

MUNICIPAL YEAR 2016/2017 REPORT NO. 154

MEETING TITLE AND DATE:

Cabinet: 14th December
2016

REPORT OF:

Director of Finance, Resources &
Customer Services

Contact officer and telephone number:

Ann Freeman

Tel: 0208 379 3002

Olu Ayodele

Tel: 0208 379 6133

E mail:

Ann.Freeman@enfield.gov.uk

Olu.Ayodele@enfield.gov.uk

Agenda – Part: 1

Item: 9

Subject: Capital Programme Monitor
Second Quarter September 2016
Budget Year 2016-17

Wards: All

Key Decision No: 4363

Cabinet Member consulted: Cllr
Lemonides

1. EXECUTIVE SUMMARY

The purpose of this report is to inform Members of the current position up to the end of September 2016 regarding the Council's Capital Programme (2016-20) 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 £227.3m for the General Fund and £65.2m for the HRA for 2016/17.

The report:

- 1.1 Sets out the forecast capital programme for 2016-20
- 1.2 Confirms details of slippage, growth and reductions in the current year 2016-17 programme
- 1.3 Notes forthcoming reports seeking authorisation for inclusion in the Capital Programme

2. RECOMMENDATIONS

It is recommended that:

1. Cabinet agrees the revised Capital Programme totalling £292.5m for 2016/17 and notes the full four-year programme as per Appendix A and indicative programme in Appendix B.
2. The additions to the programme are for information only and either require no additional borrowing as they are grant funded or have already been approved as part of the Council's democratic process as detailed in Table 3.

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 2016/17 capital budget and four-year Capital Programme 2016-20, as approved by Council in February 2016.

4. 2016/17 CAPITAL PROGRAMME BUDGET

The full approved Capital programme is contained within Appendix A and is a four-year programme with the budgets shown inclusive of carry forwards from 2015/16 where there was reported project slippage.

The capital budget for the current financial year 2016/17 is summarised in Table 1 below.

TABLE 1 – Current Year Approved Capital Programme	2016/17 Budget as at Q1 £'000	Slippage to/from future years £'000	Additions £'000	Reductions £'000	Revised Budget as at Q2 £'000	Actual Spend as at Q2 £'000
Environment & Regeneration	122,023	(23,196)	2,700	0	101,527	23,144
Finance, Resources and Customer Services	35,650	(14,561)	300	0	21,389	8,225
Health, Housing and Adult Social Care	41,493	19,627	2,087	(500)	62,707	7,500
Schools and Children's Services	48,292	(6,600)	0	0	41,692	8,196
Total General Fund Budget	247,458	(24,730)	5,087	(500)	227,315	47,065
Housing Revenue Account	50,498	0	14,727	0	65,225	18,579
Total Capital Budget	297,956	(24,730)	19,814	(500)	292,540	65,644

Budget as at Q1

Councillors approved the four-year budget including 2016-17 in February 2016 and the carry forwards from 2015-16 as part of the outturn report. The Q1 monitoring report then reported minimal other changes and the Budgets as at Q1 are a consolidation of this position as previously reported to Cabinet.

Slippage to/from future years

These are changes regarding the forecast timing of the expenditure from the approved programme between financial years with no reported increase or decrease in budget requirement. Unless otherwise reported by responsible officers below, these movements have minimal impact on the overall delivery of the project. Where service delivery may be impacted these will be reported quarterly to members.

The primary slippage this quarter has been summarised in Table 2 below:

TABLE 2 – SLIPPAGE	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Trimming & Dimming Technology (Street Lighting)	(128)	128	-	-
Edmonton Cemetery	(1,890)	1,890	-	-
Wheeled Bins	11	(11)	-	-
Waste & Recycling	(421)	421	-	-
CCTV Morson Road Depot	(419)	419	-	-
Mini Holland (all funded by Transport for London)	(11,195)	7,054	2,427	1,714
Vehicle Replacement Prog	(538)	1,830	(1,190)	(102)
Lee Valley Heat Network	(630)	630	-	-
Electric Qtr Project Delivery	(3,742)	1,000	1,000	1,742
Ponders End High St Project Delivery	(165)	1,520	(1,500)	145
Ponders End South Street East	(4,080)	4,080	-	-
Environment & Regeneration	(23,197)	18,961	737	3,499
Bury Street West Depot Project	(13,961)	13,961	-	-
Southgate Circus Library Development	600	-	-	-
Edmonton Green Library Improvements	(1,200)	1,200	-	-
Finance, Resources and Customer Services	(14,561)	15,161	-	-
Mental Health and Wellbeing Centre	(596)	596	-	-
Affordable Housing	(2,477)	2,477	-	-
Housing Gateway Ltd	22,700	(20,000)	(2,700)	-
Health, Housing and Adult Social Care	19,627	(16,927)	(2,700)	0
Primary Expansion Programme Phase 2	(6,000)	1,100	4,900	-
Minchenden budget to SGate Circus Libr	(600)	-	-	-
Schools and Children's Services	(6,600)	1,100	4,900	-
Total General Fund Slippage	(24,730)	18,295	2,936	3,499

Additions to the Programme

Additions to the programme will arise between quarterly monitoring reports with appropriate levels of authorisation obtained as required by the democratic process. Once approved these project budgets are reflected in the additions column and the financial impact built in to the Medium term financial plan where required.

Additions this quarter are detailed below in Table 3.

TABLE 3 Growth	£'000	Additional Information
Environment & Regeneration	2,700	
London Regen Fund -Orbital Business Park (Meridian Works)	2,700	100% funded - £1.35m from GLA, £1.35m from contractor contributions
Finance, Resources and Customer Services	300	
William Preye Day Centre	300	Approved by Cabinet 07/07/16 – funded by Council borrowing
Health, Housing and Adult Social Care	2,087	
Disabled Facilities Grants	663	100% funded from increase in DFG Grant
Reprovision 2 Project- Coppice Wood Lodge	925	Approved by Cabinet 21/10/15 – funded by Council borrowing
Ridge House Clinic	499	Approved by Cabinet 16/03/16 – funded by Council borrowing
Total General Fund Growth	5,087	
Housing Revenue Account		
Estate Renewal	520	Review of Right To Buy One for One Replacement Schemes.
Major Works	13,757	Addition of Renewable Heating Incentive Schemes to the Programme (July Cabinet) and review of other schemes.
Minor Works	450	Review of schemes
Total HRA Growth	14,727	

Proposed Reductions

These are the removal of budgets from the programme due to either an underspend on a completed project, the adjustment of a project budget to reflect a loss of funding or to remove the project from the programme entirely. There is only one reduction reported this quarter in Health, Housing and Adult Social Care in respect of Housing Assistance grants

of £500k. This was a carry forward from previous years which is no longer required.

5. Forthcoming projects

Since the end of the quarter the following additions to the programme have been approved which will be incorporated into the capital monitor from quarter 3.

Housing Gateway Acquisition of Southbury House £21m, funded £18.5m by Housing Gateway and £2.5m from Council Borrowing.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 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.

Cabinet on 6th September 2016 agreed to delegate authority to the Cabinet Member for Finance and Efficiency and the Director of Finance, Resources and Customer Services to decide as to whether to accept the government's multi-year settlement offer and publish an efficiency plan on its website as part of the condition of acceptance. As a result, the Council has applied to accept the multi-year settlement and published the required efficiency plan on its website. As part of the efficiency plan it is proposed to use the power provided by the Government's regulations on capital receipt flexibility to capitalise redundancy and transformation work in 2016/17. The final use of capital receipts used for this purpose will be reported to Council for final agreement in February 2017 before closing the accounts for 2016/17

The funding of the current approved programme is as follows:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Total approved General Fund Programme (App A)	227,315	130,993	67,202	32,273	457,783
Funded from:					
Earmarked Resources	-59,441	-52,450	-22,910	-13,101	-
Unapplied Capital Receipts	-494	0	0	0	-494
General Fund Capital Reserve	-73	0	0	0	-73
Capital Financing Requirement	167,307	78,543	44,292	19,172	309,314
Total HRA Programme	65,225	62,720	54,357	43,638	225,940
Funded from:					
Earmarked Resources	-65,225	-62,720	-54,357	-43,638	-
Capital Financing Requirement	0	0	0	0	0
Total Increase in CFR	167,307	78,543	44,292	19,172	309,314

Types of Capital Funding

Earmarked Resources	Specific government grants or other contributions from external parties and the use of specific reserves within the Council's available resources. Funding is specific to certain schemes or certain types of capital investment e.g. provision for additional school places. There is a high level of certainty over these funding streams.
Unapplied Capital Receipts	Capital receipts from previous years' disposals, brought forward from 2015/16 and the balance in the General Fund Capital Reserve.
Minimum Revenue Provision (MRP)	Capital expenditure that cannot be funded immediately from grants, capital receipts or direct revenue/reserve contributions must be funded from the annual set aside from the revenue budget (MRP). MRP is determined according to statutory regulation based on the Capital Financing Requirement. There are equivalent statutory arrangements for the funding of HRA capital expenditure which do not involve an HRA Minimum Revenue Provision.

6.2 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.

6.3 Property Implications

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

7. KEY RISKS

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

8. IMPACT ON COUNCIL PRIORITIES

8.1 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.

8.2 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.

8.3 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.

9. PERFORMANCE MANAGEMENT IMPLICATIONS

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

10. HEALTH AND SAFETY IMPLICATIONS

Not applicable to this Report.

11. PUBLIC HEALTH IMPLICATIONS

None specific to this Report

Background Papers

None

Appendix A

4 Year Programme:	Capital Programme Budget				
APPROVED PROGRAMME	2016/17	2017/18	2018/19	2019/20	Total 16-17 to 19-20
	£'000	£'000	£'000	£'000	£'000
Environment & Regeneration					
Transport for London funding:					
Major Schemes	3,178	-	-	-	3,178
Cycle Enfield	6,368	16,335	2,970	1,713	27,386
Highways & Street scene:					0
Main Programme	9,739	128	-	-	9,867
Corridor Improvements Hertford Rd	1,619	-	-	-	1,619
Environmental Protection	122	-	-	-	122
Community Safety	347	-	-	-	347
Waste & Recycling	-	847	-	-	847
Parks	3,087	2,943	-	-	6,030
Vehicle Replacement Programme	3,869	2,173	3,430	486	9,958
Building Improvement Programme (BIP)	2,056	-	-	-	2,056
Civic Centre (BIP)	2,392	1,934	-	-	4,326
Disability Access Programme	313	-	-	-	313
Regeneration:					
Meridian Water	61,159	37,070	28,190	18,370	144,789
Meridian Water Hinterland	1,680	1,230	400	0	3,310
Ponders End	500	4,030	2,000	145	6,675
Electric Quarter	2,500	5,000	1,000	1,742	10,242
Edmonton Green	-	2,000	2,000	-	4,000
Enfield Town	-	1,000	1,000	-	2,000
Angel Edmonton	72	-	-	-	71
Market Gardening	71	1,500	-	-	1,571
Lea Valley Heat Network	1,349	-	-	-	1,349
Broomfield House	231	-	-	-	231
The Crescent Edmonton	290	-	-	-	290
Business & Economic Development/Regeneration	585	-	-	-	585
Regen & Environment Total	101,527	76,190	40,990	22,456	241,163

4 Year Programme:	Capital Programme Budget					
	APPROVED PROGRAMME	2016/17	2017/18	2018/19	2019/20	Total 16-17 to 19-20
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Schemes:						
IT Work Plan	10,843	-	-	-	-	10,843
Joint Service Centre	31	-	-	-	-	31
Sloemans farm	24	-	-	-	-	24
Southgate Circus Library Enabling Works	600	-	-	-	-	600
William Preye Day Centre	300	-	-	-	-	300
Bury Street Depot Redevelopment	2,000	29,169	-	-	-	31,169
Enfield 2017	4,141	-	-	-	-	4,141
Community Libraries	907	-	-	-	-	907
Edmonton Green Library	1,504	2,450	-	-	-	3,954
Palmers Green & Enfield Library	906	-	-	-	-	906
Culture	133	-	-	-	-	133
Corporate Total	21,389	31,619	0	0	0	53,008
Health, Housing & Adult Social Care						
Disabled Facilities Grant (£1.156m grant funded)	2,108	1,156	1,156	1,156	-	5,576
Sub Regional Housing Grants	190	-	-	-	-	190
Housing Assistance Grants	998	818	818	818	-	3,452
Housing Gateway	47,615	-	-	-	-	47,615
Enfield Innovations Ltd	-	-	7,754	-	-	7,754
Residential & Social Care Provision Elizabeth House	10,292	-	-	-	-	10,292
New Options	80	-	-	-	-	80
Mental Health and Wellbeing Centre	-	938	684	-	-	1,622
Coppice Wood Lodge	925	7,000	4,900	-	-	12,825
Ridge Ave Clinic	499	-	-	-	-	499
HHASC TOTAL	62,707	9,912	15,312	1,974	-	89,905

4 Year Programme:	Capital Programme Budget					
	APPROVED PROGRAMME	2016/17	2017/18	2018/19	2019/20	Total 16-17 to 19-20
		£'000	£'000	£'000	£'000	£'000
Schools & Children's Services						
Schools Access Initiative	93	-	-	-	93	
Target Capital Special Needs	9,121	-	-	-	9,121	
Children's Centres	701	-	-	-	701	
Targeted Capital School Meals Programme	3,666	2,872	-	-	6,538	
Schools Condition Funding	5,316	-	-	-	5,316	
Basic Need Primary School Places	823	-	-	-	823	
Primary Expansion Plan Phase 1	1,953	-	-	1,843	3,796	
Primary Expansion Phase 2 Grange School	605	-	-	-	605	
Primary Expansion Phase 2 Garfield School	2,825	-	-	-	2,825	
Primary Expansion Plan Phase 2	2,072	-	-	-	2,072	
Minchenden School (Upper Autism)	7,610	4,400	4,900	-	16,910	
Secondary Schools	93	-	-	-	93	
Fire Precaution Works	713	-	-	-	713	
Non School Schemes	101	-	-	-	101	
Programme before Devolved Funding	35,692	7,272	4,900	1,843	49,707	
Devolved Schools Capital Schemes	6,000	6,000	6,000	6,000	24,000	
SCS TOTAL	41,692	13,272	10,900	7,843	73,707	
TOTAL GENERAL FUND	227,315	130,993	67,202	32,273	457,783	

Housing Revenue Account					
Major Works	42,310	25,194	28,737	18,121	114,362
Minor Works	2,435	2,880	2,880	2,880	11,075
Estate Renewals	20,390	34,646	22,740	22,637	100,413
Grants to vacate	90	-	-	-	90
HRA TOTAL	65,225	62,720	54,357	43,638	225,940

APPROVED CAPITAL PROGRAMME	292,540	193,713	121,559	75,911	683,723
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Appendix B
Proposed Schemes not yet Funded or Approved

4 Year Programme:	Capital Programme Budget				
INDICATIVE PROGRAMME	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000
Environment & Regeneration					
TFL					
Future Years	-	3,178	4,453	1,903	9,534
Highways & Street scene:	-	7,450	8,450	8,450	24,350
Corridor Improvements Hertford Rd	-	-	-	-	0
Building Improvement Programme (BIP)	-	1,500	1,500	1,500	4,500
Disability Access Programme	-	200	200	200	600
Regeneration:	-	-	-	-	0
Lea Valley Heat Network	-	23,802	-	-	23,802
New Southgate	-	500	500	-	1,000
REGENERATION & ENVIRONMENT TOTAL	0	36,630	15,103	12,053	63,786
Health, Housing & Adult Social Care					
Housing	-	-	-	-	
Disabled Facilities Grant (£1.156m grant funded)	-	-	-	-	0
Housing Assistance Grants	-	-	-	-	0
Affordable Housing	-	7,106	2,100	2,100	11,306
Adult Social Care	-	-	-	-	0
Welfare Adaptations	100	100	100	100	400
HHASC TOTAL	100	7,206	2,200	2,200	11,706
Schools & Children's Services					
Schools Access Initiative	-	250	250	250	750
School Expansion Plan (Phase 2 PEP)	-	10,939	-	6,000	16,939
Schools Condition Funding	-	4,500	4,483	4,483	13,466
Fire Precaution Works	-	467	500	500	1,467
SCS TOTAL	0	16,156	5,233	11,233	32,622
GENERAL FUND INDICATIVE	100	59,992	22,536	25,486	108,114