



London Borough of Enfield

Report Title	2024/25 Quarter 2 (Q2) capital budget monitoring
Report to:	Cabinet
Date of Meeting:	13 November 2024
Cabinet Member:	Cllr Tim Leaver
Executive Director/Director	Olga Bennet – Acting Executive Director of Resources
Report Authors:	Olu Ayodele – Head of Finance (Capital & Treasury) Shirley Haider – Senior Finance Manager (Capital)
Ward(s) affected:	ALL
Key Decision Number	Non Key
Classification:	Part I Public

Cabinet

Meeting Date – 13 November 2024

Purpose of Report

1. The report provides an update on capital programme spend at Quarter 2 (Q2). It focuses on the General fund capital programme – including summary of spend to date, forecast full year outturn and key risks in the programme. The Housing Revenue Account (HRA) and Companies are reported in more detail in separate reports to Cabinet (Companies report December Cabinet). A final forecast outturn report will be presented to Cabinet in January, based on the Period 8 position (30 November 2024).

Recommendations

Cabinet is asked to note:

- a. Q2 full year forecast spend of £306.1m, funded from £140.0m capital grants, £4.3m S106 contributions and CIL, £31.4m capital receipts (including HRA Right to Buy receipts), £28.3m earmarked reserves and £102.1m borrowing.
- b. Q2 full year forecast spend includes £135.3m on Priority Projects in 24/25. Priority Projects are 44% of Q2 forecast of £306.1m.
- c. Estimated reduction in 25/26 MRP and interest costs of £0.8m from reduced Q2 forecast full year spend has already been included in 25/26 revenue budget assumptions
- d. Actual spend to Q2 of £86.8m – this is 28.4% of Q2 full year forecast and 24.3% of approved budget
- e. Management of key strategic capital & treasury risks by the Capital Finance Review Panel (CFRP), Meridian Water Executive Board and Executive Management Team Budget (EMTB)
- f. Final forecast spend for the year (and indicative ten-year strategy) will be presented to Cabinet in January 2025, based on Period 8 (30 November) position

Executive summary

2. At Q2 the Council forecasts full year capital programme spend of £306.1m against a September budget of £357.3m. The £51.2m forecast variance to September budget consists primarily of £25.3m variance in Meridian Water (delays in Housing Infrastructure Fund (HIF) funded Strategic Infrastructure Works (SIW), £21.0m variance in HRA (including recognition that the second phase of its temporary accommodation programme will not begin until 25/26), £4.5m variance in digital services (spend now accounted for as revenue spend) and £1.4m in Environment & Communities (including pausing of Levelling Up funded projects pending funding decision in October).
3. The reduction in forecast spend has had a significant impact on the level of borrowing the Council forecasts it will require in 2024/25. The borrowing requirement has reduced from £123.5m at September budget to £102.2m in Q2 forecast (£21.3m (17%) reduction in in-year borrowing requirement). This will result in around £0.8m reduction in Minimum Revenue Provision (MRP) in 2025/26, comparing to estimates as at February 2024, which reduces the capital financing revenue budget growth for 2025/26.

4. Q2 full year forecast spend includes £135.3m spend on Priority Projects (45% of forecast full year capital programme spend). These are defined as high profile strategic projects and projects that are linked to the delivery of savings assumed in the MTFP, cost avoidance or generating additional income. £38.4m has been spent during the year to date on Priority Projects. This is 28% of Priority Projects Q2 forecast and 23% of Priority Projects September budget. The pace of spend on Priority Projects is expected to increase in Q3 and Q4.
5. Actual spend to date at Quarter 2 is £86.8m. This includes £4.87m barter arrangement spend for Meridian Two. Q2 spend represents 24.3% of September budget and 28.4% of Q2 forecast. As in previous years the pace of spend is expected to increase in the last two quarters of the year. However, further revisions to full year forecast spend are expected to be reported to Cabinet as part of Period 8 (30 November) capital programme budget monitoring. The Period 8 report will also include a first draft of the 2025/26 ten-year capital programme.
6. £0.46m borrowing funded budget has been moved from the pipeline to the approved capital programme for the urgent refurbishment of Civic Centre lifts. This will result in around £16k additional annual MRP for 2025/26.
7. Key risks and mitigating actions are monitored by the Capital Finance Review Panel and are escalated where required, for example to the Executive Management Team Budget meetings or Meridian Water Executive Board.

Q2 full year forecast spend

8. In September Council approved a revised 2024/25 capital budget of £357.3m - referred to as the 'September budget' throughout this report. The September budget includes programme growth, reductions and approved unspent budget carried forward from 2023/24.
9. At Q1 the Council was forecasting full year outturn of £337.5m. There have been further changes to forecast since, resulting in a Q2 forecast outturn projection of £306.1m. Cabinet is asked to note that a more detailed final forecast outturn will be provided at period 8, along with proposals for unspent budget carry forward into 25/26 (subject to Council approval in February 2025). The same report will include provisional first draft capital programme 25/26 as well as provisional first draft ten-year capital programme (25/26 to 34/35).
10. The impact of changes to forecast outturn projection in comparison with September budget are illustrated in Figure 1 below. For comparison, the final outturn spend in 2023/24 was £198.8m. Q2 full year forecast for 2024/25 is £306.1m (54% higher than 2023/24 outturn). If delivery is not significantly scaled up, there could be significant adjustments to full year forecast outturn are therefore anticipated in Period 8. Looking ahead to budget build 2025/26, there will be a robust challenge of budget estimates to ensure they are as realistic as possible.

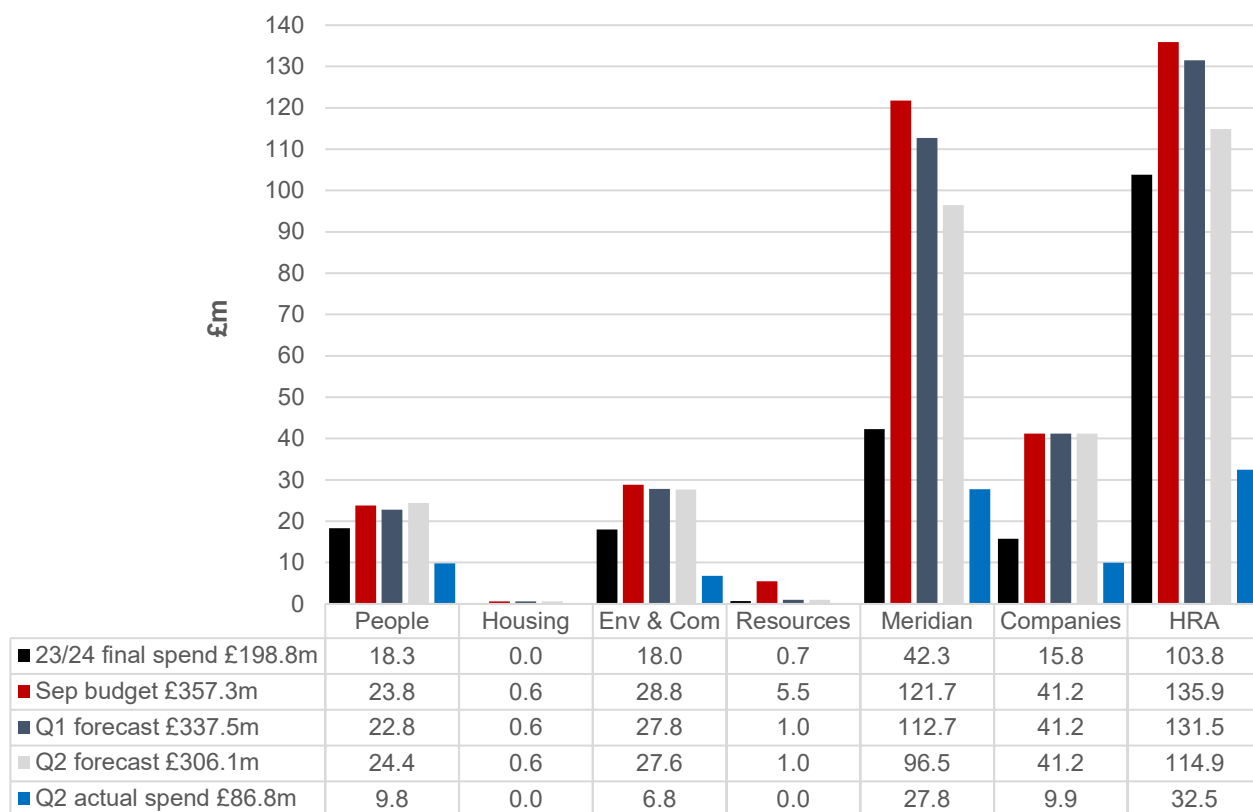


Figure 1: Q2 spend to date in comparison with September budget and full year forecast projections

11. Appendix A provides full details of variance to September budget. These include estimated programme reductions of £7.8m including £4.0m in digital services, £2.0m in HRA, £0.8m reduction in Meridian Water, £0.3m Oakthorpe School, £0.2m vehicle replacement. Claverings Service relocation costs are being reviewed. At Q2 the Council also forecasts unspent budget of £54.9m will be requested to be carried forward into 2025/26. This is an estimate only that includes £30.1m for Meridian Water and £19.0m for the HRA (including temporary accommodation programme). Final numbers will be presented to Cabinet for review at period 8 prior to being formally approved by Council in February 2025 as part of 25/26 budget setting cycle.
12. There has also been £11.5m approved growth to date in the programme, as summarised in table 1. Growth includes Meridian Two £4.87m 'barter arrangement' spend. All programme growth is listed below and has been approved in accordance with capital programme governance framework and financial regulations.

Programme	Project	£m	Funding
Education	Winchmore 6th form, RAAC and Capel Manor school	1.16	grant/s106
School & early years improvement service	Expanded nursery and early years provision	0.53	grant
family hubs Start for Life programme	Craig Park Stay & Play	0.08	grant
corporate condition programme	Civic centre lift replacement	0.46	borrowing

Programme	Project	£m	Funding
Journeys & places	Enfield Town to Broxbourne Cycle Route	0.09	s106
Highways & street scene	Mollison Avenue and Lea Valley Road Bridge	0.20	TFL grant
Highways & street scene	A106 Green Lanes carriageway	0.20	TFL grant
flood alleviation	Watercourses	0.04	s106
Parks, playgrounds & verges	Southbury 3G football pitch	0.64	£0.4m grant / £0.2m earmarked reserves
Parks, playgrounds & verges	Edmonton leisure centre (KD5762)	2.50	borrowing
Meridian Water HIF	SIW works	0.76	HIF grant
Meridian Two	barter arrangement	4.87	Third party contribution
Approved growth since September budget		11.5	

Table 1: Approved growth since September budget

13. Appendix B provides narrative on key changes and outcomes expected from this investment.
14. The impact of Q2 forecast full year spend on delivery of the Council's core objectives is summarised in table 2 below:

Council Objective	Sep budget £m	Q1 forecast £m	Q2 forecast £m	Key outcomes anticipated
More and Better Homes	287.1	273.7	240.8	99 flats at Meridian One to be completed and transferred to the HRA. £53m planned investment in Council homes to deliver improvements to decency standards, comply with building, fire safety regulations, and improve property energy performance. Further £79m planned investment to deliver new council homes.
Thriving Children and	20.5	19.5	21.1	Winchmore School new 6 th form building, Swan Centre remodelling (both expected to complete 2024/25) and investment in school buildings including windows, heating system, lighting upgrades and new boiler

Council Objective	Sep budget £m	Q1 forecast £m	Q2 forecast £m	Key outcomes anticipated
Young People				installation. Enfield Children's Homes – expected to be practically complete by October 2024. New 'Family Hubs' within existing youth centre premises, including Stay & Play facilities and grant funded expansion to local nursery provision.
Strong, Healthy and Safe Communities	11.7	11.6	10.9	Rolling programme of carriageway & footway replacement surfacing and programme of structural repairs to bridges and culverts. Priority fleet vehicle replacement (26 cage tippers and 6 refuse trucks), investment in digital fibre ducting and CCTV cameras (84 cameras), private home adaptations to support disabled adults to remain at home and John Wilkes House refurbishment.
An Economy that Works for Everyone	23.9	18.9	16.9	Investment in Energetik, corporate estate and Digital services (potential forecast underspend in Digital services)
Clean and Green Spaces	14.2	13.7	16.3	New cycle routes, active travel arrangements, flood alleviation measures, refurbishment of parks and playground equipment, investment in leisure centres (Southgate, Southbury and Edmonton), Broomfield Park boating pond and tennis court refurbishment across Enfield parks and continuing work to increase capacity at Sloeman's Farm natural burial ground.
	357.3	337.5	306.1	

Table 2: Q2 forecast spend by Council priority, in comparison with Q1 forecast and September budget

Q2 full year forecast financing

- Table 3 provides Q2 forecast capital financing in comparison with both Q1 forecast and September budget. As it currently stands 34% of the £306.1m full year forecast spend will be funded from borrowing.

capital funding	Sep budget £m	Q1 forecast outturn £m	Q2 forecast outturn £m	Var to Sep budget £m
Government Grants	167.1	160.1	140.0	(27.1)
s106 contributions	2.1	2.1	2.6	0.6
CIL	2.6	1.6	1.6	(0.9)
Revenue contribution	0.1	0.0	0.1	0.0
Capital receipts	20.9	15.0	19.6	(1.2)
Right to Buy receipts	13.8	10.7	11.8	(2.0)
Earmarked reserves	21.9	25.9	19.4	(2.5)
Major Repairs Reserve	5.5	8.8	8.8	3.3
Borrowing	123.5	113.4	102.2	(21.3)
total financing	357.3	337.5	306.1	(51.2)

Table 3: Q2 forecast capital financing in comparison with Q1 forecast and September budget

16. Cabinet will note the £21.3m reduction in Q2 forecast outturn borrowing in comparison with September budget. Table 4 below shows where this borrowing variance is projected as well as its impact on 2025/26 minimum revenue provision (MRP). Local authorities are required to make prudent provision to repay borrowing on all areas other than assets under construction (Meridian Water). In line with capital financing rules, provision to repay debt does not need to be made until assets are operational. Meridian Water debt is planned to be repaid from future capital receipts.

	Sep budget £m	Q2 forecast £m	Variance £m	Impact on 25/26 MRP £m
Core services	16.9	12.4	(4.5)	£4.5m reduction in digital services and £0.8m in vehicle replacement programme offset by £0.4m borrowing growth for Civic Centre lift refurbishment (moved from pipeline) and £0.5m virement to Southbury Leisure. This will reduce 25/26 MRP by £0.8m (saving already assumed)
HRA	24.2	22.5	(1.7)	No direct impact – HRA has budgeted to make £1.45m voluntary revenue provision for its borrowing in 25/26.
Meridian Water	41.2	23.7	(17.5)	No direct impact – the reduction is on assets still under construction. Voluntary revenue provision of £0.5m is budgeted for 25/26
Companies & loan investment	41.1	43.6	2.5	Edmonton leisure centre loan – no MRP as loan repayments from GLL will be used to repay Council borrowing
	123.5	102.1	(21.3)	

Table 4: Q2 forecast changes in 2024/25 borrowing requirement in comparison with September budget

17. Since Q1 there has been further reduction in planned capital grant utilisation this year. Overall the Council now forecasts £27.1m less capital grant utilisation than September budget. This does not mean a reduction in capital grant funding available for the Council – it is more a reflection of when the grant is expected to be utilised. Variances include £18.2m less Housing Infrastructure Fund (HIF) grant due to delays in Meridian Water SIW works, £7.4m less HRA capital grant due to a projected reduction in number of properties acquired for temporary accommodation in 2024/25 and resulting impact on planned funding, £2.4m reduction in Levelling Up grant funding utilisation (pending Government decision), £0.4m less Highways grant funding for digital enhancements (likely to be spent 25/26) and £0.7m less grant funding utilised in the children's programme (this funding has been replaced with education specific s106 contributions), £0.3m less flood alleviation grant in respect of woodland creation not expected until 2025/26 and £0.3m less Heritage Lottery Fund grant utilisation reflecting timeline for development of business case. This forecast underspend is offset by the planned use of £1.3m new GLA grant received for Meridian Two (the remaining £8.4m of total new £9.7m GLA grant awarded will be applied to reduce historic Meridian Two borrowing), £0.1m additional Family Hubs related grant, £0.3m additional TFL grant secured for bridges and carriageways work, £0.4m Football Foundation (part of Football Association) grant for 3G football pitch replacement and £0.5m DfE capital grant for nursery and early years provision (to be awarded to local nursery providers depending on bids submitted).
18. £0.9m less CIL is forecast to be used this year – reflecting the revised estimated timeline for delivery of Liveable Neighbourhood Enfield (phase 1) scheme this year. Additional s106 contributions have been allocated to the schools' capital programme.
19. Capital receipts (including HRA right to buy) and third-party contributions utilisation has reduced by £3.2m compared to September budget. Forecast variance consists of additional £4.5m capital receipts assumed for Meridian One and £4.87m third-party contribution in respect of Meridian Two barter arrangement, offset by a £12.4m reduction in planned HRA use of capital and RTB receipts. September budget also assumed £0.48m spend (funded from capital receipts) for Claverings Service relocation. Whilst no spend has yet been incurred, latest estimates for work required are significantly higher than assumed at September budget. Officers are therefore exploring all funding sources and conducting an options appraisal. The forecast assumes nil spend until this is complete. No spend has been incurred to date.
20. HRA earmarked reserves planned utilisation has increased by £0.8m.

Q2 spend to date

21. The Council has spent £86.8m of its capital budget to date – consisting of £16.7m on Core services, £27.8m on Meridian Water, £9.9m loans to wholly owned companies and £32.5m in the Housing Revenue Account (HRA).
22. This represents around 24.3% of September budget and 28.4% of Q2 full year forecast. Spend to date reflects the expected timeline of capital programme delivery in 2024, which historically sees most expenditure being incurred in the second half of the financial year. It also reflects the scale of the Council's investment in priority projects which have only recently been approved (e.g. HRA temporary accommodation and leisure centres).

23. The capital programme includes several 'Priority Projects.' These are currently defined as projects that are strategically very important and / or are expected to have a material impact on revenue – either to generate assumed MTFP revenue savings or alleviate additional revenue pressure.
24. The September budget included £164.3m capital budget for Priority Projects (46% of £357.3m total September budget). Q2 full year projection is that £135.3m (82.3%) of Priority Projects capital budget will be spent this year, see Table 5 below.

priority project	planned outcomes	Sep budget	Q1 forecast	Q2 forecast	Q2 spend	current status
		£m	£m	£m	£m	
Meridian Water	Construction of homes at Meridian One, with more first residents moving into the development. It also involves the development of commercial spaces at Meridian Two. The grant-funded Strategic Infrastructure Works are working to deliver new infrastructure, including roads and bridges, to support future parcels and carry out large remediation works.	121.7	112.7	96.5	27.8	Delays to Meridian One – include new requirement for a second staircase, challenges in the shared ownership market and the need for Vistry to secure partners. The gateway process and revised planning & delivery strategy have also contributed to delays. Regarding Meridian 1A, complications with the heating and hot water commissioning processes have led to delays in completing the homes. Delays to the SIW works include the late approval of funding, redesigning bridges to satisfy the EA, the inclusion of the loop road in the TW contract, and the issue of illegal boaters and dwellers residing on the SIW site (Canal Embankment), which caused a delay in the construction works preparation. The boats and dwellers

priority project	planned outcomes	Sep budget	Q1 forecast	Q2 forecast	Q2 spend	current status
		£m	£m	£m	£m	
						were successfully removed in June 2024 following the High Court injunction. Other delays to the programme have been the discovery of radioactive radon gas canisters found on site, which are currently awaiting permit approval from the EA.
Joyce & Snells	Delivery of 2,000 new homes in Enfield	9.8	5.6	12.6	2.3	Planning for 2,028 homes has been granted and enabling and PCSA works procurement completed. Contract for design & delivery expected to be awarded by March 2025. Review of delivery and financing options underway
Temporary accommodation	MTFP cost avoidance John Wilkes House (JWH) remodelling and acquisition of 56 new properties in 24/25	23.2	28.2	15.0	2.3	JWH building works contract awarded September 24. P5 forecast reduced to acquisition of 40 HRA properties this year, of which 16 have already been acquired. Acquisitions dependant on condition surveys and property valuations
mental health and wellbeing centre	Manifesto pledge New mental health hub at Park Avenue	0.5	0.5	0.5	0.0	£0.2m design fees committed to reach RIBA Stage 2. Approval required to progress to construction phase. Project dependant on approval of Community House enabling works -

priority project	planned outcomes	Sep budget	Q1 forecast	Q2 forecast	Q2 spend	current status
		£m	£m	£m	£m	
						budget for this ranges between £1.0m (do minimum) to £2.1m (preferred) should £1.9m Levelling Up funding be secured
Addison House and Portcullis Lodge	MTFP impact (DSG) New DfE funded SEND primary schools - the Council's contribution is limited to abnormal spend arising only	0.3	0.3	0.3	0.0	Portcullis Lodge - Heads of Terms to be agreed by end of Sep. S151 sign-off required to commit the Council to fund abnormal spend £0.2m 24/25 and £1.8m 25/26 indicative estimates, funded from DfE grant. Feasibility completion expected Jan / Feb. £1.8m 25/26 budget will require advance approval to spend
Enfield Children's Homes	MTFP savings 2 new children's homes - providing 6 new places. MTFP savings anticipated from 24/25	0.5	0.5	0.5	0.0	Expected building handover 7 October. Now ordering internal fixtures & fittings. Low invoiced spend to date but £0.4m in capital commitments. Contract for service provision to be awarded subject to s151 sign off of financial regulations waiver. Ofsted registration needed
Oaktree School & Winchmore School	MTFP impact (DSG) Oaktree School - additional 33 places Winchmore additional 20 SEND places and new 6th form block (150 post-16 places)	5.6	5.6	6.9	5.1	Winchmore due to complete 31 October. Costs increased by £0.8m funded from s106. Oaktree planning approved, works due to start Quarter 1 25/26. Budget to be re-confirmed as

priority project	planned outcomes	Sep budget	Q1 forecast	Q2 forecast	Q2 spend	current status
		£m	£m	£m	£m	
	currently at Laurel Park School)					part of 25/26 budget setting process
Southgate and Southbury leisure centres	Manifesto pledge Essential works to maintain service and safeguard leisure centre income	2.7	3.2	3.2	0.9	Forecast includes £0.5m contingency (virement from digital services)
		164.3	156.6	135.3	38.4	

KPI target 30% of Sep budget spent by Q2	49.3
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Shortfall to KPI target spend	(10.9)
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Table 5: Q2 Priority projects spend to date compared with September budget

Risk management

25. Key capital & treasury risks, along with planned actions to mitigate them have been identified and reported to EMT Budget. These risks, if not properly managed, have the potential to result in new and significant unfunded revenue pressures within the General Fund and HRA, as summarised below.
26. Meridian Water – there is risk that the borrowing funded cost of developing parcels planned for disposal will not be fully recovered from future capital receipts. If this risk materialised, the Council would be required to make prudent minimum revenue provision for residual borrowing anticipated after disposal. In addition, there would be an impact on the Council’s revenue costs via interest cost. To mitigate this risk, Meridian Water reports to Cabinet on an annual basis on the long-term financial outlook to ensure that the project maintains financial viability.
27. Repayment of loans to companies – the ability of Housing Gateway Ltd (HGL) and Energetik to repay loans (both outstanding historic and future planned) is regularly reviewed to ensure that both companies remain strong and are able to repay their loans in full.
28. HRA borrowing levels – There is risk that the current 10-year capital programme and borrowing requirement for the HRA is unaffordable. To mitigate this, the HRA has strong financial controls and metrics in place and plans on a 30-year horizon.
29. The Capital & Treasury strategic risk register is monitored by the Capital Finance Review Panel (CFRP) and Capital Finance Board.

Key performance indicators (KPIs)

30. The Council's capital strategy emphasises the requirement to ensure the capital programme is financially affordable and sustainable. Key performance indicators (KPIs) have been designed within the Capital & Treasury Team to assist with monitoring the delivery of this. Progress against each KPI is shown in table 6 below.
31. There is one KPI currently RAG rated as amber:
- Spend to date on Priority projects in comparison with budget
32. This is forecast to improve during the year as delivery of Priority project budgets that have only recently been approved gain momentum.

		Target	Q2 actual	Comments
1	GF MRP as a % of General Fund 31 March 2024 capital financing requirement (CFR)	2.0%	2.0%	In line with target
2	Revenue debt financing costs as a % of Net Revenue Budget (NRB)	12.0%	8.6%	2024/25 debt financing costs in line with target
3	% capital receipts cash received (target 100% by year end)	£28.8 m	£22.1m	2024/25 capital receipts target on course to be delivered
4	% priority projects September budget spent (target 50% at Q2)	50%	23%	Further detail in Table 5. Above target: 91% Oaktree & Winchmore schools, 33% leisure centres Below target: 10% of temporary accommodation budget spent to date, 23% Meridian Water and 23% Joyce & Snells

Table 6: Q2 capital programme KPIs

Capital receipts

33. At Q2 £22.1m of usable capital receipts have been received. A further £6.8m receipts are anticipated in respect of assets currently under offer. Should these receipts be realised the Council forecasts it will have £34.2m of capital receipts available to fund spend by the year end.

34. Of this the Council currently forecasts to utilise £6.9m capital receipts as funding for 2024/25 revenue spend (under the flexible use of capital receipts policy) (table 7 below). This is below the limit approved by Full Council, which assumed up to £4m would be required to fund digital services 2024/25 transformational revenue spend – the Q2 forecast for this is now £1.2m.
35. Other than specific capital receipts for Meridian Water and Sloeman’s Farm, usable capital receipts are no longer assumed as funding for spend in the 2024/25 capital programme or being used to repay historic debt.

General capital receipts (excluding ringfenced capital receipts)			
	2024/25	2025/26	2026/27
	£m	£m	£m
balance 1 April	(5,315)	(27,218)	(32,193)
capital receipts cash received	(22,088)	0	0
forecast but not yet cash received	(6,755)	(13,975)	(1,950)
capital receipts received and forecast	(28,843)	(13,975)	(1,950)
forecast capital receipts available	(34,158)	(41,193)	(31,046)
flexible use of capital receipts	6,940	9,000	5,000
forecast utilisation (as at Q2)	6,940	9,000	5,000
forecast capital receipts balance at 31 March	(27,218)	(32,193)	(29,143)

Table 7: Q2 forecast capital receipts and planned utilisation

Financial risks

36. A capital programme risk register has been developed and will be incorporated within the Council’s corporate risk register. Key risks are managed and reported to Capital Finance Review Panel and Executive Management Team.

Financial implications

37. Financial implications are contained throughout this report.

Legal implications

38. Local authorities must distinguish between capital expenditure and revenue expenditure in their accounting. ‘Capital expenditure’ for this purpose is defined, in the Local Government Act 2003, as “expenditure of the authority which falls to be capitalised in accordance with proper practices”. The quantity of expenditure that is required for capital projects means that most local authority capital finance is obtained through borrowing.
39. Under part 1 chapter 1 of the Local Government Act 2003, a local authority may borrow for any purpose relevant to its functions or for "the prudent management of its

financial affairs".³ The total amount that a local authority may borrow is governed by the requirements of CIPFA's Prudential Code for Capital Finance in Local Authorities; and by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), as amended. The Code was most recently published in 2021.

40. Each authority must set a total borrowing limit for itself in accordance with the principles of the Prudential Code. The borrowing limit will be related to the revenue streams available to the local authority, with which it can repay the debt.

Equalities implications

41. No direct equalities implications arising from this report

Environmental and Climate Change implications

42. No direct environmental and climate change implications arising from this report

Public Health implications

43. No direct public health implications arising from this report

Property implications

44. No direct property implications arising from this report

Conclusion

45. At Q2 the Council forecasts 2024/25 capital spend of £306.1m. This compares with September budget of £357.3m. The £51.2m forecast variance to September budget includes the forecast removal of £7.8m budget no longer required, growth of £11.5m and estimated carry forward of £54.9m unspent budget at year end. Unspent budget requested to be carried forward into 2025/26 will only be done so after approval by EMT Budget and Council (February 2025). Further revisions to forecast full year spend are anticipated by Period 8. Nearly half of the capital programme budget is allocated to delivering Priority Projects. These are high profile projects that are often linked to the delivery of revenue savings in the MTFP. Progress on delivering these is expected to increase in QTR3 and QTR4.
46. Key strategic risks within capital & treasury have been identified and a governance process is in place to manage them.

Date of report: 1 October 2024

Appendices

Appendix A: Q2 forecast in comparison with £357.3m September budget

Appendix B: Key risks and outcomes anticipated from capital spend

Appendix C: Proposed changes to original 2024/25 pipeline programme

Appendix A: Q2 forecast variances to £357.3m budget

	September budget	forecast growth	forecast reduction	virement	estimated carry forward at 2024/25 outturn	Q2 full-year forecast
	£m	£m	£m	£m	£m	£m
Education	19.7	1.2	(0.3)		(0.7)	19.9
children & family services	0.7	0.6	(0.1)			1.3
mental health hub	0.5					0.5
DFG private home adaptations	2.8					2.8
People	23.8	1.8	(0.4)	0.0	(0.7)	24.4
temporary accommodation	0.6					0.6
Housing	0.6	0.0	0.0	0.0	0.0	0.6
digital services	5.5		(4.0)	(0.5)		1.0
Resources	5.5	0.0	(4.0)	(0.5)	0.0	1.0
environment & street scene	7.8	0.4	(0.2)		(1.0)	7.0
leisure, parks & culture	5.3	3.2		0.5	(0.7)	8.2
journeys & places	12.7	0.1			(3.3)	9.5
property & economy	3.0	0.5	(0.5)			2.9
Environment & Communities	28.8	4.1	(0.7)	0.5	(5.1)	27.6
Meridian Water	121.7	5.6	(0.8)		(30.1)	96.5
Energetik	11.7					11.7
Housing Gateway Ltd	29.5					29.5
Companies	41.2	0.0	0.0	0.0	0.0	41.2
General Fund	221.5	11.5	(5.8)	0.0	(35.9)	191.2
Housing Revenue Account	135.9	0.0	(2.0)	0.0	(19.0)	114.9
capital expenditure	357.3	11.5	(7.8)	0.0	(54.9)	306.1

Appendix B: key outcomes expected from forecast spend:

People

Education: £19.9m current forecast (£19.7m September budget) - £0.2m forecast growth

The schools programme expects to deliver within approved budget. There has been programme growth since September budget (including increased costs at Winchmore 6th form) but these are expected to be managed from within the overall approved programme budget. Winchmore 6th form is expected to complete this financial year, funded from DfE grant and total £2.3m s106 contributions (£1.3m 23/24 and £1.0m 24/25). Heads of Terms are expected to be agreed with the DfE to enable DfE funded feasibility works to start for new Portcullis School (96 new primary school SEND places). S151 agreement to fund 'abnormal spend' required. £2m total budget (£0.2m 24/25 and £1.8m 25/26) for abnormal spend. Risk assessment completed for all potential abnormal spend (include environmental and archaeological surveys) to provide s151. Japanese knotweed clearance is focus of 24/25 'abnormal' spend. The Service also plans to dispose of 6 further former caretakers lodges on school land, the receipts from which are currently earmarked as funding for the schools' programme in 25/26.

Children & Families: £1.3m current forecast (£0.7m September budget) - £0.6m forecast growth

Grant funded growth of £0.1m included in forecast for new Stay & Play facility at Craig Park Family Hub – potential further £0.1m CIL bid to be submitted to complete these works (not yet included in forecast). Further £0.5m grant funded growth for early years expansion within the Borough. This is DfE grant funding that is passported to local providers for the expansion of their facilities. Remainder of the budget includes £0.2m borrowing for 2 private home loft conversions (scheme closed to new applicants) and £0.5m borrowing for Enfield Children's Homes. Construction works progressing well (now ordering internal fixtures & fittings) and works are expected to be completed within approved budget. Buildings expected to be handed over by the contractor 6 October.

Mental Health & Wellbeing Hub: £0.5m current forecast (£0.5m September budget)

Approximately £0.2m of budget has been committed to date on design fees to reach RIBA Stage 2. Approval required to progress to construction phase. The project is dependent on Community House enabling works which have not yet been approved. Best case capital budget of £2.1m required, funded £1.9m Levelling Up fund (pending Govt. decision October 24) and £0.2m budget virement from Mental Health Hub. If Levelling Up funding is not secured will look to 'do minimum' for Community House - £1.0m budget funded £0.2m Mental Health Hub budget virement and £0.8m potential DFG funding. Community House project will need clear business case and approval prior to starting to spend. Additionally, the corporate property programme includes September budget of £0.1m borrowing funded works for roof and lift replacement at the new Mental Health Hub. Of this £60k for lift replacement work is forecast to be carried forward into 25/26, as these works will be undertaken as part construction works phase for the Hub.

Housing

Temporary Accommodation - £0.6m current forecast (£0.6m September budget)

Forecast assumes full spend of £0.6m budget (funded from £0.2m grant and £0.4m borrowing) for the refurbishment of John Wilkes House into a rapid assessment and resettlement hub, including 36 pod rooms for temporary accommodation. Contract awarded September 2024

Environment & Communities

Environment & street scene - £7.0m current forecast (£7.8m September budget) - £0.8m forecast underspend

Forecast includes £0.4m of TFL grant funded growth in Highways & Street Scene for bridge repairs and carriageway resurfacing (forecast for Highways & Street Scene now £4.4m). This is offset by forecast year-end carry forward of unspent budget of £0.4m (of the £0.8m budget) for GLA grant funded SIP (fibre ducting) works. The timing of these works is subject to confirmation of contractor appointment (the Council is currently at tendering stage). Potentially some unspent budget to carry forward at outturn - £400k early indicative estimate at Period 5. Similarly £0.6m of vehicle replacement programme budget is currently anticipated will be requested to be carried forward at year end for 3 refuse trucks not expected to be received until 25/26 (budget was originally planned to acquire 26 x cage tippers and 5 x refuse trucks). Further £0.9m waste grant has been received (for food waste recycling programme). The Service is considering how best to apply this funding – for example food caddies (revenue) and vehicles (capital). £0.7m DfT grant funded traffic & transportation works (must be spent on LIP priorities).

£0.15m borrowing funded CCTV budget. Current plan is to replace 84 cameras this financial year (total 1100 cameras across the Borough). Potentially some carry forward request at year end but not yet quantified.

Leisure, parks & culture - £8.2m current forecast (£5.3m September budget) - £2.9m forecast growth

Forecast includes £2.5m growth for Edmonton leisure centre (to be funded by a treasury loan to leisure service provider) and £0.6m grant and revenue reserve funded growth for Southbury 3G football pitch (works to be managed by the Football Association and completed by 31 October). Forecast also assumes £0.5m borrowing funded contingency will be moved from underspend in digital services to leisure centres if required. Works at leisure centres are progressing well. £0.4m of £0.6m Broomfield Park memorialisation budget is now expected to be carried forward at outturn. This budget is Heritage Lottery Fund (HLF) funded to develop business case for the delivery phase of the programme.

Flood alleviation – forecast recognises potential carry forward of £0.3m unspent grant funded budget at outturn in relation to Enfield Chase Restoration. The programme is entirely funded from capital grants, s106 and CIL.

Sloeman's Farm - £0.1m forecast spend funded from soil importation receipts. Soil importation capital receipts are now being received, the first £0.4m of which are required to repaying 'temporary borrowing' used to fund Sloeman's Farm spend in 23/24.

Journeys & places – £9.5m current forecast (£12.7m September budget) - £3.2m forecast underspend

Forecast reflects status of Levelling Up funding – planned spend now £0.5m in comparison with budget of £2.9m. A programme of 11 projects has been developed ready to commence as soon as funding is confirmed (expect funding decision October 24). Minimal spend has been made / committed to date. Forecast also includes £2.2m spend on Liveable Enfield Town (reduced from £3.2m budget), which will be delivered in phases with approval to spend granted as phases are completed, and £3.9m grant funded Enfield Town to Broxbourne cycle route (including forecast £0.1m s106 funded growth). Planned spend is funded entirely from capital grants, s106 & CIL.

Property & economy - £2.9m current forecast (£3.0m September budget) - £0.1m forecast underspend

Build the Change – Budget included £0.5m for Clavering service relocation. Latest spend estimates are significantly higher and officers are therefore reviewing all options prior to committing spend. Any growth will be included in Period 8 report, subject to relevant approval.

Corporate Condition Programme – includes growth of £0.46m for civic centre lift refurbishment (subject to approval at October Cabinet). This will be funded by moving borrowing funded contingency from pipeline into the approved capital programme. £0.3m Community House windows replacement works budget has been reallocated as additional funding for Cooling Tower work. Forecast spend for the Cooling Tower is now £0.7m (in comparison with £0.4m budget). Other significant spend includes £0.4m Bridgewood House heating and £0.3m Craig Park Unity Hub roof replacement. New, smaller projects that have arisen since budget will be managed from within current allocation without growth in the programme. £60k contribution towards Mental Health Hub (Park Avenue) lift replacement is forecast to be carried forward at outturn as this work will be undertaken during the construction phase, not expected until 25/26.

Electric Quarter – current forecast assumes utilisation of £0.35m September budget for outstanding electric quarter CPOs. This will be funded from borrowing if s106 contributions cannot be secured.

Resources

Digital Services - £1m current full year forecast (£5.5m September budget) - £4.5m forecast underspend

Forecast variance includes estimated £4.0m reduction in capital budget (for Cloud / SAS based works and staff recharges) and the reallocation of £0.5m borrowing funded budget as contingency for leisure centres (under s151 Officer delegation). If realised, the net £4.0m reduction will result in around £0.8m saving in MRP in 25/26. This saving has already been built into MTFP figures reported elsewhere on the agenda.

Meridian Water

Meridian Water - £96.5m current full year forecast (£121.7m September budget)

Planned outcomes include:

- Meridian One – 99 HRA units to be delivered in 2024/25
- Meridian Three – work is ongoing to bring this parcel to market in 2026/27
- Meridian Thirteen – market testing underway to gauge investor appetite
- Strategic Infrastructure Works (SIW) – significant progress has been made with archaeological trenches and clearing of fly tipped material, enabling works are ongoing, works ongoing across various zones to assist in breaking out / grubbing up hardstanding, significant works to utilities (including spend with UKPN, Cadent, Thames Water and BT), with significant works on Anthony Way, significant progress made with the removal and disposal of existing retaining wall, site clearance and progress with Rivermede Road.

Forecast variance reflects delays to delivery of grant funded Strategic Infrastructure Works (SIW), now expected to be undertaken in 2025/26.

The knock-on impact of delays in SIW on the realisation of capital receipts from parcel disposals is a key risk that must be managed effectively by the Council. Achievement of assumed capital receipts as planned affects the Council's cash-flow and borrowing requirement as well as potential need to make voluntary revenue provision in respect of Meridian Water borrowing not repaid through capital receipts.

Companies

A separate Companies Q2 financial monitoring report is due to be presented to Cabinet in December 2024.

Housing Revenue Account

See separate HRA report, elsewhere on the agenda.

Appendix C: proposed changes to pipeline programme

	original pipeline (Feb 24)	approved transfer in	approved transfer out	approved reduction	revised pipeline (Sep 24)	proposed transfer out	revised 2024/25	comments on pipeline status
	£m	£m	£m	£m	£m	£m	£m	
Digital services programme	2.0				2.0		2.0	Pipeline budget will be updated as part of ongoing programme review
Migration to Cloud and infrastructure rationalisation	1.2				1.2		1.2	
Resources	3.2	0.0	0.0	0.0	3.2	0.0	3.2	
Rural estate	1.0				1.0		1.0	Indicative investment – pending condition surveys
Secondary behaviour support	1.2				1.2		1.2	Pending business case
Corporate condition programme	0.7			(0.7)	0.0	0.4	0.4	Civic Centre lift replacement (KD5815)
Bowes Green and Edmonton Green Quieter Neighbourhoods	1.6	0.3			1.9		1.9	Project is for installation of traffic cameras. Estimated costs £1.9m - £1.6m borrowing (to be repaid over 5 years from camera enforcement income) and £0.3m grant. Business case to be approved
Highways trees removal and replacement	0.2				0.2		0.2	Will be added to programme as funding is confirmed (assumed £80k Forestry Commission grant and £70k borrowing)

Appendix C: proposed changes to pipeline programme

	original pipeline (Feb 24)	approved transfer in	approved transfer out	approved reduction	revised pipeline (Sep 24)	proposed transfer out	revised 2024/25	comments on pipeline status
	£m	£m	£m	£m	£m	£m	£m	
Parks and play infrastructure	0.5				0.5		0.5	Business need and business case to be prepared – no capital budget approved for parks and play infrastructure
Southbury leisure centre	1.2		(1.2)		0.0		0.0	£2.4m business case approved (including £0.5m contingency virement from other areas of capital programme and proposed £0.7m growth)
Edmonton leisure centre	0.0	2.5			2.5		2.5	£2.5m borrowing subject to business case and agreed investment mechanism (direct investment v loan)
Carriageways & bridges	0.0	0.4			0.4		0.4	Grant funded work to be added to the programme as funding is confirmed
Schools related flood alleviation	0.7				0.7		0.7	Grant and s106 funded schemes to be added to the programme as funding is confirmed
Watercourses	0.8				0.8		0.8	Grant and s106 funded schemes to be added to the programme as funding is confirmed
Environment & Communities	7.9	3.2	(1.2)	(0.7)	9.2	0.4	9.6	

Appendix C: proposed changes to pipeline programme

	original pipeline (Feb 24)	approved transfer in	approved transfer out	approved reduction	revised pipeline (Sep 24)	proposed transfer out	revised 2024/25	comments on pipeline status
	£m	£m	£m	£m	£m	£m	£m	
Children & families invest to save	2.0				2.0		2.0	Project to be scoped
Mental health and wellbeing centre	3.0		(2.6)	(0.4)	0.0		0.0	Business case approved
SEND Portcullis Lodge	1.8		(1.8)		0.0		0.0	Grant funded schemes – moved to 25/26 and 26/27 in schools’ capital programme (KD 5706)
SEND Addison House	2.0		(2.0)		0.0		0.0	
SEND Eldon STC	0.2		(0.2)		0.0		0.0	
People	9.0	0.0	(6.6)	(0.4)	2.0	0.0	2.0	
Homelessness prevention	5.0			(5.0)	0.0		0.0	Incorporated in temporary accommodation below
Temporary accommodation	30.0		(23.1)		6.9		6.9	£0.6m business case approved for John Wilkes House (GF) and £22.5m HRA capital programme
Housing	35.0	0.0	(23.1)	(5.0)	6.9	0.0	6.9	
Energetik T3 MEEF	2.2				2.2		2.2	Subject to approval of business plan
Companies	2.2	0.0	0.0	0.0	2.2	0.0	2.2	
Contingency	0.0	2.0			2.0	(0.4)	1.6	Borrowing funded contingency for small projects and approved changes in cost estimates
Contingency	0.0	2.0	0.0	0.0	2.0	(0.4)	1.6	
	57.3	5.2	(30.9)	(6.1)	25.5	0.0	25.5	