



London Borough of Enfield

Report Title	2024/25 Quarter 3 (30 November) capital budget monitoring
Report to:	Cabinet
Date of Meeting:	8 January 2025
Cabinet Member:	Cllr Tim Leaver
Executive Director/Director	Olga Bennet – Director of Finance (capital & commercial)
Report Authors:	Olu Ayodele – Head of Finance (Capital & Treasury) Shirley Haider – Senior Finance Manager (Capital)
Ward(s) affected:	ALL
Key Decision Number	Non Key
Classification:	Part I Public

Purpose of Report

1. This report updates Cabinet on capital programme spend to date at Q3 (30 November) and provides a final forecast of capital programme spend and financing for 2024/25. It also seeks Cabinet approval to fund £170k growth in the Corporate condition capital programme from Pipeline contingency. The report also details the proposed carry forward of £43.1m unspent capital budget from 2024/25 to 2025/26, which has been reviewed by EMT Budget and requires Cabinet agreement to include in the draft 2025/26 capital programme for February Council approval.

Recommendations

Cabinet is asked to approve:

- a. The inclusion of £43.1m unspent 2024/25 capital budget in the 2025/26 capital programme for February Council approval, funded £16.4m borrowing and £26.7m grants and other external contributions. All proposed unspent budget carry forward has been reviewed by EMT Budget.
- b. The transfer of £170k budget from the Pipeline to Approved 2024/25 capital programme for corporate condition programme minor capital works.

Cabinet is asked to note:

- c. Quarter 3 spend to date of £127.7m, including £56.0m on Priority Projects. 34% of Priority Projects September budget has been spent to date. Significant spend is anticipated in Q4 for Meridian Water and the HRA Phase 4 Ladderswood programme.
- d. Quarter 3 full year forecast spend of £299.0m, funded from £139.5m capital grants, £4.6m S106 contributions and CIL, £30.6m capital receipts (including HRA Right to Buy receipts), £27.8m earmarked reserves and £96.5m borrowing.
- e. Management of key strategic capital & treasury risks by the Capital Finance Review Panel (CFRP), Meridian Water Executive Board and Executive Management Team Budget (EMTB)

Executive summary

2. Council approved a revised 2024/25 capital budget of £357.3m in September (September budget). £127.7m has been spent to date and £299.0m is forecast to be spent in total this financial year (83.7% of September budget).

Core services

3. September budget included £58.6m on core frontline services. Of this £25.5m has been spent to date (30 November) and £51.5m (88.2%) is forecast to be spent by year end. Significant spend is anticipated in Quarter 4 – particularly in Highways & street scene and the schools' capital programme as projects close. The Council's forecast investment in Core services is funded from £32.4m of external grants, £4.6m of s106 contributions and Community Infrastructure Levy (CIL), £0.3m of earmarked revenue reserve for sports pitches, £0.6m ringfenced capital receipts for the schools' capital programme and drug & alcohol service relocation and £13.6m borrowing. 73.5% of investment in front line services is funded from non-borrowing funding sources. There is a need to ensure the Council makes appropriate financial provision for the maintenance, upkeep and longer-term replacement of assets acquired through one-off

grant funding sources. This will be considered when developing the 2025/26 capital budget and 10-year programme.

4. Core services has seen £6.7m of approved growth to capital budgets since September budget – including £3.5m in Leisure, parks & culture, £0.9m grant funded growth in Adult Social Care, £0.6m in children & family services, £0.6m s106 contribution and CIL funded growth for quieter neighbourhoods, £0.4m grant funded growth in Highways & street scene, and net £0.5m s106 contribution and grant funded growth in the schools' capital programme. This growth has been approved in accordance with financial regulations and is detailed in Table 1.
5. In addition, Cabinet approval is requested in this report to transfer up to £0.17m of borrowing funded contingency budget from the Pipeline to the approved capital programme. This is to fund smaller capital works (less than £50k) and asset enhancing spend currently accounted for as revenue spend. All expenditure transferred to capital will be robustly examined to ensure it meets the strict definition of capital expenditure and is appropriately evidenced, prior to being transferred to the capital programme. Only spend that meets these criteria will be capitalised. This action is expected to reduce revenue pressure in 2024/25 by up to £0.47m (funded by £0.17m capital budget growth from Pipeline and £0.30m managed from within existing corporate property programme budget). Looking ahead the 10-year capital plan aims to ensure sufficient provision is made for smaller works on an annual basis.
6. Programme reductions of £5.8m are forecast within Core services. These are not expected to affect delivery of key Council priorities as they relate predominantly to budget corrections and changes in accounting treatment (for example £4.5m reduction in digital services capital budget in respect of expenditure now accounted for as transformational revenue spend).
7. £8.0m unspent budget in Core services is proposed to be carried forward into 2025/26. This includes £2m Levelling Up Angel Edmonton (programme had been paused pending confirmation of grant funding in November), £1.3m for phase 2 of the Liveable Neighbourhood Enfield Town programme, £1.0m Edmonton Leisure Centre, £0.7m highways digital fibre ducting, £0.4m Broomfield House Memorialisation and £1.4m in the schools programme (programme delays to Edmonton County School window replacement and to the Alternative Resource Provision (ARP) programme within schools). Officers have confirmed that associated capital grant funding can be carried forward into 2025/26. Phase 1 of the Drug & Alcohol Service relocation to Edmonton Business Centre is expected to complete by March 2025, with £0.3m budget funded from capital receipts for Phase 2 proposed to be carried forward into 2025/26. In addition, EMT Budget has reviewed and recommends the carry forward of £0.9m of unspent borrowing funded budget on core services into the 2025/26 capital programme. This represents committed spend for which no budget is available in 2025/26.
8. Progress on delivery of Core services Priority Projects is good. Enfield Children's Homes were completed in December and will enable the relocation of 6 children currently in out of borough placements. The Homes are expected to come into use when Ofsted registration is secured (expected February 2025). Works are planned for December 2024 to remodel John Wilkes House into a rapid assessment and resettlement hub, including 36 pod rooms for temporary accommodation. The new

Winchmore 6th form block has been completed and works are progressing at Oaktree School. Southgate Leisure Centre investment is now complete. Southbury Leisure Centre roof repairs, air handling and refurbished gym works have also completed. Changing room refurbishment is yet to complete.

Meridian Water

9. Current challenging market conditions because of economic forces of an unprecedented level are impacting all developments across the country, including Meridian Water. Despite this, Meridian Water continues to make good progress towards delivering its objectives. Quarter 3 forecast full year spend is £88.3m in comparison with September budget of £121.7m. This is because of delays in delivery of 242 HRA units (budget £15.7m and Q3 forecast now £4.64m) and Strategic Infrastructure Works (SIW) which are delayed because of the redesign of bridges and the canal wall. The year end forecast against the SIW capital budget of £80.3m, is £59.2m.

Companies

10. September budget assumed £29.4m of loan drawdowns by Housing Gateway Limited (HGL). To date HGL has drawn down £10.0m of loans, with a further £3.0m planned before year end (total forecast £13.0m loan drawdown). HGL plans to acquire 35 new properties this financial year. 12 properties have already been acquired and a further 23 properties are in the pipeline (average £250k per property). £3.8m of planned major works investment in Brickfield House are also progressing to provide additional flats for council tenants.
11. Energetik forecasts full drawdown of the £11.7m capital loan, approved in September budget. Spend against the HNIP grant for the A1.A2 contract for Tranche 3 works is currently forecast to overspend by £1.7m due to inflationary pressures resulting from the main contractor becoming insolvent. Energetik is investigating options to ensure the scope of works is amended so that they are delivered within available budget envelope. This investment will be used to continue network expansion.

Housing Revenue Account (HRA)

12. The HRA's Quarter 3 position is reported separately on this agenda. In summary full year spend of £134.5m is forecast at Quarter 3 against September budget of £135.9m. There are changes in planned spend within the HRA programme – in particular, the acceleration of Phase 4 of the Ladderswood development to acquire 82 new housing units this financial year, subject to January Council approval. This contributes to an overall net £11.5m increase in HRA borrowing in comparison with September budget.

2024/25 programme wide overview

13. Looking across the whole capital programme, Appendix A and Appendix B provide a summary of variances to September budget (£12.2m growth (table 1), £27.4m reductions and £43.1m proposed carry forward of unspent budget (Appendix C)) and narrative on key outcomes expected from 2024/25 capital programme expenditure.

14. Key risks within the capital programme remain around Meridian Water – there is risk that the borrowing funded cost of developing parcels planned for disposal will not be fully recovered from future capital receipts. This could result in the need for the Council to make prudent Minimum Revenue Provision (MRP) for any residual borrowing after disposal. There is also risk regarding the ability of Housing Gateway Ltd (HGL) and Energetik to repay loans (both outstanding historic and future planned) in full. Current mitigations are being reviewed and updated and will be reflected in the 2025/26 Capital and Treasury management strategy is, as required.
15. The variances to September budget (Appendix A) will result in changes to planned capital financing for 2024/25. This includes £27.6m reduced capital grants utilisation that are now expected to be used in later years. The most significant of these is Meridian Water Housing Infrastructure Fund (HIF). The Council has secured an extension from the Department for Levelling Up Housing & Communities (DLUCH) that accommodates a revised completion date of November 2026 for Meridian Water Strategic Infrastructure Works (SIW). Borrowing is forecast to reduce by £27.1m. This includes the removal of £28.3m borrowing from the programme. This action will result in around £1m per annum reduction in debt financing costs in comparison with estimates in February 2024, which reduces capital financing revenue budget growth in 2025/26. A further £16.4m of general fund borrowing is proposed to be reprofiled to later years, including £14.6m for Meridian Water. HRA borrowing is forecast to increase by £11.5m because of accelerated property acquisitions to help provide temporary accommodation solutions.
16. Appendix C details £43.1m of unspent September budget (12.2%) that is proposed to be carried forward into later years of the capital programme. This consists of £35.7m on Meridian Water, £8.0m on Core Services and net £0.6m accelerated HRA spend brought forward from 2025/26. £16.4m of the £43.1m proposed unspent budget carry forward is funded from borrowing - £14.6m for Meridian Water, £1m for Edmonton Leisure Centre and £0.8m for general fund core services. Proposed carry forward of unspent borrowing funded budgets was reviewed by EMT Budget in December and recommended for carry forward into 2025/26.
17. Overall, the Council forecasts it will spend £299.0m (83.7%) of September budget. Progress in delivering Priority Projects has been scaled up since Q2 report – especially for Priority Projects in core services. Significant spend is forecast in Q4 for the HRA Ladderswood programme (subject to January Council approval) and Meridian Water.

2025/26 capital budget and ten-year programme development

18. An early draft of the proposed 2025/26 capital budget and ten-year plan is in development. The focus of the 10-year plan is to ensure that it is realistic, affordable, and consistent with the Council's wider strategic aims and ambitions (including place-shaping).
19. Work to date has resulted in a more comprehensive assessment of the Council's capital investment requirements – particularly in core services – including the need for lifecycle planning, a robust fleet and infrastructure replacement plan, asset management plan, and a more realistic assessment of annual indicative allocations for rolling programmes (e.g. digital services).

20. Similarly an updated 10-year Pipeline programme is being developed. The pipeline programme reflects strategic projects that have not yet been fully costed or are dependent on external factors. Individual pipeline projects will be transferred into the approved capital programme following Cabinet approval of a robust business case, subject to an assessment of its impact on the Council’s capital programme affordability metric.

Quarter 3 (Q3) capital programme budget monitoring - detailed update

21. At Q3 the Council forecasts full year capital programme spend of £299.0m. This compares with £357.3m September budget and £306.1m forecast at Q2. £127.7m (42.6% of Q3 forecast) has been spent by 30 November. Significant spend is forecast in the Meridian Water and HRA capital programmes in Q4 of this year. Figure 1 illustrates changes in estimates of 2024/25 capital spend since September budget and Appendix A summarises all variances:

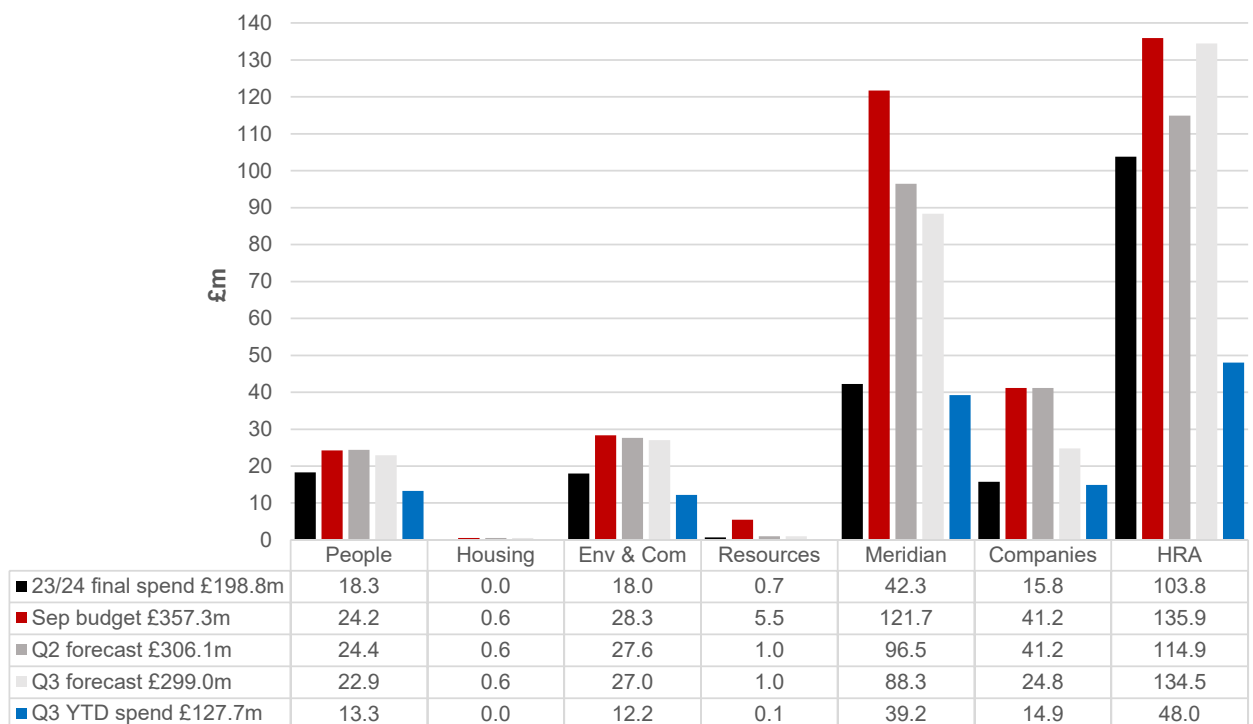


Figure 1: Q3 spend to date in comparison with September budget, Q2 and Q3 forecast

22. At Q3, £43.1m unspent capital budget is proposed to be carried forward from 2024/25 to 2025/26 (12.2% of September budget) (Appendix C). This consists of £16.4m unspent borrowing funded budget and £26.7m externally funded budget. All unspent borrowing budgets have been reviewed by EMT Budget. They include £0.8m borrowing on core services (vehicle replacement programme, electric quarter and foster carer extensions), £1.0m borrowing for Edmonton leisure centre and £14.6m borrowing for Meridian Water (total £16.4m borrowing). Grant and other externally funded unspent budget of £26.7m includes £21.1m of Housing Infrastructure Grant (HIF) funded budget, reflecting delays to the Strategic Infrastructure Works (SIW) phase of Meridian Water, and £2.0m Levelling Up funding for Angel Edmonton (programme paused pending November Budget confirmation of funding). The revised profile of planned HIF grant and Levelling Up funding utilisation has been agreed by

the Department for Levelling Up, Housing & Communities (DLUHC). All proposed carry forward of unspent budgets are detailed in Appendix C.

23. Growth in the capital programme of £12.2m is summarised in table 1 below. All growth is approved in accordance with financial regulations apart from proposed growth for the transfer of up to £170k borrowing funded contingency budget from pipeline into the capital programme to fund small corporate property programme capital works, for which Cabinet approval is sought in this report.

Programme	Project	£m	funding
Education	Winchmore 6th form, RAAC and Capel Manor school	0.47	grant/s106
school & early years improvement	Expanded nursery and early years provision	0.53	grant
family hubs	Craig Park Stay & Play	0.08	grant
adult social care	Integrated community equipment and disabled adaptations	0.85	DFG grant
adult social care	Idox document management	0.10	DFG grant
journeys & places	Enfield Town to Broxbourne Cycle Route, Quieter Neighbourhoods, New River	0.55	s106, CIL, TfL grant
highways & street scene	Mollison Avenue and Lea Valley Road Bridge	0.20	TfL grant
highways & street scene	A106 Green Lanes carriageway	0.20	TfL grant
flood alleviation	Watercourses	0.34	Grant & s106
parks, playgrounds & verges	Southbury 3G football pitch	0.64	£0.4m grant / £0.2m earmarked reserves
parks, playgrounds & verges	Edmonton leisure centre (KD5762)	2.50	Borrowing
Meridian Water HIF	SIW works	0.28	HIF grant
Meridian Two	barter arrangement (inc stamp duty)	5.19	Third party contribution & £0.32m borrowing
corporate condition programme	Civic centre lift replacement (budget to be moved from pipeline – KD 5815)	0.06	Borrowing
corporate condition programme	Smaller capital works (subject to Cabinet approval)	0.17	Borrowing
proposed growth since September budget		12.2	

Table 1: proposed growth since September budget

24. Appendix A also details £27.3m of forecast reductions to the programme, including the removal of £23.8m borrowing. A further £3.9m of grant funded budget reductions are forecast, reflecting corrections to indicative grant funded budget estimates for Enfield Chase and the schools' capital programme.
25. These changes have had a significant impact on planned financing for 2024/25, as outlined in Figure 2 below:

capital funding	Sep budget	Q3 forecast	var to Sep budget
	£m	£m	£m
government grants	167.1	139.5	(27.6)
s106 contributions	2.1	2.8	0.8
CIL	2.6	1.7	(0.8)
revenue contribution	0.1	0.3	0.3
capital receipts	20.9	14.0	(6.9)
right to buy receipts	13.8	16.6	2.9
earmarked reserves	21.9	19.2	(2.7)
major repairs reserve	5.5	8.3	2.8
borrowing	123.6	96.5	(27.1)
total financing	357.4	299.0	(58.4)

Table 2: Q3 capital programme financing in comparison with September budget

26. £27.6m reductions in expected grant utilisation mostly reflect the proposed reprofiling of grant funded budgets – including £21.6m for HIF funded Strategic Infrastructure Works at Meridian Water.
27. The other significant change is borrowing, which is forecast to reduce by £27.1m (Figure 3). This includes the removal of £23.8m of borrowing from the general fund capital programme (£16.4m HGL, £4.0m digital services, £3.2m Meridian Water and £0.2m vehicle replacement programme).
28. Reductions in digital services and vehicle replacement programme are forecast to result in around £1.0m revenue saving in 2025/26 debt financing costs (saving already assumed in budget 2025/26). Whilst not having a direct impact on the Council's minimum revenue provision, which is only required to be made on assets from the year after they become operational, reductions in HGL and Meridian Water borrowing will have a favourable impact on the Council's interest cost.
29. £16.4m of general fund borrowing is proposed to be carried forward to future years (as opposed to being removed entirely from the programme). HRA borrowing is forecast to increase by £11.5m because of proposed accelerated property acquisitions for Phase 4 Ladderswood (subject to January Council approval).

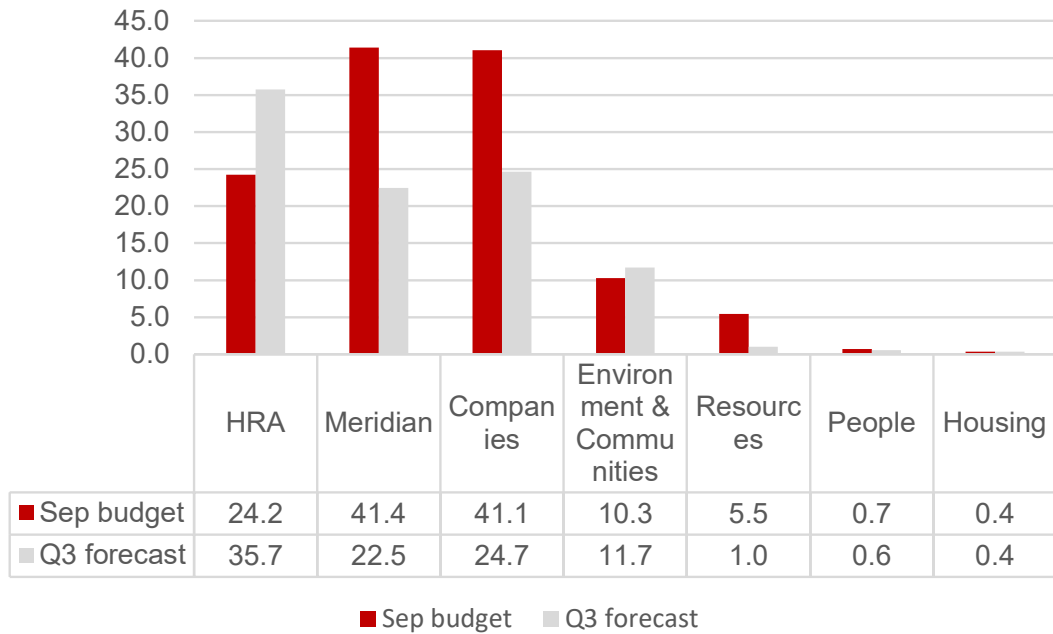


Figure 3: £96.5m Q3 forecast borrowing requirement in comparison with £123.6m September budget

30. Appendix B provides narrative on key changes and outcomes expected from Q3 forecast investment.
31. The impact of Q3 forecast full year spend on delivery of the Council's core objectives is summarised in table 2 below:

Council Objective	Sep budget £m	Q2 forecast £m	Q3 forecast £m	Key outcomes anticipated
More and Better Homes	287.1	240.8	235.9	67 flats at Meridian One to be completed and transferred to the HRA. £43.4m planned investment in Council homes to deliver improvements to decency standards, comply with building, fire safety regulations, and improve property energy performance. Further £86.4m planned investment to deliver new council homes and £4.6m on estate regeneration. HGL 35 new properties planned to be acquired this year.
Thriving Children and Young People	20.5	21.1	18.5	Winchmore School new 6 th form building, Swan Centre remodelling (both expected to complete 2024/25) and investment in school buildings including windows, heating system, lighting upgrades and new boiler installation. Enfield Children's Homes – expected to first placements in the new year. New 'Family Hubs' within existing youth centre premises, including Stay &

Council Objective	Sep budget £m	Q2 forecast £m	Q3 forecast £m	Key outcomes anticipated
				Play facilities and grant funded expansion to local nursery provision.
Strong, Healthy and Safe Communities	11.7	10.9	11.8	4km of carriageway & 1.5km of footway replacement surfacing and programme of structural repairs to bridges and culverts. Priority fleet vehicle replacement (14 cage tippers and 5 refuse trucks and 6 vehicle refurbishments), investment in digital fibre ducting and CCTV cameras (84 cameras including Albany Park), private home adaptations to support disabled adults to remain at home and John Wilkes House refurbishment.
An Economy that Works for Everyone	23.9	16.9	16.1	Investment in Energetik, corporate estate and Digital services (potential forecast underspend in Digital services)
Clean and Green Spaces	14.2	16.3	16.8	New cycle routes, active travel arrangements, flood alleviation measures, refurbishment of parks and playground equipment, investment in leisure centres (Southgate, Southbury and Edmonton), Broomfield Park boating pond and tennis court refurbishment across Enfield parks and continuing work to increase capacity at Sloeman's Farm natural burial ground.
	357.3	306.1	299.0	

Table 2: Q3 forecast spend by Council priority, in comparison with Q2 forecast and September budget

Quarter 3 (Q3) actual spend to date

32. The Council has spent £127.7m of its capital budget to date – consisting of £25.5m on Core services, £39.2m on Meridian Water, £14.9m loans to wholly owned companies and £48.0m in the Housing Revenue Account (HRA).
33. This represents approximately 35.7% of September budget and 42.6% of Q3 full year forecast. Significant spend is expected in Q4 – particularly in respect of the HRA and Meridian Water.
34. The capital programme includes several 'Priority Projects.' These are currently defined as projects that are strategically important and / or are expected to have a material

impact on the Council's Revenue budget position. Either by supporting the delivery of savings assumed in the Medium Term Financial Plan (MTFP) or alleviate additional revenue budget pressures.

35. September budget included £164.3m capital budget for Priority Projects (46% of £357.3m total September budget). Q3 full year projection is that £127.6m (77.7%) of Priority Projects capital budget will be spent this year, see Table 3 below.

priority project	planned outcomes	Sep budget	Q2 f'cast	Q3 f'cast	Q3 YTD	Q3 YTD	current status
		£m	£m	£m	£m	%	
Meridian Water	Meridian One homes and commercial space at Meridian Two. New roads and bridges to support future parcels and remediation works	121.7	96.5	88.3	39.2	32%	<p>Significant progress has been made across the programme but some delay to Meridian One and Strategic Infrastructure Works (SIW).</p> <p>SIW – key delays relate to canal wall boundaries drawn incorrectly on Phase 2 outline planning design information, resulting in the need for redesign of a bridge (B1). Non-material planning amendment to be submitted to the Local Planning Authority in early 2025 as a result.</p> <p>Meridian One – Although 220 homes have been completed, there have been delays because of the requirement for a second staircase, challenges in the shared ownership market and the need for Vistry to secure partners coupled with the enhanced gateway process and revised planning & delivery strategy. In relation to M1A, there have been complications with the heating and hot water commissioning processes which have led to delays.</p>
Joyce & Snells	Delivery of 2,000 new homes in Enfield	9.8	12.6	9.8	4.3	44%	<p>Planning for 2,028 homes has been granted and enabling and PCSA works procurement completed. Contract for design & delivery expected to be awarded by March 2025. Review of delivery and financing options underway</p>

priority project	planned outcomes	Sep budget	Q2 f'cast	Q3 f'cast	Q3 YTD	Q3 YTD	current status
		£m	£m	£m	£m	%	
Temporary accommodation	MTFP cost avoidance John Wilkes House (JWH) remodelling and acquisition of 56 new properties in 24/25	23.2	15.0	18.6	4.0	17%	JWH building works expected December 24. Q3 forecast reduced to acquisition of 40 HRA properties this year, of which 16 have already been acquired. Acquisitions dependant on condition surveys and property valuations
mental health and wellbeing centre	Manifesto pledge New mental health hub at Park Avenue	0.5	0.5	0.5	0.0	3%	£0.2m design fees committed to reach RIBA Stage, which was reached end of November. Design stage continuing and approval will be required to progress to construction phase (target January 2026). Project dependant on Community House refurbishment. £1.9m Levelling Up funded works scheduled for 2025/26 and 2026/27
Addison House and Portcullis Lodge	MTFP impact (DSG) New DfE funded SEND primary schools - the Council's contribution is limited to abnormal spend arising only	0.3	0.3	0.3	0.0	14%	The DfE have put a pause on the approval of Portcullis Lodge - Heads of Terms, which will impact programme delivery. £0.2m is still planned to be spent this year on the eradication of Japanese knotweed, legal fees and internal fees. £1.8m is budgeted in future years (£1.0m 25/26 and £0.8m 26/27) to cover site abnormalities. These will be defined in early 25/26 through the DfE feasibility study. Addison House is proposed for delivery through the DfE instead of LBE self-delivery. Of the £2m originally allocated in 25/26 it is proposed that only £1m may now be required to fund site abnormal spend. This value will also be defined through DfE feasibility study (after Heads of Terms are agreed in 26/27). £0.5m budget for abnormal spend is planned in 25/26 and a further £0.5m in 26/27
Enfield Children's Homes	MTFP savings 2 new children's homes - providing 6 new places. MTFP savings anticipated from 24/25	0.5	0.5	0.5	0.3	61%	Works complete. New homes handed over to service provider December 2024. Full spend expected (awaiting final invoices). First placements expected February 2025, once Ofsted registration secured
Oaktree School &	MTFP impact (DSG)	5.6	6.9	6.4	5.7	102%	Winchmore new 6 th form block complete. Costs increased by

priority project	planned outcomes	Sep budget	Q2 f'cast	Q3 f'cast	Q3 YTD	Q3 YTD	current status
		£m	£m	£m	£m	%	
Winchmore School	Oaktree School - additional 33 places Winchmore additional 20 SEND places and new 6th form block (150 post-16 places currently at Laurel Park School)						£0.8m funded from s106. Oaktree planning approved, works due to start Q1 25/26.
Southgate and Southbury leisure centres	Manifesto pledge Essential works to maintain service and safeguard leisure centre income	2.7	3.2	3.2	2.4	90%	Southgate works complete. Southbury works - changing room refurbishment outstanding. Forecast includes £0.5m contingency (virement from digital services)
		164.3	135.5	127.6	56.0	34%	

Table 3: Q3 Priority projects spend to date compared with September budget

Risk management

36. Key capital & treasury risks, along with planned actions to mitigate them have been identified and reported to EMT Budget. These risks, if not properly managed, have the potential to result in new and significant unfunded revenue pressures within the General Fund and HRA, as summarised below.
37. Meridian Water – there is risk that the borrowing funded cost of developing parcels planned for disposal will not be fully recovered from future capital receipts. If this risk materialises, the Council would be required to make prudent minimum revenue provision for residual borrowing anticipated after disposal. In addition, there would be an impact on the Council's revenue costs via interest cost. To mitigate this risk, Meridian Water reports to Cabinet on an annual basis on the long-term financial outlook to ensure that the project maintains financial viability.
38. Repayment of loans to companies – the ability of Housing Gateway Ltd (HGL) and Energetik to repay loans (both outstanding historic and future planned) is regularly reviewed to ensure that both companies remain strong and are able to repay their loans in full.
39. HRA borrowing levels – There is risk that the current 10-year capital programme and borrowing requirement for the HRA is unaffordable. To mitigate this, the HRA has strong financial controls and metrics in place and plans on a 30-year horizon.
40. The Capital & Treasury strategic risk register is monitored by the Capital Finance Review Panel (CFRP) and Capital Finance Board.

Key performance indicators (KPIs)

41. The Council's capital strategy emphasises the need to ensure the capital programme is financially affordable and sustainable. Key performance indicators (KPIs) have been designed within the Capital & Treasury Team to assist with monitoring the delivery of this. Progress against each KPI is shown in table 4 below.
42. One KPI is currently RAG rated as amber:
- Spend to date on Priority projects in comparison with budget
43. The latter is forecast to improve during the year as delivery of Priority project budgets that have only recently been approved gain momentum.

		Target	Q3 actual	Comments
1	GF MRP as a % of General Fund 31 March 2024 capital financing requirement (CFR)	2.0%	2.0%	In line with target
2	Revenue debt financing costs as a % of Net Revenue Budget (NRB)	12.0%	8.6%	2024/25 debt financing costs in line with target
3	% capital receipts cash received (target 100% by year end)	£23.9m	£22.1m	2024/25 capital receipts target on course to be delivered
4	% priority projects September budget spent (target 65% at Q3)	65%	34%	Further detail in Table 3 Above target: Enfield Children's Homes, Oaktree & Winchmore schools, leisure centres Below target: temporary accommodation, Meridian Water and Joyce & Snells

Table 4: Q3 capital programme KPIs

Capital financing sources

Capital receipts

44. Excluding Claverings disposal, the Council's 2024/25 ten-year capital strategy assumed £90m of general capital receipts would be delivered by 2033/34, including £7.5m in 2024/25. Good progress has been made against this cumulative target – with

£15.8m of general receipts (excluding Claverings) expected to be received by 31 March 2024/25.

45. At Q3 the Council has £27.4m of general usable capital receipts available (£5.3m brought forward and £22.1m received in year). A further £10.1m capital receipts are anticipated in 2024/25 which, if realised, will increase the Council's capital receipts balance to £37.6m by the year end.
46. Of this, based on Q2 full year forecast, the Council will utilise £6.9m capital receipts as funding for 2024/25 revenue spend (under the flexible use of capital receipts policy) (table 5 below). This is less than the limit approved by Full Council, which assumed up to £4.2m would be required to fund digital services 2024/25 transformational revenue spend – the Q2 forecast transformational digital services revenue spend is now £1.2m.
47. Cabinet will note that capital receipts are not assumed as funding for capital spend or to reduce historic borrowing. The new capital strategy (February Council) will propose the partial reinstatement of the use of capital receipts to repay borrowing from 2028/29.

General usable capital receipts				
	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000
Balance SAP 1 April	(5,315)	(30,486)	(27,149)	(28,832)
capital receipts received	(22,092)			
capital receipts forecast but not yet received	(10,147)	(5,975)	(6,705)	(6,892)
Q3 forecast capital receipts available	(37,554)	(36,461)	(33,854)	(35,724)
flexible use of capital receipts (Q2 forecast)	6,940	9,000	5,000	
Drug & Alcohol service relocation (Claverings)	127	313	22	
Q2 forecast utilisation	7,067	9,313	5,222	
Q3 forecast residual capital receipts 31 March	(30,486)	(27,149)	(28,832)	(35,724)

Table 5: Q3 forecast capital receipts and Q2 planned utilisation

S106 contributions & CIL

48. At 30 November, the Council held £7.8m s106 contributions in the balance sheet, with a further £3.8m to be received by the end of Q3 (£11.6m total). Of this £2.9m is allocated to the capital programme in 2024/25 and 2025/26. Further s106 contribution capital funding will be sought in the 2025/26 capital budget and ten-year plan. This

includes the use of s106 contributions as match funding to help leverage in further external grant funding (particularly around flood alleviation and journeys & places – programmes which are wholly externally funded).

49. A review is ongoing to identify spend currently funded from revenue budgets, which is potentially eligible for s106 contribution funding, subject to meeting the strict spend requirements attached with each developer contribution.

Financial risks

50. A capital programme risk register has been developed and will be incorporated within the Council's corporate risk register. Key risks are managed and reported to Capital Finance Review Panel and Executive Management Team.

Financial implications

51. Financial implications are contained throughout this report.

Legal implications

52. Local authorities must distinguish between capital expenditure and revenue expenditure in their accounting. 'Capital expenditure' for this purpose is defined, in the Local Government Act 2003, as "expenditure of the authority which falls to be capitalised in accordance with proper practices". The quantity of expenditure that is required for capital projects means that most local authority capital finance is obtained through borrowing.
53. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. The Chartered Institute of Public Finance and Accounting (CIPFA) Prudential Code for Capital Finance in Local Authorities (the Prudential Code) underpins the system of capital finance.
54. Local authorities determine their own programmes for Capital investment that are central to the delivery of quality local public services. The Prudential Code has been developed as a professional code of practice to support local authorities in taking decisions, such as those relating to capital strategies and programmes contained in this report.
55. In relation to the use of the grant funds, the Council must ensure that it complies with its terms and conditions.

Equalities implications

56. No direct equalities implications arising from this report

Environmental and Climate Change implications

57. No direct environmental and climate change implications arising from this report

Public Health implications

58. No direct public health implications arising from this report

Property implications

59. No direct property implications arising from this report

Conclusion

60. The Council has spent £127.7m of its 2024/25 capital programme budget to date. This includes £56.0m on Priority Projects. The Council forecasts final outturn spend of £299.0m for the year, including £134.5m on HRA and £88.3m on Meridian Water. There have been significant changes in planned capital financing since September budget, including the permanent removal of £23.8m of borrowing from the capital programme. Looking ahead, early draft 2025/26 capital budget and ten-year plan is being developed for February Council approval.
61. Key strategic risks within capital & treasury have been identified and a governance process is in place to manage them.
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Appendices

Appendix A: Q3 forecast in comparison with £357.3m September budget

Appendix B: Key outcomes anticipated from 2024/25 capital spend

Appendix C: Proposed carry forward of unspent September budget from 2024/25 to 2025/26 (for Council approval February 2025)

Appendix A: Q3 full year forecast in comparison with £357.3m September budget

	September budget	forecast growth	forecast reduction	virement	estimated carry forward at 2024/25 outturn	Q3 full-year forecast
	£m	£m	£m	£m	£m	£m
education	19.7	0.5	(1.5)		(1.4)	17.3
children & family services	0.7	0.6			(0.1)	1.2
adult social care (inc DFG)	3.3	0.9				4.2
public health	0.5				(0.3)	0.2
People	24.2	2.0	(1.5)	0.0	(1.8)	22.9
temporary accommodation	0.6					0.6
Housing	0.6	0.0	0.0	0.0	0.0	0.6
digital services	5.5		(4.0)	(0.5)		1.0
Resources	5.5	0.0	(4.0)	(0.5)	0.0	1.0
environment & street scene	5.7	0.4	(0.1)		(0.7)	5.3
leisure, parks & culture	5.3	3.5			(1.5)	7.7
public realm (vehicle replacement)	2.1		(0.2)		(0.6)	1.4
journeys & places	12.7	0.6			(3.3)	10.0
property & economy	2.5	0.2			(0.1)	2.6
Environment & Communities	28.3	4.7	(0.3)	0.5	(6.2)	27.0
Meridian Water	121.7	5.5	(3.2)		(35.7)	88.3
Energetik	11.7					11.7
Housing Gateway Ltd	29.5		(16.4)		(16.4)	13.1
Companies	41.2	0.0	(16.4)	0.0	(16.4)	24.8
General Fund	221.5	12.2	(25.4)	0.0	(43.6)	164.6
Housing Revenue Account	135.9	0.0	(2.0)	0.0	0.6	134.5
capital expenditure	357.3	12.2	(27.4)	0.0	(43.1)	299.0

Appendix B: key outcomes expected from Q3 full year forecast spend

People

Education: £17.3m Q3 forecast (£19.7m September budget) - £2.5m forecast underspend

The new Winchmore 6th form block was completed this financial year, funded from DfE grant and £2.3m s106 contributions (£1.3m 23/24 and £1.0m 24/25). The Council continues to work closely with the DfE on Heads of Terms for the construction of new Portcullis School (96 new primary school SEND places). If approved this project will be funded by the DfE, with the Council's contribution capped to 'abnormal spend.' The Service also plans to dispose of 6 further former caretakers lodges on school land, the receipts from will be allocated to schools (via bidding process) to help develop alternative resource provision (ARP) within existing school premises. The bulk of the ARP programme is now expected to be delivered in 25/26.

Children & Families: £1.2m Q3 forecast (£0.7m September budget) - £0.5m forecast growth

Grant funded growth of £0.1m included in forecast for new Stay & Play facility at Craig Park Family Hub – potential further £0.1m s106/CIL bid to be submitted to complete these works in 2025/26. Further £0.5m grant funded growth for early years expansion within the Borough. This is DfE grant funding that is passported to local providers for the expansion of their facilities. Budget also includes £0.1m borrowing for 2 private home loft conversions (scheme closed to new applicants) and £0.5m borrowing for Enfield Children's Homes. Construction work on both children's homes was completed within £0.5m budget and the children's homes were handed over to appointed service provider in December. The Council is now seeking formal Ofsted registration. The new premises will provide accommodation for 6 children currently in out of borough placements. The children are expected to be moved into the new accommodation in phases commencing February 2025.

Adult Social Care: £4.2m Q3 forecast (£3.3m September budget) - £0.9m forecast growth

Approximately £0.2m of budget has been committed to date on design fees to reach RIBA Stage 2, which was reached at the end of November. Design stage work is continuing, and approval will be required to progress to construction phase (target January 2026). The delivery of the project is dependent on Community House refurbishment. £1.9m Levelling Up funded works are scheduled for 2025/26 and 2026/27 for this. This is in addition to £200k grant funded budget in 2024/25 for Park Avenue ground floor relocation. Additionally, the corporate property programme includes September budget of £0.1m borrowing funded works for roof and lift replacement at the new Mental Health Hub. Of this £60k for lift replacement work is forecast to be carried forward into 25/26, as these works will be undertaken as part construction works phase for the Hub.

Grant funded growth of £0.9m includes £0.1m for Idox document management system, £0.8m for Integrated Community Equipment Store (ICES) and staff time for managing the disabled homes adaptations programme.

Public Health: £0.2m Q3 forecast (£0.5m September budget) - £0.3m forecast underspend

Revised business case for drug & alcohol service relocation to Enfield Business Centre (EBC) has been approved (KD 5830). Revised budget to be funded from combination of capital receipts and s106 contributions. Phase 1 of these works, for the temporary creation of clinical spaces within part of the ground floor of EBC will enable the Drug & Alcohol service to vacate current premises by 31 March 2025 and relocate without service disruption. Phase 2 of the programme will be undertaken in 2025/26 and will create permanent provision within the EBC.

Housing

Temporary Accommodation - £0.6m Q3 forecast (£0.6m September budget)

Forecast assumes full spend of £0.6m budget (funded from £0.2m grant and £0.4m borrowing) for the refurbishment of John Wilkes House into a rapid assessment and resettlement hub, including 36 pod rooms for temporary accommodation. Contract awarded September 2024 and works are expected to complete in December.

Environment & Communities

Environment & street scene - £5.3m Q3 forecast (£5.7m September budget) - £0.4m forecast underspend

Forecast includes £0.4m of TFL grant funded growth in Highways & Street Scene for bridge repairs and carriageway resurfacing (forecast for Highways & Street Scene now £4.4m). In total 4km of carriageways and 1.5km of footways are planned to be improved by March 2025. A further £0.2m grant funded investment in highways fibre ducting works is also planned for this year, with the remainder of the budget planned to be spent in 2025/26. Programme also includes £0.7m DfT grant funded traffic & transportation works (bus priority schemes, carbon emission reduction, junction improvements). This funding must be spent on LIP priorities but there is scope to repurpose funding towards projects within Journeys & Places, subject to TfL approval. £0.15m CCTV budget funded from borrowing, s106 and third-party contribution. Current plan is to replace 84 cameras this financial year (total 1100 cameras across the Borough).

Public realm (Vehicle replacement programme) - £1.4m Q3 forecast (£2.1m September budget) - £0.7m forecast underspend

£0.6m of vehicle replacement programme budget is proposed to be carried forward at year end for 3 refuse trucks ordered in November but expected to arrive in early 25/26. The £1.4m full year forecast spend will allow for the acquisition of 5 refuse vehicles and 14 cage tippers for parks and street cleansing. Forecast spend also includes the refurbishment of 6 vehicles to further extend vehicle life and reduce revenue repair spend. Looking ahead the Service is developing a long-term fleet replacement strategy and plan, which will better inform the Council's 10-year capital plan. The fleet replacement strategy will consider the Council's full strategic fleet requirements including infrastructure and capacity for more electric vehicles. Additionally, £0.9m waste grant has been received for food waste recycling programme - expected to be spent in 2025/26.

Leisure, parks & culture - £7.7m Q3 forecast (£5.3m September budget) - £2.5m forecast growth

Forecast includes £2.5m growth for Edmonton leisure centre (to be funded by a repayable Council contribution), £1.5m of which is planned in 2024/25 and £1.0m in 2025/26. Forecast also includes £0.6m grant and revenue reserve funded growth for Southbury 3G football pitch (works were managed by the Football Association and are now complete). Forecast assumes £0.5m borrowing funded contingency will be moved from underspend in digital services to leisure centres if required. Works at leisure centres are progressing well – Southgate Leisure Centre investment is now complete. Works at Southbury Leisure are progressing at pace, with roof repairs, air handling complete and refurbished gym opening in November. Remaining budget (including contingency) is allocated to changing rooms refurbishment and to fund any additional unforeseen expenditure arising from the refurbishment if required. £0.4m of £0.6m Broomfield Park memorialisation budget is now expected to be carried forward at outturn. This budget is Heritage Lottery Fund (HLF) funded to develop business case for the delivery phase of the programme.

Flood alleviation – £2.0m investment in flood prevention measures including Enfield Chase restoration is forecast this year. The programme is predominantly funded from capital grants, s106 and CIL.

Sloeman's Farm - £0.05m forecast spend in 2024/25. This spend, along with 2023/24 capital spend, will be funded temporarily from borrowing. This borrowing is expected to be repaid in 2025/26 from soil importation cash receipts. Soil importation income is also expected to fund the construction of on-site building in 2026/27 from which to hold memorial services.

Journeys & places – £10.0m Q3 forecast (£12.7m September budget) - £2.7m forecast underspend

Forecast reflects status of Levelling Up funding for Angel Edmonton – forecast spend is now £0.9m in comparison with budget of £2.9m. Building on work completed in previous years (for example Angel Yard Workspaces and Living Room Library), this programme will invest a further £11.9m of government grant into strategic place-shaping improvements in Angel Edmonton – including Community House (to support new mental health and wellbeing hub, public realm improvements along Fore Street and improved place-shaping links with Meridian Water and Joyce & Snells developments (Claremont Street junction, Community Food Hub, Boundary Hall). Forecast also includes £1.9m spend on Liveable Enfield Town (reduced from £3.2m budget), which will be delivered in phases with approval to spend granted as phases are completed, and £3.9m grant funded Enfield Town to Broxbourne cycle route (including forecast £0.1m s106 funded growth). Planned spend is funded entirely from capital grants, s106 & CIL.

Property & economy - £2.6m Q3 forecast (£2.5m September budget) - £0.1m forecast growth

Corporate Condition Programme – includes growth of £0.06m for civic centre lift refurbishment (further £0.4m spend planned in 2025/26). This will be temporarily funded from borrowing funded contingency moved from pipeline. £0.3m Community House windows replacement works budget has been reallocated as additional funding for Cooling Tower work. Forecast spend for the Cooling Tower is now £0.7m (in comparison with £0.4m budget). Other significant spend includes £0.6m Bridgewood House heating and £0.3m Craig Park Unity Hub roof replacement. The Q3 forecast also assumes the corporate condition capital budget 2024/25 will include £0.5m provision for smaller value works currently funded from revenue budget. This represents smaller value refurbishments and capital works between £10k and £50k not currently accounted for as capital because of the Council's £50k de minimis threshold for capital spend. The £0.5m overall programme growth will be funded from £0.30m existing capital programme budget and £0.17m borrowing funded pipeline contingency, subject to Cabinet approval (sought in this report). £60k contribution towards Mental Health Hub (Park Avenue) lift replacement is forecast to be carried forward at outturn as this work will be undertaken during the construction phase, not expected until 25/26.

Electric Quarter – current forecast assumes utilisation of £0.35m September budget for outstanding electric quarter CPOs. This will be funded from borrowing if s106 contributions cannot be secured.

Resources

Digital Services - £1.0m Q3 full year forecast (£5.5m September budget) - £4.5m forecast reduction

Forecast variance includes estimated £4.0m reduction in capital budget (for Cloud / SAS based works and staff recharges) and the reallocation of £0.5m borrowing funded budget as contingency for leisure centres (under s151 Officer delegation). If realised, the net £4.0m reduction will result in around £0.8m saving in MRP in 25/26. This saving has already been built into MTFP figures reported elsewhere on the agenda. The forecast £1m in 2024/25 is for the replacement of laptops and other physical Digital services equipment

Meridian Water

Meridian Water - £88.3m Q3 full year forecast (£121.7m September budget) - £33.4m forecast underspend

Planned outcomes include:

- Meridian One – 99 HRA units were planned to be delivered in 2024/25. The latest update from Vistry is that practical completion of block E2 is now likely to be Q1 2025/25. 67 HRA units will now be completed this financial year
- Meridian Three – work continues to bring this parcel to market in 2026/27
- Meridian Thirteen – the Council is currently in discussion with a potential development partner
- Strategic Infrastructure Works (SIW) – significant progress has been made with archaeological trenches and clearing of fly tipped material, enabling works are ongoing, works ongoing across various zones to assist in breaking out / grubbing up hardstanding, significant works to utilities (including spend with UKPN, Cadent, Thames Water and BT), with significant works on Anthony Way, significant progress made with the removal and disposal of existing retaining wall, site clearance and progress with Rivermede Road. Delays are expected due to canal wall and bridge redesign work needed as they were incorrectly positioned on the masterplan

Forecast variance reflects delays to delivery of grant funded Strategic Infrastructure Works (SIW). The latest completion date for works is November 2026

The knock-on impact of delays in SIW on the realisation of capital receipts from parcel disposals is a key risk that must be managed effectively by the Council. Achievement of assumed capital receipts as planned affects the Council's cash-flow and borrowing requirement as well as potential need to make voluntary revenue provision in respect of Meridian Water borrowing not repaid through capital receipts.

Companies

Housing Gateway Ltd - £13.1m Q3 full year forecast (£29.5m September budget) - £16.4m reduction

HGL plans to acquire 35 new properties this year, 12 of which have already been acquired with a further 23 properties in the pipeline (average £250k per property). Major works are also progressing at Brickfield House to provide additional flats for council tenants. In total £3.8m of investment in major works is planned this year.

Energetik - £11.7m Q3 full year forecast (£11.7m September budget)

See LBE Companies Period 6 Performance Monitoring Report 2024/25

Appendix C: additional proposed carry forward of unspent budget 2024/25 to 2025/26

	Project	original 25/26 budget	2024/25 c/fwd. approved Sep Council	2024/25 additional c/fwd. proposed Feb Council	Other proposed 2025/26 budget adjustments	2025/26 proposed budget	Reason for carry forward
		£000	£000	£000	£000	£000	
1	electric quarter			175		175	Nil budget if no carry forward
2	corporate condition programme	2,000	90	(35)	(60)	1,995	£35k reduction in carry forward approved Sep Council. Further £60k reduction in 25/26 to repay pipeline borrowing
3	vehicle replacement programme	5,422		570	(4,422)	1,570	£570k to cover outstanding commitments. Further £4.4m removal of original indicative 25/26 budget allocation
4	Edmonton leisure centre			1,000		1,000	Reprofile of leisure centre investment
5	foster carer home expansion			115		115	£0.1m to cover existing commitments
6	Meridian Water	25,697	14,243	14,583	(26,178)	28,344	Includes Meridian One borrowing reprofiled to 2026/27
	borrowing funded	32,619	14,333	16,407	(30,660)	33,199	
7	Broomfield House Memorialisation			443		443	Heritage Lottery Fund grant funded development phase budget
8	Sloeman's Farm Natural Burial Ground	1,151		73	(1,151)	73	third party funded budget. £1.15m further reprofiling of budget for memorial service building to 2026/27
9	Meridian Water HIF	68,180	7,581	21,071	(16,027)	80,806	grant extended HIF grant utilisation timeframe. £21.1m additional proposed reprofiling, of which £16.0m reprofiled to 2026/27
10	Liveable Neighbourhood Enfield Town - phase 1	1,670		295	(1,670)	295	£0.3m CIL
11	Liveable Neighbourhood Enfield Town - phase 2			975	2550	3,525	£1.5m CIL and £2m TfL (assumed)
12	Levelling Up Angel Edmonton			1,996	295	2,291	Levelling Up grant – due to complete 26/27
13	drug & alcohol service relocation			251	439	690	capital receipts funded phase 2 works
14	SIP digital enhancements			700		700	GLA grant highways fibre ducting
15	schools capital programme	5,730	6,133	1,414	4,170	17,417	DfE grant
16	Housing Revenue Account	108,205		(561)		107,644	HRA
	grant funded	184,906	13,714	26,656	(10,358)	214,339	
	total			43,063			

