

## MUNICIPAL YEAR 2014/15 REPORT NO. 50

### MEETING TITLE AND DATE:

Cabinet: 17th September 2014

### REPORT OF:

Director of Finance, Resources &  
Customer Services

Contact officer and telephone number:

Ann Freeman Tel: 0208 379 3002

Ian Slater Tel: 0208 379 4034

<b>Agenda – Part: 1</b>	<b>Item: 7</b>
Subject: Capital Programme Monitor First Quarter June 2014 Budget Year 2014-15 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 June 2014 regarding the Council's Capital Programme (2014-18) 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 £113.5m for the General Fund and £52.9m for the HRA for 2014/15.

The report:

- 1.1 Sets out the estimated capital spending plans for 2014-18 including the proposed arrangements for funding;
- 1.2 Confirms that the revenue capital financing costs for the agreed 2014/15 to 2015/16 programme are provided for in the budget and notes the review of the programme, especially in relation to later years.
- 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 £2,753k in 2014/15 (Table 1 - to be primarily funded from grants, contributions and earmarked resources) and notes that this will not materially increase capital financing costs. Cabinet also agrees the additions to the HRA Programme totalling £2,215k.
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.

The Council continually strives to maximise external grants and contributions, attracting new revenue streams to fund projects wherever possible and minimising the need to borrow.

This is the first quarterly report on the 2014/15 capital budget and four year Capital Programme 2014-18 as approved by Council on 27<sup>th</sup> February 2014 (2016/18 reported and noted as indicative figures).

### 4. 2014/15 CAPITAL BUDGET

The following updates are included this quarter in the proposed 2014/15 capital budget.

#### Additions to the Programme

There are a number of additions to the 2014/15 capital budget which are summarised in Table 1 below. Funding is primarily from a mixture of external grants, contributions and earmarked reserves set aside specifically for the projects with minimal amounts of Council resources needed (less than £300k).

Significant changes in later years that have been included in this report are also set out below:

- Future Years - TFL  
Indicative figures for TFL grant funded expenditure have been included in 2015/16 Budget at £4,502k
- HRA - Estate Renewals  
Indicative expenditure on Estate Renewals is expected to increase by £730k and £1,734k on Dujardin Mews and Alma Buybacks respectively, in 2016/17.

Table 1 – Growth Items Scheme	2014/15 Additions £'000	Funding Source
<b>Corporate</b>		
Southbury Leisure Centre car park CCTV	88	Capital Reserves
Mobile Working Servers and Software	483	ICT Investment Fund
Easy EDRMS Upgrade for Windows 7	56	ICT Investment Fund
<b>Environment &amp; Regeneration</b>		
14/15 A111 Chase Side (Av. Rd-Chase Way)	30	TFL Grant
14/15 Carriageway Renewal/Resurfacing	350	DFT Grant
14/15 Structures	90	Reserve & Gen Resources
14/15 A1055 Bullsmoor Lane (Hertford Rd)	135	TFL Grant
14/15 Montagu Road N9	282	TFL Grant
14/15 Eversley Park Road	179	TFL Grant
14/15 Holtwhites Hill EN2 (Lavender Hill)	105	TFL Grant
14/15 Cycle Enfield (Previously Mini-Holland)	700	TFL Grant
Play Space at Hadley Wood Open Space	12	SITA Funding
Parks Play Equipment (14-15 to 15-16)	7	Revenue Contributions
Vehicle Replacement Programme	34	Internal Leasing Fund
<b>Health, Housing &amp; Adult Social Care (HHASC)</b>		
CAT 1 Hazard Works - Sub Regional Fund	37	NLSR Grant
<b>Schools &amp; Children's Services (SCS)</b>		
Keys Meadow Autistic Unit	38	SM Grant & Gen Resources
West Lea School Ext (24 Cyprus Rd)	17	Grant & Revenue Contribution
Chase Side Prim - Kitchen & Dining Room	4	Free School Meals Grant

Table 1 – Growth Items Scheme	2014/15 Additions £'000	Funding Source
Project Inspiration (Craig Park Youth Centre)	107	Big Lottery Grant & Gen Res.
<b>GENERAL FUND</b>	<b>2,753</b>	
<b>Housing Revenue Account (HRA)</b>		
Decent Homes	<b>2,215</b>	Decent Homes Grant
<b>HRA</b>	<b>2,215</b>	
<b>TOTAL</b>	<b>4,968</b>	

### Updated Project Expenditure Profiles

Monitoring of the programme has identified the following projects where the forecast spending profile has significantly changed from the original forecasts:

- The Environment & Regeneration Programme requires the re-profiling of the following budgets from 2014/15 into future years:
  - Highways and Street Scene budget re-profile £2.015m from 2014/15 into 2015/16, relating to the work on South Street Footway Improvements and the Corridor Improvements to Hertford Road.
  - The Neighbourhood Regeneration budget has been re-profiled this quarter (£3.969m) across future years 2016-18, 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.
- The 2014/15 SCS programme requires over £18m to be re-profiled to 2016/17, comprising primarily of the following budget adjustments:
  - £2.477m in relation to the Secondary Pupil Referral Unit
  - £2.473m of Phase 1 of the Primary Expansion Plan (PEP). This mainly relates to the scheme at the Prince of Wales school.
  - £13.537m and £5.861m from 2014/15 and 2015/16 respectively, in relation to Phase 2 of the PEP, to re-profile into 2016/17.
  - £0.692m of Schools Conditioning Budget brought forward from 2016/17 into 2015/16

The re-profiling of the PEP schemes will not have an impact on the pupil places available for the coming school year and the project is still on course to meet its targets

- The Adult Social Care programme expenditure on the Mental Health and Wellbeing Centre will be delayed and split across 2016/17 and 2017/18.
- The HRA programme requires budgets of £26.146m to be carried forward into 2015/16 (£20.085m) and 2016/17 (£5.322m) and a further £4.623 to be re-profiled from 2017/18 into future years. These budget movements are comprised of the following main adjustments:
  - General Works re-profiled £6.293m from 2014/15 into 2015/16
  - Estate Renewals expenditure of £12.403 re-profiled from 2014/15 across 2015/16 and 2017/18 with a further £4.623 out of 2017/18 into future years.
  - Decent Homes re-profiled £7.450m from 2014/15 into 2015/16.

## Scheme Reductions

Reductions to General Fund schemes reported this quarter are:

- Environment & Regeneration
  - A reduction of £0.891m on 2014/15 TFL schemes that have been classified as revenue in nature rather than capital.
  - Reduction of £0.134m in the Vehicle Replacement Programme in 2017/18.
- SCS
  - £7k on PEP Phase 2 in 2017/18

## Latest 2014/15 Capital budget

The capital budget for 2014/15 is shown in Table 2; this summarises the latest position including the changes set out above.

**Table 2 - Capital Budget 2014/15**

	2014/15 Budget as agreed by Cabinet Feb 14 £'000	Carry Forward from Previous Year £'000	Revised Budget £'000	Re- profiling £'000	Additions 2014/15 £'000	Proposed Reductions 2014/15 £'000	Proposed Programme 2014/15 £'000
Environment & Regeneration	46,181	2,142	49,323	(6,549)	1,923	(891)	43,806
Corporate	7,653	2,749	10,402	0	627	0	11,029
Health, Housing and Adult Social Care	10,157	930	11,087	(140)	37	0	10,984
Schools and Children's Services	64,339	1,233	65,572	(18,065)	166	(1)	47,672
<b>Total General Fund Expenditure</b>	<b>129,330</b>	<b>7,054</b>	<b>136,384</b>	<b>(24,754)</b>	<b>2,753</b>	<b>(892)</b>	<b>113,491</b>
Housing Revenue Account	72,129	4,660	76,789	(26,146)	2,215	0	52,858
<b>Total Capital Expenditure</b>	<b>201,459</b>	<b>11,714</b>	<b>213,173</b>	<b>(50,900)</b>	<b>4,968</b>	<b>(892)</b>	<b>166,349</b>

## Key Projects programmed for 2014/15.

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

### 4.1 Environment and Regeneration

The Environment Department's Capital Programme is broadly in-line with agreed timescales and objectives set out in Budget Report to Cabinet in February 2014.

- **Highway Services**

Enfield Council plans to resurface or reconstruct 18km of Non-Principal Road carriageways during 2014/15, as set out in the Highway Maintenance Plan. To the end of June 2014, 1.5km of carriageway had been resurfaced. The 2014-15 budget allows for 2.5km of Principal Roads to be resurfaced of which 1.43km has been completed this first quarter. The remainder will be completed by 31st October 2014 and a further 1.5km of classified roads is to be resurfaced following an additional TFL grant received due to the wet winter.

The Footway Replacement Capital Programme will be used to renew 9km of footways of which 1.39km had been renewed at the end of June 14.

The Council intends to plant a total of 400 plus new highway trees. At the end of June 2014 planting sites had been identified and planting will take place during the winter months.

The introduction of trimming & dimming technology together with a centralised monitoring system enables the PFI service provider to provide flexibility on the brightness level and operating times of streetlights, achieving long term savings in energy usage and a reduction in costs. To date 95% of the programme is complete and fully operational and the remaining 5% is anticipated to be completed in 2014/2015.

- **Traffic & Transportation**

Enfield Council will deliver a range of traffic improvement and road safety schemes, set out in Enfield's Local Implementation Plan Annual Progress Report, including: walking and cycling routes; bus route accessibility and reliability; corridor improvements; traffic sign reviews; air quality; smoothing traffic and climate change mitigation; Smarter Travel (cycling and walking initiatives); Station Access and various other Traffic and Transport Initiatives.

- **Environmental Protection**

In 2014/15 Enfield Council is estimated install about 40-45 alleygates, which will enhance community safety and provide a cleaner and safer environment for Enfield residents, by reducing crime or fear of crime, fly tipping and other antisocial behaviours.

The Council's Graffiti Action Team since its formation has significantly reduced the amount of graffiti on Enfield's streets and public open spaces. Street washing makes a huge difference to levels of cleanliness for residents and businesses.

- **Community Safety**

The CCTV Camera Replacement Programme and the three year CCTV expansion programme (2012-2015) are progressing to plan and on budget.

During the first quarter the Council has placed 3 ANPR (Automated Number Plate Reading) cameras at strategic trunk routes around the borough, and 21 new community safety cameras in Enfield Town, Upper Edmonton, Cockfosters and Southgate Green areas as part of the agreed expansion programme. Also 7 new cameras covering the main routes into the Brimsdown Business Estate and 6 traffic enforcement cameras near schools to deter dangerous parking practices have been installed on other schemes.

- **Parks**

The Forty Hall Park Landscaping Project will improve the visitor facilities at the Park and restore century historic features. Work commenced in January 2014 and it is estimated the landscaping works will be completed by January 2015.

Following the 2013 Play Inspection Company Report a programme has been put in place to address a number of parks equipment assets with life expectancy of 0-5 years which need immediate or urgent replacement. The Council also obtained S106 funding for the construction of Aldersbrook Avenue Recreation (Play Equipment) which is in the planning stage following a consultation exercise earlier this year and for Town Park boating lake rejuvenation which underway with contractors on site.

- **Vehicle Replacement Programme**  
 The replacement of 8 Street Cleansing sweepers will enable the Council to deliver cleaner streets, footpaths and to implement winter gritting of footways using existing grit spreading trailers. The programme also includes other planned replacements of Refuse and Parks vehicles in line with the Leasing Replacement Programme schedule.
- **Building Improvement Programme**  
 Cyclical or planned preventative maintenance is carried out on a regular basis to buildings plant and equipment such as boilers etc. Planned maintenance work is mainly identified via condition and other surveys.  
 The 2014/15 Building Improvements will be utilised to carry out a broad range of improvement works to which will be undertaken across various Council dwellings and Day Centres to enhance the Council's assets.  
 The next phase of refurbishment work is being undertaken on the Civic Centre, following on from the refurbishment of the 10<sup>th</sup> floor and B Block North which completed in 2013/14.
- **Disability Access Programme**  
 In compliance with the Equalities Act 2010 approval has been given to undertake access improvement works at Wheatsheaf Hall, Park Avenue Mental Health Resource Centre and Minchenden Oak Garden. The individual projects will be delivered within the timescales agreed with users, to be completed in 14/15.
- **The Electric Quarter**  
 188 and 198 High Street and Middlesex University site land acquisition underway. Feasibility design, planning consent and a revised Planning Application is anticipated by November 2014. Some re-profiling to accommodate potential requirement for CPO of remaining High Street Properties is required, which may run into 2015/16.
- **South Street East**  
 Interdependency with the first phase of the demolition of Alma has affected the timetable which is currently being reviewed. The 2014/15 budget predominantly covers the works on the Two Brewers site due for completion this Autumn
- **Outer London Fund 2 (OFL2)**  
 OLF2 funded business centre was completed in July 2014. All other OLF2 schemes including Town team and events and Albany Park Gateway will be fully spent by year-end as with Pocket Parks Albany.
- **Ponders End Waterfront**  
 The project will provide a new nature reserve, canoe facilities and community growing space. Initial works to clear the waterways ahead of Phase 1 implementation have been completed.
- **New Southgate**  
 Improvements to Grove Road Open Space (Locally known as -The Bombie) was completed in April 2014. Works to improve the public realm along the High Road along the parade of shops are due to be completed autumn 2014.

Works to improve the Millennium Green are underway, with completion expected during winter 2014(Quarter 4).

- **Meridian Water**

The Causeway Phase 1 will start on site later this year, subject to approval in the autumn. Works will incorporate pipework to accommodate the Lee Valley Heat Network energy infrastructure. Further phases will be profiled when final cost estimates and work programme completed

Angel Gardens (Rays Road) works will be implemented in phases, starting with an outdoor gym, community garden and parkour free running course. Work is currently on site, with the first phase complete by autumn 2014.

Legible London Scheme will be developed as phased delivery, in tandem with development of Meridian Water.

Works are expected to commence on Angel Road station later this year, with a phased development starting with a new entrance, crossing and bus interchange. Future project phasing will be in conjunction with STAR (Stratford Tottenham Angel Road), following completion of GRIP (Governance for Railway Investment Projects) stage 3 to finalise the track options.

Meridian Water Land acquisition is underway to acquire initial parcels of land for development.

- **Market Gardening**

A three acre food growing project was delivered at Forty Hall Farm last year. A vegetable box scheme, delivered by the Enfield Veg Co, was launched 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. Current year spend projected- includes due diligence, legal fees, consultancy, however actual land acquisition may require funding brought forward.

- **Edmonton Green**

A Master plan for Edmonton Green is in preparation. Projects in development include 'Greening the Green' and detailed feasibility study to commercially redevelop the railway arches as part of this project. Infrastructure projects have been re-profiled to be spent in 2015/16 to reflect project delivery phase for Edmonton Green Arches. Scheme design will need to reflect Cycle Enfield proposals to ensure co-ordinated project delivery.

- **Regeneration and Enhancement of the Crescent**

The repairs and redecorations to twelve properties have been completed. The front boundary dwarf brick walls, railings and gates have been constructed and the front garden top soiling and turfing has been completed. Works on 108, (the last property to fully enter the scheme) are underway. The rear hard standings and fencing are complete. The majority of the remaining balance allocated to the project is expected to be fully expended by September 2014.

- **Broomfield House Restoration**

Report to appoint consultants to do conservation management plan, statement of significance and updated options report is underway. The remaining budget to be spent on preparing a Heritage Lottery Fund bid later on in the year.

## 4.2 Corporate Projects.

- **On-going Capital investment in Leisure Centres**

The Leisure Centre Capital Development programme is reaching its conclusion with the last facility Edmonton Leisure Centre finished in December 2013. We are hopeful that the retention for Albany will be settled during 2014/15 but will not release this yet as we are of the opinion that the contactors still have some snagging issues to finish to the Council satisfaction. The retention for Edmonton will be released in December 2014. Otherwise we believe we have completed the Leisure Centre programme as proposed in the original report.

- **CCTV installation for Southbury Leisure Centre car park**

Following thefts from cars in Southbury Leisure Centre car park, it has been agreed to add CCTV surveillance of this area to the London Borough of Enfield system. Funding was found from 13/14 underspends and is been installed at present.

- **CCTV installation for Forty Hall; and Car Park Lighting**

Following thefts from the recently restored heritage building, it has been agreed to add CCTV surveillance of this area to the London Borough of Enfield system. It has also been agreed that car park lighting is required once the extensive works to the grounds at Forty Hall have been completed. Capital budget remaining from the original HLF project has been set aside.

- **Palmers Green Library**

Although the major refurbishment on the library will not begin until August 2014, work has already been undertaken to split the services between Southgate Town Hall and Palmers Green Library, following the sale of the Town Hall for residential development. The annexe has already been demolished, including the existing Children's Library and work has started on the redevelopment of the Town Hall site. This has meant some works to the main library to ensure that it remains fit for purpose until it closes for the major works to take place.

## 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 system Carefirst 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 2014/15 at Quarter 1 is:



- The New Options relocation project is on target with the building structure set to be completed in 2014
- Progress continues on the Elizabeth House site for a dual registered care provision in 2014. A contractor will be appointed with building work beginning in winter 2014. At this stage building completion and occupation is anticipated by winter 2015.
- 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 2015/16.
- Work continues on the Joint Service Centre on Hertford Road, which comprises a General Practitioner and Dentistry Surgery, a library and a community facility on the existing Ordnance Road Library site. The building is now watertight with windows installed and partitions to sub-divide the rooms. External works are due to commence next quarter.

#### **4.4 Community Housing**

Projects include:

- 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
  - 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 Schools and Children's Services**

The principal areas of capital expenditure in 2014/15 are as follows:

- Phase 1 of the Primary Expansion Plan is now advanced with construction completed on three schemes and activity is progressing at the remaining schools. Phase 2 is underway with the identification of sites and the design works underway. Interim works are being progressed to provide extra places required for September 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.
- Completion of pre Primary Expansion Programme school expansion schemes at Capel Manor Primary School and St Matthew's Edmonton Annex.
- Works to complete the new nursery on the Rosemary Avenue site together with the design of a new Art and Music Block at Enfield County Lower School will conclude this coming September.
- The Universal Infant Free School Meals (UIFSM) programme consists of nine projects, five of which will be delivered in this financial year. The remainder are major projects and designs will be developed in this financial year for delivery in 2015/16. UIFSM projects will be re-profiled for Quarter 2 report. The Condition & Fire Prevention Programme has in the main been actioned for delivery as per the 9<sup>th</sup> April 2014 Cabinet report. There are some exceptions to the project delivery programme that have for a number of reasons been deferred to 2015/16. Again the Condition & Fire Prevention works will be re-profiled for Quarter 2 report.

#### **4.6 Housing Revenue Account**

- The Housing Major Capital Works schemes will be funded from the current year's Decent Homes and the revised HRA capital allocations totalling £36.8m.
- The Decent Homes grant of £14.6m is being provided by the GLA in return for the Council making 1,263 homes decent. A grant claim for quarter 1 of £3.5m has been submitted to the GLA within the appropriate timescales.
- Estate Renewals – The estate renewal budget is £12.5m, this is being used to fund buyback, decant costs and project costs for the estate renewal schemes. Development Partners have been appointed for both the Alma Estate and Small Sites schemes. The procurement process is currently on-going for the New Avenue project.

### **5. CAPITAL PROGRAMME 2014/15 to 2017/18**

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 2014-18 Capital Programmes.

<b>Table 3 Capital Financing</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>Total £'000</b>
<b>Total General Fund Expenditure</b>	<b>113,491</b>	<b>103,644</b>	<b>76,329</b>	<b>62,898</b>	<b>356,362</b>
Funded From:					
Earmarked Resources	(55,846)	(65,079)	(46,507)	(43,060)	<b>(210,492)</b>
Disposals Programme	(4,000)	(4,000)	(4,000)	(4,000)	<b>(16,000)</b>
Unapplied Capital Receipts	(900)	(520)			<b>(1,420)</b>
General Fund Capital Reserve	(700)	(1,000)			<b>(1,700)</b>
<b>Increase in Capital Financing Requirement</b>	<b>52,045</b>	<b>33,045</b>	<b>25,822</b>	<b>15,838</b>	<b>126,750</b>
<b>Total HRA Expenditure</b>	<b>52,858</b>	<b>66,903</b>	<b>47,686</b>	<b>26,966</b>	<b>194,413</b>
Funded From:					
Earmarked Resources including HRA balances	(52,858)	(54,661)	(37,357)	(21,028)	<b>(165,904)</b>
<b>Increase in Capital Financing Requirement</b>	<b>0</b>	<b>12,242</b>	<b>10,329</b>	<b>5,938</b>	<b>28,509</b>

### **Types of Capital Funding**

Earmarked Resources	Specific government grants or other contributions from external parties and the use of specific reserves within the Council's available resources. 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	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.
Unapplied Capital Receipts	Capital receipts from previous years' disposals, brought forward from 2013/14 and the balance in the General Fund Capital Reserve.
Minimum Revenue Provision (MRP)	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 (MRP). 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**

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Full Year Effect £'000
<b>General Fund</b>					
Additional MRP		2,082	3,404	4,436	5,070
Interest on Borrowing <sup>1</sup>	1,171	3,086	4,410	5,347	5,704
<b>Total GF Revenue Cost</b>	<b>1,171</b>	<b>5,168</b>	<b>7,814</b>	<b>9,783</b>	<b>10,774</b>
<b>Housing Revenue Account</b>					
Additional MRP (N/A)					
Interest on borrowing	0	275	783	1,149	1,283
<b>Total HRA Revenue Cost</b>	<b>0</b>	<b>275</b>	<b>783</b>	<b>1,149</b>	<b>1,283</b>

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 currently indicative (as noted by Council when agreeing the programme) to 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.

The annual review of the existing capital programme is underway. It will particularly focus on the later year schemes where indicative budgets have been included based subject to funding and affordability. Potential funding in later years will be firmed up and where necessary, programmes revised to fit funding available. This review will incorporate the Capital impact of Enfield 2017, a separate report on which will be taken to Cabinet in September 2014.

<sup>1</sup> Interest Rate has been calculated at 4.5%. Previously reports assumed 4%.

## 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 indicators set out in this report are those reported in the 2014/15 Budget report to Council on 26<sup>th</sup> February 2014. These will be monitored and reported on at each quarters monitoring report for 2014-15.

**Table 5 - Capital Expenditure Indicator General Fund and HRA**

Capital Programme	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
General Fund Latest Forecast <b>General Fund Indicator</b>	113,491 <b>129,329</b>	103,644 <b>93,886</b>	76,329 <b>56,675</b>	62,898 <b>63,042</b>	356,362 <b>342,932</b>
HRA Latest Forecast <b>HRA Indicator</b>	52,858 <b>72,129</b>	66,903 <b>46,818</b>	47,686 <b>39,900</b>	26,966 <b>31,589</b>	194,413 <b>190,436</b>
Total Latest Forecast <sup>2</sup> <b>Total Indicator</b>	166,349 <b>201,458</b>	170,547 <b>140,704</b>	124,015 <b>96,575</b>	89,864 <b>94,631</b>	550,775 <b>533,368</b>

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

<sup>2</sup> Re-profiling of outturn budgets from 2013/14 into later years has resulted in the forecast being higher than the original indicators which excluded this re-profiling.

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 26<sup>th</sup> February 2014 as part of the 2014/15 Budget Report.

**Table 6 – Current forecast of Capital Financing Requirement**

<b>Estimated Requirements</b>	<b>31<sup>st</sup> March 2015 £'000</b>	<b>31<sup>st</sup> March 2016 £'000</b>	<b>31<sup>st</sup> March 2017 £'000</b>	<b>31<sup>st</sup> March 2018 £'000</b>
<b>General Fund</b>				
Latest Forecast	305,870	328,254	341,704	344,126
Indicator	319,442	341,020	341,964	367,929
<b>HRA</b>				
Latest Forecast	157,728	169,970	180,299	186,237
Indicator	157,728	170,178	185,878	193,878
<b>Total</b>				
Latest Forecast	463,598	498,224	522,003	530,363
Indicator	477,170	511,198	527,842	561,807

### **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 2014/15 is £550m; this excludes long term liabilities under PFI Contracts and Finance Leases. The highest level of borrowing during the period was £306m (including borrowing less than a year). This is an increase of £11m from the previous quarter reflecting that a number of loans have been taken out in anticipation of maturing loans in later in the year.
- b) Operational boundary: The Operational Boundary is based on the most likely level of borrowing for the year. The Council's Operational Boundary for 2014/15 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 2014/15 should not exceed the estimated Capital Financing Requirement at 31<sup>st</sup> March 2015. 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 first 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 2014-2018

Department/Scheme	2014/15 Current Projection £000	2015/16 Current Projection £000	2016/17 Current Projection £000	2017/18 Current Projection £000	Total Current Projection £000
<b>ENVIRONMENT &amp; REGENERATION</b>					
Transport for London funding:					
2013/14 Major Schemes	937	3,902	-	-	4,839
2014/15	13,277	1,200	-	-	14,477
2012/13 Highways & Streetscene	203	2,015	-	-	2,218
2013/14 Highways & streetscene	73	8,450	8,450	8,450	25,423
Environmental Protection	143	-	-	-	143
Community Safety	862	-	-	-	862
Waste & Recycling	84	150	150	170	554
Parks	3,213	971	-	-	4,184
Vehicle Replacement Programme	1,307	1,611	1,884	279	5,081
Depot	36	-	-	-	36
Parking	5	-	-	-	5
Building Improvement Programme	2,499	4,270	4,270	3,434	14,473
Sustainability	68	-	-	-	68
Disability Access Programme	534	200	200	200	1,134
Regeneration:					
Ponders End	669	1,896	200	3,399	6,164
Electric Quarter	3,303	4,200	3,150	1,650	12,303
New Southgate	234	2,275	874	1,750	5,133
Meridian Water	14,850	21,541	5,500	4,500	46,391
Edmonton Projects	853	2,130	1,500	375	4,858
Shires Estate - REACT Dysons Road	20	30	30	75	155
Market gardening	249	1,250	950	1,500	3,949
Angel edmonton	-	150	150	150	450
Enfield Town	-	1,675	1,675	3,350	6,700
Lea Valley Heat Network	-	-	-	3,500	3,500
Enfield Highway	-	-	-	225	225
Enfield Wash	-	-	-	225	225
Regeneration - conservation / design	303	150	-	-	453
Other heritage regen projects including acquisitions	-	1,100	1,100	1,670	3,870
The Crescent - Edmonton - Phase 2	-	395	-	-	395
Industrial Estates Regeneration	-	-	-	3,250	3,250
Business and Economic Development	84	-	-	-	84
<b>ENVIRONMENT TOTAL EXPENDITURE</b>	<b>43,806</b>	<b>59,561</b>	<b>30,083</b>	<b>38,152</b>	<b>171,602</b>
<b>CORPORATE SCHEMES</b>					
IT Work Plan	539	-	-	-	539
Joint Service Centre	4,271	-	-	-	4,271
Southgate Town Hall & Library Enabling Works	235	-	-	-	235
Residents Priority Fund	1,061	-	-	-	1,061
Palmers Green Library Refurbishment	4,154	-	-	-	4,154
Leisure	469	-	-	-	469
Culture	300	-	-	-	300
<b>FINANCE, RESOURCES &amp; CUSTOMER SERVICES/CEX TOTAL EXPENDITURE</b>	<b>11,029</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,029</b>



Department/Scheme	2014/15 Current Projection £000	2015/16 Current Projection £000	2016/17 Current Projection £000	2017/18 Current Projection £000	Total Current Projection £000
<b>HEALTH, HOUSING AND ADULT SOCIAL CARE</b>					
<b>Housing</b>					
Disabled Facilities Grant (£1.156m grant funded)	2,766	2,000	2,000	2,000	8,766
Sub Regional Housing Grants	37	-	-	-	37
Housing Assistance Grants	1,557	818	818	818	4,011
Affordable Housing	4,689	2,100	2,100	2,100	10,989
<b>Adult Social Care</b>					
Welfare Adaptations	100	100	100	100	400
Residential and Social Care Provision - Elizabeth House	299	4,100	2,280	-	6,679
CareFirst Integration	142	-	-	-	142
Replace New Options Day Centre for LD Clients	1,394	-	-	-	1,394
Mental Health and Wellbeing Centre	-	772	135	135	1,042
<b>HEALTH, HOUSING AND ADULT SOCIAL CARE TOTAL EXPENDITURE</b>	<b>10,984</b>	<b>9,890</b>	<b>7,433</b>	<b>5,153</b>	<b>33,460</b>
<b>SCHOOLS &amp; CHILDREN'S SERVICES</b>					
Schools Access Initiative	250	200	200	200	850
Target Capital - Special Needs	646	7,280	910	-	8,836
Devolved Schools Capital	6,000	6,000	6,000	6,000	24,000
Childrens Centres	1,099	-	-	-	1,099
Targeted Capital - School Meals Programme	1,948	1,500	900	-	4,348
Schools Condition Funding	2,246	2,969	2,600	4,200	12,015
City Learning Centres	7	-	-	-	7
Basic Need - Primary School Places	4,662	69	-	-	4,731
Primary Expansion Plan Phase 1	14,965	2,598	280	-	17,843
Primary Expansion Plan Phase 2 - Grange School	5,387	238	-	-	5,625
Primary Expansion Plan Phase 2 - Garfield School	6,165	5,825	-	-	11,990
Primary Expansion Plan Phase 2 (2016/17 includes 2017/18)	2,483	7,014	27,423	8,693	45,613
Secondary Schools	207	-	-	-	207
Fire Precaution Works	1,041	500	500	500	2,541
Non School Schemes	566	-	-	-	566
<b>SCHOOLS &amp; CHILDREN'S SERVICES TOTAL EXPENDITURE</b>	<b>47,672</b>	<b>34,193</b>	<b>38,813</b>	<b>19,593</b>	<b>140,271</b>
<b>GRAND TOTAL GENERAL FUND PROGRAMME</b>	<b>113,491</b>	<b>103,644</b>	<b>76,329</b>	<b>62,898</b>	<b>356,362</b>
<b>HOUSING REVENUE ACCOUNT</b>					
Decent Homes	13,636	7,205	-	-	20,841
General Work	25,718	42,236	33,493	20,867	122,314
Grants to vacate	500	500	500	500	2,000
Estate Renewals	12,504	16,962	13,693	5,599	48,758
Asbestos Programme	500	-	-	-	500
<b>HOUSING REVENUE ACCOUNT</b>	<b>52,858</b>	<b>66,903</b>	<b>47,686</b>	<b>26,966</b>	<b>194,413</b>
<b>GRAND TOTAL CAPITAL PROGRAMME</b>	<b>166,349</b>	<b>170,547</b>	<b>124,015</b>	<b>89,864</b>	<b>550,775</b>