

## MUNICIPAL YEAR 2015/2016 REPORT NO. 56

### MEETING TITLE AND DATE:

Cabinet: 16<sup>th</sup> September  
2015

### REPORT OF:

**Director of Finance, Resources &  
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**Agenda – Part: 1**

**Item: 8**

**Subject:** Capital Programme Monitor  
First Quarter June 2015  
Budget Year 2015-16

**Wards:** All

**Key Decision No: 4153**

**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 2015 regarding the Council's Capital Programme (2015-19) 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 £164.6m for the General Fund and £59.7m for the HRA for 2015/16.

The report:

- 1.1 Sets out the estimated capital spending plans for 2015-19 including the proposed arrangements for funding;
- 1.2 Confirms that the revenue capital financing costs for the agreed 2015/16 to 2016/17 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 £5.6m in 2015/16 (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 £0.1m (funded from grant).
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 2015/16 capital budget and four year Capital Programme 2015-19 as approved by Council on the 25<sup>th</sup> February 2015 (2017/19 reported and noted as indicative figures).

### 4. 2015/16 CAPITAL BUDGET

The following updates are included this quarter in the proposed 2015/16 capital budget.

#### Additions to the Programme

There are a number of additions to the 2015/16 capital budget which are summarised in Table 1 below. Funding is primarily from a mixture of external grants, contributions, earmarked reserves set aside and council resources.

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

- Affordable Housing (Indicative)  
Indicative growth figures of £2.5m forecasted for the Affordable Housing program in 2016/17 (General Resources)
- Targeted Capital – School Meals (Eldon School)  
Growth expenditure at Eldon School expected to be £2.3m in 2017/18 (Grant).
- Mental Health and Wellbeing Centre  
Growth figures of £1.3m anticipated in 2018/19, when project is likely to commence (DH - Social Care and Mental Health Supported Capital Expenditure Grant)

Table 1 – Growth Items	2015/16 Additions £'000	Funding Source
Scheme		
<b>ENV &amp; REGEN</b>		
Meridian Water	1,064	Grant (831k & S106 233k)
Business & Economic Development	170	Grant (90k) & Earmarked Resources (80k)
Lee Valley Heat Network	115	Revenue Contributions (115k)
TFL	225	Grant (TFL)
15/16 Firs Farm Wetlands & Flood Storage	657	Grant (Firs Farm Wetlands & Flood Storage Area)

Community Safety	412	Earmarked Resources (335k) & Revenue Contributions (80k)
Parks	263	Grant (£75k Kind George Trust Fund, £5k GLA Pocket Parks, 25k SITA)
Resurfacing of Genotin Rd Car Park	50	Earmarked Reserves (Parking Development Fund)
<b>ENV &amp; REGEN TOTAL</b>	<b>2,956</b>	
<b>FRCS</b>		
SAP E-FORMS	199	General Resources
Unified Comms LYNC	446	General Resources
'AppSense' Application Manager	144	General Resources
<b>FRCS TOTAL</b>	<b>789</b>	
<b>HOUSING</b>		
The Reprovision Project -Elizabeth House	1,024	General Resources (agreed Cabinet June 2015)
GANS - Grants & Nomination Scheme	72	Revenue Contributions
<b>HOUSING TOTAL</b>	<b>1,096</b>	
<b>SCS</b>		
Chase Farm Temporary School at Suffolks & Bishops Stopford	766	Grant
<b>SCS TOTAL</b>	<b>766</b>	
<b>GENERAL FUND</b>	<b>5,607</b>	
<b>HRA</b>		
Grants to Vacate	100	Grant
<b>HRA</b>	<b>100</b>	
<b>TOTAL ADDITIONS</b>	<b>5,707</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 following re-profiling:
  - Cycle Enfield (Mini-Holland) Project budget re-profiled £2.2m from 2015/16 and £1.0m from 2018/19 into 2016/17 (£2.2m) and 2017/18 (£1.0m).
  - Hertford Road – Corridor Improvement (Indicative) 2015/16 Budget, £1.6m, re-profiled into 2016/17.
  - £0.5m of Wheeled Bins Budget re-profiled from 2015/16 into 2016/17.
  - £2.4m of Vehicle Replacement Programme re-profiled from 2015/16 into 2017/18
  - £1.0m of Market Gardening project budget re-profiled from 2015/16 into 2016/17
  - New Southgate 17/18 (Indicative) entire budget of £1.7m in 2015/16 re-profiled into 2016/17.
  - Projects affecting the development of Meridian Water have had budgets totalling £11.4m re-profiled out of 2015/16 into 2016/17. This

comprises of £8.2m for the Causeway, £0.151m for Legible London, £1.7m for Angel Road Station Improvements, and a further £1.4m for Angel Gardens Phase 3 -5. We are in competitive dialogue to select a preferred partner to assist in delivery of this scheme and reprofiling of budgets reflects a decision in this regard early 2016.

- Projects affecting the Edmonton area have also had budgets totalling £3.0m re-profiled out of 2015/16 into 2016/17. This comprises of £0.8m for Greening the Green, £2.1m for Edmonton Projects (Indicative), and £0.15m for Angel Edmonton (Indicative).
  - Other Heritage Projects budget for 2015/16, £1.1m, re-profiled out of 2015/16 into 2016/17.
  - Enfield Town (Indicative) budget for 2015/16, £1.7m, re-profiled out of 2015/16 into 2016/17.
- The budget agreed at October 2014 Cabinet for Enfield 2017 programme has now been re-profiled to reflect the pace of change within Enfield2017. It is intended that digital aspects of the programme are delivered in 14 months rather than 22 months. In order to push forward savings, especially in the areas of transactional and finance automation, there is a requirement for technology development and an increase of subject matter experts to be brought in earlier in the programme.

The opportunity to capitalise project and programme activity has increased due to the acceleration of the delivery pace. This increase is in line with the cabinet paper of October 2014, we are now able to utilise capitalisation above the minimum figure of £10.2 previously indicated.

- The Adult Social Care Programme has re-profiled £0.104m of the Mental Health and Wellbeing Centre budget from 2017/18 to 2018/19, as the project is still in the early stages of development.
- The Schools and Children's Services Programme has reprofiled £0.675m of Brimsdown Kitchen (FSM) budget from 2015/16 into 2016/17 (£0.2m) and 2017/18 (£0.475m).

### **Scheme Reductions**

Reductions to General Fund schemes reported this quarter are:

- Environment & Regeneration
  - A reduction of full £0.038m budget for the Pocket Parks project (2015/16) as the project was never started and has been abandoned due to funding no longer being available.
  - A reduction of £0.189m of TFL budget in 2015/16.
  - £0.018m reduction in Waste and Recycling Budget (Indicative) in 2017/18.
- Adult Social Care

- A reduction of £0.161m from the Reprovision of Elizabeth House budget, 2017/18, to reflect outcome of tender.
- New Options – Design & Rebuild budget reduced by £0.017 in 2015/16.

### Latest 2015/16 Capital budget

The capital budget for 2015/16 is shown in Table 2; this summarises the latest position including the changes set out above.

	2015/16 Budget as approved by Cabinet £'000	Carry Forward from Previous Year £'000	Revised Budget £'000	Slippage (To) / From Future Years £'000	Additions 2015/16 £'000	Proposed Reductions 2015/16 £'000	Proposed Programme 2015/16 £'000
Environment	67,131	16,577	83,708	(27,984)	2,956	(227)	58,453
Finance, Resources and Customer Services	6,554	4,980	11,534	4,000	789	-	16,323
Health, Housing and Adult Social Care	36,620	6,137	42,757		1,096	(17)	43,836
Schools and Children's Services	42,746	2,666	45,412	(232)	766		45,946
<b>Total General Fund Expenditure</b>	<b>153,051</b>	<b>30,360</b>	<b>183,411</b>	<b>(24,216)</b>	<b>5,607</b>	<b>(244)</b>	<b>164,558</b>
Housing Revenue Account	59,605		59,605		100		59,705
<b>Total Capital Expenditure</b>	<b>212,656</b>	<b>30,360</b>	<b>243,016</b>	<b>(24,216)</b>	<b>5,707</b>	<b>(244)</b>	<b>222,468</b>

### Key Projects programmed for 2015/16.

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 2015.

- **Highway Services**

Enfield Council plans to resurface or reconstruct 12km of Non-Principal Road carriageways during 2015/16, as set out in the Highway Maintenance Plan. The Authority plans to resurface 9.5km of carriageway between July and November, and the remaining 2.5km in the last quarter (includes approximately 1.1km of carriageway recycling; saving approximately 98 tonnes of CO<sub>2</sub>). The Authority planned to resurface 3km of Principal Roads, of which 2.55km has been completed so far.

The Footway Replacement Capital Programme will be used to renew 9.7km of footways of which 1km had been renewed at the end of June 2015.

The Council intends to plant a total of 400 plus new highway trees. Planting sites have been identified and removal of deteriorating stock has begun. Planting scheduled for winter months.

Enfield Council will also implement a programme of Structures and Watercourses schemes. At the end of June 2015 design work for Smeaton Road Bridge was complete and the authority is waiting for a date for the works to start on site. Mollison Avenue drainage works is also awaiting a start date. The work on Firs Farm wetlands has started on site and is progressing as planned. Bourne Hill Footbridge parapet work is being reviewed due to the difficulty of obtaining track possessions.

Safety fence improvements at Nags Head Road/Lea Valley roundabout and Mollison Avenue are in the feasibility phase.

- **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.

- **Cycle Enfield**

TfL will be releasing £1.9m of Mini Holland funding in 2015/16 for design and implementation of schemes in 2015/16. Preliminary design and modelling of the main road schemes is progressing well and TfL has approved the base traffic models. The A105, Enfield Town and Southbury Road schemes have been the subject of TfL Sponsor Reviews and reviews by Urban Design London and critical friends.

On 17&18 July a public exhibition was held for the A105 scheme. A similar exhibition for the Enfield Town and Southbury Road schemes is planned for 25 & 26 September. Both exhibitions mark the start of a 12 weeks public consultation.

The Cycle Enfield programme is progressing in accordance with agreed timescales and budgets.

- **Environmental Protection**

The 15/16 scheme budget of £116k will be used to install gates, which 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.

- **Community Safety**

The CCTV Camera Replacement Programme is budgeted to spend up to £186k; as planned in the 2015/16 CCTV replacement programme.

Pymmes Park Lake Improvements: Pollution linked to pipe misconnections in this area, have allowed pollutants and waste into the lake. The project to tackle this started in 14/15 and is planned to be completed in 2015/16.

Extension of Enfield Public Safety Centre Server Room £120k: The building of a server room; extension at the Enfield Public Safety Centre (EPSC) as outlined by the feasibility study, to create further server and communications equipment space is progressing as per the plan, the tender has been sent out.

- **Parks**

Forty Hall Park Landscaping Project: Heritage Lottery Fund (HLF) awarded Enfield Council a grant of £1.8m, to restore the grounds of Forty Hall. Work is near completion and only minor snagging is outstanding

Parks Play Equipment: Significant works have been completed in seven parks across the borough. A contract for the remaining works will be awarded by 31st July 2015. Works are on target for completion by March 31st 2016. The Council obtained S106 funding for the construction of Aldersbrook Avenue Recreation (Play Equipment), the Aldersbrook Recreation Ground feasibility and consultations have been completed and the project is planned to be completed in 2015/16.

Parks Fencing: Two thirds of the works programme has been completed. The full work programme is on target for completion three months ahead of schedule, by 31st December 2015.

Parks Footway: The works programme is severely behind schedule due to under performance from the new highway contractor, Ringway Jacobs. Five schemes have been completed (four by alternative contractors), but eighteen schemes remain. The target completion date of 31st October 2015 will be missed. Additional resources are currently being sought in an attempt to complete the scheme by the 31st of March 2016.

Millicent Grove Cherry Blossom Close Open Space: a S106 contribution of £275k (£170k for contract works) from Fairview Homes towards the provision of Multi Use Games Area and

ancillary equipment, landscaping and play area. The tender is in process and the works are planned to be complete in 2015/16.

- **Vehicle Replacement Programme**

The planned replacements of refuse vehicles, special education needs buses and parks equipment has not taken place as was projected in the 15/16 replacement programme. This is due to the ongoing service reviews and restructures in Fleet Management and Waste Operations. The replacement programme will be reviewed further for the next quarter capital monitoring.

- **Building Improvement Programme**

The 2015/16 programme includes various refurbishment and remedial works to corporate buildings, ensuring that they are fit for purpose and provide a safe, healthy environment for staff and visitors. Pressure on the programme continues as it is asked to cover a wider remit.

The BIP programme also includes the Civic Centre Capital budget of £8.280m. The refurbishment and remodelling of block A, floors 9-3 is currently on site, floors 8 & 9 are due to complete in August 2015, the whole contract is due to be completed in May 2017. The 15/16 allocation is £3,280k.

- **Disability Access Programme**

In compliance with the Equalities Act 2010, approval was granted and works carried out to agreed timescale with users at Wheatsheaf Hall, Park Avenue Mental Health Resource Centre. Further individual projects are currently being assessed for inclusion within the 2015/16 programme.

- **Market Gardening**

Capital funding will support the creation of new community food growing spaces by providing infrastructure and materials over the next eight months.

The Enfield Farm Start project has been fully scoped and negotiations are well-advance for the preferred site. Plans are to commence work on site in autumn this year.

- **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. The Council acquired 1.1 ha from the EFA in June 2015, which will largely form the first phase of delivery. A revised Planning Application is anticipated late summer 2015, with a start on site scheduled for Q4 2015/16. The projection also



includes the purchase of the school site and Middlesex University site this financial year. £2.20m budgets from other areas were re-profiled to redevelop Swan annexe and wider high street improvements, pending Cabinet report in autumn 2015.

- **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. The Gateway scheme “Two Brewers” memorial has been completed. The remaining budget has been reprofiled into Ponders End High Street to redevelop Swan annexe/ future high street improvements, pending cabinet report in autumn 2015.

- **Ponders End Waterfront**

Initial works to clear the waterways ahead of Phase 1 implementation have been completed. Project paused and being reviewed at the moment, total budget of £328k slipped into 16/17.

- **New Southgate**

Works to deliver “Take the High Road” were substantially completed in March 2015. The re-scoped Scheme has been completed and remaining resources reprofiled and redirected to Ponders end, cabinet report pending.

- **Meridian Water**

Land Assembly: The Council unconditionally exchanged on Dwyer land; with deposit in June 2015 to secure 6ha of land to support the development of Meridian Water. This complements the acquisition of circa 9 hectares of land at Meridian Water from National Grid which was acquired on 2nd April 2015. These sites can collectively provide approximately 3,000 new homes at Meridian Water. Significant work has progressed in conjunction with the Environment Agency to establish a comprehensive remediation strategy for the sites, in advance of residential development.

Meridian Boulevard: 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. Early phased design has been completed for phase 1, and is being consulted with landowners. Legible London Scheme will be developed as phased delivery, in tandem with development of Meridian Water and the Causeway (Meridian Boulevard). Timetable to be reviewed in line with phased delivery of Meridian water, the total budget has been re-profiled into 16/17.

Angel Road Station: £931k to be spent on fees and entering into the Development Services Agreement with Network Rail in 15/16, the remainder re-profiled into financial year 16/17.

Angel Gardens: Angel Gardens (Rays Road) has progressed. Phase 1 works to create an Activity Zone, including an outdoor gym, innovative “container play” and parkour free running course completed in March 2015. The project has been paused pending additional feasibility work therefore it is currently anticipated that phases 3-5 will slip into 16/17.

- **Edmonton Green**

Detailed feasibility to commercially redevelop the railway arches as part of ‘Greening the Green’ project have been progressed, in conjunction with the mini Holland (Cycle Enfield) delivery programme. The total project depends on funding from partners i.e. network rail and GLA. The project is to be reviewed, hence budget reprofiled into 2016-17.

- **Regeneration and Enhancement of the Crescent**

The main phase of works under the Regeneration and Enhancement project at The Crescent has been completed. Final payments in respect of the building works fall due in 15/16. Up to £70k is earmarked for the creation of the Monmouth Road Open Space pocket park (consultation on this is programmed for summer 2015, with project delivery commencing autumn 2015). Exit strategy projects are currently under consideration, including the installation of CCTV to combat anti-social behaviour on Bounces Lane. The budget is expected to be fully expended by the end of the financial year.

- **Broomfield House Restoration**

The HLF and Historic England (formerly English Heritage) have encouraged the Council to bring forward a Conservation Management Plan (CMP) for the House, Stable block and Park and an Options Appraisal for the House and Stable Block. The CMP will provide a strategic plan, which is needed to give a framework to investment, essential for Lottery funding purposes. The Options Appraisal will explain the constraints facing the site and seek views on potential options for the site. The Council are currently preparing these documents (with specialists Donald Insall Associates). A Consultation and Stakeholder Engagement Strategy has been prepared which envisages two phases of consultation and engagement on the CMP and Options Appraisal, which is due to commence mid-Summer and continue into the Autumn. Projected expenditure for 15/16 is £150,000. £179,000 reallocated to 2016/17 to take forward the preferred option selected by the Council following completion of the Options Appraisal.

- **Business & Economic Development projects**

Meridian Business Park: Funding partners have been met and prioritised projects have been identified. Highways are in the process of advising cost estimates and timeline.

Improvement of shop fronts: Enfield Council has been awarded £1,083m of New Home Bonus funding from the Growth Deal for London for the period 2015-2017. £440k of this is for Improvement of shop fronts in Enfield Town and Ponders End. Improvements will target ground floor retail units of independent retailers as part of a block so that they contribute to the quality and appeal of the borough's high streets. In addition to the NHB funding £80,000 of LBE Capital funding has been identified as match funding for the scheme.

- **Lee Valley Heat Network**

The final development stage for LVHN was completed by March 2015, six months earlier than expected. The main investment decision in LVHN is scheduled for Cabinet in June and Full Council in July 2015. There will be two recommendations to the main investment decision which is to bring forward and draw down £828k mobilisation costs from the LVHN total cost envelope, the size of which will be confirmed by the recently appointed LVHN cost consultants and the cost of borrowing to fund corporately, until LVHN has its own income with which to pay interest.

The overall cost envelope remains unchanged for LVHN Phase 1, with the project now being rolled out faster than planned, including detailed plans for future connections and network expansion. LVHN is on track to meet the £1.464 million forecast spend by September 2015.

## **4.2 Corporate Projects.**

- **Palmers Green Library**

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, following the sale of the Town Hall for residential development. With the main library premises closed, refurbishment works are progressing as planned. The Library is due to re-open on 21<sup>st</sup> September 2015.

## **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 on the Elizabeth House site.

- The relocation of New Options Learning Disabilities Day services currently based at the Claverings Estate.
- A scheme for a Mental Health and Wellbeing centre is in preparation.
- 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. However, this scheme is now monitored within the Corporate IT service in FRCS Department.

The Adult Social Care Capital Programme forecast for 2015/16 at Quarter 1 is:

- Elizabeth House - dual registered care provision had a contractor, for the construction of a new 3 storey 70 bed care home on the site of the former Elizabeth House, approved by Cabinet in June 2015. An additional capital sum of £2.647m was approved, making the total projected cost of the project £11.663m. Work on site has begun, with completion expected by October 2016.
- The Mental Health and Wellbeing Centre project is still in the early stages of development, and it is hoped to bring forward recommendations before the end of 2015/16.
- Practical Completion was awarded in November 2014 on the Ordnance Unity Centre (Joint Service Centre). It is still anticipated that there will be some costs in 2015/16 to meet the requirements of the users of the building and address outstanding snagging items. The intention is to process the final account in November 2015, at which point a further payment may need to be made to the contractor depending on the outcome of the Extension of Time claims.

#### **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 and Decent Homes works.
- 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. Empty property revenue contributions are also available.

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:  
Re-housing people for Old Church Court - £2.2m.  
Purchase the interest and refurbishment of former caretakers lodge in Bell Lane - £390k  
Renovation and adaptation of Council Assets for use as Temporary Accommodation - £400k

#### **4.5 Schools and Children's Services**

The principal areas of capital expenditure in 2015/16 are as follows:

- Construction of Phase 1 of the Primary School Expansion Plan is generally complete with some external and highways works in progress. Phase 2 is advanced with the majority of projects completing this financial year.
- The design of a new Pupil Referral Unit to replace the Secondary Tuition Centre in 2017 is at the planning consultation stage.
- 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.
- The settlement of final costs for a number of pre Primary School Expansion Programme school expansion schemes that are already operational.
- Universal Infant Free School Meals (UIFSM). The UIFSM programme consists of nine projects, five of which have been delivered in 2014/15. The remainder are major projects and in construction with completion expected early in 2016/17.
- The Condition & Fire Prevention Programme has in the main been actioned for delivery as per the 1st June 2015 Cabinet report.

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

The capital allocation of £59.7m is currently still predicted to be spent in 2015/16. However, it should be noted that the Government's proposal to reduce rental income to the HRA with effect from 2016/17 for a four year period means that the capital programme, along with all other expenditure and income within the HRA, is currently under review. The full impact of the new rent policy, along with Enfield's

response and proposed recovery plan, will be reported to Cabinet in the autumn.

- Major Capital Works  
The Council no longer receives Decent Homes funding to contribute towards this programme, so it is now funded mainly from HRA general resources along with some Government “Right to Buy One for One Replacement Scheme” receipts. Although some small underspends have been identified on old schemes within the programme, the current projection is that spend of £43m will still be achieved this year.
- Estate Renewals  
The estate renewal budget for 2015/16 is £15.5m. This will be funded from a combination of resources including Greater London Authority grants, developers’ contributions, HRA general resources and “Right to Buy One for One Replacement Scheme” receipts. At present, all schemes are projected to be on track to achieve the target spending. Similarly, all budgeted income for 2015/16 is still expected to be received this year.
- Grants to Vacate  
The Council has been successful in attracting £600,000 additional funding from the Government’s Social Mobility Fund to pay towards this scheme. The new budget for Grants to Vacate is £1.1m.

## **CAPITAL PROGRAMME 2015/16 to 2018/19**

The detailed capital programme 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 tables sets out the current funding position for the 2015-19 Capital Programmes. The second part of the table shows that the increase in borrowing is to be funded to a significant extent by ‘commercial arrangements’ with business plans for commercial property rental and capitalisation of costs associated with major regeneration at Meridian Water.

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £'000
<b>Total General Fund Expenditure</b>	<b>164,558</b>	<b>160,327</b>	<b>139,059</b>	<b>69,157</b>	<b>533,101</b>
Funded From:					
Earmarked Resources	(56,697)	(50,968)	(36,006)	(33,989)	<b>(177,659)</b>
Disposals Programme	(4,000)	(4,000)	(4,000)	0	<b>(12,000)</b>
Unapplied Capital Receipts	(2,060)	(876)	0	0	<b>(2,936)</b>
General Fund Capital Reserve	(1,000)	0	0	0	<b>(1,000)</b>
Indicative Programme	(9,671)	(22,088)	(46,070)	(9,851)	<b>(87,680)</b>
<b>Increase in Capital Financing Requirement</b>	<b>91,130</b>	<b>82,395</b>	<b>52,983</b>	<b>25,317</b>	<b>251,826</b>
<b>Total HRA Expenditure</b>	<b>59,705</b>	<b>59,128</b>	<b>77,011</b>	<b>73,790</b>	<b>269,634</b>
Funded From:					
Earmarked Resources	(59,705)	(59,128)	(77,011)	(51,690)	<b>(247,535)</b>
<b>Increase in Capital Financing Requirement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,100</b>	<b>22,100</b>

<b>Increase in CFR Funded by:</b>					
Council Tax	40,035	25,551	13,275	5,317	84,178
Commercial Business Plans	49,578	52,066	39,708	20,000	161,352
	<b>89,613</b>	<b>77,617</b>	<b>52,983</b>	<b>25,317</b>	<b>245,530</b>

### **Types of Capital Funding**

Earmarked Resources	<p>Specific government grants or other contributions from external parties and the use of specific reserves within the Council's available resources.</p> <p>Funding is specific to certain schemes or certain types of capital investment e.g. provision for additional school places.</p> <p>There is a high level of certainty over these funding streams.</p>
Disposals	<p>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.</p> <p>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.</p>
Unapplied Capital Receipts	<p>Capital receipts from previous years' disposals, brought forward from 2013/14 and the balance in the General Fund Capital Reserve.</p>

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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.
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## 6. REVENUE IMPLICATIONS

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

**Table 4 – Revenue Implications**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Full Year Effect £'000
<b>General Fund</b>					
Additional MRP		3,645	6,941	9,060	10,073
Interest on Borrowing	1,792	6,857	14,401	23,406	32,854
Business Plans	(992)	(5,959)	(12,781)	(20,229)	(27,241)
<b>Total Revenue Cost to Council Tax</b>	<b>801</b>	<b>4,543</b>	<b>8,561</b>	<b>12,237</b>	<b>15,686</b>
<b>HRA</b>					
Interest on Borrowing	0	0	0	442	884
<b>Interest on Borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>442</b>	<b>884</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.



The revenue costs do not include any capital financing relating to indicative schemes. These are still subject to approval of business plans and proposed funding arrangements. The table also includes an allowance for costs to be met under commercial business plans mentioned previously. The net cost is the financing forecast to be met in the Medium Term Financial Plan

The annual review of the existing capital programme is underway. It will particularly focus on the later year schemes where existing and indicative budgets (which have not got business plans) will be assessed for funding and affordability. Potential funding in later years will be firmed up and where necessary, programmes revised to fit funding available.

## 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 2015/16 Budget report to Council on 25<sup>th</sup> February 2015. These will be monitored and reported on at each quarters monitoring report for 2015-16.

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

Capital Programme	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'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>1</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 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 later year's figures reflect the movement of General Fund indicative schemes into the approved programme. Revised indicators will need to be presented to Council when the capital review has been completed.

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

Capital Programme	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
General Fund Latest Forecast <b>General Fund Indicator</b>	370,311 <b>386,722</b>	438,271 <b>428,015</b>	474,753 <b>459,058</b>	481,740 <b>465,076</b>
HRA Latest Forecast <b>HRA Indicator</b>	157,728 <b>157,728</b>	157,728 <b>157,728</b>	157,729 <b>157,728</b>	179,828 <b>179,828</b>
Total Latest Forecast <b>Total Indicator</b>	528,039 <b>544,450</b>	595,999 <b>585,743</b>	632,482 <b>616,786</b>	661,568 <b>644,904</b>

### Prudential Borrowing Indicators

<sup>1</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.

- 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 2015/16 is £600m; this excludes long term liabilities under PFI Contracts and Finance Leases. The highest level of borrowing during the period was £294m (including borrowing less than a year). This is a decrease of £19m 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 2015/16 is £525m. 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): Current Net Borrowing stands at £275m. In the medium term, net borrowing should only be used for a capital purpose. Specifically net external borrowing in 2015/16 should not exceed the estimated Capital Financing Requirement at 31<sup>st</sup> March 2016. This limit has not been exceeded.

## **8. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

### **8.1 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

### **8.2 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.

### **8.3 Property Implications**

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

## **9. KEY RISKS**

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

## **10. IMPACT ON COUNCIL PRIORITIES**

### **10.1 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.

### **10.2 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.

### **10.3 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.

## **12. PERFORMANCE MANAGEMENT IMPLICATIONS**

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

## **13. HEALTH AND SAFETY IMPLICATIONS**

Not applicable to this Report.

## **14. PUBLIC HEALTH IMPLICATIONS**

None specific to this Report

## **Background Papers**

None

## Appendix A

4 Year Programme APPROVED PROGRAMME	Capital Programme Budget				Total £000
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	
Environment & Regeneration					
Transport for London funding:					
Major Schemes	1,650				1,650
Cycle Enfield	1,913	17,563	9,281	543	29,300
2015/16	3,114				3,114
Future Years		3,178	3,178	3,178	9,534
Highways & Streetscene:					
Programme	10,469	8,646	8,450	8,450	36,015
Environmental Protection	116				116
Community Safety	569				569
Waste & Recycling	15				15
Parks	2,452	326			2,778
Vehicle Replacement Programme	48	4,358	343	4,620	9,369
Depot					
Parking	50				50
Building Improvement Programme (BIP)	1,508				1,508
Civic Centre (BIP)	3,280	2,770	1,934		7,984
Disability Access Programme	364				364
Regeneration:					
Ponders End	102	685	1,149		1,936
Electric Quarter	3,237				3,237
New Southgate		124			124
Meridian Water	22,704	16,858	4,500		44,062
Edmonton Projects		841			841
Angel Edmonton	50	30	75		155
Market Gardening	273	1,976	1,500		3,749
Lea Valley Heat Network	1,464				1,464
Broomfield House	150	180			330
The Crescent - Edmonton	290				290
Business & Economic Development/Regeneration	254	370			624
REGENERATION & ENVIRONMENT	54,072	57,905	30,410	16,791	159,178
Corporate Schemes					
IT Work Plan	1,274				1,274
Joint Service Centre	588				588
Southgate Town Hall & Library Enabling Works	86				86
Bury Street Depot Redevelopment	1,540	15,208	15,208		31,956

Enfield 2017	9,900	5,150			15,050
Residents Priority Fund	439				439
Palmers Green & Enfield Library	2,342				2,342
Leisure	5				5
Culture	149				149
<b>FRCS / CE TOTAL</b>	<b>16,323</b>	<b>20,358</b>	<b>15,208</b>		<b>51,889</b>
<b>Health, Housing &amp; Adult Social Care</b>					
<b>Housing</b>					
Disabled Facilities Grant (£1.156m grant funded)	2,159				2,159
Sub Regional Housing Grants	237				237
Housing Assistance Grants	1,105				1,105
Housing Gateway	25,334	20,000	20,000	20,000	85,334
Affordable Housing	2,529	4,629	2,100	2,100	11,358
<b>Adult Social Care</b>					
Residential and Social Care Provision - Elizabeth House	6,913	2,174	40		9,127
New Options	119				119
Mental Health and Wellbeing Centre	150	446	342	1,415	2,353
<b>HHASC TOTAL</b>	<b>38,546</b>	<b>27,249</b>	<b>22,482</b>	<b>23,515</b>	<b>111,792</b>
<b>Schools &amp; Children's Services</b>					
Schools Access Initiative	268				268
Target Capital - Special Needs	2,479	7,283			9,762
Children's Centres	777				777
Targeted Capital - School Meals Programme	2,763	2,500	2,800		8,063
Schools Condition Funding	4,441	3,238	1,650		9,329
Basic Need - Primary School Places	2,409				2,409
Primary Expansion Plan Phase 1	4,557	280			4,837
Primary Expansion Plan Phase 2 - Grange School	1,186				1,186
Primary Expansion Plan Phase 2 - Garfield School	8,135				8,135
Primary Expansion Plan Phase 2	11,746	12,929	14,239	13,000	51,914
Secondary Schools	95				95
Fire Precaution Works	931	497	200		1,628
Non School Schemes	159				159
<b>Programme before Devolved Funding</b>	<b>39,946</b>	<b>26,727</b>	<b>18,889</b>	<b>13,000</b>	<b>98,562</b>
Devolved Schools Capital Schemes	6,000	6,000	6,000	6,000	24,000
<b>SCS TOTAL</b>	<b>45,946</b>	<b>32,727</b>	<b>24,889</b>	<b>19,000</b>	<b>122,562</b>
<b>TOTAL GENERAL FUND</b>	<b>154,887</b>	<b>138,239</b>	<b>92,989</b>	<b>59,306</b>	<b>445,421</b>

Housing Revenue Account					
Major Works	41,570	37,480	30,539	21,320	130,910
Estate Renewals	17,035	21,148	45,972	51,970	136,125
Grants to vacate	1,100	500	500	500	2,600
<b>HRA TOTAL</b>	<b>59,705</b>	<b>59,128</b>	<b>77,011</b>	<b>73,790</b>	<b>269,635</b>
<b>APPROVED CAPITAL PROGRAMME</b>	<b>214,592</b>	<b>197,367</b>	<b>170,000</b>	<b>133,096</b>	<b>715,056</b>

Capital Programme Budget					
<b>INDICATIVE PROGRAMME</b>	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £000

Environment & Regeneration					
Highways & Streetscene:					
Previous Years		1,619			1,619
Waste & Recycling		521	18		539
Building Improvement Programme (BIP)		1,500	1,500	1,500	4,500
Disability Access Programme		200	200	200	600
Regeneration:					
Electric Quarter	4,381	3,150	3,900		11,431
New Southgate		2,450	1,750		4,200
Edmonton Projects		3,630	375		4,005
Enfield Town		3,350	3,350		6,700
Angel Edmonton		300	150		450
Lea Valley Heat Network			23,172		23,172
Enfield Highway			225		225
Enfield Wash			225		225
Other Heritage projects / acquisitions		2,200	1,670		3,870
Industrial Estates Regeneration			3,250		3,250
<b>REGENERATION &amp; ENVIRONMENT</b>	<b>4,381</b>	<b>18,920</b>	<b>39,785</b>	<b>1,700</b>	<b>64,786</b>

Health, Housing & Adult Social Care					
<b>Housing</b>					
Disabled Facilities Grant (£1.156m grant funded)	1,000	2,000	2,000	2,000	7,000
Housing Assistance Grants	1,200	818	818	818	3,654
Affordable Housing	2,990				2,990
<b>Adult Social Care</b>					
Welfare Adaptations	100	100	100	100	400
<b>HHASC TOTAL</b>	<b>5,290</b>	<b>2,918</b>	<b>2,918</b>	<b>2,918</b>	<b>14,044</b>

Schools & Children's Services					
Schools Access Initiative		250	250	250	750

Schools Condition Funding			2,850	4,483	7,333
Fire Precaution Works			267	500	767
<b>SCS TOTAL</b>		<b>250</b>	<b>3,367</b>	<b>5,233</b>	<b>8,850</b>
<b>GENERAL FUND INDICATIVE</b>	<b>9,671</b>	<b>22,088</b>	<b>46,070</b>	<b>9,851</b>	<b>87,680</b>
<b>TOTAL APPROVED INDICATIVE PROGRAMME</b>	<b>9,210</b>	<b>22,088</b>	<b>46,070</b>	<b>9,851</b>	<b>87,219</b>

<b>TOTAL GENERAL FUND PROGRAMME</b>	<b>164,558</b>	<b>160,327</b>	<b>139,059</b>	<b>69,157</b>	<b>533,101</b>
<b>TOTAL HRA PROGRAMME</b>	<b>59,705</b>	<b>59,128</b>	<b>77,011</b>	<b>73,790</b>	<b>269,635</b>
<b>TOTAL PROGRAMME</b>	<b>224,263</b>	<b>219,455</b>	<b>216,070</b>	<b>142,947</b>	<b>802,735</b>