

MUNICIPAL YEAR 2013/14 REPORT NO. 203

MEETING TITLE AND DATE:

Cabinet: 12th March 2014

REPORT OF:

Director of Finance, Resources &
Customer Services

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Agenda – Part: 1	Item: 6
Subject: Capital Programme Monitor Third Quarter December 2013 Budget Year 2013-14 Wards: all	
Cabinet Member consulted: Cllr Stafford	

1. EXECUTIVE SUMMARY

The purpose of this report is to inform Members of the current position up to the end of December 2013 regarding the Council's Capital Programme (2013-17) taking into account the latest information for all capital schemes including the funding arrangements.

The report shows that the overall expenditure is projected to be £69.0m for the General Fund and £43.7m for the HRA for 2013/14.

The report:

- 1.1 Sets out the estimated capital spending plans for 2013-17 including the proposed arrangements for funding as at 31st December 2013. Subsequent changes to this position were discussed at Cabinet on February 26th 2014.
- 1.2 Confirms that the revenue capital financing costs for the agreed 2013/14 to 2014/15 programme are provided for in the budget and the funding of later years indicative projects will be updated as schemes are firmed up (Section 6)
- 1.3 Advises upon the Council's borrowing and investment activity.

2. RECOMMENDATIONS

It is recommended that:

1. Cabinet agrees the additions to the General Fund Capital Programme totalling £541k in 2013/14 (Table 1 - to be funded from grants and earmarked resources) and notes that this will not materially increase capital financing costs.
2. The updated four year programme including proposed reductions is agreed by Cabinet subject to indicative estimates included in later years (Section 5)

3. BACKGROUND

The Council's Capital Programme is continually reviewed and monitoring reports are submitted to Cabinet on a quarterly basis.

This is the third quarterly report on the 2013/14 capital budget and four year Capital Programme 2013-17 of £437m as approved by Council on 27th February 2013 (2015/17 noted as indicative figures). Cabinet on 18th September agreed the updated programme of £492m, the major part of the increase since Council being the inclusion of the Primary Expansion Plan Phase 2 and revisions to Phase 1.

4. 2013/14 CAPITAL BUDGET

The following updates are included this quarter in the proposed 2013/14 capital budget:

Additions to the Programme

There are a small number of additions to the 2013/14 capital budget which are summarised in Table 1 below. Funding is either from external grants and contributions or earmarked reserves set aside specifically for the projects. Significant changes in later years that have been included in this report are also set out below. These have been reported in the 2014-15 budget report to Cabinet on 12th February and to Council on 26th February and included in the prudential indicators accordingly.

Meridian Water

The October 2013 Cabinet meeting received a report on Meridian Water setting out the opportunity to secure a strategic land acquisition that would help to enable the development of key sites within the Masterplan area. Indicative financial implications of this project have been included in the Capital Programme in 2014-2016.

Parks

£2.2m of capital expenditure is needed over the two years 2014-2016 to refurbish and replace assets of fencing, playgrounds and paths in parks. Within this figure is a budget of £200k to address a serious long standing pollution control issue within Pymmes Park Pond.

Civic Centre

The Civic Centre is around 40 years old and requires some significant work to ensure it remains fit for purpose in the medium to longer term. In Nov 2012 Cabinet agreed to proceed with a phased renewal of plant, equipment and refurbishment of the office space. Following the work undertaken on the 10th floor, costs can be estimated with reasonable certainty for the remaining Phase 1 works and a judgement of £6.3m has been added for the years 2014-2017.

Table 1 – General Fund: Additional items Scheme	2013/14 Additions £'000
Environment	
13/14 TFL Funded Schemes Powys Lane, Wilmer Way, Southgate Circus	290
13-14 Footway Replacement	43
13-14 Street Lighting @ Harbort Road	30
Alleygating	20
Expansion of CCTV System 12-13 to 14-15	70
Forty Hall Park – Landscaping	71
Parks Equipment	7
13/14 bip Civic Centre B Block North	10

Table 1 – General Fund: Additional items Scheme	2013/14 Additions £'000
	541
GENERAL FUND	541

Updated Project Expenditure Profiles

Monitoring of the programme has identified projects where the forecast spending profile has changed from the original forecasts.

- The SCS programme requires the following budgets to be carried forward to 2014/15:
 - 2.024m of Phase 1 of the PEP. This mainly relates to the schemes at Highfield Primary and Prince of Wales schools.
 - £1.874m in relation to Phase 2 of the PEP.
 - £0.250m in connection with the 2 year old Early Education grant. This will allow additional time to consider its usage and allow realistic timescales for the works.
 - Basic Needs Primary School Places (£2.155m), Enfield 2 Academy (£0.669m) and non schools schemes (£0.395m)
- The Neighbourhood Regeneration budget was re-profiled further this quarter (£0.671m) to reflect on-going land acquisition issues. The Council is unable to acquire land previously earmarked for developing the Electric Quarter, due to intervention by the Secretary of State. Negotiations continue to acquire further land in other regeneration areas.
- HRA requires budgets of £16.590m to be carried forward into 2014-15 of which £9.851m is General Works following reprofiling of schemes to both maximise the use of the Decent Homes Grant funding and as a result of retention payments on a number of schemes not being due until 2014-15. The nature of the programme often means scheme costs are spread across financial years with project durations of between 9-18 months.

Scheme Reductions 2013/14

The main reductions to General Fund scheme identified since the second quarter are:

- Environment
A reduction of £0.357m TFL schemes that have been classified as revenue in nature rather than capital and a small saving of Traffic Order Management Software costs.
- Health, Housing and Adult Social Care
A reduction of £0.050m on Welfare Adaptation loans following reduced demand and the removal of the Fireproofing the Park Avenue lifts budget which had been incorporated elsewhere in the programme.
- Regeneration, Leisure and Culture
Heritage Lottery Fund Forty Hall project has concluded with an underspend of £0.492m.

Latest 2013/14 Capital budget

The capital budget for 2013-14 is shown in Table 2; this summarises the latest position including the changes set out above.

Table 2 - Capital Budget 2013/14

	2013/14 Budget Reported at Q2 £'000	Re- profiling £'000	Additions 2013/14 £'000	Proposed Reductions 2013/14 £'000	Proposed Programme 2013/14 £'000
Environment	24,276	(1,411)	541	(422)	22,984
Corporate	4,911	(367)	0	0	4,544
Health, Housing and Adult Social Care	6,502	(1,824)	0	(120)	4,558
Regeneration, Leisure and Culture	6,295	(777)	0	(492)	5,026
Schools and Children's Services	39,231	(7,299)	0	0	31,932
Total General Fund Expenditure	81,215	(11,678)	541	(1,034)	69,044
Housing Revenue Account	60,310	(16,589)	0	0	43,720
Total Capital Expenditure	141,525	(28,267)	541	(1,034)	112,764

Key Projects programmed for 2013/14.

The principle outcomes of the current year programme are considered below:

4.1 Environment.

The Environment Department's Capital Programme is broadly in-line with agreed timescales and objectives.

- The Highways and TFL Capital Programme Business Plan is on target to improve 18km of carriageway to be resurfaced or reconstructed and 9km of footway to be renewed. This equates to approximately 3% of the 580km of roads and approximately 1% of the 1000km of footways. The programme also includes the construction & Improvement of New Cycle Routes/Green Ways, 20mpz, CPZ, Bus Route Improvements & Bus Stop Accessibility.
- The introduction of trimming and dimming technology together with the centralised monitoring system to reduce energy consumption within the Council's street lighting stock is due to be completed with the planned timescale.
- Environmental Protection: The Alleygating Scheme is to install gates in residential alleys to reduce crime/fear of crime, fly tipping and other anti-social behaviour.
- Community Safety: The CCTV Camera Replacement Programme and the three year CCTV expansion programme (12-13 to 14-15) are progressing to plan and to budget.
- Replacement of Wheeled Bins: About 250,000 Wheeled Bins have been rolled out and around 0.4% of the rolled out bins will be replaced within the current financial year.
- The Parks Capital expenditure is progressing to plan and to budget. A successful contractor has been selected for the Forty Hall Park Landscaping Project; work commenced in January 2014 and it is estimated to be completed in January 2015.

- Vehicle Replacement Programme: the procurement exercise has been completed and providers have been selected for the delivery of seven Mowers, two trailers and hand held parks tools and equipment. The delivery of goods will take place in March 2014.
- Depot relocation: The Morson Road Depot became operational in early July 2013. Projected expenditure includes the decommissioning costs of the former Depots and the redevelopment of the Bury Lodge Depot. The move was successfully completed for all services and both Carterhatch and Advent Way were cleared and handed over to landlords and the Bury Street West works have also been completed.
- Parking: Introduction of parking payments via Automatic Number Plate Recognition (ANPR) technology in the Palace Gardens multi-storey car park and the relocation of parking bays at the same car park.
- The Building Improvements Capital Programme will be delivered within the agreed framework. The Civic Centre 10th floor works and B block North meeting rooms are completed. The installation of boilers, a free plate heat exchanger, hot water supplies in the Civic Centre are progressing to plan.
- Disability Access Programme (DDA): Approval has been given to the successful contractors to undertake access improvement works at W heatsheaf Hall, Park Avenue Mental Health Resource Centre and Minchenden Oak Garden. The programme will be delivered within the agreed timescales and objectives.
- The REFIT Programme: 95% of the works have been completed. The application for a Salix interest free loan (£630k) has been successful and this will fund the majority of costs for schools energy conservation measures.

4.2 Corporate Projects.

The existing programme includes the final year of the three-year Enfield Residents Priority Fund available to meet capital priorities identified by residents.

Also included is the development of the Joint Service Centre on Hertford Road. Work is continuing on this project, which comprises a General Practitioner and Dentistry Surgery, a library and a community facility on the existing Ordnance Road Library site. The library has been demolished and relocated to temporary facilities, foundation and ground work is completed and construction is now underway on the main site.

4.3 Health, Housing and Adult Social Care.

The principal and ongoing elements of the Adult Social Care Capital Programme are all progressing well and on track to deliver including:

- The upgrade and integration of Social Care IT systems. The Carefirst system is continually being developed to ensure it remains fit for purpose to meet the Council's business requirements.

- The commissioning and procurement of a 70 bed dual registered care provision on the Elizabeth House site.
- The relocation of New Options Learning Disabilities Day services currently based at the Claverings Estate.

The Adult Social Care Capital Programme forecast for Quarter 3 reflects two minor changes from Quarter 2:

- The Fireproofing of the Lift at Park Avenue has now been incorporated into the Environment Department's Disability Access Programme, and has been removed from the Adult Social Care Capital Programme.
- The Mental Health and Wellbeing Centre (formerly referred to as Park Avenue Resource Centre in the capital programme) is still in the early stages of development, and feasibility work is not now expected to be underway until 2014/15.

4.4 The Housing Needs Programme.

Projects within this programme include:

The Disabled Facilities Grant:

- To enable private sector residents to remain in their homes.

Discretionary Housing Assistance Grants:

- To enable residents to remain in accommodation that is free from serious disrepair and suitable for their needs. These include Small Works Assistance, Decent Homes Grants and Safe Homes Grants.

North London Sub Region:

- The North London Sub Region grant targets the bringing of empty properties back into use through CPOs, Grants and Nominations scheme.
- Decent Homes Grants help with Cat 1 heating and Insulation Hazards and help to bring private properties up to the decent homes standard

Affordable Housing Programme

- Purchase of a 3 bedroom house at 171 South Street
- Refurbishment of 167/167a South Street
- Contribution to the purchase of 100 houses
- Other enabling schemes yet to be agreed
- Development works to former Caretakers Lodge Bell Lane EN3

4.5 Regeneration, Leisure and Culture

Ponders End

- **The Electric Quarter**

Although the original intention was to implement a housing led, mixed use regeneration scheme with up to 408 new homes, additional employment space and a re-provided library this has not been able to proceed because the government purchased the former Middlesex University site for the

purposes of providing a 1,600 place secondary school. However, the school does not require the entire site and the Council and the EFA are therefore working together with a view to creating a new, but smaller, footprint for development. This could accommodate a mix of dwelling types and sizes, regenerate the High Street frontage and re-provide the library. This will inevitably cause some delay.

There will be Slippage due to the purchase of the former Middlesex University Campus by the Secretary of State meaning the Council cannot implement its planning consent and therefore cannot make the Compulsory Purchase Order. Negotiations are on-going with Secretary of State.

- **Ponders End Waterfront.**

Initial works to clear the waterways ahead of Phase 1 implementation are underway. The project will provide a new nature reserve, canoe facilities and community growing space.

New Southgate

Delivery of projects identified in the New Southgate Master plan continues with physical improvements to three open spaces along the High Road. In addition to the works to the High Road Open Space completed in June 2013, Grove Road Open Space (Locally known as -The Bombie) has recently undergone a makeover, with new pathways, seating and a natural play area for young children. Additional works to improve the public realm along the High Road along the parade of shops are on schedule to be implemented in quarter four.

Cost savings were realised and will be redirected to fund Phase 3 delivery, which is already in consultation.

Meridian Water

Angel Gardens (Rays Road) has progressed with decontamination works which completed in September 2013. Designs for a new open space are in detailed design stage and are due to start on site in Quarter four of this year, and will be implemented in phases, starting with an outdoor gym, community garden and parkour free running course.

Since the adoption of the final Meridian Water Master plan in July 2013, the Council has initiated projects to realise a range of transport and infrastructure works that will unlock the wider regeneration of the area.

Since this point the focus has been on the formation of the Angel Road Station project in terms of governance, scope, definition, stakeholder buy in, funding support and procurement of consultancy services (Atkins)

The Feasibility Study and Development Brief will be delivered at the end of April 2014. This will in turn lead to the procurement of works, initially through a first phase of £2.5million of GLA funding, to bring forward improvements to the accessibility of the station. Delivery of the station improvements and the creation of an integrated transport hub are the key elements to unlock the whole of the wider Masterplan area.

The Causeway is the key east to west central transport, public realm and infrastructure project for Meridian Water, linking the neighbourhoods through a

range of works such as public squares, priority bus and cycle ways and bridges over the waterways. This project has achieved its initial milestone of the appointment of Halcrow, in January 2014, to deliver an infrastructure Feasibility Study and Development Brief by the end of May 2014.

Market Gardening

With the finalisation of the agreement with the GLA, a three acre food growing project was delivered at Forty Hall Farm. A vegetable box scheme, Enfield Veg Co., was launched in November 2013, and has a customer base of 30 customers presently, with plans to expand to 120 customers by 2015. Capital funding will support the creation of new community food growing spaces by providing infrastructure and materials over the next 15 months.

Edmonton Green

A Master plan for Edmonton Green is in preparation. The projects in development include 'Greening the Green' and detailed feasibility to commercially redevelop the railway arches as part of this project. The Council is awaiting the outcome of the mini Holland bid in March 14 (ESS bid), the total project depends on funding from partners such as Network Rail and the GLA and budgets have been reprofiled accordingly.

On-going Capital investment in Leisure Centres

The Leisure Centre Capital Development programme is reaching its conclusion with the last facility, Edmonton Leisure Centre having a small amount of work being completed. The retentions for Southgate Leisure Centre and for Albany Leisure centre will be settled during the forthcoming months resulting in the timely completion of the Leisure Centre programme as proposed in the original report.

The Regeneration and Enhancement of the Crescent,

Works started on site in August 2013 including the set-up of the site compound and scaffolding. The repairs and redecorations to twelve properties have been completed. The front boundary dwarf brick walls have been constructed, the railing panels and gates are underway, after which the front garden top soiling and turfing will be completed. Works on 108, (the last property to fully enter the scheme) are underway. The rear hardstandings and fencing are complete. The majority of the remaining balance allocated to the project is expected to be fully expended by April 2014.

During the course of the implementation phase, defects and repairs that could not be identified before the erection of the scaffolding have now been identified and quantified. Other demands have been identified during the implementation of the works, such as additional insurance requirements, clearing the site of drug related equipment, the removal of fly tipping, including asbestos and additional professional fees in assisting scheme partners, Newlon Housing Trust bring forward their parallel proposals. These costs will be met by a transfer of resources from the 2013/14 Neighbourhood Regeneration Fund for Edmonton.

4.6 Schools and Children's Services

The principal areas of capital expenditure in 2013/14 are as follows:

- Phase 1 of the Primary Expansion Plan is now advanced with construction activity in progress at a number of schools. Phase 2 is underway with the identification of sites and the design works. A general review of its progress, particularly after the postponement of a feasibility study on the Brimsdown expansion, a delay in land acquisitions and progress on feasibilities to date has resulted in a re-profiling of the approved budget across future years.
- The purchase of a site and the design of a new Pupil Referral Unit to replace the Secondary Tuition Centre in 2014.
- Projects to support the implementation of early education for 2 year olds through non-ring fenced Capital Grant funding of £1.1m secured by the Council.
- Adaptations to buildings and the purchase of equipment to increase short break opportunities for disabled children through a capital grant of £434k secured by the Council.
- Completion of pre Primary Expansion Programme school expansion schemes at Capel Manor Primary School and St Matthew's Edmonton Annex.
- Works to create a new nursery on the Rosemary Avenue site in September 2013 together with the design of a new Art and Music Block at Enfield County Lower School for completion in September 2014.

4.7 Housing Revenue Account

The Housing Major Capital Works schemes will be funded from the current year's Decent Homes and HRA allocations totalling £43.7m.

The Decent Homes grant of £12.0m is being provided by the GLA in return for making 1,330 homes decent as per the delivery profile agreed with the GLA.

Progress in quarter three has been excellent against this target with 553 homes having been made decent during the period. The scope of the programme will continue this year to have greater emphasis on roof and window replacement, structural repairs and other external works programmes.

Estate Renewals – The estate renewal budget is £5.2m, this is being used to fund buyback and decant costs at both the Alma Towers and New Avenue sites. The Alma project is currently well underway and a developer has been appointed, the procurement process is currently on-going for the New Avenue and Small Sites project.

5. CAPITAL PROGRAMME 2013/14 to 2016/17

The detailed capital programme of £551m is set out in Appendix A. It should be noted that later years include indicative costs which will be revised once detailed scheme plans are finalised.

Table 3 Financing of Capital Expenditure

The following table sets out the current funding position for the 2013-17 Capital Programmes.

Table 3 Capital Financing	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000
Total General Fund Expenditure	69,043	115,848	85,427	77,966	348,284
Funded From:					
Earmarked Resources	(47,737)	(47,366)	(46,527)	(58,684)	(200,314)
Disposals Programme		(4,000)	(4,000)	(4,000)	(12,000)
Unapplied Capital Receipts	(900)	(520)			(1,420)
General Fund Capital Reserve	(700)	(1,000)			(1,700)
Estimated Usable RTB Disposals	(200)	(200)	(200)	(200)	(800)
Increase in Capital Financing Requirement	19,506	62,762	34,700	15,082	132,050

Capital Financing	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000
Total HRA Expenditure	43,720	72,129	46,818	39,900	202,567
Funded From:					
Earmarked Resources including HRA balances	(43,720)	(72,129)	(34,368)	(24,200)	(174,417)
Increase in Capital Financing Requirement	0	0	12,450	15,700	28,150

Earmarked Resources refer to specific government grants or other contributions from external parties and the use of specific reserves within the Council's available resources; this funding is specific to certain schemes or certain types of capital investment e.g. provision for additional school places. There is a high level of certainty over these funding streams.

Disposals refer to the estimated proceeds from the sale of assets (net of disposal costs) that have so far been approved for disposal over the life of the programme. Given the uncertainties that can arise in connection with the sale of assets, there are risks that the planned sales will not be achieved within the projected timescales or ultimately not realise the projected capital receipts.

The funding strategy set out in Table 3 utilises all other currently available unapplied capital receipts brought forward from 2012/13 and the balance in the General Fund Capital Reserve.

Capital expenditure that cannot be funded immediately from grants, capital receipts or direct revenue/reserve contributions must be funded from the annual set aside from the revenue budget (the Minimum Revenue Provision- MRP). The MRP is determined according to statutory regulation based on the Capital Financing Requirement. There are equivalent statutory arrangements for the funding of HRA capital expenditure which do not involve an HRA Minimum Revenue Provision.

6. REVENUE IMPLICATIONS

The revenue implications of the Capital Programme are set out below:

Table 4 – Revenue Implications

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Full Year Effect £'000
General Fund					
Additional MRP		780	3,291	4,679	5,282
Interest on Borrowing ¹	390	2,035	3,985	4,980	5,282
Total GF Revenue Cost	390	2,816	7,275	9,659	10,564
Housing Revenue Account					
Additional MRP (N/A)					
Interest on borrowing	0	0	249	812	1,126
Total HRA Revenue Cost	0	0	249	812	1,126

¹ Interest Rate has been calculated at 4%. Previously reports assumed 3.5%.

Local Government is currently facing reduced resources due to the continued reductions in public sector costs. At the same time there are increases in demand for our key services and the continued affordability of the Capital Programme should be viewed in this context.

Over recent few years the Council has reduced its short term investments primarily to fund the Capital Programme. This has been a sensible approach agreed with our external treasury advisors given the relative interest earned from investments in comparison to borrowing costs. The Council is now in a position where it will need to actually borrow to finance capital investment that is not funded from other resources such as grants, contributions and capital receipts. The Council has headroom in its current borrowing position to allow this to happen given that actual borrowing including the effect of the current Capital Programme is within the Council's Capital Financing Requirement but will continue to review its borrowing position on a regular basis when assessing the affordability of future capital projects.

It should be noted that several of the later year scheme estimates are indicative (as noted by Council when agreeing the programme) and will be revised as part of the on-going annual reviews of the overall capital programme. Also new projects are being added as changes in service requirements are identified and subject to resources available. Later years' on-going block programmes are included based on funding in line with existing arrangements, however, where this involves Government funding there is the risk that resources will be cut in later years due to the Government's austerity measures. Other projects planned in later years are assumed to be funded either by grants, external contributions or new capital receipts and therefore not require additional borrowing. These funding requirements will be revised as schemes are developed and the programme amended if needed so that the capital expenditure remains affordable within the Medium Term Financial Plan. The budget process will continue to review the Capital Programme alongside revenue pressures in order to ensure the Council's key priorities are delivered in best way given the financial constraints the Council currently faces.

7. CAPITAL PRUDENTIAL INDICATORS

Legislation requires each authority to have regard to the CIPFA Prudential Code for Capital Finance. This means that authorities are responsible for determining whether decisions on capital investment are affordable, prudent and sustainable. Adhering to CIPFA's Prudential Code is the means by which local authorities demonstrate that they have satisfied this obligation. The Secretary of State's reserve power could be used if an authority fails to adhere to the Prudential Code. Similarly the Secretary of State has the power, on national economic grounds, to set limits in relation to borrowing by local authorities as a whole.

Members' involvement in the process is essential for good governance of the strategic decisions around capital investment and to ensure compliance with the requirements of the Prudential Code. The Council must be able to demonstrate that capital expenditure plans are affordable, external borrowing is prudent and sustainable, and that treasury decisions are taken in accordance with good practice.

When considering its programme for capital investment the Council is required, under the Prudential Code, to agree and monitor a number of mandatory prudential indicators. The Council must take account of the following matters when setting and revising the prudential indicators:

- **Affordability:** e.g. the implications for Council Tax and housing rents;
- **Prudence and sustainability:** e.g. implications for external borrowing;
- **Value for Money:** e.g. through the use of option appraisals;
- **Stewardship of Assets:** e.g. asset management planning;
- **Service objectives:** e.g. whether the proposals meet the Authority's strategic objectives;
- **Practicality:** e.g. achievement of the forward plan.

The forecast indicators set out in this report are those reported in the 2014/15 Budget report to Council on 26th February 2014. These will be monitored and reported on at each quarters monitoring report for 2014-15 and any changes to the 2013-14 position will form part of the Outturn report.

Table 5 - Capital Expenditure Indicator General Fund and HRA

Capital Programme	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000
General Fund Latest Forecast	69,043	115,848	85,427	77,966	348,284
General Fund Indicator	68,777	129,329	93,886	56,675	348,667
HRA Latest Forecast	43,720	72,129	46,818	39,900	202,567
HRA Indicator	43,720	72,129	46,818	39,900	202,567
Total Latest Forecast	112,763	187,977	132,245	117,866	550,851
Total Indicator	112,497	201,458	140,704	96,575	551,234

The Capital Financing Requirement measures the extent to which the Council's capital expenditure has not yet been funded; it represents the authority's underlying need to borrow to meet its capital commitments. The Council's actual borrowing must not exceed this amount; actual borrowing is determined by the availability of internal funds such as maturing investments and cash backed reserves and balances that can provide cash resources to meet capital expenditure. As stated above, the Council cannot sustain its Capital Programme from these internal sources any longer and new borrowing arrangements will need to be put in place to support the Capital Programme.

The latest forecast of the Capital Financing Requirement for the relevant years is set out in Table 6. The authority's forecast funding requirement is within the Prudential Indicators set at Council on 26th February 2014 as part of the 2014/15 Budget Report.

Table 6 – Current forecast of Capital Financing Requirement

Estimated Requirements	31 st March 2014 £'000	31 st March 2015 £'000	31 st March 2016 £'000	31 st March 2017 £'000
General Fund				
Latest Forecast	267,706	319,442	341,020	341,964
Indicator	267,706	319,442	341,020	341,964
HRA				
Latest Forecast	157,728	157,728	170,178	185,878
Indicator	157,728	157,728	170,178	185,878
Total				
Latest Forecast	425,434	477,171	511,198	527,842
Indicator	425,434	477,171	511,198	527,842

Prudential Borrowing Indicators

- a) Authorised limit: The Council is prohibited from borrowing more than its Authorised Limit. The indicator should be set at a level that while not desired could be affordable but may not be sustainable. The Council's authorised borrowing limit for 2013/14 is £500m; this excludes long term liabilities under PFI Contracts and Finance Leases. The highest level of borrowing during the period was £304m (including borrowing less than a year). This is an increase of £15m from the previous quarter reflecting that a number of loans have been taken out in anticipation of maturing loans in quarter 4.
- b) Operational boundary: The Operational Boundary is based on the most likely level of borrowing for the year. The Council's Operational Boundary for 2013/14 is £450m. Occasional breaches of the Operational Boundary are unlikely to be significant however a sustained or regular trend above the Operational Boundary would be significant. During the past quarter the Council's gross borrowing was within the Operational Boundary. The additional borrowing required to fund the Capital Programme as set out in this report can be contained within this threshold.
- c) Net borrowing (i.e. long term borrowing less investments): In the medium term, net borrowing should only be used for a capital purpose. Specifically net external borrowing in 2013/14 should not exceed the estimated Capital Financing Requirement at 31st March 2014. This limit has not been exceeded.

7. COMMENTS OF THE DIRECTOR OF FINANCE RESOURCES & CUSTOMER SERVICES AND OTHER DEPARTMENTS

7.1 Financial Implications

As the Section 151 Officer, the Director of Finance, Resources & Customer Services is required to keep under review the financial position of the Authority. The quarterly capital monitoring is part of this review process. If required, measures will be put in place to address risks identified through the monitoring process and to contain expenditure within approved budgets.

7.2 Legal Implications

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. This report assists in the discharge of those duties.

7.3 Property Implications

All of the property implications are included within the main report.

8. KEY RISKS

All of the key risks relating to the second quarter are included within the main report.

9. IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

The Capital Programme is designed to address the values set out within the Council's priorities. All projects are considered in the context of these priorities.

9.2 Growth and Sustainability

The Capital Programme is designed to address the values set out within the Council's priorities. All projects are considered in the context of these priorities.

9.3 Strong Communities

The Capital Programme is designed to address the values set out within the Council's priorities. All projects are considered in the context of these priorities.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

The report provides clear evidence of sound financial management, efficient use of resources.

11. HEALTH AND SAFETY IMPLICATIONS

Not applicable to this Report.

12. PUBLIC HEALTH IMPLICATIONS

None specific to this Report

Appendix A - Capital Programme 2013-2017

Department/Scheme	2013/14 Current Projection £000	2014/15 Current Projection £000	2015/16 Current Projection £000	2016/17 Current Projection £000	Total Current Projection £000
ENVIRONMENT					
Transport for London funding:					
- 2013/14 Corridors, Neighbourhoods & Supporting Measures	2,157	0	0	0	2,157
- 2013/14 Principal Road Renewal	1,394	0	0	0	1,394
- 2013/14 Local Transport Funding	100	0	0	0	100
- 2013/14 Major Schemes	200	5,484	0	0	5,684
- 2013/14 Bus Stop Accessibility	490	0	0	0	490
- 2012/13 Highways & Streetscene	2,933	2,085	0	0	5,018
- 2013/14 Highways & Streetscene	8,366	8,450	8,450	8,450	33,716
Environmental Protection	302	0	0	0	302
Community Safety	704	785	0	0	1,489
Waste & Recycling	30	170	150	220	570
Parks	524	3,110	1,000	0	4,634
Vehicle Replacement Programme	183	1,273	1,611	1,862	4,929
Depot	1,312	0	0	0	1,312
Parking	174	0	0	0	174
Building Improvement Programme	2,170	1,517	1,500	1,500	6,687
Sustainability	1,738	0	0	0	1,738
Disability Access Programme	206	302	200	200	908
ENVIRONMENT TOTAL EXPENDITURE	22,983	23,176	12,911	12,232	71,302
CORPORATE SCHEMES					
SAP Server Virtualised Server	93	0	0	0	93
Joint Service Centre	2,700	3,198	0	0	5,898
Civic Centre	0	806	2,770	2,770	6,346
Self Pay Kiosks Cashier	12	0	0	0	12
Residents Priority Fund	1,739	0	0	0	1,739
FINANCE, RESOURCES & CUSTOMER SERVICES/CEX TOTAL EXPENDITURE	4,544	4,004	2,770	2,770	14,088
HEALTH, HOUSING AND ADULT SOCIAL CARE					
Housing					
Disabled Facilities Grant (£1.156m grant funded)	1,556	2,900	2,000	2,000	8,456
Sub Regional Housing Grants	258	0	0	0	258
Housing Assistance Grants	120	1,507	818	818	3,263
Affordable Housing	1,286	3,679	2,100	2,100	9,165
Adult Social Care					
Welfare Adaptations	50	100	100	100	350
Residential and Social Care Provision - Elizabeth House	180	300	4,100	2,280	6,860
CareFirst Integration	60	125	0	0	185
Fireproof lift at Park Ave (MH clients)	0	0	0	0	0
Replace New Options Day Centre for LD Clients	1,048	1,276	0	0	2,324
Park Avenue Resource Centre	0	270	772	0	1,042
HEALTH, HOUSING AND ADULT SOCIAL CARE TOTAL EXPENDITURE	4,558	10,157	9,890	7,298	31,903
REGENERATION LEISURE & CULTURE					

Department/Scheme	2013/14 Current Projection £000	2014/15 Current Projection £000	2015/16 Current Projection £000	2016/17 Current Projection £000	Total Current Projection £000
Regeneration:					
Ponders End	761	1,749	935	0	3,445
Electric Quarter	1,402	3,580	2,700	3,150	10,832
New Southgate	300	773	1,850	750	3,673
Meridian Water	1,136	2,955	8,471	5,500	18,062
Edmonton Projects	450	853	1,700	1,500	4,503
Shires Estate - REACT Dysons Road	0	80	0	0	80
Market gardening	20	280	1,250	950	2,500
Enfield Town	0	0	1,675	1,675	3,350
Angel Edmonton	0	0	150	150	300
Edmonton Green Regeneration	54	0	0	0	54
Regeneration - conservation / design	466	257	650	0	1,373
Other heritage regeneration projects including acquisitions	0	0	1,100	1,100	2,200
Industrial Estates Regeneration	0	84	0	0	84
Libraries	87	0	0	0	87
Leisure	542	0	0	0	542
Palmers Green Library Refurbishment	0	4,455	0	0	4,455
Culture	322	0	0	0	322
REGENERATION LEISURE & CULTURE TOTAL EXPENDITURE	5,026	27,653	33,481	14,775	80,935
SCHOOLS & CHILDREN'S SERVICES					
Schools Access Initiatives	0	212	200	200	612
Target Capital - Special Needs	1,408	2,800	3,500	0	7,708
Devolved Schools Capital	3,887	6,000	6,000	6,000	21,887
Childrens Centres	258	849	0	0	1,107
Targeted Capital - School Meals Programme	97	98	0	0	195
Schools Condition Funding	132	3,581	4,200	4,200	12,113
City Learning Centres	19	0	0	0	19
Basic Need - Primary School Places	5,838	2,032	0	0	7,870
Additional Primary Placements September 2012	701	1,267	69	0	2,037
Primary Expansion Plan Phase 1	15,951	17,699	0	1,658	35,308
Primary Expansion Plan Phase 2 - Grange School	836	3,600	0	0	4,436
Primary Expansion Plan Phase 2 - Garfield School	434	4,393	3,520	0	8,347
Primary Expansion Plan Phase 2	466	6,749	8,386	28,333	43,934
Primary Schools	420	0	0	0	420
Secondary Schools	620	225	0	0	845
Fire Precaution Works	437	958	500	500	2,395
Non School Schemes	428	395	0	0	823
SCHOOLS & CHILDREN'S SERVICES TOTAL EXPENDITURE	31,932	50,858	26,375	40,891	150,056
GRAND TOTAL GENERAL FUND PROGRAMME	69,043	115,848	85,427	77,966	348,284

Department/Scheme	2013/14 Current Projection £000	2014/15 Current Projection £000	2015/16 Current Projection £000	2016/17 Current Projection £000	Total Current Projection £000
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HOUSING REVENUE ACCOUNT					
Decent Homes	23,421	23,418	0	0	46,839
General Work	14,530	23,304	35,941	33,250	107,025
Community Halls	68	0	0	0	68
Grants to vacate	500	500	500	500	2,000
Estate Renewals	5,201	24,907	10,377	6,150	46,635
HOUSING REVENUE ACCOUNT	43,720	72,129	46,818	39,900	202,567
GRAND TOTAL CAPITAL PROGRAMME	112,763	187,977	132,245	117,86	550,851