



London Borough of Enfield

Report Title	2023/24 Period 5 capital budget monitoring
Report to:	Cabinet
Date of Meeting:	15 November 2023
Cabinet Member:	Cllr Tim Leaver, Cabinet Member Finance & Property
Executive Director/Director	Fay Hammond, Executive Director Resources Olga Bennet, Director of Finance (Capital)
Report Authors:	Olu Ayodele – Olu.ayodele@enfield.gov.uk Shirley Haider – Shirley.haider@enfield.gov.uk
Ward(s) affected:	All
Key Decision Number	KD5678
Classification:	Part I Public

Purpose of the Report

1. This report provides an update on the 2023/24 capital programme. It provides an overview of capital expenditure incurred to date, projected forecast full year outturn and outcomes anticipated from the expenditure. Progress on the HRA's capital programme was reported to October Cabinet.

Recommendations

- I. Cabinet is asked to recommend that Council approves
 - a. The removal of £71.1m budget from the 2023/24 programme, (of which £34.6m was due to be funded by borrowing) (as detailed in Appendix C). This includes projects moved to pipeline.
 - b. The reprofiling of £71.3m budget (including £13.1m for the HRA) from 2023/24 to 2024/25 (as detailed in Appendix B)
 - c. The addition of £17.4m budget as detailed in Appendix D

- II. Cabinet is asked to note:
 - a. Full year capital spend of £283.1m is forecast for 2023/24, including £129.9m for the Housing Revenue Account (HRA)
 - b. A £33.7m reduction in the general fund borrowing requirement (and an increase of £10m in HRA borrowing)
 - c. Capital expenditure to Period 5 (31 August) is £42.6m, which is 15.0% of full year forecast
 - d. The largest variances in spend to forecast relate to Meridian Water and Companies loan drawdowns.
 - e. Borrowing funded underspends at year end will not be automatically carried forward into 2024/25
 - f. A separate Companies report will be presented to November Cabinet

Background and Options

2. The capital programme for 2023/24 has evolved alongside development of the 10-year capital strategy. The capital budget of £408.1m (£379.6m original approved by Council in February 2023, £18.3m adjustment for revised Meridian Water business case and £10.2m unspent budget carried forward) has been reviewed in response to ongoing revenue funding pressures and the increasing cost of debt financing.

3. As part of capital strategy development, EMT has approved the removal of £58.7m borrowing funded budget from the capital programme. These include budgets for phases of capital works that have not yet started (e.g. Digital Services and Montagu) as well as reductions to rolling annual budgets (e.g. Vehicle Replacement Programme). These schemes are now classified as 'pipeline' expenditure – potential spend that will only be added into the capital programme once underlying business cases are approved.

This approach restricts borrowing in the capital programme to projects that are actively underway.

4. A further £12.5m reductions to the programme have been made as capital projects are reviewed and refocussed towards essential works. Appendix C provides further details.
5. Growth in the programme on the Council's core services is comparatively small and is predominantly funded from grant. Appendix D provides further information. There is also up to £12.7m programme growth for Meridian Water, assumed to be funded largely from a reduction in other borrowing and a capital receipt(KD5627).
6. £71.3m budget (including £13.1m for the HRA and £2.0m for Digital Services) is proposed to be reprofiled into later years, subject to Council approval. Appendix B provides further details.
7. These changes have resulted in a Period 5 forecast full year outturn of £283.1m (including £129.9m for the HRA).
8. As at Period 5 capital spend of £41.9m has been incurred, which is 10.2% of the revised budget of £408.1m and 15.0% of Period 5 forecast full year outturn.
9. The most significant variance to both the revised budget and Period 5 forecast outturn relates to Meridian Water. The forecast outturn is £93.5m. Approximately £23m of this forecast is on Meridian One. To date 20 of 119 units have been delivered, with the remaining 99 units expected to complete by March 2024. Whilst actual expenditure to date is comparatively low at £5.3m, significant levels of spend are expected in the second half of the year.

Relevance to the Council plans and Strategies

10. Planned capital spend is informed by the Council's strategic objectives (as detailed in the Council's Corporate Plan).
11. The following paragraphs provide a high-level description of how 2023/24 capital expenditure supports the delivery of the Council's objectives.
12. **More and better homes - £244.8m**
13. A substantial portion of the council's capital programme exists to invest in new or better housing for residents, through Meridian Water, Housing Gateway, and the HRA's refurbishment and new home development programme.
14. **Thriving children and young people - £14.6m**

15. The Council continues to invest in its schools capital programme, to ensure its school buildings are fit for purpose and there are sufficient places to meet demand
16. **Strong, healthy and safe communities - £6.6m**
17. The capital programme includes annual allocations for investment in streets and roads, and also grant funded works to improve the environment for pedestrians and cyclists.
18. **An economy that works for everyone - £9.9m**
19. Continued investment in business critical Council systems including digital services and the Council's civic estate as well as investment in town centre regeneration. The capital programme includes provision for development projects which will provide additional jobs and better environments for local businesses.
20. **Clean and green spaces - £7.2m**
21. Ongoing investment in parks and open spaces

Delivery of the manifesto

22. The Council has continued to deliver manifesto pledges including:
 - Progress made on delivering new schools streets, with 10 delivered in 2022/23 taking the total to 24 schools streets across the borough. With a further 3 expected to complete in 2023/24.
 - Works to create 10 new wetlands across the borough continues in 2023/24, with progress made across a number of sites
 - Over 50,000 trees have been planted in forest areas and on urban streets.
 - The creation of new café and toilet facilities in all major parks continues with works progressing on a new community hub at Firs farm park, along with progress at other parks across the borough (including boating lake at Broomfield Park).

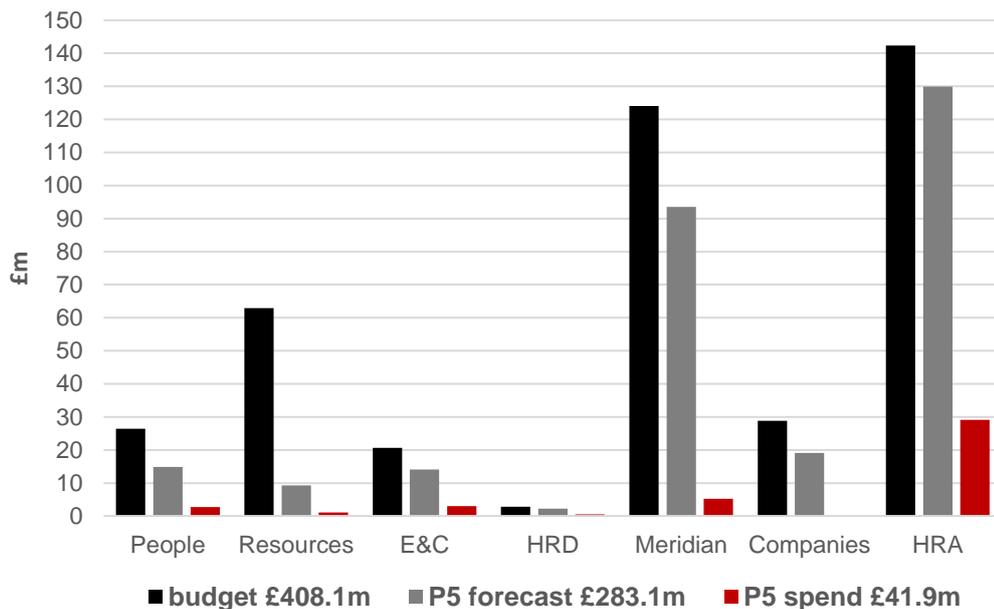
Capital budget monitoring – Period 5

23. There have been significant changes to the approved capital budget for 2023/24, arising from development of the 10-year capital strategy and period 5 (P5) capital budget monitoring. Approved capital budget of £408.1m is reduced to £283.1m P5 forecast full year outturn. These changes are detailed fully in Appendix A and include:
 - Removal of £58.7m budget (as approved by EMT) as part of capital strategy development
 - Removal of a further £12.5m budget as projects are reviewed and / or paused or restricted to essential work only

- Request to carry forward £71.3m grant funded budget into 2024/25 (including £37.1m Housing Infrastructure Fund (HIF) grant funding for Meridian Water and £10.9m DfE capital grant for the schools' capital programme, £13.1m for the HRA)
- Growth of £17.4m (Appendix D)

24. Capital spend to Period 5 is £41.9m, which is 15.0% of Period 5 forecast outturn and 10.2% of capital budget.

25. Figure 1 compares £41.9m spend to date with both budget and Period 5 forecast outturn. The largest variances are within Meridian Water, Companies and the Housing Revenue Account (HRA).



26. Spend to date is comparatively low in comparison with forecast full year outturn. It is important to note, however, that spend to date does not yet include the capitalised costs of staff directly supporting delivery of capital schemes. These will be reviewed to make sure they are compliant with the CIPFA Code of Practice prior to being recognised as capital spend. A further £40m of orders have been placed for capital works that are either already underway or due to start. The pace of spend in the second half of the year is expected to increase as schemes progress, orders are fulfilled, and eligible capital spend (including staff time and Meridian Water capitalised interest) and reviewed and recognised.

27. Where funded from borrowing, unspent budget at year end will not be automatically carried forward into 2024/25. Borrowing funded capital budget will only be carried forward if approved by EMT (and subsequently by Cabinet and Council). This is an important financial control that seeks to ensure that borrowing in the capital programme is robustly managed.

28. Paragraphs 29 to 58 of this report provide commentary on the status of capital projects within the programme, including outcomes anticipated from

the investment. Table 1 summarises (in more detail than Figure 1) spend to date in comparison with budget and Period 5 forecast outturn.

Table 1 – Period 5 capital spend and forecast outturn by Department

	Revised budget	Forecast outturn	Forecast Variance to budget	YTD spend	Forecast Variance to budget %
	£m	£m	£m	£m	%
Education	24.8	13.9	-10.8	2.7	-43.7%
Children & Family Services	0.4	0.7	0.3	0.0	65.1%
Adult Social Care	1.3	0.3	-1.0	0.0	-80.0%
People	26.4	14.9	-11.5	2.7	-43.7%
Digital Services	13.5	5.8	-7.7	0.0	-57.3%
Property & Economy	49.5	3.5	-45.9	1.1	-92.9%
Resources	63	9.3	-53.7	1.1	-85.2%
Customer & Communications	0.0	0.0	0.0	0.0	0.0%
Environment & Street scene	8.8	6.2	-2.6	1.9	-29.8%
Leisure, Parks & Culture	3.2	3.1	-0.2	0.4	-5.4%
Journeys & Places	7.7	4.2	-3.5	0.5	-45.3%
Town Centre Regeneration	0.8	0.6	-0.2	0.1	-24.8%
Environment & Communities	20.6	14.1	-6.5	3.0	-31.6%
Housing & Regeneration	2.8	2.3	-0.5	0.5	-17.9%
HDR (exc Meridian)	2.8	2.3	-0.5	0.5	-17.9%
Meridian Water	124.0	93.5	-30.5	5.3	-24.6%
Energetik	17.7	8.9	-8.8	0.0	-49.7%
Housing Gateway Ltd	11.2	10.2	-1.0	0.0	-8.9%
Companies	28.9	19.1	-9.8	0.0	-33.9%
General Fund	265.7	153.2	-112.6	12.7	-42.4%
Housing Revenue Account	142.4	129.9	-12.5	29.2	-8.8%
Total	408.1	283.1	-125.0	41.9	-30.6%

People – £2.7m Period 5 spend (£26.4m budget, £14.9m P5 forecast)

29. Schools' capital programme is forecasted to spend £13.9m in 2023/24. Planned spend includes £3.5m on the new 6th form building at Winchmore schools (works scheduled to start in September 2023), £4m on remodelling and refurbishing the Swan Centre (works expected to complete early in 2024/25), and £6.5m on replacing windows, heating systems, lighting upgrades, installing new boilers and refurbishments on schools across the borough.
30. All schools have regular inspections and surveys to identify potential structural issues with buildings. Of the 36 school buildings in the borough, to date Reinforced Autoclaved Aerated Concrete (RAAC) has been identified in the changing rooms in 1 school building, and plans are already in place to address this. 11 schools reported no RAAC, 20 schools reported initial survey results suggesting low chance of RAAC issues and 8 schools where further surveys are being arranged.
31. Community Safety services is forecasting £150k spend this year to deliver improved security at various sites across the borough, with new radio links and CCTV cameras and an improved hub at Walbrook House.
32. Capital budget has also been approved for the remodelling of two Borough owned premises for children's homes. Works are expected to start this financial year.
33. Mental health hub grant funded spend of £1m for 2023/24 (with additional budget in 2024/25) is proposed to be reprofiled into 2024/25 pending approval of business case expected later this year.

Resources – £1.1m Period 5 spend (£63.0m budget, £9.3m P5 forecast)

34. Build the Change budget for 2023/24 has been revised to £635k (including £70k for Hub 2), focusing on essential works only including snagging and retention costs on the children's and families hub and the fit out of the archive space at Ridge Avenue. All other works at the civic site have been put on hold pending a strategic decision on the future of the site.
35. Montagu industrial redevelopment project is being reviewed, and a revised business case is being prepared. £150k capital budget remains for CPO and consultancy fees for sites the Council is seeking to acquire. The remainder of the approved budget is now moved to 'pipeline.'
36. Corporate Property Investment Programme forecasts £155k spend. These works include to the community kitchen at Albany Park (now completed). The Firs Farm Community Hub works are progressing, with initial focus on securing the appropriate site utilities connections. Works are expected to complete by the end of the financial year.
37. Corporate Condition Programme forecast remains unchanged at £2.1m. This investment will deliver a range of health and safety works, replacement of boilers at various buildings, cess pit replacement improved accessibility at

allotments and buildings, toilet upgrades at parks, and replacement roofs. Whilst the cooling tower upgrade at the Civic Centre is on hold at present, potential additional spend on de-carbonisation works is forecast this year. The overall programme forecast outturn has not therefore been adjusted at this time.

38. Digital Services - original approved budget for 23/24 was £13.5m. EMT has agreed a revised programme budget of £7.8m. Of this revised programme, £2.0m is proposed to be carried forward into 24/25 to complete projects that have started this financial year. The forecast for 23/24 is therefore reduced to £5.8m.
39. End User Computing (EUC – Laptops) & Smart Mobile Device (SMD – Mobile phones and Tablets) £2.3m – this project will include the replace devices that are aging, out of warranty and unable to operate to modern security standards. Transition new SIM's in mobile phones and tablets and have a service support structure for the new devices deployed. The Active directory redesign and Operating systems workstream will ensure that our platforms security and investment in EUC & SMD is aligned to industry standards to remove key security vulnerabilities.
40. Directorate Stand Alone Projects £0.7m – These projects engaged for this investment ensure that the directorate can deliver frontline services to support disadvantaged and vulnerable residents. The investment will also address areas an of end of life product.
41. Asset Management System £0.6m – the new Corporate Asset Management system went live with the Minimum Viable Product in 2023/24, to replace the previous end of life system. This provides a single application to hold Council's assets such as property and supporting documentation. The programme continues into 2023/24 to replace end of life product supporting Strategic Property Services (SPS) and Construction Management & Facilities Management (CMFM).
42. Unified Communication £0.6m – the replacement to the current end of life product to a new contact centre service product that is configure for LBE. The intelligent channels project will introduce and develop modern technological intelligence through the utilisation of Artificial Intelligent (AI), Robotic Process Automation (RPA) and other non-human intervention products in engagement with residents etc.
43. Security, Network Application £0.45m – This investment will enable the council to address an imminent national change, 'Digital Switchover' which will affect the borough with the retirement of the current analogue Public Switched Telephone Network. The investment will also address some aged infrastructure devices and obsolete operating systems.
44. Corporate Programme £0.45m – Projects include digitalisation of environmental services, this will deliver functionality changes on current products under contract to meet the changes in paper-based operations within two services area, street cleansing and Ground maintenance. The

Social reform project will also deliver two additional modules and associated functionality on Operator Lifecycle Management and Liquid Logic.

45. Data £0.4m – This investment enables the delivery of data migration projects and closure of end of life products and support the development of critical reports to enable the council to consider measures to support on a fully informed basis management information.
46. Civica £0.25m – This investment supports the development of new functionality within a system that supports our residents and businesses engagement across Revenues and benefits. This functionality will enable the residents and business to self-serve reducing the need to make calls to the council for help to complete a request.
47. The budget was agreed at Executive Management Team (EMT) on Tuesday 19th September which means that delivery will now engage fully 6 months into the FY2023/24. Any changes or reprofiling will be reported as agreed at EMT.

Environment & Communities – £3.0m Period 5 spend (£20.6m budget, £14.1m P5 forecast)

48. Journey & Places are forecasting £4.2m spend to deliver a programme of quieter neighbourhoods, improved cycle routes improved pedestrian routes, cycle parking and 10 new school streets across the conurbation. Budgeted spend of £7.7m included indicative grant estimates which have been revised in line with actual grant award.
49. Town Centre Regeneration will invest £0.6m in our town centre, funded from UK Shared Prosperity Fund grant, s106 contributions, CIL and borrowing. A further £0.8m grant funding has been secured for 2024/25 allowing works to continue across 5 town centres in Enfield without recourse to additional borrowing.
50. Flood alleviation expected to spend £1.6m on developing new wetlands, and woodlands in the north of the borough, installing new and upgrading existing pathways across public green land and improving signage to allow improved accessibility. Natural flood management measures will also be introduced across these areas. Flood alleviation works rely significantly on external grant funding, s106 contributions and community infrastructure levy (CIL). The programme will further evolve through the year should additional grant be awarded to allow for further works to be progressed. All growth in the programme will be funded from non-borrowing sources.
51. £1.1m will be spent on parks, playgrounds and verges. £320k to be spend on planting new urban trees, and repairs and improvements to highway verges and shrub beds. £0.55m will be spent on improving parks and playground infrastructure across the borough and a further £0.2m is planned to improve Broomfield Park boating lake (funded from £154k s106 contributions).

52. Sloeman's farm natural burial ground - £330k spend is planned this year, to be funded from income from soil importation. The Council is in the process of procuring a main contractor for site works and the contract is expected to be awarded by the end of the year. The contract will require the contractor to reimburse the Council each year for its share of income from soil importation. This income is expected to cover the costs of capital expenditure each year.
53. The Council expects to spend £4.5m on highways & street scene services, including £4.3m on highways repairs, footpaths and structural works to bridges and £0.2m grant funded spend on the installation of highways fibre ducting (with a further £0.8m grant funded spend planned in 2024/25). In addition the Council will invest £0.3m of grant funding in improving traffic and transportation measures across the conurbation (including traffic calming and bus priority improvements).
54. Waste management will see investment of £1.0m in the Council's fleet replacement programme, £0.25m in the expansion of the Council's fleet workshop and £0.1m on the provision of replacement wheeled bins to residents.
55. Customer & communications is forecast to spend £20k across the libraries and community hubs funded by £15k of CIL and £5k of borrowing. Health and safety upgrade at ordnance unity centre library. £5k on the final parts of transformation project at Enfield library where certain parts of the building are being refurbished.

Housing, Regeneration & Development – £0.5m Period 5 spend (£2.8m budget, £2.3m P5 forecast)

56. Planned spend consists of £2.7m grant funded expenditure on property adaptations for disabled residents to enable more people to live independently in their own homes. There are currently 146 cases in the pipeline to be allocated with 82 that are progressing to completion this year.

Meridian Water – £5.3m Period 5 spend (£124.0m budget, £93.5m P5 forecast)

57. Key outcomes / progress are listed below:

- Meridian One** – Forecast spend for the financial year is £22.5m. So far 20 of 119 units have been delivered. The remaining 99 units are expected to be completed by March 2024.
- HIF SIW** – Programmed works for the year were originally c£67m. Works are now forecasted to be in the region of £31m. Vinci Taylor Woodrow are currently onsite undertaking strategic infrastructure works.
- Debt costs** – Capitalised interest costs are expected to be in the region of £8.5m this fiscal year.
- Scheme-wide Expenditure** - £2m has been allocated for demolition works. These works may not meet the funding conditions of HIF; however, options are being explored.

- **CPO/Land acquisition** - £1.4m has been set aside for land acquisition. Negotiations are ongoing but expected to be concluded before end of the fiscal year.
- **Capital Receipts** - There is £4.8m notional capital receipts in relation to a land swap. This has been included in the accounts for the purposes of VAT and consideration.
- **Salary** - Salary recharges are expected to be c£2.2m.

Companies – £0m Period 5 loan drawdown (£28.9m budget, £19.1m P5 forecast)

58. The Companies position is reported separately. On 1 September (Period 6) Energetik drew down £1.6m of loans.

Capital programme – Period 5 forecast outturn financing

59. Capital financing originally budgeted is shown in Table 2a below. Capital financing forecast for 2023/24 is summarised in Table 2b, followed by individual tables providing additional information on each source of financing.

Table 2a – capital financing budget 2023/24

	General Fund	Meridian Water	Companies	HRA	Total
	£m	£m	£m	£m	£m
Capital grants	37.4	67.7	0.1	47.1	152.2
S106	0.7				0.7
CIL	1.7				1.7
Capital receipts (inc RTB)	32.5			27.7	60.1
Major Repairs Reserve				12.3	12.3
Earmarked Reserves	0.1			3.6	3.6
Non-borrowing	72.4	67.7	0.1	90.6	230.8
Borrowing	40.4	56.4	28.8	51.7	177.3
capital financing	112.8	124.0	28.9	142.4	408.1

Table 2b – capital financing Period 5 forecast outturn for 2023/24

	General Fund £m	Meridian Water £m	Companies £m	HRA £m	Total £m
Capital grants	20.6	30.6	2.1	18.3	71.8
S106	1.8				1.8
CIL	0.5				0.5
Capital receipts	0.3	5.2		14.9	20.4
Right to Buy receipts				10.7	10.7
Major Repairs Reserve				11.0	11.0
Earmarked Reserves				13.3	13.3
Non-borrowing	23.3	35.8	2.1	68.2	129.5
Borrowing	17.3	57.7	17.0	61.7	153.6
capital financing	40.6	93.5	19.1	129.9	283.1

Borrowing - £153.6m Period 5 forecast outturn (£177.3m budget)

	budget £m	P5 forecast £m	variance £m
Resources	30.8	9.3	(21.5)
People	0.4	0.7	0.3
Environment & Communities	9.2	7.2	(2.0)
Meridian Water	56.4	57.7	1.3
Companies	28.8	17.0	(11.8)
General Fund	125.6	91.9	(33.7)
HRA	51.7	61.7	10.0
	177.3	153.6	(23.7)

60. As part of development of a financially affordable and sustainable 10 year capital strategy, the Council has been proactive in managing the level of new borrowing it needs to take out in 2023/24. EMT has approved the removal of £58.7m budget from the capital programme, funded from £26.5m borrowing and £32.2m future capital receipts.
61. Resources EMT approved reductions in borrowing include £5.7m from Digital Services, £3.0m from Build the Change, £10.0m from Montagu (all moved to the pipeline). A further £2.0m digital services borrowing funded budget is proposed to be refiled into 2024/25 and £0.9m reduction in Build the Change borrowing as the programme is reduced to essential works only.
62. People increase of £0.3m in borrowing is the first phase of property modification and refurbishment works for delivery of new Children's Homes in Enfield.
63. Environment & Communities reduction in borrowing includes EMT approved reductions of £1.4m in fleet replacement and £0.2m in flood alleviation

budgets. A further reduction of £0.2m in borrowing for parks, playgrounds and verges because of the use of s106 contributions to part fund Broomfield Park boating lake works.

64. Meridian Water changes in borrowing is the result of a reduction in overall programme spend of £6.2m (including £4.4m land acquisition) and assumed use of £5.2m capital receipts. These borrowing reductions are offset by borrowing funded growth of £12.7m in period 5 (KD5627).
65. Companies – see separate Companies report

**Grant funded capital expenditure - £71.8m Period 5 2023/24 forecast
outturn (£152.2m budget)**

	Budget	P5 forecast	Variance
	£m	£m	£m
People	26.0	13.9	(12.1)
Environment & Communities	8.6	5.5	(3.1)
Housing, Regeneration & Development	2.8	2.3	(0.5)
Meridian Water	67.7	30.6	(37.1)
Companies	0.1	2.1	2.0
HRA	47.1	18.3	(28.8)
	152.2	71.8	(80.4)

66. People – the use of schools related grant to fund 2023/24 capital spend is reduced in line with reprofiling of planned spend in the children’s programme.
67. Environment & Communities grant reduction reflects removal of indicative grant funding allocations used for budget setting purposes from the capital programme.
68. Housing, Regeneration & Development – reprofiling of £0.5m Disabled Facilities Grant into 2024/25.
69. Companies – grant funded growth for Housing Gateway Ltd homes acquisitions (see Companies report)

**2023/24 Capital expenditure funded by S106 contributions - £1.8m Period 5
forecast outturn (£0.7m budget)**

	budget	P5 forecast	Variance
	£m	£m	£m
People	0.0	1.3	1.3
Environment & Communities	0.7	0.5	(0.2)
	0.7	1.8	1.2

70. People – the Council expects to utilise £1.3m of schools related s106 contributions to fund investment in Winchmore School.

71. Environment & Communities - £0.4k of s106 contributions initially assumed would be required to fund the Journeys & Places programme this year is no longer required. A new s106 allocation of £0.2m has been approved for Broomfield Park boating lake.

**2023/24 Capital expenditure funded by Community Infrastructure Levy (CIL)
- £0.5m Period 5 forecast outturn (£1.7m budget)**

	Budget	P5 forecast	Variance
	£m	£m	£m
Environment & Communities	1.7	0.5	(1.2)
	1.7	0.5	(1.2)

72. CIL allocation to Journeys & Places is no longer required to fund planned spend in 2023/24.

**2023/24 Capital expenditure funded by revenue reserves - £0.0m Period 5
forecast outturn (£0.1m budget)**

	Budget	P5 forecast	variance
	£m	£m	£m
Environment & Communities	0.1	0.0	(0.1)
	0.1	0.0	(0.1)

73. Budget originally assumed the use of £0.1m from the North London Waste Authorities rebate would be used to fund replacement wheeled bins. This has now been removed until such time as funding is confirmed.

**2023/24 Capital expenditure funded by capital receipts – £31.1m Period 5
forecast outturn (£60.1m budget)**

	budget	P5 forecast	Variance
	£m	£m	£m
Resources	32.2	0.0	(32.2)
Environment & Communities	0.3	0.3	0.0
Meridian Water	0.0	5.2	5.2
HRA	27.6	25.6	(2.0)
	60.1	31.1	(29.0)

74. Resources – the £32.2m outline budget relating to recycling capital related to Montagu to fund future Montagu phases has been removed as the project is reviewed in response to the changes in the economic environment. This scheme has now been moved to 'pipeline.'
75. Environment & Communities use of capital receipts is soil importation income to fund development of Sloeman's Farm. Contract is expected to be awarded by the end of the financial year.

Financial implications

76. Financial implications are contained within the body of this report.

Legal implications

77. The Council must adhere to various statutory provisions under the Local Government Finance Act 1992, The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and The Local Government Act 2003.
78. The Council must set the budget (of which the Capital Programme is part of) in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.
79. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
80. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably
81. The Council shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk, and the impact and potential impact on the Council's overall fiscal sustainability. The Prudential Code, referred to, in this Report, requires authorities to look at capital expenditure plans, investments and debt in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-run financing implications and potential risks to the Council. To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account.
82. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies.
83. This Report sets out that by adopting and adhering to legislative provisions and Industry Codes (CIPFA and Prudential) the Council continues to monitor the Council's Capital Strategy Programme. This Period 5, recommends a significantly reduced budget as set out in this monitoring Report, and maintains that this will still continue the Council's commitment to the development and delivery of a 10-year financially sustainable and affordable Capital Management Strategy without significantly impacting on

delivery of the key ambitions and commitments underpinning the original approved Capital Management Programme and Strategy.

Equalities Implications

84. There are no adverse equality implications arising from this report .

HR and Workforce Implications

85. Not relevant to this report.

Environmental and Climate Change Implications

86. The Council continues to consider environmental and climate change implications in the design and delivery of its capital programme and capital strategy.

Public Health implications

87. Through investment in capital building and maintenance, the Council influences the built environment within Enfield significantly. The built environment in turn influences how residents interact with their environment; for example, during active travel or accessing facilities. Ensuring that our capital buildings are maintained, fit for purpose, and wellbeing considerations are taken in terms of their use, how they promote residents' wellbeing is key to contributing positively towards the public's health. Additionally, ensuring that all buildings have minimal environmental impact also contributes towards enhancing resident's wellbeing.

88. The Council has taken steps to understand the risks around the use of RAAC in school buildings, the implications of which are included in this report.

Property Implications

89. All property implications have been considered where relevant in the report. The Council continues to take a strategic approach to management of the civic estate. Where relevant, capital spend on building related improvements has been paused until strategic decisions are made on the use of buildings.

Safeguarding Implications

90. Not relevant to this report.

Crime and Disorder Implications

91. Not relevant to this report.

Conclusions

92. The forecast capital programme for 2023/24 at Period 5, which is significantly reduced from budget, demonstrates the Council's commitment to the development and delivery of a 10-year financially sustainable and affordable capital strategy. The reduced programme for 2023/24 assumes £33.7m less General Fund borrowing this year than budgeted. This will have a positive impact on future years' minimum revenue provision budget requirement and current year interest budget.
93. The Council has been able to make these strategic programme reductions without significantly impacting on delivery of the key ambitions and commitments underpinning the original approved capital programme.
94. Year to date spend represents 15.0% of period 5 forecast outturn. The key underspend to forecast is within the Meridian Water programme and profile of Companies loan drawdowns (for Housing Gateway Ltd and Energetik).
95. Members are also asked to note that actual spend to date excludes capitalised staff costs (recharges from revenue to be reviewed, approved and posted), material transactions only processed at year end (for example Meridian Water capitalised interest) and orders placed but not yet invoiced (£40.4m at Period 5).

Report Authors: Olu Ayodele
Head of Capital and Treasury
olu.ayodele@Enfield.gov.uk

Shirley Haider
Senior Finance Manager
Shirley.haider@enfield.gov.uk

Appendices

Further detailed analysis of the Period 5 capital programme is included in the Appendices to this report:

Appendix A	Period 5 forecast full year outturn – changes to budget
Appendix B	Proposed reprofiling of budgets to 2024/25
Appendix C	Proposed reductions to capital budget
Appendix D	Growth in capital budget
Appendix E	Forecast capital programme outturn and funding by corporate objective

Appendix A - Period 5 forecast full year outturn changes to budget (by Programme)

	budget	P5 forecast outturn	Forecast outturn variance to budget	Of which budget carried forward to 2024/25	Of which budget growth in 2023/24	Of which budget reduction in 2023/24	Forecast outturn variance to budget	Spend to date (at Period 5)
	£m	£m	£m	£m	£m	£m	£m	£m
Digital Services	13.5	5.8	(7.7)	(2.0)	0.0	(5.7)	(7.7)	0.0
Corporate Condition Programme	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.4
Corporate Property Investment	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.1
Electric Quarter CPO	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.5
Build the Change	4.5	0.6	(3.9)	0.0	0.0	(3.9)	(3.9)	0.1
Montagu	42.2	0.2	(42.0)	0.0	0.0	(42.0)	(42.0)	0.0
Resources	63.0	9.3	(53.7)	(2.0)	0.0	(51.7)	(53.7)	1.1
Schools programme	24.8	13.9	(10.9)	(10.9)	0.1	0.0	(10.9)	2.7
Extensions to Foster Carers' Homes	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Enfield Children's Homes	0.0	0.3	0.3	0.0	1.3	(1.0)	0.3	0.0
Community Safety	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mental Health Hub	1.3	0.3	(1.0)	(1.0)	0.0	0.0	(1.0)	0.0
People	26.4	14.9	(11.5)	(11.9)	1.4	(1.0)	(11.5)	2.7
Libraries & Community Hubs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vehicle Workshop	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Traffic & Transportation	0.7	0.3	(0.4)	0.0	0.3	(0.7)	(0.4)	0.0
Vehicle Replacement Programme	2.4	1.0	(1.4)	0.0	0.0	(1.4)	(1.4)	0.8
Waste & Recycling Collections	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Highways & Street Scene	4.3	4.3	0.0	0.0	0.0	0.0	0.0	1.0
Highways Fibre Ducting	1.0	0.2	(0.8)	(0.8)	0.0	0.0	(0.8)	0.0
Sloemans Farm	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0

Appendix A - Period 5 forecast full year outturn changes to budget (by Programme)

	budget	P5 forecast outturn	Forecast outturn variance to budget	Of which budget carried forward to 2024/25	Of which budget growth in 2023/24	Of which budget reduction in 2023/24	Forecast outturn variance to budget	Spend to date (at Period 5)
	£m	£m	£m	£m	£m	£m	£m	£m
Flood Alleviation	1.8	1.6	(0.2)	0.0	0.0	(0.2)	(0.2)	0.3
Parks, Playgrounds & Verges	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.1
Journeys & Places	7.7	4.2	(3.5)	(0.3)	0.3	(3.5)	(3.5)	0.5
Town Centre Regeneration	0.8	0.6	(0.2)	0.0	0.0	(0.2)	(0.2)	0.1
Environment & Communities	19.0	14.1	(4.9)	(1.1)	0.7	(6.1)	(4.9)	3.0
Housing Adaptations & Assistance (DFG)	2.8	2.3	(0.5)	(0.5)	0.0	0.0	(0.5)	0.5
Housing, Regeneration & Development	2.8	2.3	(0.5)	(0.5)	0.0	0.0	(0.5)	0.5
Meridian Water non-HIF	56.4	62.9	6.5	0.0	12.7	(6.2)	6.5	5.2
Meridian Water HIF	67.7	30.6	(37.1)	(37.1)	0.0	0.0	(37.2)	0.1
Meridian Water	124.0	93.5	(30.7)	(37.1)	12.7	(6.2)	(30.7)	5.3
Energetik	17.7	8.9	(8.8)	(2.6)	0.0	(6.2)	(8.8)	0.0
Housing Gateway Ltd	11.2	10.2	(1.0)	(3.0)	2.0	0.0	(1.0)	0.0
Companies	28.9	19.1	(9.8)	(5.6)	2.0	(6.2)	(9.8)	0.0
General Fund	265.7	153.2	(112.5)	(58.2)	16.8	(71.2)	(112.5)	12.7
Housing Revenue Account	142.4	129.9	(12.5)	(13.1)	0.6	0.0	(12.5)	29.2
capital programme	408.1	283.1	(125.0)	(71.3)	17.4	(71.2)	(125.0)	41.9

Appendix B – proposed carry forward of budget into 2024/25 (subject to Council approval)

	Budget carried forward funded from borrowing	Budget carried forward funded from grants, s106, etc	Accelerated spend budget brought forward	Total
	£m	£m	£m	£m
Digital Services	2.0			2.0
Resources	2.0	0.0	0.0	2.0
Schools programme		10.9		10.9
Mental health hub		1.0		1.0
People	0.0	11.9	0.0	11.9
Highways & Street Scene		0.8		0.8
Journeys & Places		0.3		0.3
Environment & Communities	0.0	1.1	0.0	1.1
Housing Adaptations & Assistance (DFG)		0.5		0.5
Housing, Regeneration & Development	0.0	0.5	0.0	0.5
Meridian Water HIF		37.1		37.1
Meridian Water	0.0	37.1	0.0	37.1
Housing Gateway Ltd	3.0			3.0
Energetik	2.6			2.6
Companies	5.6	0.0	0.0	5.6
General Fund	7.6	53.2	0.0	55.2
Housing Revenue Account	0.0	13.1	0.0	13.1
Capital programme budget reprofiled to 2024/25	7.6	63.7	0.0	71.3

Appendix C – proposed reductions to 2023/24 capital programme (subject to Council approval)

Department	Programme	£m	funding source	Description
Resources	Digital Services	5.7	borrowing	Budget moved to pipeline
Resources	Build the Change	3.0	Borrowing	Budget moved to pipeline
Resources	Montagu Industrial Estate	42.0	Capital receipts and £10m borrowing	Budget moved to pipeline, with the exception of £150k budget reinstated for essential works
People	Extensions to foster carers homes	0.0	Borrowing	Budget initially removed but reinstated for 23/24
E&C	Vehicle replacement programme	1.4	Borrowing	EMT approved reduction to rolling programme
E&C	Expansion of fleet workshops	0.0	Borrowing	Budget initially moved to pipeline but subsequently reinstated
E&C	Flood alleviation	0.2	Borrowing	EMT approved reduction to rolling programme
Companies	Energetik	6.2	Borrowing	Budget moved to pipeline
Decisions as part of the development of the Capital Strategy		58.7		
People	Enfield Children's Homes	1.0	borrowing	Revision to recognise nil acquisition costs
Resources	Build the Change	0.9	borrowing	Budget reduced to essential works only
HRD	Meridian Water	6.2	borrowing	Revised position approved by Meridian Water Board
E&C	Journeys & Places	3.5	grant	Removal of indicative budget allocation
E&C	Traffic & Transportation	0.7	grant	Removal of indicative budget allocation
E&C	Town Centre Regeneration	0.2	Grant	Funding transferred to Journeys & Places
Changes to programmes		12.4		
Capital programme reductions		71.1		

Appendix D – growth to 2023/24 capital programme

Department	Programme	£m	funding source	Description
People	Enfield Children's Homes	1.3	borrowing	KD5568
People	Raglan Infants School - boiler	0.1	grant	New grant funded scheme
E & C	Traffic & Transportation	0.3	grant	Budget alignment with grant funding
HRD	Journeys & Places	0.2	grant	New schemes (funding transferred from Town Centre Regeneration)
HRA	OPE Self-Custom Build Project	0.7	grant	Operational decision
Meridian Water	Parcel 10	12.7	borrowing	KD5627 note that this is largely offset by £6.2m borrowing reduction in 2023/24 (Appendix B) and a 2023/24 capital receipts assumption of £5.2m (table 2b)
Companies	Housing Gateway Ltd	2.0	grant	New grant for homes acquisition
Capital programme growth		17.4		

Appendix E - 2023/24 forecast capital programme outturn and financing by corporate objective

	forecast outturn financing							YTD spend £m
	forecast outturn £m	grants £m	s106 & CIL £m	capital receipts £m	HRA RTB £m	HRA reserves £m	Borrowing £m	
Journeys & Places	4.2	3.8	0.4				0.1	0.5
Flood alleviation	1.6	1.0	0.4				0.2	0.3
Sloemans Farm	0.3			0.3			0.0	0.0
Parks, playgrounds & verges	1.1		0.2				0.9	0.1
Clean and green spaces	7.2	4.8	1.0	0.3			1.2	0.9
Community hubs	0.0						0.0	0.0
Community safety	0.2						0.2	0.0
Mental health and wellbeing centre	0.3	0.3					0.0	0.0
Highways & street scene	4.3						4.3	1.0
Highways fibre ducting	0.2	0.2					0.0	0.0
Traffic & Transportation	0.3	0.3					0.0	0.0
Vehicle replacement programme	1.0						1.0	0.8
Vehicle workshop	0.3						0.3	0.0
Strong, healthy and safe communities	6.6	0.8					5.8	1.8
Schools maintenance	5.4	5.4	0.0				0.0	1.8
Schools maintenance - fire safety	0.3	0.3	0.0				0.0	0.0
Strategic schools places programme	8.3	7.0	1.3				0.0	0.8
Enfield children's homes	0.3						0.3	0.0
Extensions to foster carers' homes	0.3						0.3	0.0

Appendix E - 2023/24 forecast capital programme outturn and financing by corporate objective

	forecast outturn financing							YTD spend
	forecast outturn	grants	s106 & CIL	capital receipts	HRA RTB	HRA reserves	Borrowing	
	£m	£m	£m	£m	£m	£m	£m	£m
Thriving children and young people	14.6	12.7	1.3				0.6	2.6
Build the Change	0.6						0.6	0.1
Corporate condition programme	2.1						2.1	0.4
Corporate property investment programme	0.2						0.2	0.0
Electric Quarter	0.5						0.5	0.6
Genotin Road	0.0						0.0	0.0
IT Investment	5.8						5.8	0.0
Montagu Industrial Estate	0.1						0.1	0.0
Town Centre Regeneration	0.6	0.2	0.1				0.3	0.1
Replacement wheeled bins	0.1						0.1	0.1
Libraries	0.0	0.0					0.0	0.0
An economy that works for everyone	9.9	0.2	0.1	0.0	0.0	0.0	9.6	1.3
Housing & Regeneration	2.3	2.3						0.5
Meridian Water	93.5	30.6		5.2			57.7	5.3
Energetik	8.9	0.1					8.8	0.0
Housing Gateway Ltd	10.2	2.0					8.2	0.0
Housing Revenue Account	129.9	18.3		14.9	10.7	24.3	61.7	29.2
More and better homes	244.8	53.3	0.0	20.1	10.7	24.3	136.3	35.0
capital programme	283.1	71.8	2.3	20.4	10.7	24.3	153.6	41.9

