

MUNICIPAL YEAR 2014/15 REPORT NO. 126

MEETING TITLE AND DATE:

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REPORT OF:

Director of Finance, Resources & Customer Services

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Agenda – Part: 1	Item: 7
Subject: Capital Programme Monitor Second Quarter September 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 September 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 £102.0m for the General Fund and £43.5m 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 the revenue capital financing costs for the agreed 2014/15 to 2015/16 programme are provided for in the budget and notes later years include indicative costs which will be revised with detailed finalised scheme plans.
- 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 £731k in 2014/15 (Table 1 - to be primarily funded from grants, contributions and earmarked resources) and notes that this does not increase capital financing costs. Cabinet also agrees the additions to the HRA Programme totalling £203k.
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 second quarterly report on the 2014/15 capital budget and four year Capital Programme 2014-18 as approved by Council on 27th February 2014 (2016/18 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 from a mixture of external grants, contributions and earmarked reserves set aside specifically for the projects.

Table 1 – Growth Items

Table 1 – Growth Items Scheme	2014/15 Additions £'000	Funding Source
Environment & Regeneration		
Enfield Golf Club - drainage works	115	Environment Agency payment £115k - Enfield Golf Club
Riverside Walk Improvements	107	S106 Contributions
Expansion of CCTV System 12-13 to 14-15	30	Revenue Contributions
Parks Fencing (14-15 to 15-16)	25	Revenue Contributions
Parks Footway (14-15 to 15-16)	30	Revenue Contributions
Broomfield Park -Natural Play Facilities	15	S106 Contributions
14/15 BIP (321 Baker Street Structural Works)	85	Capital Receipts
14/15 BIP Fore Street Lib Entrance	40	Revenue Contributions
Corporate		
High Speed Printers	60	Earmarked Resources (Leasing Fund)
Housing		
GANS Grants 2006-07 (ODPM)	182	GLA Empty Homes Programme
Schools and Children's Services		
Grange Park Primary PEP 2013	42	DfE Maintenance capital grant
GENERAL FUND	731	
Housing Revenue Account (HRA)		
Decent Homes	203	Capital Receipts
HRA	203	
TOTAL	934	

It should be noted that reports recommending new additions to the Capital Programme were presented to Council on 19th November 2014 but are subsequent to the Quarter 2 Monitoring period and not included in this report. The agreed additions will be included in the next Quarter 3 Capital Monitoring Report to Cabinet. The reports to Council are:

- The development of the former Bury Street Depot report which recommends growth in the capital programme of £2.4m for the first phase. This report seeks authorisation for the project to proceed and states that further

expenditure of the remaining project budget of £33m will be subject to a further report to Cabinet.

- The Enfield 2017 Transformation report which recommends investment of £16.0m over the next three-and-a-half years, with a minimum of £10.2m of this cost being capital funding for inclusion within the Capital Programme and

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:

2014/15

Environment and Regeneration:

- £1.7m has been re-profiled from 2014/15 into 2015/16, relating to Meridian Water (consists predominantly of budget for Energy Infrastructure and Angel Road Station Improvements) and Edmonton Green (due to delays in Network Rail and Cycle Enfield).
- £622k of the Electric Quarter budget has been brought forward from 2015/16 to 2014/15 as the purchase of £1.7m School site this year is now likely.

Schools and Children's Services

£3.2m of the 2014/15 programme to be re-profiled across future years, comprised primarily of the following budget adjustments:

- Targeted Capital – School Meals; £1.0m re-profiled into 2015/16
- Schools Conditioning Fund; £1.1m to be re-profiled into 2015/16 and 2017/18
- Basic Needs – Primary Places budget; £418k re-profiled into 2015/16
- School Expansion Project; £325k re-profiled into 2015/16

The Re-profiling of the School Expansion Plan schemes will not have an impact on the Pupil places available for the coming school year and the projects are still on course to meet targets.

Community Housing:

Over £5.3m of expenditure will be delayed and spent in 2015/16, split as follows:

- Disabled Facilities Grant - £1.0m; change in policy and government 15/16 better care fund changes come in force and pathway may bring in new schemes into the grant.
- Housing Assistance Grants - £1.0m; new policy to commence in future years 15/16, will need money to support loans
- Affordable Housing - £3.3m; Slipped to forthcoming financial year to fund a range of affordable housing initiatives

Housing Revenue Account:

Requires net budget movements of £9.5m out of 2014/15 comprised of the following main budget adjustments:

- General Works re-profiled £6.3m from 2014/15 into 2015/16
- Estate Renewals budget of £2.7m (2014/15) re-profiled into 2017/18
- Decent Homes re-profiled £487k from 2014/15 into 2015/16.

Primarily variances on Major works projects are due to the enforced delay in changes to procurement of tenders from EXOR to Construction Line and technical difficulties with the submission and receipt of tenders through London Tenders Portal. The Estate renewals projects variances are due to the re-profiling of project development costs based on revised information.

Future Years

Environment and Regeneration:

The Recycling (Wheeled Bins) Budget has brought forward £132k and £152k from 2016/17 and 2017/18, respectively, into 2015/16 following a service review.

Council on 23rd July approved an addition to the Capital Programme of £1.285m to fund development costs for the Lee Valley Heat Network Business Plan. Cabinet on 23rd July agreed an 'in principle' commitment to invest approximately £24m in the strategic network located in Enfield; this estimate has been included in the Capital Programme as an indicative budget in 2017/18 for completeness although the spend will take place in later years as well.

Schools and Children's Services:

The Secondary Pupil Referral Unit will also be re-profiling £3.0m from 2015/16 into 2016/17. Consultation with the Council's own planners through the pre-application process has resulted in the need to re-design elements of the scheme. This has impacted on the programme and shifted a period of the construction works activity into the following financial year, which in turn has affected the spend profile.

HRA:

Estate Renewals budget of £5.9m from 2015/16 will be re-profiled into future years, beyond 2017/18.

Scheme Reductions 2014/15

Reductions to General Fund schemes reported this quarter are:

- Environment & Regeneration - A reduction of £950k and £2.029m on 2014/15 and 2015/16 TFL schemes, respectively (Classified as revenue as it failed to meet LBE Capital definition). The TFL Funding can still be applied to the revenue costs.
- Corporate - £200k transferred to Revenue in relation to Residents Priority Fund
- Adult Social Care - £50k on Welfare Adaptations Top Up Loans (Zero spend to date – Statutory Demand-led service)
- Schools and Children's Services - £643k on Devolved Schools Capital Budget in 2014/15 (reduced Revenue Contributions)

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 Reported at Q1 £'000	Re- profiling £'000	Additions 2014/15 £'000	Proposed Reductions 2014/15 £'000	Proposed Programme 2014/15 £'000	Spend to Date £'000
Environment & Regeneration	43,806	-2,082	447	-957	41,214	10,203
Corporate	11,172	0	60	-200	11,032	3,953
Health, Housing and Adult Social Care	10,842	-5,054	182	-50	5,920	1,861
Schools and Children's Services	47,672	-3,215	42	-643	43,856	14,075
Total General Fund Expenditure	113,492	-10,351	731	-1,850	102,022	30,092
Housing Revenue Account	52,858	-9,520	203	0	43,541	15,141
Total Capital Expenditure	166,350	-19,871	934	-1,850	145,563	45,233

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 September 2014, 9.22km of carriageway had been resurfaced. The Authority plans to resurface 4.6km of Principal Roads, of which 3.58km has been completed so far. A further 1.5km of classified roads has been 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 6km had been renewed at the end of September 14.

The Council intends to plant a total of 400 plus new highway trees. At the end of September 2014 planting sites had been identified and specific site locations for planting the trees had been agreed. 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. This project is now substantially complete, with a few outstanding old-style lighting units remaining, which cannot accept the new technology. Options for these are currently being investigated.

- **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 will install approximately 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. Seven new cameras covering the main routes into the Brimsdown Business Estate and 6 traffic enforcement cameras near schools have been installed to deter dangerous parking practices on other schemes. The final phase of CCTV in the capital programme is soon to be installed in Bush Hill Park and Grange Ward areas.

- **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 November 2015.

Delays have been experienced delivering footway works due to the change in highway term contractor but this should be rectified by spring/summer 2015. Fencing work is currently rolling out steadily using the new fencing term contractor and should be ahead of schedule by spring 2015. Staff resources are now in place for play equipment replacement. We are currently in the process of procuring a replacement play equipment contract; works will begin on play equipment replacement once the contract has been let.

- **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. This 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.

- **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**

Land acquisitions have been progressed within budget and revisions to the regeneration proposals caused by the advent of the free school proposals have been subject to development appraisals by Jones Lang LaSalle. 188 and 198 High Street and Middlesex University site land acquisition is underway. The feasibility design, planning consent and a revised Planning Application is anticipated later this financial year.

- **South Street East**

Phased public realm works to promote safety and improve access to the east of South Street are complete, including implementation of speed tables and a cycle refuge. Work has also recently completed on the Two Brewers memorial. The next phase will include bridge refurbishment across the station, which is likely to be delivered in 2015/16.

- **Outer London Fund 2 (OLF2)**

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.

- **New Southgate**

Improvements to Grove Road Open Space (Locally known as -The Bombie) was completed in April 2014. Final phase of works planned for the open spaces along the High Road have been reprogrammed, pending staff recruitment.

- **Meridian Water**

The Causeway Phase 1 will start on site later this year. 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 to be completed 2014/15. 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**

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. The project is envisaged to complete this financial year.

- **Conservation and Design**

Broomfield House Restoration Programme was rephrased to support HLF Heritage Enterprise programme bid. The report to appoint consultants to do conservation management plan, statement of significance and updated options report is underway.

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. The council retention for Albany should be settled during 2014/15 however 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 the Leisure Centre programme has been completed as proposed in the original report.

- **CCTV installation for Southbury Leisure Centre car park**
To increase security it has been agreed to add CCTV surveillance here too.
- **CCTV installation for Forty Hall; and Car Park Lighting**
To increase security 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 transferred to the CCTV scheme with agreement from English Heritage. The Car Park lighting scheme is currently still in planning stage.
- **Palmers Green Library**
The major refurbishment on the library began in August 2014, after work had already been undertaken to split the services between Southgate Town Hall and Palmers Green Library. This followed the sale of the Town Hall for residential development. The annexe has been demolished, including the existing Children's Library and work has started on the redevelopment of the Town Hall site. The Library is due to re-open in Autumn 2015.
- **Carefirst Upgrade**
The upgrade and integration of Social Care IT systems Carefirst is continually being developed to ensure it remains fit for purpose to meet the Council's business requirements, consistent with Enfield 2017 principles.

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 commissioning and procurement of a 70 bed dual registered care provision facility on the Elizabeth House site. Progress continues on the site for a dual registered care provision facility. A planning application was submitted for consideration by the Planning Committee in December 2014. Using a framework, a contractor was identified and approved by Cabinet with building work to commence on site in December 2014. At this stage, building completion and occupation is anticipated by spring 2016.
- The relocation of New Options Learning Disabilities Day services currently based at the Claverings Estate. The project is on target to remain within the budget of £2.1m. Although the works have been delayed due to drainage and gas main issues, the contractor is forecasting to complete in December. The opening ceremony will be held in January.
- The Mental Health and Wellbeing Centre project is still in the early stages of development, and feasibility work is not now expected to be underway until 2015/16. The Mental Health Strategy was agreed by the CCG in September 2014, and is due to be considered by Cabinet in November 2014. Specific proposals for the scheme are still to be developed.
- Work continues on the Ordnance Unity Centre. Practical Completion is due to be awarded November 2014. Following this there will be a 3-4 week fit out

period. The library, the hall, the GP surgery and dentist will open December 2014.

4.4 Community Housing

Projects include:

- Disabled Facilities Grant to enable private sector residents to remain in their homes. As mentioned previously a change in policy and government 15/16 better care fund changes coming into force had led to a re-profiling of the current budget.
- 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
- Agreed Affordable Housing Programme
 - Purchase of a 3 bedroom house at 171 South Street
 - Contribution to the purchase of 100 houses
 - Development works to former Caretakers Lodge Bell Lane EN3
 - Development of 140 Linwood Crescent

4.5 Schools and Children's Services

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

- Phase 1 of the School 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.
- The design of a new Pupil Referral Unit to replace the Secondary Tuition Centre in 2016.
- Projects to support the implementation of early education for 2 year olds through Capital Grant funding of £1.1m secured by the Council.
- The settlement of final costs for a number of pre School Expansion Programme school expansion schemes that are already operational.
- 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, to be completed in 2014.
- 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.

- The Condition & Fire Prevention Programme has in the main been actioned for delivery as per the 9th 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.

4.6 Housing Revenue Account

- The Housing Major Capital Works schemes (excluding Estate Renewals) will be funded from the current year's Decent Homes and General Works budget of £52.9m (including the carried forward balance from 2013-14). The total forecast spend for 2014-15 is £33.6m which is a movement of £6.2m from the projected spend in quarter 1.
- The Decent Homes grant of £14.6m is being provided by the GLA in return for the Council making 1,263 homes decent. Grant claims for quarters 1 & 2 of £8m were submitted to the GLA within the appropriate timescales.
- Estate Renewals – The estate renewal budget is £10.0m. This is revised from the £12.5m reported position at the end of quarter 1 due to the re-profiling of the costs of the schemes. The budget 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 £547.8m 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.

Table 3 Capital Financing	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Total General Fund Expenditure	102,022	110,556	79,964	83,546	376,088
Funded From:					
Earmarked Resources	(45,351)	(60,732)	(53,492)	(44,601)	(204,176)
Disposals Programme	(4,000)	(4,000)	(4,000)	(4,000)	(16,000)
Unapplied Capital Receipts	(900)	(520)			(1,420)
General Fund Capital Reserve	(700)	(1,000)			(1,700)
Increase in Capital Financing Requirement	51,071	44,304	22,472	34,945	152,792
Total HRA Expenditure	43,541	66,859	47,375	35,929	193,704
Funded From:					
Earmarked Resources including HRA balances	(43,541)	(60,471)	(36,784)	(21,028)	(161,824)
Increase in Capital Financing Requirement	0	6,388	10,591	14,901	31,880

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
General Fund					
Additional MRP		2,043	3,815	4,714	6,112
Interest on Borrowing	1,149	3,295	4,797	6,089	6,876
Total GF Revenue Cost	1,149	5,338	8,612	10,803	12,988
Housing Revenue Account					
Interest on borrowing	0	144	526	1,099	1,435
Total HRA Revenue Cost	0	144	526	1,099	1,435

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.

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. The General Fund Latest Forecast includes the re-profiling of spend from 2013/14 into later years and the addition of the Lee Valley Heat Network¹.

¹ Mainly £11.7m brought forward from 2013/14 (Qtr1 Monitor) and £25.285m LVHN.

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 General Fund Indicator	102,022 129,329	110,556 93,886	79,964 56,675	83,546 63,042	376,088 342,932
HRA Latest Forecast HRA Indicator	43,541 72,129	66,859 46,818	47,375 39,900	35,929 31,589	193,704 190,436
Total Latest Forecast Total Indicator	145,563 201,458	177,415 140,704	127,339 96,575	119,475 94,631	569,792 533,368

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 total forecast funding requirement is within the Prudential Indicators set at Council on 26th February 2014 as part of the 2014/15 Budget Report. For completeness, the forecast includes the £24m 'in principle commitment' relating to LVHN which will require approval by Council when confirmed at which point it will be included in the Prudential Indicators.

Table 6 – Current forecast of Capital Financing Requirement

Estimated Requirements	31 st March 2015 £'000	31 st March 2016 £'000	31 st March 2017 £'000	31 st March 2018 £'000
General Fund Latest Forecast Indicator	304,896 319,442	338,539 341,020	348,678 341,964	369,796 367,929
HRA Latest Forecast Indicator	157,728 157,728	164,116 170,178	174,707 185,878	189,608 193,878
Total Latest Forecast Indicator	462,624 477,171	502,655 511,198	523,385 527,842	559,404 561,807

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 £5.77m; this excludes long term liabilities under PFI Contracts and Finance Leases. The highest level of borrowing during the period was £307m (including borrowing less than a 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 £500m. 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 31st 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

The projects with public health implications are included within the report under section 4.3.

Background Papers

None

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
ENVIRONMENT & REGENERATION					
Transport for London funding:					
2013/14 Major Schemes	-	2,962	-	-	2,962
2014/15	13,257	1,200	-	-	14,457
2012/13 Highways & Streetscene	203	2,015	-	-	2,218
2013/14 Highways & streetscene	73	8,450	8,450	8,450	25,423
Other Highways & streetscene	222	-	-	-	222
Environmental Protection	143	-	-	-	143
Community Safety	892	-	-	-	892
Waste & Recycling	15	503	18	18	554
Parks	3,283	971	-	-	4,254
Vehicle Replacement Programme	1,307	1,611	1,884	279	5,081
Depot	36	-	-	-	36
Parking	5	-	-	-	5
Building Improvement Programme	2,732	4,162	4,270	3,434	14,598
Sustainability	68	-	-	-	68
Disability Access Programme	533	200	200	200	1,133
Regeneration:					
Ponders End	653	1,896	200	3,399	6,148
Electric Quarter	3,941	3,578	3,150	1,650	12,319
New Southgate	100	2,409	874	1,750	5,133
Meridian Water	13,125	23,266	5,500	4,500	46,391
Edmonton Projects	70	2,913	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	-	648	637	24,000	25,285
Enfield Highway	-	-	-	225	225
Enfield Wash	-	-	-	225	225
Regeneration - conservation / design	203	250	-	-	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

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
ENVIRONMENT TOTAL EXPENDITURE	41,214	61,634	30,588	58,500	191,936
CORPORATE SCHEMES					
IT Work Plan	682	-	-	-	682
Joint Service Centre	4,271	-	-	-	4,271
Southgate Town Hall & Library Enabling Works	235	-	-	-	235
Residents Priority Fund	861	-	-	-	861
High Speed Printers	60	-	-	-	60
Palmers Green Library Refurbishment	4,154	-	-	-	4,154
Leisure	469	-	-	-	469
Culture	300	-	-	-	300
FRCS / CE EXPENDITURE	11,032	0	0	0	11,032
HEALTH, HOUSING AND ADULT SOCIAL CARE					
Housing					
Disabled Facilities Grant (£1.156m grant funded)	1,766	3,000	2,000	2,000	8,766
Sub Regional Housing Grants	219	-	-	-	219
Housing Assistance Grants	557	1,818	818	818	4,011
Affordable Housing	1,385	5,404	2,100	2,100	10,989
Adult Social Care					
Welfare Adaptations	50	100	100	100	350
Residential and Social Care Provision - Elizabeth House	549	3,850	2,280	-	6,679
New Options	1,394	-	-	-	1,394
Mental Health and Wellbeing Centre	-	772	135	135	1,042
HEALTH, HOUSING AND ADULT SOCIAL CARE TOTAL EXPENDITURE	5,920	14,944	7,433	5,153	33,450
SCHOOLS & CHILDREN'S SERVICES					
Schools Access Initiative	164	200	200	200	764
Target Capital - Special Needs	557	4,250	4,040	-	8,847
Devolved Schools Capital	5,357	6,000	6,000	6,000	23,357
Childrens Centres	1,099	-	-	-	1,099
Targeted Capital - School Meals Programme	917	4,032	2,200	-	7,149
Schools Condition Funding	1,118	3,797	2,600	4,500	12,015
City Learning Centres	7	-	-	-	7
Basic Need - Primary School Places	4,226	487	-	-	4,713
Primary Expansion Plan Phase 1	14,792	2,769	280	-	17,841
Primary Expansion Plan Phase 2 - Grange School	5,554	188	-	-	5,742
Primary Expansion Plan Phase 2 - Garfield School	6,628	5,362	-	-	11,990
Primary Expansion Plan Phase 2 (2016/17 includes 2017/18)	1,816	6,180	26,123	8,693	42,812
Primary Schools	16	-	-	-	16
Secondary Schools	207	-	-	-	207
Fire Precaution Works	869	672	500	500	2,541
Non School Schemes	529	41	-	-	570
SCHOOLS & CHILDREN'S SERVICES TOTAL EXP.	43,856	33,978	41,943	19,893	139,670

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
GENERAL FUND PROGRAMME	102,022	110,556	79,964	83,546	376,088
HOUSING REVENUE ACCOUNT					
Decent Homes	11,610	7,958	-	-	19,568
General Work	20,920	47,361	33,493	20,867	122,641
Community Halls	36	-	-	-	36
Grants to vacate	500	500	500	500	2,000
Estate Renewals	9,975	11,040	13,382	14,562	48,959
Asbestos Programme	500	-	-	-	500
HOUSING REVENUE ACCOUNT	43,541	66,859	47,375	35,929	193,704
GRAND TOTAL CAPITAL PROGRAMME	145,563	177,415	127,339	119,475	569,792