

# Governance, Risk and Best Value Committee

10.00am, Thursday 2 February 2017

## Capital Monitoring 2016/17 – Month Nine Position – referral report from the Finance and Resources Committee

Item number 7.4  
Report number  
Executive/routine  
Wards

### Executive Summary

---

On the 19 January 2017 the Finance and Resources Committee considered a report that set out the overall position of the Council's capital budget at the nine month stage (based on analysis of period seven and eight data) and the projected outturn for the year. The report has been referred to the Governance, Risk and Best Value Committee for consideration as part of its work programme.

### Links

---

<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Capital Monitoring 2016/17 – Month Nine Position

### Terms of Referral

---

- 1.1 The month nine position reported £0.632m of acceleration in gross expenditure, compared to projected slippage of £1.485m variance at month five. At month five, there was an expected shortfall in capital receipts compared to the budgeted level of £0.250m. This shortfall had now increased to £4.608m at month nine. The net effect of the variances projected at month nine was an increase of £5.540m in the amount that the Council required to borrow corporately to support its capital programme relative to budgeted assumptions.
- 1.2 Net acceleration on gross expenditure projected at month nine represented a variance against budget of 0.55% (which was below the 15/16 Scotland wide average of slippage of 16%). There had been acceleration of £8.903m in the delivery of a number of projects, most notably in the general asset management works programme, the Place depot review and the final completion settlement for the new Portobello High School. This was largely offset by slippage which in the majority, was caused by uncontrollable and unforeseen delays that had occurred since re-profiling and aligning the revised budget. In the main, these included delays caused by a change in procurement route on the early learning and childcare estate improvements project and delays to piling operations on the new build Boroughmuir High School.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the projected capital outturn positions on the General Fund and Housing Revenue Account (HRA) at month nine.
  - 1.3.2 To note the prudential indicators at month nine.
  - 1.3.3 To note that the Acting Executive Director of Resources was closely monitoring the capital receipts position,
  - 1.3.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

### For Decision/Action

---

- 2.1 The Governance, Risk and Best Value Committee is asked to consider the report as part of its work programme.

### Background reading/external references

---

Minute of the Finance and Resources Committee, 19 January 2017

## **Kirsty-Louise Campbell**

Interim Head of Strategy and Insight

Contact: Veronica MacMillan, Committee Clerk

E-mail: [veronica.macmillan@edinburgh.gov.uk](mailto:veronica.macmillan@edinburgh.gov.uk) | Tel: 0131 529 4283

## **Links**

---

<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

10.00am, Thursday, 19 January 2017

## Capital Monitoring 2016/17 – Nine Month Position

Item number 7.4  
Report number  
Executive/routine  
Wards

### Executive summary

At month nine, the Council is projecting the following outturn position against its Capital budgets:

- General Fund investment - £0.6m acceleration
- General Fund Capital Receipts - £4.6m slippage
- HRA investment - £4.5m underspend
- HRA Capital Receipts - £2.8m acceleration

As a result of these forecasts, the level of General Fund borrowing is projected to be £5.240m more than budget. This position should be considered in the context of the challenging nature of capital projects, where variances may occur for reasons outwith the Council's control.

The HRA underspend is primarily related to a reduction in the combined update of kitchen and bathroom upgrades from tenants. Heating replacements have been accelerated by 40% to mitigate this underspend in part. The acceleration of HRA capital receipts is mainly due to a spike in Council house sales prior to the abolition of Right to Buy in August 2016 and an increase in grant income from Scottish Government for affordable housing.

### Links

Coalition pledges [P3](#), [P8](#), [P30](#), [P31](#), [P33](#), [P42](#)  
Council outcomes [CO1](#), [CO16](#), [CO20](#), [CO23](#), [CO25](#)  
Single Outcome Agreement [SO3](#), [SO4](#)

# Report

## Capital Monitoring 2016/17 – Nine Month Position

### 1. Recommendations

---

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the projected capital outturn positions on the General Fund and HRA at month nine;
  - 1.1.2 Note the prudential indicators at month nine;
  - 1.1.3 Note that the Acting Executive Director of Resources is closely monitoring the capital receipts position; and
  - 1.1.4 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

### 2. Background

---

- 2.1 This report sets out the overall position of the Council's capital budget at the nine month stage (based on analysis of period seven and eight data) and the projected outturn for the year.

### 3. Main report

---

- 3.1 The position at month nine is summarised in the table below, while further details can be seen in Appendix 1.

	<b>Outturn Variance at Month Nine £000</b>	<b>Outturn Variance at Month Five £000</b>	<b>Movement from Month Five £000</b>
Net (slippage) / acceleration in gross expenditure	632	(1,485)	2,117
Net (surplus) / deficit in capital receipts / grant income	4,608	250	4,358
<b>Net increase / (decrease) in borrowing requirement</b>	<b>5,240</b>	<b>(1,235)</b>	<b>6,475</b>

- 3.2 The month nine position reports £0.632m of acceleration in gross expenditure, compared to projected slippage of £1.485m variance at month five. At month five, there was an expected shortfall in capital receipts compared to the budgeted level of £0.250m. This shortfall has now increased to £4.608m at month nine. The net effect of the variances projected at month nine is an increase of £5.540m in the amount that the Council requires to borrow corporately to support its capital programme relative to budgeted assumptions.
- 3.3 Explanations for significant slippage and accelerations projected at month nine are presented in Appendix 2. The net acceleration on gross expenditure projected at month nine represents a variance against budget of 0.55% (which is below the 2015/16 Scotland wide average of slippage of 16%). There has been acceleration of £8.903m in the delivery of a number of projects, most notably in the general asset management works programme, the Place depot review and the final completion settlement for the new Portobello High School. This is largely offset by slippage which in the majority, is caused by uncontrollable and unforeseen delays that have occurred since re-profiling and aligning the revised budget. In the main, these include delays caused by a change in procurement route on the early learning and childcare estate improvements project and delays to piling operations on the new build Boroughmuir High School.
- 3.4 The nature of capital projects means that in any given year, variance against budget will occur due to delays or unforeseen circumstances out with the control of the Council, like those described in 3.3 above. In the previous two financial years, the impact of this type of slippage has been minimised as much as possible through acceleration / better than originally anticipated progress elsewhere in the programme. Accelerating projects is dependent on the ability to make these 'shovel-ready' at short notice. It should be noted that every effort will be made to accelerate suitable projects to minimise in year slippage but that the ability to do this late on in the financial year will likely be limited.

#### **Capital receipts/grant income**

- 3.5 A review of capital receipts from asset sales undertaken by Corporate Property and Finance estimates that net receipts of £14.412m will be realised in 2016/17, compared to a budget of £19.020m resulting in a receipts shortfall of £4.608m.
- 3.6 The net decrease from the month five position for General Services receipts relates to revised settlement dates for some receipts. The reported figures reflect a cautious approach placing the receipt from King's Stables Road in 2017/2018 when it is possible that the sale will complete before the end of March 2017. The budgeted transfer of receipts to the capital fund of £5.559m will now also be reprofiled to 2017/18. Council approved at its budget meeting of 21 January 2016 the allocation of these additional receipts for the Local Development Plan (LDP) infrastructure and revenue repairs and maintenance across the existing Council property estate and expenditure plans will also be reprofiled.

- 3.7 Ring fenced receipts are also expected to be lower than budgeted. This is largely due to the intention to transfer some of these sites to the HRA with an associated transfer of borrowing costs, based on market value to the HRA having a similar financial impact on the General Fund as receiving a capital receipt.

### **Prudential Indicators**

- 3.8 The prudential indicator monitoring at month nine is shown in Appendix 3.

### **Housing Revenue Account (HRA)**

- 3.9 The Housing Revenue Account is forecasting slippage in gross expenditure of £4.526m at month nine (balanced position at month five) as shown in Appendix 4. At month nine, the forecast is gross expenditure of £39.808m (£44.334m at month five) capital receipts / grant income of £24.119m (£22.461m at month five) and borrowing of £15.689m (£21.873m at month five).
- 3.10 Approximately £4m of the underspend is due to a below average uptake from tenants on the kitchen and bathrooms programme. The programme is still on track to meet the Council commitment of ensuring that no kitchen or bathroom is over 25 years old by the end of this financial year. The budget was set assuming all 1,920 tenants would receive upgrades for both kitchens and bathrooms. However, only two thirds of tenants have proceeded with both upgrades to date, with the remainder only agreeing to one upgrade or no upgrade at all.
- 3.11 The Heating Replacement Programme has been accelerated in line with the agreed strategy to reduce the overall under spend. The programme has already exceeded the year end target of 1,234 homes, with 1,279 having benefited from upgrades by the end of November 2016. The programme will be accelerated further to continue to mitigate under spends and make tenants' homes easier to heat. It is projected that more than 1,700 tenants will be benefitting from the programme at the year end, a 40% increase in delivery.
- 3.12 The Neighbourhood Improvement Programme is projected to under spend by £0.8m. However, all identified projects will be delivered in line with the priorities agreed with local teams and neighbourhood governance. The underspend (£0.3m) in the Regeneration Programme was due to a last minute change of the specification of one project (St Stephen's Court), resulting in a slight delay on securing relevant building warrant and site start.
- 3.13 The 21<sup>st</sup> Century Homes programme is on track to spend its approved budget. The first phase of the Pennywell housing regeneration is due to complete in December 2016 with construction works already started on phase 2. This project will deliver more than 700 new market and affordable homes in total. Housing construction is also underway at Leith Fort with the first homes expected to be available to let in early summer. Site starts have been planned at North Sighthill, Calders, West Pilton Grove and Greendykes in 2017. A total of 357 new homes are expected to be on site by the end of March 2017.

## **4. Measures of success**

---

- 4.1 Completion of capital projects as budgeted for in the 2016/17 capital programme.
- 4.2 Identifying slippage at the earliest opportunity and accelerating projects where possible to ensure best use of available resources.

## **5. Financial impact**

---

- 5.1 The projected 2016/17 general fund outturn outlines capital borrowing of £70.474m. The overall loan charges associated with this borrowing over a 20 year period would be a principal amount of £70.474m, interest of £45.877m, resulting in a total cost of £116.356m based on a loans fund interest rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £1.816m, followed by an annual cost of £5.727m for 20 years.
- 5.2 The projected 2016/17 HRA outturn outlines capital borrowing of £15.689m. The overall loan charges associated with this borrowing over a 20 year period would be a principal amount of £15.689m, interest of £10.213m, resulting in a total cost of £25.903m based on a loans fund rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £0.403m followed by an annual cost of £1.275m for 20 years.
- 5.3 The borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 5.4 The loan charge costs outlined above will be met from this year's general fund and HRA revenue budgets for loan charges.

## **6. Risk, policy, compliance and governance impact**

---

- 6.1 Significant budget virements have complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.3 Monitoring of major capital projects including risk assessment is carried out by the Council's Strategy and Insight service.
- 6.4 The nature of capital projects means that there is an inherent risk of delays or unforeseen circumstances outwith the control of the Council.



## 7. Equalities impact

---

- 7.1 The Council's capital expenditure contributes to the delivery of the public sector equality duty to advance equality of opportunity and foster good relations e.g. enhancement works related to the Disability Discrimination Act, works on Children and Families establishments and capital expenditure on Council housing stock.

## 8. Sustainability impact

---

- 8.1 The impacts of the projects set out within the appendices of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account.
- 8.2 The proposals in this report will help achieve a sustainable Edinburgh because they are ensuring funding for key strategic projects that will enhance facilities and infrastructure in the city. A carbon impact assessment shall be carried out on each new project to achieve the most sustainable outcome for the city in each case.
- 8.3 The proposals in this report will increase the city's resilience to climate change impacts because they are securing funding for flood prevention projects.

## 9. Consultation and engagement

---

- 9.1 Consultation on the capital budget was undertaken as part of the budget process.

## 10. Background reading/external references

---

[Capital Monitoring 2016-17 – Half Year Position](#) Finance and Resources Committee, 29 October 2015

### **Hugh Dunn**

Acting Executive Director of Resources

Contact: Denise Pryde, Senior Accountant

E-mail: [denise.pryde@edinburgh.gov.uk](mailto:denise.pryde@edinburgh.gov.uk) | Tel: 0131 469 3195

<b>Coalition pledges</b>	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used</p> <p>P42 – Continue to support and invest in our sporting infrastructure</p>
<b>Council outcomes</b>	<p>CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed</p> <p>CO16 – Edinburgh draws new investment in development and regeneration</p> <p>CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens</p> <p>CO23 – Well-Engaged and Well-Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p> <p>CO25 – The Council has efficient and effective services that deliver on objectives</p>
<b>Single Outcome Agreement</b>	<p>SO3 - Edinburgh’s children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh’s communities are safer and have improved physical and social fabric</p>
<b>Appendices</b>	<p>1 – Capital Monitoring 2016/17 – General Fund</p> <p>2 – Slippage / Acceleration on capital projects 2016/17</p> <p>3 – Prudential Indicators 2016/17</p> <p>4 – Capital Monitoring 2016/17 - HRA</p>

## Capital Monitoring 2016/17

### General Fund Summary

Period 9 (based on period 7 and 8 data)

Expenditure	Revised Budget £000	Adjusts £000	Total Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
						£000	%
Communities and Families	45,781	2,741	48,522	29,951	44,308	(4,214)	-8.68%
Resources - AMW	10,936	464	11,400	11,329	16,307	4,907	43.04%
Edinburgh IJB	4,167	321	4,488	4,284	4,532	44	0.98%
Place	83,759	5,556	89,315	48,005	89,210	(105)	-0.12%
Chief Executive	15,789	-	15,789	-	15,789	-	0.00%
General slippage across programme			-			-	
<b>Total Gross Expenditure</b>	<b>160,432</b>	<b>9,082</b>	<b>169,514</b>	<b>93,569</b>	<b>170,146</b>	<b>632</b>	<b>0.37%</b>

#### Resources

<i>Capital Receipts</i>							
General Services	19,634	-	19,634	8,409	13,332	(6,302)	-32.10%
Capital Receipts in lieu of prudential borrowing	-	-	-	-	680	680	
Ringfenced Asset Sales	4,895	50	4,945	153	650	(4,295)	-86.86%
Less additional receipt income to capital fund	(5,559)		(5,559)	-	-	5,559	-100.00%
Less Fees Relating to Receipts			-	(85)	(250)	(250)	
<i>Total Capital Receipts from Asset Sales</i>	<b>18,970</b>	<b>50</b>	<b>19,020</b>	<b>8,477</b>	<b>14,412</b>	<b>(4,608)</b>	<b>-24.23%</b>
Developer and other Contributions	7,468	5,570	13,038	6,620	13,038	-	0.00%
Capital Grants Unapplied Account drawdown	808	-	808	546	808	-	0.00%
<i>Total Capital Receipts</i>	<b>27,246</b>	<b>5,620</b>	<b>32,866</b>	<b>15,643</b>	<b>28,258</b>	<b>(4,608)</b>	<b>-14.02%</b>
<i>Grants</i>							
Scottish Government General Capital Grant	41,626	-	41,626	27,751	41,626	-	0.00%
Cycling, Walking and Safer Streets	540	-	540	-	540	-	0.00%
Management Development Funding	29,248	-	29,248	5,459	29,248	-	0.00%
<i>Total Grants</i>	<b>71,414</b>	<b>-</b>	<b>71,414</b>	<b>33,210</b>	<b>71,414</b>	<b>-</b>	<b>0.00%</b>
<b>Total Resources</b>	<b>98,660</b>	<b>5,620</b>	<b>104,280</b>	<b>48,853</b>	<b>99,672</b>	<b>(4,608)</b>	<b>-4.42%</b>

<b>Balance to be funded through borrowing</b>	<b>61,772</b>	<b>3,462</b>	<b>65,234</b>		<b>70,474</b>	<b>5,240</b>	<b>8.03%</b>
---	---------------	--------------	---------------	--	---------------	--------------	--------------

**CAPITAL MONITORING 2016/2017 - Period 9 (based on period 7 and 8 data)****Slippage and Acceleration on Projects**

Slippage on projects is shown as a negative value, while acceleration or overspends are shown as positive values.

**Key to variance category***Type*

1. Slippage due to unforeseen delays

2. Slippage due to optimistic budget

3. Slippage due to timing of payments

4. Acceleration on a project

*Explanation*

Slippage that has occurred due to unforeseen circumstances or delays that for the most part, are out with the Council's control.

Slippage that has occurred due to optimism bias when budget was set. Issues include projecting spend on block budgets when a programme of works has not been considered or designed, not applying a discount factor for adverse weather / risk issues, providing for too much contingency and predicting an optimistic works timetable.

Slippage that has occurred where a project is on time and schedule but is as a result of the timing of cash flows.

Represents accelerated spend on a project i.e. due to better than anticipated progress.

Note that a project will exhibit an element of all of the above but the over riding reason has been considered when applying a variance category.

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b><u>Communities and Families</u></b>					
Early learning and childcare estate improvements	-1,223	-1,085	-138	Due to tender submission stage taking longer than originally envisaged.	2
Duncan Place improvement	-212	-400	188	Delay in contract start due to requirement for value engineering exercise to bring project in line with available budget.	1
Boroughmuir High School	-4,302	0	-4,302	Delay in starting contract due to issues with concrete levels- school is now due to open August 2017	1
Rising School Rolls	327	0	327	Several schools required extra work under the Rising School Rolls programme and will require to be funded from future years budgets	4
Portobello High School	879	0	879	Settlement of final account will be made in 2016-2017 and not 2017-2018 as originally envisaged	4
St John's Primary School	228	0	228	External fees for producing stage 1 report will be incurred in 2016-2017 rather 2017-2018 as originally envisaged	4
Fees relating to the cost of sale of assets	83	0	83	Acceleration of spend to be met from future receipts.	4
Net (slippage) / acceleration on various projects	6	0	6		4
<b>Total Communities and Families</b>	<b>-4,214</b>	<b>-1,485</b>	<b>-2,729</b>		
<b><u>Resources - AMW</u></b>					
Acceleration across the Asset Management Works programme	4,907	0	4,907	General acceleration across the Asset Management Works programme	4
<b>Total Resources - AMW</b>	<b>4,907</b>	<b>0</b>	<b>4,907</b>		

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b>Edinburgh IJB</b>					
Net (slippage) / acceleration on various projects	44		44		4
<b>Total Edinburgh IJB</b>	<b>44</b>	<b>0</b>	<b>44</b>		
<b>Place</b>					
Depot Review	1,800	0	1,800	Better than anticipated progress on depot review project	4
Calton Hill redevelopment	629	0	629	Acceleration of Council contribution to facilitate the cashflow of the project	4
Fleet Vehicle Purchase	-751	0	-751	Long lead in time for the procurement of specialist vehicles	2
Road Asset Management	-661	0	-661	Two carriageway schemes postponed due to gas works	2
Street Lighting and Traffic Signals	-638	0	-638	Transformation process resulted in loss of staff to deliver programme - delay until vacancies can be filled	2
Rose Street - Public Realm	-282	0	-282	Works delayed due to 3rd Party works (Hub Hotel) programme running over until Spring 2017	2
Leith Walk Constitution Street	-236	0	-236	Reprogramming of projects in conjunction with tram enabling works	2
Net (slippage) / acceleration on various projects	34	0	34		2
<b>Total Place</b>	<b>-105</b>	<b>0</b>	<b>-105</b>		
<b>Total for all Services</b>	<b>632</b>	<b>-1,485</b>	<b>2,117</b>		
<b>Summary of Variance Category</b>					
1. Slippage due to unforeseen delays	-4,514	-400	-4,114		1
2. Slippage due to optimistic budget	-3,757	-1,085	-2,672		2
3. Slippage due to timing of payments	0	0	0		3
4. Acceleration on a project	8,903	0	8,903		4
	<b>632</b>	<b>-1,485</b>	<b>2,117</b>		

**PRUDENTIAL INDICATORS 2016/17 - Period 9 (based on period 7 and 8 data)****Indicator 1 - Estimate of Capital Expenditure**

	2015/16	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	Actual	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children & Families	48,181	0	0	0	0	0	0	0	0		
Corporate Governance	7,407	0	0	0	0	0	0	0	0		
Economic Development	42	0	0	0	0	0	0	0	0		
Health & Social Care	5,680	0	0	0	0	0	0	0	0		
Services for Communities	77,149	0	0	0	0	0	0	0	0		
SfC - Asset Management Programme	14,516	0	0	0	0	0	0	0	0		
Other Capital Projects	3,014	0	0	0	0	0	0	0	0		
Unallocated funding - indicative 5 year plan 2016/17	0	0	0	0	0	0	0	7,000	7,000	7,000	7,000
Chief Executive	0	17,291	15,789	1,125	1,125	0	0	0	0	0	0
Communities and Families	0	50,436	44,308	7,595	27,278	10,184	12,984	14,766	6,709	558	165
Edinburgh Integration Joint Board	0	4,229	4,532	114	108	0	0	0	0	0	0
Place	0	99,404	89,210	72,464	93,027	30,719	32,154	24,201	72,698	19,834	19,835
Resources - Asset Management Works	0	24,044	16,307	11,035	8,010	8,436	8,334	19,173	29,097	14,000	14,000
Total General Services	155,989	195,404	170,146	92,333	129,548	49,339	53,472	65,140	115,504	41,392	41,000
Housing Revenue Account	35,626	48,508	39,808	65,708	65,708	76,500	76,500	84,794	84,794	85,022	85,022
Total	191,615	243,912	209,954	158,041	195,256	125,839	129,972	149,934	200,298	126,414	126,022

The 'estimate' figures relate to those reported in the prudential indicators as part of the budget motion in February 2016. Differences between these and the 'forecast' figures relate to further realignment and rephasing that has taken place as part of the revised budget process.

**Indicator 2 - Ratio of Financing Costs to Net Revenue Stream**

	2015/16	2016/17	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Forecast	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%	%
General Services	11.51	12.00	12.19	11.94	11.66	11.55	N/A
Housing Revenue Account	37.31	36.64	34.10	39.33	40.73	42.49	44.60

Forecast and estimates include the financing cost relating to the Tram project.

Figures for 2017/18 onwards are indicative as neither the Council nor HRA has set a budget for these years. The figures for General Services are based on the current long term financial plan that ends in 2019/20. HRA figures are based on the current business plan.

**Indicator 3 - Capital Financing Requirement**

	2015/16 Actual £000	2016/17 Estimate £000	2016/17 Forecast £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000
General Services (including finance leases)	1,275,213	1,297,933	1,277,947	1,260,004	1,274,158	1,191,945	1,216,275	1,133,225	1,214,249	1,064,001	1,156,018
Housing Revenue Account	357,602	377,947	356,706	387,821	370,064	406,950	393,925	437,419	430,692	474,861	475,019
Total	<u>1,632,815</u>	<u>1,675,880</u>	<u>1,634,653</u>	<u>1,647,825</u>	<u>1,644,222</u>	<u>1,598,895</u>	<u>1,610,200</u>	<u>1,570,644</u>	<u>1,644,941</u>	<u>1,538,862</u>	<u>1,631,037</u>

Forecasts include the capital financing requirement relating to PPP assets and Tram project

**Indicator 4 - Authorised Limit for External Debt**

	2016/17 Estimate £000	2016/17 Rev Est £000	2017/18 Estimate £000	2017/18 Rev Est £000	2018/19 Estimate £000	2018/19 Rev Est £000	2019/20 Estimate £000	2019/20 Rev Est £000	2020/21 Estimate £000	2020/21 Rev Est £000
Borrowing	1,591,015	1,591,015	1,617,379	1,617,379	1,630,954	1,630,954	1,558,749	1,558,749	1,507,508	1,507,508
Credit Arrangements	226,589	226,600	215,777	215,787	205,412	205,420	195,958	195,965	187,755	187,763
Total	<u>1,817,604</u>	<u>1,817,615</u>	<u>1,833,156</u>	<u>1,833,166</u>	<u>1,836,366</u>	<u>1,836,374</u>	<u>1,754,707</u>	<u>1,754,714</u>	<u>1,695,263</u>	<u>1,695,271</u>

Other Long-Term Liabilities includes finance lease repayments for PPP assets

**Indicator 5 - Operational Boundary for External Debt**

	2016/17 Estimate £000	2016/17 Rev Est £000	2017/18 Estimate £000	2017/18 Rev Est £000	2018/19 Estimate £000	2018/19 Rev Est £000	2019/20 Estimate £000	2019/20 Rev Est £000	2020/21 Estimate £000	2020/21 Rev Est £000
Borrowing	1,491,015	1,491,015	1,487,329	1,487,329	1,520,904	1,520,904	1,478,699	1,478,699	1,457,458	1,457,458
Other Long-Term Liabilities	226,589	226,600	215,777	215,787	205,412	205,420	195,958	195,965	187,755	187,763
Total	<u>1,717,604</u>	<u>1,717,615</u>	<u>1,703,106</u>	<u>1,703,116</u>	<u>1,726,316</u>	<u>1,726,324</u>	<u>1,674,657</u>	<u>1,674,664</u>	<u>1,645,213</u>	<u>1,645,221</u>

Other Long-Term Liabilities includes finance lease repayments for PPP assets

**Indicator 6 - Impact on Council Tax and House Rents**

	<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>Estimate</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Forecast</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
for the band "D" Council Tax	2.46	-0.93	9.17	1.29	13.68	13.12	18.02	24.11	N/A	N/A
for the average weekly housing rents	-0.19	-0.39	-0.68	-1.35	-0.50	-1.17	0.55	-0.13	3.50	2.83

In calculating the incremental impact of capital investment decisions on the band "D" Council Tax, investment decisions relating to National Housing Trust Phases have been omitted. As agreed with the Scottish Government, the borrowing and associated interest costs related to this expenditure are directly rechargeable to developers at agreed periods in the future. As such, there is no cost to the Council in relation to this element of borrowing and therefore it has been omitted in calculating the incremental impact of capital investment decisions.

The changes between the forecast and the original estimate reflect the realignment of the Capital Investment Programme reported to Finance and Resources Committee in August 2016.



**CAPITAL MONITORING 2016/17****Housing Revenue Account Summary****Period 9 (based on period 7 and 8 data)**

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Gross Expenditure	44,334	19,263	39,808	-4,526	-10.2%
Total Gross Expenditure	44,334	19,263	39,808	-4,526	-10.2%

<b>Resources</b>					
Capital Receipts	-4,183	-2,282	-9,107	-4,924	117.7%
Developers and Other Contributions	-11,847	-2,864	-8,027	3,820	-32.2%
Specific Capital Grant	-5,274	-1,556	-6,985	-1,711	32.4%
Total Resources	-21,304	-6,702	-24,119	-2,815	13.2%

<b>Borrowing</b>					
Borrowing	23,030	12,561	15,689	-7,341	-31.9%
Total	23,030	12,561	15,689	-7,341	-31.9%