

The background of the slide features a large, light blue watermark of the Coat of Arms of the City of Edinburgh. The crest includes a crown with four thistles, a shield divided into four quarters (a saltire, a stag's head, a ship, and an eagle), and a motto scroll at the bottom.

Agenda Item 5

Capital Programme Financial Overview

Falkirk Council

Title: Capital Programme Financial Overview
Meeting: Emergency Executive
Date: 6 August 2020
Submitted By: Director of Corporate & Housing Services

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update to Members covering three main areas:

- a brief summary of the 2019/20 outturn position for the General Fund and Housing Capital Programmes, subject to audit;
- consideration of the 2020/21 Capital Programmes, focussing on the potential impact of Covid-19;
- an update on the process for development of the 2021/22 – 2025/26 Capital Programmes.

2. RECOMMENDATIONS

2.1 The Executive is asked to note:-

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

3. 2019/20 OUTTURN

3.1 General Fund Services Capital Programme – 2019/20 Outturn

- 3.1.1 The approved 2019/20 budget was revised to £41.7m (£38.2m after deduction of the £3.5m slippage allowance). Total General Fund capital investment in 2019/20 was £29.96m. This excludes the TIF project which is reported separately to Members. The movement in the final spend against this revised budget is detailed below:

	£'m
Revised Budget 2019/20	41.734
Outturn	29.955
Variance 2019/20	(11.779)
February Variance	(9.594)
Movement in Variance	(2.185)

- 3.1.2 The outturn variance for the General Fund Services Capital Programme as shown in paragraph 3.1.1 is £11.8m less than the revised budget. A summary of the 2019/20 Outturn position is shown in Appendix 1. The forecast variance reported to the February Executive was £9.6m less than the revised budget. The movement of £2.2m is analysed in the following table and subsequent paragraphs:

	£'m
Projects fully funded from External Sources	(0.864)
Projects funded by Revenue (CFCR)	1.298
Slippage	(2.619)
Movement in Forecast Variance 2019/20	(2.185)

- 3.1.3 There was a net reduction in externally funded projects of £0.864m. This was mainly due to lower than anticipated spend of £1.5m against the Expansion of Early Years grant. The grant has been carried forward for use in future years. Increases in other externally funded projects have helped to offset this reduction and includes projects such as EV Chargers and Electric Vehicles (Switched on Towns and Cities (SoTaC) & Chargeplace Scotland grants).
- 3.1.4 There were additional projects of £0.3m, which were matched by an increase in the contribution from Revenue, including Energy Efficiency Loans Fund (EELF) projects and the Helix. An additional Contribution From Current Revenue (CFCR) of £1.0m was approved at the Children's Executive in November 2019 for the Expansion of Early Years projects.
- 3.1.5 The revised 2019/20 budget assumed a £3.5m allowance for slippage. The total slippage figure in February was c£7.2m and a further c£2.6m is now reported (see Appendix 2), taking the total slippage figure for 2019/20 to £9.8m - £6.3m over the budgeted allowance.

3.2 Resources – General Fund Services

- 3.2.1 The overall forecast for Resources is c£2.2m less than those reported to the Executive in February. This is essentially the reduced borrowing of £2.8m mainly due to slippage, reduced Capital Receipts of £0.6m offset by increased CFCR's of £1.3m.

3.3 Housing Capital Programme

- 3.3.1 The approved 2019/20 budget is £47.7m, with total capital investment in Housing of £43.6m at the year end. This represents an underspend of £4.1m and a net decrease in spend of £0.1m compared to the forecast reported to the February Executive.

	£'m
Revised Budget 2019/20	47.700
Outturn	43.615
Variance 2019/20	(4.085)
February Variance	(3.949)
Movement in Variance	(0.136)

- 3.3.2 There were a number of notable movements in the outturn position, including an increase of £1.8m for external fabric improvement, a decrease of £1.2m for Estate Improvements and a decrease in spend of £0.7m for Health & Safety projects. More New Build spend was incurred of £0.4m but was offset by a decrease in the purchase of Buy Back properties of £0.4m (see Appendix 3).

- 3.3.3 Further areas to highlight include:

The extension of the Combined Heat and Power (CHP) system to additional High Rise properties (£3.1m), together with the installation of a private wire to supply surplus power from the system to adjacent public buildings commenced during the financial year (£1.0m). This project will complete in 2020/21.

There are currently two new build projects which have completed or nearly complete i.e. Abbots Road, Grangemouth (completed) and Blinkbonny Road, Falkirk. These projects will deliver a total of 57 new homes. Land purchases for sites at Bainsford Day Centre, Bonnybridge Social Club, Denny High School and Oakbank Care Home were completed in March 2020.

3.4 Resources – Housing

- 3.4.1 The Housing Investment Programme spend (£43.6m) was funded from a variety of sources (see Appendix 3). The approved budget and forecast includes £8.1m for CFCR, a reduction of £1.5m from the approved budget and £1.3m less than the position reported to the February Executive. This was due to a number of expenditure variances within the Council's HRA.

3.5 Prudential Indicators

- 3.5.1 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 eight indicators for the Council as a whole and three for Housing only. Appendix 4 sets out the indicators for 2019/20.

3.6 Capital Investment Plans & Treasury Management

- 3.6.1 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. However, as the capital outturn projections change, these in turn impact on the borrowing requirement.
- 3.6.2 The update report to the February Executive projected that the long term borrowing requirement for 2019/20 would be £55.6m. The outturn was £54.7m, an decrease of £0.9m on the February Executive figure. Details of this movement are as follows:

	Forecast February £'m	Outturn £'m	Variance £'m
Capital Programmes Net of Capital Receipts	35.6	34.5	(1.1)
Service Repayments of Debt	(12.5)	(12.3)	0.2
Replacement of Long Term Borrowing	2.5	2.5	-
Replacement of Short Term Borrowing	30.0	30.0	-
Total Long Term Borrowing Requirement	55.6	54.7	(0.9)

- 3.6.3 The reduction in borrowing for the Capital Programme is primarily due to the increase in slippage within the General Fund programme offset with an increase in borrowing for the HRA programme due to the decrease in CFCR.

4. 2020/21 CAPITAL PROGRAMMES

4.1 2020/21 General Fund Capital Programme

- 4.1.1 The year end outturn information for 2019/20 has been used to update the starting point for the 2020/21 Capital Programme for the General Fund. In addition, any relevant decisions taken at the Emergency Executives on 28 May 2020 and 25 June 2020 have been factored into the Programme.
- 4.1.2 Clearly the Covid-19 pandemic has impacted on the Council's ability to deliver the Capital Programme in 2020/21 with a number of projects being delayed. Conversely some projects, such as Connected Falkirk, have been accelerated. Development Services and the Project Sponsors across the Services were asked by Finance to provide information on the status of the projects in the current Programme and the projected spend for 2020/21.

The were also asked to consider new projects they may seek to introduce in 2020/21. The information provided by Services has been summarised below and further detail provided in Appendix 5:

	General Fund £'m
Budget Approved at February Council	47.161
Revisions following February Council:	
Slippage c/f from 2019/20	9.822
Rescheduled in from 2019/20 & earlier	6.025
Grants c/f from 2019/20	7.632
Revisions following Emergency Executive:	
Connected Falkirk	4.800
Impact of Covid-19 identified by Services:	
Budgets Rescheduled out to 2021/22	(20.564)
New Cremator	0.320
Revised Capital Programme for 2020/21	55.196

- 4.1.3 At this stage, it is estimated that c£20.5m of spend will no longer take place in 2020/21. The figures shown in the table above are provisional and are highly likely to change as the full impact of Covid-19 becomes more clear. Work will continue to assess the impact of Covid-19 on the capital programme and the next update report to Members will provide more detail on projected spend. Alongside inevitable delays, the impact on the cost of approved projects, for example through construction inflation will be reviewed. It remains too early to accurately estimate this impact. Where a material change is predicted, this will be reported to Members. This information will also be included in the Council's return to COSLA which seeks to identify costs associated with Covid-19.
- 4.1.4 Members will be aware of the ongoing work in respect of Council priorities and development of a revised business plan, including Council recovery plans. Inevitably these documents may include projects which would need to be progressed during 2020/21 and which would impact on the capital programme including for example projects around digital connectivity for our communities and employees. It is expected that the Corporate and Business Plans will be presented to Members in September 2020.
- 4.1.5 In February 2020 Members considered a number of capital bids, as part of the Council of the Future change programme, which were ultimately not approved. These projects included Rock Solid Technology to support Mobile and Flexible Working and funds to explore the implementation of Artificial Technology. During the pandemic, the potential benefits of these projects have been amplified. A revised Digital Strategy is being developed for presentation to Members in September 2020. Members will therefore have a further opportunity to consider these bids in the context of an approved strategy.

- 4.1.6 In February 2020 Members agreed that a report would be submitted to the Executive on what would be achieved with an additional £7m of investment in roads. This work has been impacted by the pandemic. It is anticipated that a report setting out more detail on roads investment will be submitted to Council in September 2020. This will allow it to be considered alongside other potential areas of investment and assessed in the context of the revised priorities driven by Covid-19.
- 4.1.7 A further report on the Council HQ and Arts Centre is also anticipated in Autumn 2020.

4.2 Resources – General Fund Services

- 4.2.1 The budgeted level of resources was initially increased by £15.8m to cater for the slippage and rescheduling brought forward from 2019/20 (see para 4.1.2) but this has subsequently been reduced by the rescheduling of c£20.5m of expenditure budget to 2021/22. The revised forecast for borrowing is now £31.1m. This has increased due to agreed acceleration of the Council of the Future Connected Falkirk project (an additional £4.8m of borrowing). The revised budget for resources is £55.2m and includes £5m of a slippage allowance (see Appendix 2).
- 4.2.2 The forecast for resources includes various Scottish Government grants such as the General Capital Grant (£13m), which includes £2.6m for the Grangemouth Flood Protection Scheme. The Early Years grant to be utilised is £5.7m and there is £0.3m for the Town Centres Fund projects. Any unutilised grant for both the Early Years projects and the Town Centres Fund will be carried forward to 2021/22.
- 4.2.3 The approved budget for resources includes £1.0m of capital receipts but it is unclear at this time if these receipts will be received this year. Additional funding in the form of planning obligations is estimated at c£1.1m. Finally the forecast includes external grants and contributions amounting to £2.7m from third party contributions.

4.3 2020/21 Revised Housing Capital Programme

- 4.3.1 A summary of the anticipated impact of Covid-19 on the Housing Capital Programme is shown below and further detail provided in Appendix 6:

	Housing £'m
Budget Approved at February Council	77.250
Impact of Covid-19	(45.586)
Revised Capital Programme for 2020/21	31.664

- 4.3.2 The current forecast spend is significantly below budget primarily due to the impacts of Covid-19 on construction related work. Covid-19 has impacted on the delivery of the programme in a number of ways, including:

- Lockdown and the cessation of construction works has delayed on-going programmes of work and the planned start of new projects. This has had an impact on reducing spend across a number of projects. This equates to delays of c3-4 months. As some projects were scheduled to commence part way through this financial year, such delays mean that for some projects, expenditure planned for this year will not now be incurred until next year
- Furloughing of staff within the construction sector has impacted on companies capacity to tender for new projects, again delaying the planned start of some new projects
- Restriction on accessing properties, particularly where tenants are shielding, has delayed programme delivery
- Home working and associated difficulties in accessing data internally and externally, together with limitations on the use of specialised equipment, has delayed the preparation of information and documentation to progress statutory approval processes.

4.3.3 A Door and Window replacement programme was due to commence during 2020/21. However, the tendering process, which was commenced prior to the Covid-19 restrictions, has been delayed and the programme is now projected to commence in April 2021, following contract mobilisation in the final quarter of this financial year. This will result in a £12m underspend for 2020/21.

4.3.4 As reported last financial year the installation of replacement heating to 3 high rise flats was delayed due to higher than expected tender costs. A retendering exercise has been undertaken and whilst this was concluded prior to the Covid-19 restrictions, the completion of that exercise has been delayed due to a challenge raised during the procurement process. Work is ongoing to conclude the procurement process, however the start of the planned work will be further delayed and is now expected to start later this financial year (£4m underspend).

4.3.5 The forecast spend on New Build is anticipated to be £15.5m below budget. The projected underspend is due to later than anticipated contract starts for a number of new developments. The development at Blinkbonny Road, Falkirk was completed at the end of July 2020, delivering 43 new homes. The development at Torwood has also now commenced on site. A number of other projects were also programmed to commence this financial year. However, due to the impact of Covid-19 on tendering, together with delays in concluding statutory approvals, these projects are now anticipated to commence at the start of next financial year. A revised project delivery schedule is detailed below for projects now due to start in 2021.

PROJECT	NO. OF HOMES	REVISED START DATE
Bainsford Adult Day Centre	19	April 21
Oakbank, Polmont	28	May 21
Woodend Farm, Hallglen	111	May 21
Main Street, Bonnybridge	22	April 21
Banknock South, Banknock	106	October 21
Old Denny High School (Ph1)	139	September 21

4.3.6 The review of heating system replacement for off-gas areas has now been completed. Implementation of the processes necessary to implement replacement has now commenced. At this time, expenditure is projected to be in line with budget (£2m). This is however dependant on more detailed programme information from Scottish Gas Networks.

4.3.7 Notwithstanding the impact of Covid-19, there remains a significant investment plan for housing improvement and development in Falkirk. Work is on-going to ensure those projects delayed this financial year are delivered in 2020/21.

4.4 Resources – Housing

4.4.1 The approved budget includes £12.4m for Government Grant for New Build. Projected grant is now expected to be £1.5m, due to delays in the anticipated start of a number of new build developments, as outlined above. Grant for these projects is now anticipated in 2021/22, aligned with planned expenditure.

4.4.2 Buy Back grant funding of £2m is forecast to part fund the £5m spend detailed above. This funding is in line with budget, due to an increased level of grant per property, offset by a lower number of properties being purchased this year.

4.4.3 Prudential borrowing is only undertaken when all other sources of income have been exhausted. Consequently borrowing forecasts reflect the total slippage of c£45.6m, netted off by the reduction in Scottish Government Grant of c£10.9m. Borrowing is therefore projected to be £28.1m, which is c£34.7m below the budget of £62.8m.

5. 2021/22 – 2025/26 CAPITAL PROGRAMME

5.1 The Capital Programme Budget Report presented to Council on 26 February 2020 noted that the Programme would be reviewed in the summer when years 2 and 3 of the General Capital Grant are confirmed and further information is available on potential projects. To date, and no doubt as a result of the Covid-19 pandemic, further information on the capital grant has not yet been received.

5.2 The lack of certainty over the General Capital Grant does not preclude the progression of the Capital Programme. However, the Capital Programme is designed to ensure that the Council delivers on the priorities as set out in its Corporate Plan. It has been recognised that in light of the pandemic, the

vision and priorities of the Council will need to be revisited. The Corporate Plan and Business Plan of the Council are being updated, and Services are working on the development of Recovery Plans as part of this. Services have been asked to consider their Capital Programme needs alongside the recovery planning process. Clearly the Capital Programme will need to be reviewed and refreshed to ensure it supports any changes in these key Council documents and aligns with the transformation activity planned across the Council.

- 5.3 In a normal year, the capital bid packs are issued in the spring for return at the start of summer. For 2020/21, the bid packs have not yet been issued. This will allow the planning processes currently underway to be fully considered as part of the Capital Programme. This integrated approach will ensure revisions to the Council's priorities are reflected. This delay means that the timeframe to develop the Capital Programme is significantly shorter than usual. Now more than ever, it will be important to ensure the appropriate process is followed.
- 5.4 A crucial element of the Capital Programme is ensuring that it supports delivery of Council priorities and helps to deliver on key Council of the Future workstreams and projects, for example:
- The Strategic Property Review
 - Anytime, Anywhere Working Group
 - Succeed Today, Excel Tomorrow (subject to Scottish Government funding arrangements)
 - The Digital Strategy
- 5.5 A number of large, strategic investment programmes will also need to be considered in the Capital Programme as a whole, including:
- The Falkirk Growth Deal
 - Grangemouth Flood Protection Scheme
 - Climate Change (aligned to the Strategic Property Review)
 - Tax Incremental Finance Scheme
- 5.6 It is important to recognise that these projects will impact on the revenue budget which is already under significant pressure. Consideration of all future projects and investment schemes will have to be carried out in the context of these pressures.
- 5.7 This work requires close collaboration with Services and working groups. A robust, transparent and inclusive process has been developed over a number of years and ensures that the Capital Programme is developed in a fair and collaborative way. A summary of the process is noted below:
- a. Capital Bids Packs are issued by Finance to all Services
 - b. Services should be discussing their proposals with relevant Council areas including Finance, Development Services and the Project Management Office

- c. Bid Packs ask Services for a variety of information, including impact on Council priorities
 - d. Property related bids are sent to the Corporate Asset Management Group for consideration
 - e. All Services attend the Capital Planning and Review Working Group where evaluation scores are reviewed and discussed.
 - f. Various iterations of the Capital Programme are also considered by the Capital Planning and Review Working Group before wider circulation.
- 5.8 All projects which require capital funding, are considered via the Capital Planning and Review Working Group. The process set out ensures all Services have an equal and open opportunity to engage in the process and all bids are considered at the same time and given the same level of scrutiny. This is a very important part of the process.
- 5.9 It is anticipated that capital bid packs will be issued to Services as early as possible in the Autumn.

6. CONSULTATION

- 6.1 All Services have been consulted on this report. There is no requirement to carry out further consultation on this report.

7. IMPLICATIONS

Financial

- 7.1 The projected outturn of the 2020/21 capital programme will be closely monitored and the impact on the revenue budget estimated as part of the revenue financial updates to Executive.
- 7.2 Future capital programme budgets will be adjusted to reflect projects which have slipped or been rescheduled for the General Fund Services and Housing Capital Programmes. The revised bid process will begin in Autumn 2020 at which time the capital grant for 2021/22 may be known.

Resources

- 7.3 There are no direct resource implications as a result of the recommendations in this report.

Legal

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

Risk

- 7.5 The impact of Covid-19 on the capital programme for 2020/21 is not yet fully understood. A number of projects have been delayed and Services have been asked to review their programme in light of the pandemic. Services provide updates on their programme to the Capital Planning and Review Working Group.
- 7.6 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 and associated Covid-19 costs.

Equalities

- 7.7 An equality and poverty impact assessment is not required.

Sustainability/Environmental Impact

- 7.8 A sustainable assessment was not required.

8. CONCLUSIONS

- 8.1 The outturn for the 2019/20 for the General Fund is £30m which is £11.8m lower than budget. The outturn for the 2019/20 Housing Capital Programme is £43.6m, which is £4.1m less than budget.
- 8.2 The 2020/21 Capital Programmes for General Fund and Housing have been seriously impacted by the Covid-19 pandemic. At this point in time, the forecast spend for 2020/21 for the General Fund is £56.2m and for the Housing Capital Programme it is £31.7m. These figures will undoubtedly change as the year progresses and the full impact of Covid-19 on the construction industry is better understood.
- 8.3 The process for developing the 2021/22 to 2025/26 capital programme has been delayed. This delay will ensure that the priorities of Members, and projects flowing from Services' recovery plans are reflected in the revised Capital Programme.

Director of Corporate & Housing Services

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Appendices

Appendix 1 - General Fund Outturn 2019/20

Appendix 2 - General Fund Movement in Slippage 2019/20

Appendix 3 - Housing Outturn 2019/20

Appendix 4 - Prudential Indicators 2019/20

Appendix 5 - General Fund Forecast 2020/21

Appendix 6 - Housing Forecast 2020/21

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 2020/21 – 2024/25 – Council 26 February 2020

Housing Investment Programme 2020/21 to 2024/25 – Council 27 January 2020

2019/20 CAPITAL PROGRAMME**GENERAL PROGRAMME - SUMMARY****APRIL 2019 TO MARCH 2020**

EXPENDITURE	2019/20 REVISED BUDGET	2019/20 OUTTURN	2019/20 VARIANCE
SERVICE INVESTMENT PLANS	£000	£000	£000
CHILDREN'S SERVICES	11,577	8,182	(3,395)
DEV - DESIGN, ROADS & TRANSPORT	13,819	10,696	(3,123)
DEV - PLANNING & ECONOMIC DEVELOPMENT	5,244	2,851	(2,393)
DEV - ENVIRONMENTAL SERVICES	3,770	3,491	(279)
ADULT SERVICES (SOCIAL WORK)	447	477	30
CORPORATE & HOUSING SERVICES	4,555	2,759	(1,796)
COMMUNITY TRUST	2,322	1,499	(823)
TOTAL EXPENDITURE 2019/20	41,734	29,955	(11,779)

RESOURCES	2019/20 REVISED BUDGET	2019/20 OUTTURN	2019/20 VARIANCE
FALKIRK COUNCIL BORROWING	10,505	4,323	(6,182)
SCOTTISH GOVERNMENT BLOCK GRANTS	15,714	15,757	43
SCOTTISH GOVERNMENT SPECIFIC GRANTS	8,037	4,891	(3,146)
CAPITAL RECEIPTS - SALES	1,680	0	(1,680)
EXTERNAL FUNDING	2,298	3,686	1,388
RESERVES (DMR, CFCR and R&R)	0	1,298	1,298
SLIPPAGE ALLOWANCE	3,500	0	(3,500)
TOTAL RESOURCES 2019/20	41,734	29,955	(11,779)

2019/20 CAPITAL PROGRAMME**GENERAL PROGRAMME - SUMMARY****MOVEMENT IN SLIPPAGE FROM FEBRUARY EXECUTIVE**

PROJECT SLIPPAGE	£'m	COMMENTS
Children's Services:		
Kinnaird Primary School	(0.500)	Delay due to Covid-19.
Larbert High School	(0.077)	Delay in agreeing final works with provider.
Community Halls	(0.088)	Awaiting outcomes of SPR.
All Schools Fund	(0.101)	Accelerated option could not be delivered in time.
Development Services:		
Structural Roads Works	(0.359)	Excessive wet/windy weather in Jan-Mar plus capacity issues with Covid-19.
Rolling Programmes (Bridges, Road Safety, Street Lighting & Minor Flooding)	(0.262)	Projects stopped due to Covid-19 restrictions.
Grangemouth Flood Protection	0.283	Increased spend to mitigate against previous reported slippage.
Property Management Portfolio Upgrades	(0.285)	Delays with neighbour engagement and extensive surveys plus impact of Covid-19.
Falkirk Crematorium	(0.172)	Delays in negotiations with contractor and impact of Covid-19.
Roughmote Junction Upgrade	(0.231)	Delays in the agreement of a programme with Scottish Water.
Vehicle Replacement Programme	(0.205)	Accelerated option could not be delivered in time.
Social Work:		
Changing Places Toilets	(0.039)	Accelerated option could not be delivered in time.
Corporate & Housing:		
Various I.T. projects	0.197	Push by ICT to deliver various projects including Follow Me Printing and Azure Web Space.
Council HQ/Arts Centre	(0.122)	Delays due to re-assessments of the projects.
Accommodation Investment / SPR / Hubs	(0.271)	Projects being re-assessed to fit in with accommodation strategy.
Front Facing Office	(0.100)	Grangemouth SWO delayed plus waiting on IJB space requirements.
Trust:		
Grangemouth Sports Complex	(0.089)	Projects put on hold pending decision on major refurbishment.
Helix Cafe	(0.046)	Delay due to Covid-19.
Various Trust projects	(0.053)	Various delays mainly due to necessary procurement timescales.
Miscellaneous	(0.099)	Across all Services.
Net Increase in Slippage	(2.619)	

2019/20 CAPITAL PROGRAMME**HOUSING INVESTMENT PROGRAMME - SUMMARY****APRIL 2019 TO MARCH 2020**

EXPENDITURE	2019/20 REVISED BUDGET	2019/20 OUTTURN	2019/20 VARIANCE
HOUSING INVESTMENT PLANS	£000	£000	£000
ELEMENTAL IMPROVEMENTS	13,500	16,758	3,258
ENERGY EFFICIENCY	7,700	5,720	(1,980)
NEW BUILD HOUSING	10,500	8,117	(2,383)
PROPERTY BUY BACKS	6,000	6,133	133
ESTATE IMPROVEMENTS	3,500	4,251	751
LHS INITIATIVES & OTHER PRIORITY AREAS	6,500	2,636	(3,864)
TOTAL EXPENDITURE 2019/20	47,700	43,615	(4,085)

RESOURCES	2019/20 REVISED BUDGET	2019/20 OUTTURN	2019/20 VARIANCE
BUDGETED PRUDENTIAL BORROWING	29,415	29,066	(349)
CFCR	9,680	8,141	(1,539)
SCOTTISH GOVERNMENT - NEW BUILD	5,925	3,190	(2,735)
SCOTTISH GOVERNMENT - BUY BACK	2,000	2,075	75
SCOTTISH GOVERNMENT MORTGAGE TO RENT GRANT	0	106	106
SEEPS GRANT	680	677	(3)
OTHER / MISC.	0	360	360
TOTAL RESOURCES 2019/20	47,700	43,615	(4,085)

FALKIRK COUNCIL
PRUDENTIAL CODE INDICATORS
(including TIF)

PRUDENTIAL INDICATOR		BUDGET 2019/20	OUTTURN 2019/20	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	4%	3.4%	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	282.4	
	Accounting Adjustment – Finance Lease Liabilities	<u>90.7</u>	<u>90.7</u>	
		<u>394.5</u>	<u>373.1</u>	
2.	Capital Financing Requirement (includes Housing)	336.6	308.0	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>405.5</u>	
3.	Capital Expenditure	£'m	£'m	Simply the approved 2019/20 Capital Programme and the 2019/20 outturn 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	29.9	
	TIF	<u>11.4</u>	<u>3.2</u>	
		<u>43.5</u>	<u>33.1</u>	

PRUDENTIAL INDICATOR		BUDGET 2019/20	OUTTURN 2019/20	COMMENTS
4.	Capital Financing Requirement (excludes Housing)	£'m 259.8	£'m 229.9	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 External Borrowing Other Long Term Liabilities	£'m N/A	£'m 282.4 <u>90.7</u> <u>373.1</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	OUTTURN 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	£43.6m	Simply the approved and forecast capital expenditure.
3.	Capital Financing Requirement	£174.2m	£175.6m	The Capital Financing Requirement reflects the underlying need to borrow for Housing Capital Investment.

2020/21 CAPITAL PROGRAMME**GENERAL PROGRAMME - SUMMARY****APRIL 2020 TO JUNE 2020**

EXPENDITURE	2020/21 REVISED BUDGET	2020/21 FORECAST	2020/21 OUTTURN VARIANCE
SERVICE INVESTMENT PLANS	£000	£000	£000
CHILDREN'S SERVICES	10,791	11,508	717
DEV - DESIGN, ROADS & TRANSPORT	20,762	20,950	188
DEV - PLANNING & ECONOMIC DEVELOPMENT	4,793	4,924	131
DEV - ENVIRONMENTAL SERVICES	3,080	3,080	0
ADULT SERVICES (SOCIAL WORK)	903	903	0
CORPORATE & HOUSING SERVICES	14,747	14,747	0
COMMUNITY TRUST	120	120	0
TOTAL EXPENDITURE 2020/21	55,196	56,232	1,036

RESOURCES	2020/21 REVISED BUDGET	2020/21 FORECAST	2020/21 OUTTURN
FALKIRK COUNCIL BORROWING	26,099	31,155	5,056
SCOTTISH GOVERNMENT BLOCK GRANTS	13,029	13,029	0
SCOTTISH GOVERNMENT SPECIFIC GRANTS	6,677	6,677	0
CAPITAL RECEIPTS - SALES	1,000	1,179	179
EXTERNAL FUNDING	3,071	3,872	801
RESERVES (DMR, CFCR and R&R)	320	320	0
SLIPPAGE ALLOWANCE	5,000	0	(5,000)
TOTAL RESOURCES 2020/21	55,196	56,232	1,036

2020/21 CAPITAL PROGRAMME**HOUSING INVESTMENT PROGRAMME - SUMMARY****FORECAST 2020/21****APRIL 2020 TO JUNE 2020**

EXPENDITURE	2020/21 REVISED BUDGET	2020/21 FORECAST	2020/21 FORECAST VARIANCE
HOUSING INVESTMENT PLANS	£000	£000	£000
ELEMENTAL IMPROVEMENTS	29,400	12,300	(17,100)
ENERGY EFFICIENCY	11,300	5,075	(6,225)
ESTATE IMPROVEMENTS	3,500	2,650	(850)
OTHER PRIORITY AREAS	4,400	1,100	(3,300)
HEALTH & SAFETY	3,850	2,300	(1,550)
NEW BUILD HOUSING	18,300	2,839	(15,461)
PROPERTY BUY BACKS	6,000	5,000	-1,000
LHS INITIATIVES & OTHER WORKS	500	400	(100)
TOTAL EXPENDITURE 2020/21	77,250	31,664	(45,586)
RESOURCES	2020/21 REVISED BUDGET	2020/21 FORECAST	2020/21 FORECAST VARIANCE
BUDGETED PRUDENTIAL BORROWING	62,825	28,164	(34,661)
SCOTTISH GOVERNMENT - NEW BUILD	12,425	1,500	(10,925)
SCOTTISH GOVERNMENT - BUY BACK	2,000	2,000	0
TOTAL RESOURCES 2020/21	77,250	31,664	(45,586)