

## MUNICIPAL YEAR 2015/2016 REPORT NO. 134

### MEETING TITLE AND DATE:

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

### REPORT OF:

**Director of Finance, Resources & Customer Services**

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**Agenda – Part: 1**

**Item: 8**

**Subject:** Capital Programme Monitor  
Second Quarter September 2015  
Budget Year 2015-16

**Wards:** All

**Key Decision No:**

**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 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 approved capital expenditure is projected to be £193.6m for the General Fund and £55.8m for the HRA for 2015/16.

The report:

- 1.1 Sets out the estimated capital spending plans for 2015-19 reported as schemes approved for implementation including proposed funding and indicative schemes not approved and subject to confirmation of funding
- 1.2 Confirms that the revenue capital financing costs for the approved programme is provided for in the Medium Term Financial Plan and notes the review of the programme, especially in relation to the indicative programme and later years' requirements.
- 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 £0.5m in 2015/16 (Table 1) to be primarily funded from grants, contributions and general resources and notes that this will not materially increase capital financing costs.
2. The updated four year programme including proposed reductions is agreed by Cabinet subject to indicative estimates included in later years (Section 5)

### 3. BACKGROUND

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

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 second quarterly report on the 2015/16 capital budget and four year Capital Programme 2015-19. Council approved the programme on the 25<sup>th</sup> February 2015 and noted the indicative schemes that require further approval of budget and funding.

### 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 from a mixture of external grants, contributions, earmarked reserves set aside and council resources approved by Cabinet

Table 1: Growth Items Scheme	2015/16 £'000	Funding Source
<b>Regeneration &amp; Environment</b>		
CCTV Morson Road Depot Enhancements	100	Revenue Contributions (ES1056)
<b>Regeneration &amp; Environment total</b>	<b>100</b>	
<b>Adult social Care</b>		
The Reprovision Project -Elizabeth House	292	General Resources
New Options - Design & Rebuild	31	Unapplied Grant (DH Social Care & Mental Health)
<b>Adult social Care total</b>	<b>323</b>	
<b>Housing</b>		
Decent Homes - Sub Regional Fund	125	Grant - North London TFS Decent Homes pot
<b>Housing total</b>	<b>125</b>	
<b>GENERAL FUND TOTAL</b>	<b>548</b>	

The significant change in later years that has also been included in this report is in respect of Elizabeth House Re-provision Project where growth of £1.5m was reported for 2016/17 and approved by Cabinet on 17<sup>th</sup> June 2015.

#### 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:
  - Ponders End Regeneration budget re-profiled £1.8m into 2015/16 from 2016/17 (£0.7m) and 2017/18 (£1.1m).
  - Electric Quarter Regeneration budget re-profiled £7.1m into 2015/16 from 2016/17 (£3.2m) and 2017/18 (£3.9m).
  - New Southgate Regeneration budget re-profiled £4.3m into 2015/16 from 2016/17 (£2.6m) and 2017/18 (£1.7m).
  - Meridian Water Regeneration budget re-profiled £21.4m into 2015/16 from 2016/17 (£16.9m) and 2017/18 (£4.5m).
  - Edmonton Regeneration budget re-profiled £4.8m into 2015/16 from 2016/17 (£4.4m) and 2017/18 (£0.4m).
- The Schools and Children's Services Programme requires the following re-profiling:
  - Special Needs / Special Schools budget re-profiled £1.7m out of 2015/16 into 2016/17.
  - Targeted Capital (School Meals) budget re-profiled £1.1m out of 2015/16 into 2016/17 (£1.0m) and 2017/18 (£0.1m).
  - Schools Condition Fund budget re-profiled £2.0m out of 2015/16 into 2016/17.
  - School Expansion Programme budget re-profiled £0.7m out of 2015/16 into 2016/17.
- Housing has re-profiled £0.5m out of 2015/16 and into 2016/17

### **Scheme Reductions**

Reductions to General Fund schemes reported this quarter are:

- Environment & Regeneration
  - A reduction of £0.106m budget for the Morson Road Depot CCTV Enhancements in 2015/16.
- Adult Social Care
  - The Reprovision of Elizabeth House will be reducing its budget by £0.04m in 2017/18.
  - Mental Health & Wellbeing Centre reducing 2018/19 budget by £0.731m due to reduced grant funding.
- Schools and Children Services
  - Basic Needs (Primary School Places) reporting a budget reduction of £0.004m in 2015/16.
- Housing Revenue Account
  - Major Works budgets are reporting reductions of £3.9m in 2015/16 and £8.6m in 2016/17. A review of the major works programme has been completed which has resulted in these reductions.

- Estate Renewals budgets are reporting reductions of £26.1m in 2017/18 and £13.7m in 2018/19. These schemes are being reviewed at present and will be reintroduced into later years of the capital programme when the projects have been reprofiled.

## Latest 2015/16 Capital budget

The capital budget for 2015/16 is shown in Table 2 below with detailed schemes shown in Appendix A. The table summarises the latest position including the changes set out above but excludes the indicative programme which is set out in Appendix B.

	Approved Budget at Q1 £'000	Slippage (To) / From Future Years £'000	Additions 2015/16 £'000	Proposed Reductions 2015/16 £'000	Proposed Programme 2015/16 £'000
<b>2015/16 Capital Budget (Appendix A)</b>					
Regeneration & Environment	58,453	39,673	100	(106)	98,120
Finance, Resources and Customer Services	16,322	0	0	0	16,322
Health, Housing and Adult Social Care	38,546	(139)	448	0	38,855
Schools and Children's Services	45,946	(5,637)	0	(4)	40,305
<b>Total General Fund Expenditure</b>	<b>159,267</b>	<b>33,897</b>	<b>548</b>	<b>(110)</b>	<b>193,602</b>
Housing Revenue Account	59,705	0	0	(3,888)	55,817
<b>Total Capital Expenditure</b>	<b>218,972</b>	<b>33,897</b>	<b>548</b>	<b>(3,998)</b>	<b>249,419</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 11km of Non-Principal Road carriageways during 2015/16, as set out in the Highway Maintenance Plan. The Authority has resurfaced 9km of carriageway between to date, with the remaining 2.1km to be completed in the remaining quarters. The Authority also planned to resurface 3km of Principal Roads, of which 2.3km has been completed so far.

The Footway Replacement Capital Programme will be used to renew 9.7km of footways of which 6.25km had been renewed at the end of September 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. Design work for Smeaton Road Bridge and Mollison Avenue complete and works commenced in October. The work on Firs Farm wetlands is progressing on schedule (80% completed at end of September). Planning permission has been granted for Bury Lodge Wetlands. The contractor has also been appointed and is due to commence on site in October.

Safety fence improvements at Nags Head Road/Lea Valley roundabout and Mollison Avenue are in the design 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 results of the public consultation for the A105 scheme are currently under analysis. Consultation for the Enfield Town and Southbury Road schemes will run from 25 September 2015 to 18 December 2015.

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

- **Environmental Protection**

The 15/16 scheme budget of £178k 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.

The final phase of CCTV in the capital programme is being installed in Bush Hill Park, Winchmore Hill and Grange Ward areas with Bush Hill Park area completed and the remainder due completion in 2015.

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 at estimated cost of £154k.

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 and has been tendered with a higher than estimated cost and a report for approvals of sufficient capital funding is in progress.

- **Depots**

Morson Road Depot Security Enhancements Proposal: A report has been approved to enhance the Morson Road Depot Security, for the purpose of improving security to safeguard critical Council assets.

The recommended option is estimated to cost a total of £420k and the proposed works will be completed in 2016/17.

- **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 practically completed with only snagging outstanding. Aldersbrook Recreation Ground feasibility and consultations have been completed and the project is planned to be completed in 2015/16.

Parks Play Equipment: Significant works have been completed in eight parks across the borough. A contract for the remaining works has been awarded. The project is on target for completion by March 31st 2016.

Parks Fencing: 80% of the works programme has been completed. The remaining 20% is on target for completion by 31st March 2016.

Parks Footway: The works programme is severely behind schedule due to under performance from the new highway contractor. Eleven schemes out of twenty two have been completed. Construction will resume in the spring of 2016 once ground conditions improve. The target completion date has been revised to 31st October 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.

Additional parks requirements for later years are now included in the Indicative Programme (appendix B) and the priority will be assessed as

part of the Capital Programme Review and the outcome will be reported back to Cabinet for ratification.

- **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 floors 9-3 of block A. Sectional completion of floors 8 & 9 was achieved on 19<sup>th</sup> August 2015. Floor 7 is has just commenced and the whole contract is due to be completed in May 2017.

- **Disability Access Programme**

In compliance with the Equalities Act 2010, approval was granted for accessible toilets at Rose Taylor Day Centre, and to reconfigure the special needs toilets at Addison House. In addition further improvements to Park Avenue Mental Health Resource Centre are planned together with other project under the 2015/16 programme.

- **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 of 1.1 ha from the EFA in June 2015, which will largely form the first phase of delivery. The Council continues to negotiate the acquisition of properties by negotiation, and approved a resolution to make a CPO in June 2015. A revised Planning Application was submitted in October 2015, with a start on site scheduled for Q4 2015/16.

A Cabinet report in October 2015 requested £500k to fund feasibility work on future high street improvements in advance of a cabinet report due for November 2015 which will reallocate budgets from other areas to deliver future improvements to Swan annexe and the wider Ponders End High Street.

- **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 vired to Ponders End High Street to redevelop Swan annexe/ future high street improvements, pending cabinet report in November 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.

- **New Southgate**

Works to deliver “Take the High Road” were substantially completed in March 2015. The re-scoped Scheme has been completed and resources redirected to the wider neighbourhood regeneration programme, cabinet report pending.

- **Meridian Water**

**Land Assembly:** The Council unconditionally exchanged on Dwyer land with deposit in June 2015 to secure 6 hectares of land; to support 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. Dialogue has progressed positively with IKEA towards an exclusivity agreement; however any further acquisitions will be subject to completion of a financial model demonstrating a return in investment for the Council. Significant work has progressed in conjunction with the Environment Agency to establish a comprehensive remediation strategy for the sites, in advance of residential developments.

**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). The timetable has been reviewed in line with phased delivery of Meridian water, and resources temporarily redirected to Meridian Water acquisitions. A cabinet report is due November 2015 which will reallocate budgets to this project.

**Angel Road Station:** £931k to be spent on fees and entering into the Development Services Agreement with Network Rail in 15/16, the remainder slipped into financial year 16/17. An additional £1.16m is sought to progress work for an enhanced station design subject to Cabinet decision October 2015. Further investment in the station will be subject to a cabinet report due November 2015 to forward fund a new station building in advance of developer contributions.



**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 and resources temporarily redirected to Meridian Water acquisitions. A cabinet report is due in November 2015, which will reallocate budgets to this project.

- **Edmonton Green**

Detailed feasibility to commercially redevelop the railway arches as part of ‘Greening the Green’ project; have been progressed in conjunction with the (Cycle Enfield) delivery programme. The total project depends on funding from partners i.e. network rail and GLA. Project to be reviewed, resources temporarily redirected to Meridian Water acquisitions. A cabinet report is due in November 2015, which will reallocate budgets to this project.

- **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 £100k is earmarked for the creation of the Monmouth Road Open Space pocket park (consultation on this is programmed for winter 2015, with project delivery commencing spring 2016). 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.

- **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.

- **Lee Valley Heat Network**

The final development stage for ‘Energetik’ (the new brand name for the Lee Valley Heat Network) was completed by March 2015, six months earlier than expected. Since then work has been undertaken to mobilise the company, with the first Board meetings at the start of September 2015. The project is currently on budget, with the project’s £1.369 million

development & mobilisation budget closing on 30 September 2015, and the company's operating accounts commencing on 1 October 2015.

Energetik's £2.143 million operational costs were approved by Full Council in July 2015, covering the company's first full year of operations from 1 October 2015 to 30 September 2016. The main investment decision in Energetik is scheduled for Full Council in May 2016.

## **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 re-opened in September 2015.

### **○ Edmonton Green Library**

It was agreed at Cabinet & Council in June 2015 to add the refurbishment of Edmonton Green library to the Council's Capital programme. The report recommended the improvements required to bring this library to the same level as the other three key libraries in the borough which has had significant investment recently.

## **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 2 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.

#### **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:  
Increasing move-on accommodation options for adults with care and support needs who are moving on to live with increased independence in the community, including purchase of appropriate properties through the Housing Gateway- £2.2m.

Purchase the interest and refurbishment of former caretakers lodge in Bell Lane and the renovation and adaptation of Council Assets for use as Temporary Accommodation - £790k

#### **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 in the first quarter of 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 2015/16 capital allocation of £59.7m has reduced to £55.8m this quarter. This is due to underspends and re-profiling in major capital works of £3.9m

##### **○ Major Capital Works**

These schemes are now funded mainly from HRA general resources along with some Government “Right to Buy One for One Replacement Scheme” receipts.

Some small underspends have been identified on old schemes within the programme and some re-profiling into 2016/17 has taken place. The current projection is that spend of £39.6m will be achieved this year. A review of the major works programme has been completed which has resulted in reductions in future years spending.

##### **○ Estate Renewals**

The estate renewal programme of £15.2m is funded from a combination of resources including Greater London Authority grants, developers’ contributions, HRA earmarked resources and “Right to Buy One for One Replacement Scheme” receipts. It is also delivered on a cost neutral basis based on projected future rental income streams. 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 budget for Grants to Vacate is £1.1m.

In the Medium term, the HRA Capital Programme is still on target to achieve the budgets included in the HRA 30-Year Business Plan.

## 5. CAPITAL PROGRAMME 2015/16 to 2018/19

The detailed approved 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. Appendix B sets out information on further indicative schemes proposed but not yet approved.

### 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. These commercial arrangements are intended to avoid revenue financing costs and so do not impact on the council tax or the Medium Term Financial Plan.

<b>Table 3</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>Total £'000</b>
<b>Total Approved General Fund Programme (App A)</b>	<b>193,603</b>	<b>111,351</b>	<b>73,569</b>	<b>44,847</b>	<b>423,370</b>
Funded From:					
Earmarked Resources	(53,861)	(53,888)	(29,533)	(24,847)	<b>(162,129)</b>
Disposals Programme	(4,000)	(4,000)	(4,000)	0	<b>(12,000)</b>
Unapplied Capital Receipts	(520)	0	0	0	<b>(520)</b>
General Fund Capital Reserve	(1,000)	0	0	0	<b>(1,000)</b>
<b>Capital Financing Requirement</b>	<b>134,222</b>	<b>53,463</b>	<b>40,036</b>	<b>20,000</b>	<b>247,721</b>
<b>Total HRA Programme</b>	<b>55,817</b>	<b>50,576</b>	<b>50,949</b>	<b>60,045</b>	<b>217,387</b>
Funded From:					<b>0</b>
Earmarked Resources	(55,817)	(50,576)	(50,949)	(60,045)	<b>(217,387)</b>
<b>Capital Financing Requirement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total increase in CFR</b>	<b>134,222</b>	<b>53,463</b>	<b>40,036</b>	<b>20,000</b>	<b>247,721</b>
Increase in CFR Funded by:					
Council Tax	44,122	18,255	4,828	0	67,205
Commercial Business Plans	90,100	35,208	35,208	20,000	180,516
	<b>134,222</b>	<b>53,463</b>	<b>40,036</b>	<b>20,000</b>	<b>247,721</b>

### Types of Capital Funding

Earmarked Resources	Specific government grants or other contributions from external parties and the use of specific reserves within
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	<p>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. 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>
Minimum Revenue Provision (MRP)	<p>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).</p> <p>MRP is determined according to statutory regulation based on the Capital Financing Requirement.</p> <p>There are equivalent statutory arrangements for the funding of HRA capital expenditure which do not involve an HRA Minimum Revenue Provision.</p>

## 6. REVENUE IMPLICATIONS

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

The table excludes Commercial projects where the income streams from development partners is anticipated to cover any capital financing costs resulting in a neutral position for the Council. All other net costs are included in the Medium Term Financial Plan. An interest rate of 3.5% is used based on latest data.

**Table 4 – Revenue Implications**

<b>Approved Programme (Appendix A)</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>Full Year Effect £'000</b>
<b>General Fund</b>					
Additional MRP	0	1,765	2,495	2,688	2,688
Interest on Borrowing	772	1,833	2,162	2,156	2,062
<b>Total GF Approved Revenue Cost</b>	<b>772</b>	<b>3,598</b>	<b>4,657</b>	<b>4,844</b>	<b>4,750</b>
<b>HRA</b>					
Interest on Borrowing	0	0	0	0	0
<b>Total Revenue Cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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 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**

<b>Table 5: Capital Programme (Appendix A)</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>Total £'000</b>
Approved Programme	193,602	111,351	73,569	44,847	<b>423,369</b>
<b>General Fund Indicator</b>	<b>133,510</b>	<b>98,210</b>	<b>72,850</b>	<b>45,150</b>	<b>349,720</b>
HRA Latest Forecast	55,817	50,576	50,949	60,045	<b>217,387</b>
<b>HRA Indicator</b>	<b>52,730</b>	<b>59,130</b>	<b>77,010</b>	<b>73,790</b>	<b>262,660</b>
Total Latest Forecast	249,419	161,927	124,518	104,892	<b>640,756</b>
<b>Total Indicator</b>	<b>186,240</b>	<b>157,340</b>	<b>149,860</b>	<b>118,940</b>	<b>612,380</b>

The General fund figures show the re-profiling of schemes from 2014/15 into 2015/16 and later years and the advancement of the Meridian Water scheme land acquisition.



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

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.

<b>Table 6 (Approved Programme Appendix A)</b>	<b>Estimated as at 31<sup>st</sup> March 2016 £'000</b>	<b>Estimated as at 31<sup>st</sup> March 2017 £'000</b>	<b>Estimated as at 31<sup>st</sup> March 2018 £'000</b>	<b>Estimated as at 31<sup>st</sup> March 2019 £'000</b>
<b>General Fund</b>				
Latest Forecast	418,435	455,079	476,466	476,454
<b>Indicator</b>	<b>386,722</b>	<b>428,015</b>	<b>459,058</b>	<b>465,076</b>
<b>HRA</b>				
Latest Forecast	157,728	157,728	157,728	157,728
<b>Indicator</b>	<b>157,728</b>	<b>157,728</b>	<b>157,728</b>	<b>179,828</b>
<b>Total</b>				
Latest Forecast	576,163	612,807	634,194	634,182
<b>Indicator</b>	<b>544,450</b>	<b>585,743</b>	<b>616,786</b>	<b>644,904</b>

The later year's figures reflect the movement of General Fund indicative schemes into the approved programme and the advancement of the Meridian Water scheme from later years into 2015/17. Revised indicators will need to be presented to Council when the capital review has been completed.

### **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 2015/16 is £600m; this excludes long term liabilities under PFI Contracts and Finance Leases. The highest level of borrowing during the period was £313m (including borrowing less than a year). This is an increase of £44m 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 £287m. 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	Capital Programme Budget				
APPROVED PROGRAMME	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £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
Highways & Streetscene:					
Programme	10,407	-	-	-	10,407
Environmental Protection	178	-	-	-	178
Community Safety	462	-	-	-	462
Waste & Recycling	390	45	-	-	435
Parks	2,382	396	0	-	2,778
Vehicle Replacement Programme	48	4,358	343	4,620	9,369
Parking	50	-	-	-	50
Building Improvement Programme (BIP)	1,342	-	-	-	1,342
Civic Centre (BIP)	3,280	2,770	1,934	-	7,984
Disability Access Programme	355	-	-	-	355
Regeneration:					0
Ponders End	16	-	-	-	16
Electric Quarter	7,146	-	-	-	7,146
New Southgate	4	-	-	-	4
Meridian Water	63,226	-	-	-	63,226
Angel Edmonton	50	-	-	-	50
Market Gardening	80	2,168	1500	-	3,748
Lea Valley Heat Network	1,464	-	-	-	1,464
Broomfield House	150	180	-	-	330
The Crescent - Edmonton	290	-	-	-	290
Business & Economic Development/Regeneration	123	501	-	-	624
REGENERATION & ENVIRONMENT	98,120	27,981	13,058	5,163	144,322
Corporate Schemes					
IT Work Plan	1,273	-	-	-	1,273
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	150	-	-	-	150
CORPORATE TOTAL	16,323	20,358	15,208	0	51,889

4 Year Programme		Capital Programme Budget			
APPROVED PROGRAMME	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £000
<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	262	100	-	-	362
Housing Assistance Grants	605	500	-	-	1,105
Housing Gateway	25,333	20,000	20,000	20,000	85,333
Affordable Housing	2,990	-	-	-	2,990
<b>Adult Social Care</b>					0
Residential and Social Care Provision - Elizabeth House	7,206	3,674	-	-	10,880
New Options	150	-	-	-	150
Mental Health and Wellbeing Centre	150	446	342	684	1,622
<b>HEALTH, HOUSING &amp; ADULT SOCIAL CARE TOTAL</b>	<b>38,855</b>	<b>24,720</b>	<b>20,342</b>	<b>20,684</b>	<b>104,601</b>
<b>Schools &amp; Children's Services</b>					
Schools Access Initiative	268	-	-	-	268
Target Capital - Special Needs	744	9,018	-	-	9,762
Children's Centres	777	-	-	-	777
Targeted Capital - School Meals Programme	1,657	3,534	2,872	-	8,063
Schools Condition Funding	2,429	5,249	1,650	-	9,328
Basic Need - Primary School Places	1,639	-	-	-	1,639
Primary Expansion Plan Phase 1	4,204	280	-	-	4,484
Primary Expansion Plan Phase 2 - Grange School	1,186	-	-	-	1,186
Primary Expansion Plan Phase 2 - Garfield School	7,726	659	-	-	8,385
Primary Expansion Plan Phase 2	12,616	12,929	14,239	13,000	52,784
Secondary Schools	95	-	-	-	95
Fire Precaution Works	855	573	200	-	1,628
Non School Schemes	109	50	-	-	159
<b>Programme before Devolved Funding</b>	<b>34,305</b>	<b>32,292</b>	<b>18,961</b>	<b>13,000</b>	<b>98,558</b>
Devolved Schools Capital Schemes	6,000	6,000	6,000	6,000	24,000
<b>SCHOOLS &amp; CHILDREN'S SERVICES TOTAL</b>	<b>40,305</b>	<b>38,292</b>	<b>24,961</b>	<b>19,000</b>	<b>122,558</b>
<b>TOTAL GENERAL FUND</b>	<b>193,603</b>	<b>111,351</b>	<b>73,569</b>	<b>44,847</b>	<b>423,370</b>
<b>Housing Revenue Account</b>					
Major Works	39,565	32,628	29,918	22,243	124,354
Estate Renewals	15,152	16,948	21,031	37,302	90,433
Grants to vacate	1,100	1,000	-	500	2,600
<b>HRA TOTAL</b>	<b>55,817</b>	<b>50,576</b>	<b>50,949</b>	<b>60,045</b>	<b>217,387</b>
<b>APPROVED CAPITAL PROGRAMME</b>	<b>249,420</b>	<b>161,927</b>	<b>124,518</b>	<b>104,892</b>	<b>640,757</b>

## Appendix B

PROPOSED SCHEMES NOT YET FUNDED OR APPROVED					
4 Year Programme					
INDICATIVE PROGRAMME					
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £000
<b>Regeneration &amp; Environment</b>					
TFL Future years	-	3,178	3,178	3,178	9,534
Highways & Streetscene:					
Programme		8646	8450	8450	25,546
Corridor Improvements - Hertford Rd	-	1,619	-	-	1,619
Waste & Recycling	-	421	18	-	439
Parks (extend programme)	-	1,095	1,053	-	2,148
Building Improvement Programme (BIP)	-	1,455	1,500	1,500	4,455
Disability Access Programme	-	200	200	200	600
Regeneration:					
Enfield Town	-	3,350	3,350	-	6,700
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>22,164</b>	<b>46,291</b>	<b>13,328</b>	<b>81,783</b>
<b>Health, Housing &amp; Adult Social Care</b>					
<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	2,529	4,629	2,100	2,100	11,358
<b>Adult Social Care</b>					<b>0</b>
Welfare Adaptations	100	100	100	100	400
<b>HEALTH, HOUSING &amp; ADULT SOCIAL CARE TOTAL</b>	<b>4,829</b>	<b>7,547</b>	<b>5,018</b>	<b>5,018</b>	<b>22,412</b>
<b>Schools &amp; Children's Services</b>					
Schools Access Initiative	-	250	250	250	750
Schools Condition Funding	-	-	2,850	4,483	7,333
Fire Precaution Works	-	-	267	500	767
<b>SCHOOLS &amp; CHILDREN'S SERVICES TOTAL</b>	<b>0</b>	<b>250</b>	<b>3,367</b>	<b>5,233</b>	<b>8,850</b>
<b>GENERAL FUND INDICATIVE</b>	<b>4,829</b>	<b>29,961</b>	<b>54,676</b>	<b>23,579</b>	<b>113,045</b>