those reported to the Executive in August. This is essentially the slippage of c£1.1m offset by the additional external funding of c£0.4m for projects as detailed in paragraph 4.2.2.

### **4.4 Major Standalone Projects**

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

### **4.5 Housing Capital Programme**

- 4.5.1 The approved 2019/20 budget equates to £47.7m and the current forecast is £44.6m (see Appendix 3), a marginal increase of £0.1m in the forecast reported to the August Executive. The slight increase of £0.1m relates to New Build housing. The following paragraphs focus on the main areas of anticipated spend.

#### **4.5.2 Elemental Improvements (£13.5m)**

Work continues to progress with £8.0m forecast to be spent on external fabric improvements e.g. re-roofing and roughcasting, £3.5m on kitchen and bathroom replacements and £2.0m on electrical works. The forecast is projected to be in line with budget.

#### **4.5.3 Energy Efficiency (£7.8m)**

The programme of works to improve the energy efficiency of the Council's housing stock continues. These works include £4.1m of anticipated spend on replacement heating, £2.5m on extending the Combined Heat and Power (CHP) system to 3 high rise flats and £1.2m to supply electric energy from the CHP system to communal areas within high rise and other adjacent properties.

#### **4.5.4 New Build Housing (£8.2m)**

The forecast spend is anticipated to be £2.3m below budget which is £0.1m more than the forecast reported to the August Executive. There are currently two projects under construction i.e. Abbots Road, Grangemouth and Blinkbonny Road, Falkirk. These projects are well advanced and will deliver a total of 57 new homes in 2019/20. The development at the old Torwood School site was programmed to start on site in October 2019, however due to higher than estimated tender returns, a re-tendering exercise is required. Updated programme spend estimates will be included in the next Capital Programmes Update report.

#### **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 (£3.5m)**

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

#### **4.5.7 LHS Initiatives & Other Priority Areas (£5.6m)**

The Local Housing Strategy (LHS) identified the need to review the Council's housing stock to better meet housing demand and improve communities. On this basis the Housing Programme includes a project to convert flatted accommodation at Garry Place, Grangemouth for young people leaving care. The new accommodation will accommodate 8 young people, with associated 24/7 support and will open on 14 October 2019. This is an integral part of the Closer to Home Strategy aimed at providing sustainable support to vulnerable young people. This project is included within the £1.3m for LHS Initiatives. The approved budget and forecast also includes £1.9m for the Photo Volatics (PV) project and Lift Upgrades. Various health & safety works amounting to £2.4m are also included under this heading.

### **4.6 Resources – Housing**

4.6.1 The approved budget and forecast includes £9.7m for Capital Funded from Revenue Contributions (CFRCR).

4.6.2 Total Government Grant for New Build is expected to be £4.5m and is in relation to projects at Abbots Road, Grangemouth and Blinkbonny Road, Falkirk. The grant is £1.4m lower than the approved budget due to the decrease in spend for New Builds.

4.6.3 Buy Back grant funding of £2.0m is forecast to part fund the £6m spend detailed in paragraph 4.5.5.

4.6.4 Prudential borrowing is only undertaken when all other sources of income have been exhausted. Consequently borrowing forecasts reflect the slippage of £3.1m, netted off by the reduction in New Build Scottish Government Grant of £1.4m. Borrowing is therefore projected to be £27.7m, which is £1.7m below the budget of £29.4m.

### **4.7 Prudential Indicators**

4.7.1 A series of Prudential Indicators are used to demonstrate that capital spending plans are affordable, prudent and sustainable. They are approved by Members each year as part of the Budget process. There are 8 Indicators for the Council as a whole and 3 for Housing only. Appendix 4 details the budgeted and forecast Indicators for 2019/20.

### **4.8 Capital Investment Plans & Treasury Management**

4.8.1 Capital Investment plans and Treasury Management are intrinsically linked. The 2019/20 Treasury Strategy Report to Council in April 2019 detailed the estimated long term borrowing requirement for 2019/20. It is calculated in January 2019 and takes into account the estimated borrowing for capital



programme purposes (including the likely slippage for 2018/19), service repayment of debt, borrowing for TIF and the replacement of any short term or long term loans that are due to mature in 2019/20. As such it will inevitably change as the year progresses.

- 4.8.2 The budgeted long term borrowing requirement was £69.2m, but Members were advised in the Update report to the August Executive that this had been revised to £60.1m. The forecast has now been marginally increased to £60.2m. The slight increase of £0.1m is due to the additional borrowing of £0.1m in relation to New Build housing spend within the Housing Capital Programme (see paragraph 4.5.1).

## 4.9 Capital Reserves

### 4.9.1 Capital Receipts Reserves

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

	<b>General Fund £'m</b>	<b>HRA £'m</b>	<b>Total £'m</b>
<b>Balance at 1 April 2019</b>	<b>1.621</b>	<b>2.729</b>	<b>4.350</b>
Add:			
Anticipated Receipts 2019/20	0.208	0.131	0.339
Less:			
To be Applied to 2019/20 Capital Programmes	(0.030)	-	(0.030)
<b>Projected Balance at 31 March 2020</b>	<b>1.799</b>	<b>2.860</b>	<b>4.659</b>

It should be noted that within the General Fund balance of £1.799m, £0.754m is included for Northfield Quarry which can only be applied at £0.03m per annum. As advised to Members in the Update report to the August Executive, consideration will be given to using Capital Receipts to make additional Loans Fund debt repayments, resulting in a reduction in future Loan Charges to the General Fund. This will also be considered for Housing Capital 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:

	<b>General Fund £'m</b>	<b>HRA £'m</b>	<b>Total £'m</b>
<b>Balance at 1 April 2019</b>	<b>0.344</b>	<b>1.082</b>	<b>1.426</b>
Less:			
To be Applied to 2019/20 Capital Programmes	-	-	-
<b>Projected Balance at 31 March 2020</b>	<b>0.344</b>	<b>1.082</b>	<b>1.426</b>

Further review of the balances will be undertaken with Services as part of the 2020/21 – 2024/25 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 projects which have slipped or been rescheduled for both the General Fund Services and Housing Capital Programmes.

### **Resources**

- 6.2 There are no resource implications.

### **Legal**

- 6.3 There are no legal implications arising from the report recommendations.

### **Risk**

- 6.4 There is a risk that the cost of those projects which have slipped or been rescheduled beyond 2019/20 may increase because of construction inflation.

### **Equalities**

- 6.5 An equality and poverty impact assessment was not required.

### **Sustainability/Environmental Impact**

- 6.6 A sustainable assessment was not required.

## **7. Conclusions**

- 7.1 The forecast spend for 2019/20 for the General Fund is £41.2m which is £0.5m lower than budget.
- 7.2 The forecast spend for 2019/20 for the Housing Capital Programme is £44.6m, which is £3.1m less than budget.

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## **Appendices**

**Appendix 1 - General Fund Forecast 2019/20**

**Appendix 2 - General Fund Major Standalone Projects**

**Appendix 3 - Housing Forecast 2019/20**

**Appendix 4 - Prudential Indicators**

## **List of Background Papers:**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

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

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

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

EXPENDITURE	2019/20 REVISED BUDGET	2019/20 FORECAST	2019/20 FORECAST VARIANCE
<b>SERVICE INVESTMENT PLANS</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
CHILDREN'S SERVICES	11,577	11,516	(61)
DEV - DESIGN, ROADS & TRANSPORT	13,819	14,142	323
DEV - PLANNING & ECONOMIC DEVELOPMENT	5,244	4,692	(552)
DEV - ENVIRONMENTAL SERVICES	3,770	3,770	0
ADULT SERVICES (SOCIAL WORK)	447	455	8
CORPORATE & HOUSING SERVICES	4,555	4,193	(362)
COMMUNITY TRUST	2,322	2,469	147
<b>TOTAL EXPENDITURE 2019/20</b>	<b>41,734</b>	<b>41,237</b>	<b>(497)</b>

RESOURCES	2019/20 REVISED BUDGET	2019/20 FORECAST	2019/20 FORECAST VARIANCE
FALKIRK COUNCIL BORROWING	10,505	11,001	496
SCOTTISH GOVERNMENT BLOCK GRANTS	15,289	15,289	0
SCOTTISH GOVERNMENT SPECIFIC GRANTS	8,462	8,462	0
CAPITAL RECEIPTS - SALES	1,680	650	(1,030)
EXTERNAL FUNDING	2,298	3,444	1,146
RESERVES (DMR, CFCR and R&R)	0	2	2
SLIPPAGE ALLOWANCE	3,500	2,389	(1,111)
<b>TOTAL RESOURCES 2019/20</b>	<b>41,734</b>	<b>41,237</b>	<b>(497)</b>

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

PROJECT NAME	TOTAL PROJECT BUDGET	PREVIOUS YEARS SPEND	2019/20 FORECAST SPEND	FUTURE YEARS FORECAST	TOTAL FORECAST SPEND	
	£000	£000	£000	£000	£000	
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE I	3,300	2,204	1,600	0	3,804	}
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE II	640	206	314	0	520	} #
KINNAIRD PRIMARY SCHOOL EXTENSION PHASE II	1,230	0	0	846	846	}
LARBERT HIGH SCHOOL PHASE III - V	2,492	437	290	1,765	2,492	
MADDISTON PRIMARY SCHOOL EXTENSION PHASE 1	3,229	0	752	2,477	3,229	
DENNY PRIMARY SCHOOL EXTENSION	2,207	0	670	1,537	2,207	
EARLY YEARS EXPANSION	15,572	2,242	5,800	7,530	15,572	
DEAR	7,400	283	2,807	4,310	7,400	
SNAB BRAE, BO'NESS	1,165	0	80	1,085	1,165	
ENERGY EFFICIENCY STREET LIGHTING	3,930	0	1,310	2,620	3,930	
GRANGEMOUTH FLOOD PROTECTION SCHEME	152,042	3,613	3,441	144,988	152,042	
<b>TOTAL</b>	<b>193,207</b>	<b>8,985</b>	<b>17,064</b>	<b>167,158</b>	<b>193,207</b>	

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

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

<b>EXPENDITURE</b>	<b>2019/20 REVISED BUDGET</b>	<b>2019/20 FORECAST</b>	<b>2019/20 FORECAST VARIANCE</b>
<b>HOUSING INVESTMENT PLANS</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
ELEMENTAL IMPROVEMENTS	13,500	13,500	0
ENERGY EFFICIENCY	7,700	7,825	125
NEW BUILD HOUSING	10,500	8,189	(2,311)
PROPERTY BUY BACKS	6,000	6,000	0
ESTATE IMPROVEMENTS	3,500	3,500	0
LHS INITIATIVES & OTHER PRIORITY AREAS	6,500	5,590	(910)
<b>TOTAL EXPENDITURE 2019/20</b>	<b>47,700</b>	<b>44,604</b>	<b>(3,096)</b>

<b>RESOURCES</b>	<b>2019/20 REVISED BUDGET</b>	<b>2019/20 FORECAST</b>	<b>2019/20 FORECAST VARIANCE</b>
BUDGETED PRUDENTIAL BORROWING	29,415	27,688	(1,727)
CFCR	9,680	9,680	0
SCOTTISH GOVERNMENT - NEW BUILD	5,925	4,500	(1,425)
SCOTTISH GOVERNMENT - BUY BACK	2,000	2,000	0
SCOTTISH GOVERNMENT MORTGAGE TO RENT GRANT	0	56	56
SEEPS GRANT	680	680	0
<b>TOTAL RESOURCES 2019/20</b>	<b>47,700</b>	<b>44,604</b>	<b>(3,096)</b>

## APPENDIX 4

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

PRUDENTIAL INDICATOR		BUDGET 2019/20	FORECAST 2019/20	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	4%	4%	Shows how much of the Council's income is committed to repaying debt arising from Capital investment.
2.	Gross Borrowing	£'m	£'m	This is a key Prudence Indicator which shows that over the medium term external borrowing will only be for a capital purpose.
	Gross External Borrowing	303.8	290.4	
	Accounting Adjustment – Finance Lease Liabilities	<u>90.7</u>	<u>90.7</u>	
		<u>394.5</u>	<u>381.1</u>	
	Capital Financing Requirement (includes Housing)	336.6	318.8	The capital financing requirement reflects the underlying need to borrow to finance assets. It should be noted that the sums included as “Accounting Adjustment – Finance Lease Liabilities,” are not an increase in borrowing or need to borrow, they are merely a presentational requirement of International Financial Reporting Standards (IFRS).
	Accounting Adjustment – Finance Lease Liabilities	<u>97.5</u>	<u>97.5</u>	
		<u>434.1</u>	<u>416.3</u>	
3.	Capital Expenditure	£'m	£'m	Simply the approved 2019/20 Capital Programme and the 2019/20 forecast spend. Note that the General Fund forecast takes account of prior year slippage, projects rescheduled beyond 2019/20 and added projects which are fully funded from additional contributions.
	GF	32.1	41.2	
	TIF	<u>11.4</u>	<u>3.9</u>	
		<u>43.5</u>	<u>45.1</u>	

PRUDENTIAL INDICATOR		BUDGET 2019/20	FORECAST 2019/20	COMMENTS
4.	Capital Financing Requirement (excludes Housing)	£'m 259.8	£'m 242.3	The Capital Financing Requirement reflects the underlying need to borrow for Capital Investment for the General Fund and TIF.
5.	Authorised Limit (AL) for External Debt:-  Borrowing Accounting Adjustment - Finance Lease Liabilities	£'m  349.3  <u>90.7</u> <u>440.0</u>	£'m  349.3  <u>90.7</u> <u>440.0</u>	This sets the maximum level of External Debt, based on capital investment plans and allowing some headroom over the Operational Boundary (see 6) for exceptional circumstances.
6.	Operational Boundary (OB) for External Debt:-  Borrowing Accounting Adjustment – Finance Lease Liabilities	£'m  344.3  <u>90.7</u> <u>435.0</u>	£'m  344.3  <u>90.7</u> <u>435.0</u>	This is set at a lower level than the Authorised Limit and is a robust estimate of the External Debt level arising from Capital Investment and Treasury Management activities.
7.	Actual External Debt	£'m  <u>N/A</u>		This is an actual rather than estimated Indicator and will be reported when outturns become available.
8.	CIPFA Code of Practice for Treasury Management in the Public Services	The Treasury Management Code is designed to ensure prudence in treasury operations.		



**FALKIRK COUNCIL**  
**HOUSING PRUDENTIAL CODE INDICATORS**

PRUDENTIAL INDICATOR		BUDGET 2019/20	FORECAST 2019/20	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	20%	20%	Shows how much of the Council's HRA income is committed to repaying debt arising from capital investment.
2.	Capital Expenditure	£47.7m	£44.6m	Simply the approved and forecast capital expenditure.
3.	Capital Financing Requirement	£174.2m	£173.9m	The Capital Financing Requirement reflects the underlying need to borrow for Housing Capital Investment.