



Haringey Council

Agenda item:

[No.]

Overview and Scrutiny Committee

5<sup>th</sup> January 2009

**Budget Scrutiny – Capital Programme 2009/10 to 2011/12**

Report of the **Chief Financial Officer and Director of Corporate Resources**

Report authorised by : **Gerald Almeroth, Chief Financial Officer**

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Wards(s) affected: **ALL**

Report for: **Non-Key Decision**

**1. Purpose of the report**

- 1.1. To consider Capital Programme proposals for 2009/10 to 2011/12 in respect of all Cabinet portfolios of the authority.

**2. Recommendations**

- 2.1. To consider and make recommendations to the Cabinet on capital programme proposals. The recommendations of the Overview and Scrutiny Committee will be considered by the Cabinet in agreeing the Council's final budget for 2009/10 to 2011/12.

**3. Reason for recommendation(s)**

- 3.1. This is part of the statutory budget making process.

#### **4. Summary**

4.1. The report provides an update on the financial planning process for the capital programme 2009/10 to 2011/12.

#### **5. Background**

5.1 The budget process has considered capital programme bids for corporate resources (mainly capital receipts) and draft programmes for the externally funded areas including HRA capital and Education.

5.2 The current summary position for the period 2009/10 to 2011/12 is that there are estimated corporate resources of £32m. Capital programme proposals for these corporate resources together are set out in Appendix 1. Brief capital project descriptions are set out in Appendix 2. Schemes that are bidding for external funding or have external funding or other government funding in place are set out in Appendix 3. Where external funding has yet to be confirmed, schemes are marked with an asterisk in Appendix 3.

5.3 The bids for corporate resources set out in Appendix 1 total £41.869m over 2009/12. As the total potential calls on corporate resources of approximately £41.9m exceed available resources of £32m, the Overview and Scrutiny Committee are invited to comment on the priority of schemes listed in Appendix 1. These views will be taken into account in determining the final Capital Programme to be submitted to Council.

5.4 The bids for corporate resources set out in Appendix 1 of £41.869m are put forward with proposals for attracting external and other funding of almost £156m, giving a total capital cost of £197.808m. Other capital schemes included within Appendix 3 are wholly or largely reliant on external funding.

#### **Resources**

5.5 The position on capital receipts is difficult to predict given the current market conditions. The Council ended 2007/08 with surplus receipts above the plans (albeit some of that surplus related to disposals achieved ahead of time), however, market conditions have worsened significantly in 2008/09 and there is projected to be a shortfall this year. Usable right to buy receipts are projected to be £0.5m against a target of £2m. The overall position for 2008/09, also taking into account the approved carry forwards from 2007/08 that require funding, is that there will be sufficient receipts to fund the current year commitments.

5.6 The estimates for receipts this year show a decrease in value and a higher risk of not achieving sales in the short term. Overall, a prudent assessment of the next three years produces a total figure of £26m. This is significantly reduced when compared to the £43m estimated to be available a year ago.

5.7 The estimated capital receipts, which still have to be finally verified include:

- right to buy receipts of £2.25m down from £6m previously;
- strategic site disposals to deliver £8.75m compared to £16m over the three year period previously, and;
- other receipts of nearly £12m including the sale of a number of hostel properties.

5.8 Other one-off resources identified for allocation to fund the capital programme are:

- approved revenue contribution for capital financing from 2008/09 budget process of £2.6m;
- one-off contribution from the excess available in the insurance reserve of £3m.

5.9 A number of additional housing properties and land were put forward last year and it was agreed by Members to earmark a significant sum to be spent on housing projects. A significant proportion of that spend is in the current year. The key remaining assets for disposal are a number of hostels that have been declared as surplus to requirements. These are programmed to be sold over the first two years of the programme.

5.10 In line with the approved policy for capital resource allocation, specific external Education and Housing resources are ring-fenced for those services. Separate and substantial resources for highways schemes are available through Transport for London and an estimate has been made in the main programme of the position for that as listed in Appendix 3. All capital receipts are available for corporate allocation to priority schemes as part of the business planning process and for final Member decision.

5.11 The HRA draft capital programme includes the resources available for the Decent Homes programme. The DCLG have confirmed resources of £100m up to and including 2010/11. An indicative allocation in total of £198m has been provided, with resources after 2010/11 being subject to future review.

## **6. Pre Business Plan Reviews**

6.1. Members will recall that the purpose of the Pre-Business Plan Review process is to :

- Ensure that the financial planning process is clearly linked with, and reflects, the full strategic agenda of the Council;
- Ensure that all budget options support the achievement of community strategy objectives;
- Ensure that proposals are considered in conjunction with the impact on service performance;
- Ensure that budget options enhance the achievement of value for money;
- Identify savings and investment opportunities both within and between business units;

- Support consultation activity with key stakeholders;
- Support the budget scrutiny process;
- Gather information to support a number of planning processes.

6.2. The reviews have been prepared in conjunction with relevant Cabinet Members and have been released for scrutiny.

#### **Investment bids for corporate resources**

- 6.3. The detailed position of corporate resource bids is shown in the attached schedule at appendix 1. Each bid has been assessed as part of the PBPR process taking into account strategic importance, financial return, ability to attract external funding and the Council Plan.
- 6.4. Members are asked to consider these proposals in relation to 6.1 above.
- 6.5. The following sections of the report summarise the key issues in respect of the proposed capital programme and are arranged by Directorate in the order that they are scheduled for consideration by the Overview and Scrutiny Committee.

## **7. ADULTS, CULTURE AND COMMUNITY SERVICES**

### **7.1 Leisure, Culture and Lifelong Learning**

Culture and Lifelong Learning capital investments include the following:

- Bruce Castle Museum: Restoring our Heritage. It is proposed that this is funded both from a Heritage Lottery Fund application together with minimal match funding from capital receipts. Bids will also be made to a number of other large funding bodies to a total expenditure of some £6m.
- Muswell Hill Library Development: current scheme proposes an accessible toilet, a lift to the second floor and repairs to the fabric of the building.

Recreation service priorities include:

- Encouraging Lifetime Wellbeing at home, work, play and learning/Healthier people with a better quality of life
- Making Haringey one of London's Greenest Boroughs/Creating a Better Haringey: 'Cleaner, Greener, Safer'
- Delivering excellent, customer focused, cost effective services/People and Customer focused

Capital investments required to support these priorities indicating the total cost over the next 3 financial years are:

- Parks and small open space improvement programme (£2.1m)
- Improved Parks tennis facilities (£0.69m of which £0.415m external sources)
- Falkland and Fairfax open space renewal (£0.25m of which £0.1m external sources)
- Borough wide tree planting programme (£0.3m of which £0.1m external sources)
- Biodiversity/Conservation site improvement project (all externally funded)
- Strategic sports pitches improvement programme (£4.2m of which £3.3m external sources)
- Parks fitness trails and facilities (£0.4m of which £0.2m external sources)
- Lordship recreation ground restoration programme (£6.85m of which £6.15m external sources)
- Burial village (£0.812m prudential borrowing)
- Leisure centres strategic renewals programme (£0.995m of which £0.422m prudential borrowing)
- Improving the quality and range of outdoor play facilities (£1.55m of which £1m external sources)

## **7.2 Adult Social Care and Wellbeing**

- Capital funding is requested to extend the provision of disabled facilities adaptations, in particular for non-council properties. This will be funded in part from the Disabled Facilities Grant, HRA funding and Corporate Resources.
- Capital funding is required to upgrade the Community Alarm Lifelines. It is proposed that this upgrade is funded from Corporate Resources.

## **8. CHILDREN AND YOUNG PEOPLE**

- 8.1 For Children's Services the strategic focus for the secondary school estate remains through the Building Schools for the Future (BSF) Programme which will, during 2009-10, move firmly into the implementation phase. An ICT Managed Service through Research Machines (RM) also now provides services to secondary schools as a part of this package.
- 8.2 During late 2008 financial approval was received for the BSF programme with the consequent confirmation of the substantial government grant support associated with it. The pre-construction stage for all projects within the programme and certain enabling works have been progressing steadily during the current year and a number of main contract works packages either have, or are in the process of, being let ready for construction to start in 2009-10 and spanning several years thereafter.
- 8.3 For the primary sector the new Primary Capital Programme (PCP) funding follows the successful submission of the Authority's Primary Strategy for Change (PSfC)

which was accepted, largely unchanged, by the Department for Children Schools and Families (DCSF). This funding together with other complementary funding streams such as Basic Need, Modernisation and Access funding has been used to create a cohesive package of works across a range of objectives set out in the PSfC document. In total these works are estimated to cost in the region of £12m over the period 2009-11.

- 8.4 Schools' individually continue to have access to Formula Capital Allocations in order to carry out capital improvement works to their premises and the authority has worked hard to ensure that these both complement or enhance the other funding streams available for schools.
- 8.5 In addition a range of other projects are planned to bring about infrastructure improvements for the wider Children's Service, for example through the Quality and Access funds for the Early Years Service.

## **9. CORPORATE RESOURCES**

- 9.1 **IT Services** - IT continue to work with business units via their business partners to assess emerging IT requirements and to ensure that proposed expenditure is joined up and directed to provide maximum payback in terms of increased process efficiencies, support improved customer experience and build on investment previously made. This has resulted in a proposed IT capital programme of £4.9m over the next 3 years detailed in Appendix 4. Key projects for 2009/10 are the deployment of IP telephony required to replace the current switchboard system that is now obsolete, further investment in mobile working appliances and on going investment in SAP to ensure full realisation of previous investment is realised. Clearly if the proposed investment is reduced, decisions will have to be made on prioritising expenditure.
- 9.2 **Property Services** - Capital bids have been submitted over the 3 year period for the maintenance and improvement of the property asset portfolio to ensure fitness of purpose and to safeguard the value of the assets.
- 9.3 **Accommodation Strategy** - The second phase of the Accommodation Strategy further builds on the rationalisation of the Council's property portfolio undertaken during the first phase with a view to reducing the overall cost of office accommodation by appropriate disposals and acquisitions and releasing significant on-going revenue savings. Further it supports flexible working practices from the SMART working programme such as reduced desk:staff ratios and home / flexible working and will provide accommodation flexible enough to accommodate changing customer needs into the medium to long term. As part of the previously approved report to Cabinet on the accommodation strategy, it was agreed that £4m of prudential borrowing would be used to finance this programme.

**9.4 Hornsey Town Hall** - The proposed capital expenditure will focus on the refurbishment of the Town Hall enabling it's proposed use as a community facility to progress ahead of the development & regeneration of the surrounding site. This project is dependent on earmarked capital receipts.

## **10. URBAN ENVIRONMENT (incl. Housing)**

### **10.1 Environment and Conservation**

#### **To deliver recycling target**

#### **Making Haringey one of London's greenest boroughs - to improve the management of environmental resources**

Capital investment over 2009/12 is proposed for Lifting equipment for recycling vehicles (£230k), recycling vehicles investment (£295k), replacement wheeled bins & recycling containers (£132k) and re-provision of a recycling centre (£950k).

#### **Creating a Better Haringey – cleaner, greener and safer - to improve road condition and street infrastructure**

Capital investment over 2009/12 is proposed for planned road & footway re-surfacing & planned reconstruction for non-principal roads (£6m), planned maintenance of highways bridges & other structures (£765k), and local road safety improvements (£740k).

#### **Creating a Better Haringey – cleaner, greener and safer - to contribute to the reduction of crime and the fear of crime**

Capital investment over 2009/12 is proposed for street lighting investment programme (£4m).

#### **Delivering excellent, customer focussed, cost effective services - to improve customer satisfaction, perception and service performance**

Capital investment over 2009/12 is proposed for the upgrade, purchase & implementation of the Civica Enforcement System (£229k), and the Parking Plan (£1.8m).

### **10.2 Regeneration and Enterprise**

- Investment in Tottenham town centre will continue for the next three years with heritage and conservation interventions that aim to deliver economic regeneration through the improvement and restoration of historic buildings in the town centre.
- In addition, there is the ongoing Heritage Lottery funded THI (Townscape Heritage Initiative) programme which, by programme completion, would have secured almost £1 million in HLF external funds; a bid of £140K for Council capital to

deliver the last phase is included in Appendix 1.

- A PSICA programme has also been confirmed for Myddleton Road with an in principle agreement of £300K English Heritage funding which is matched by Haringey capital funding (£300K over 3 years from 2008/09). This will deliver much needed restoration upgrades to this once vibrant commercial area which has experienced economic decline. It is hoped the intervention will boost investment and attract new businesses to the area.

### **10.3 Housing revenue account capital programme**

The funding for the HRA capital programme is as follows:

- supported capital expenditure (SCE borrowing approval);
- major repairs allowance (grant);
- decent homes funding (borrowing approval).

Outside of the decent homes funding, broadly the mainstream HRA funding is the same in 2009/10 as the current year.

The outline programme is included in Appendix 3. Key changes from last year are increases in planned preventative maintenance and the lift improvement programme.

Key elements of the programme remain, including provision for:

- aids and adaptations of £1.45m pa;
- major works voids of £1m pa;
- transferable discount scheme of £250k pa;.
- energy conservation measures of £100k pa.

## **11. Head of Legal Services Comments**

11.1. The Council is under a statutory duty to set a balanced budget having regard to the report of its Chief Financial Officer as to the robustness of the estimates and the adequacy of proposed financial reserves. This must be preceded by robust and comprehensive financial planning.

## **12. Equalities & Community Cohesion Comments**

12.1. This is considered as part of the individual pre-business plan review documents.

### **13. Consultation**

13.1. This is part of the consultation of the business and financial planning process.

### **14. Use of appendices /Tables and photographs**

- Appendix 1 – Corporate resource bids
- Appendix 2 – Capital Project Descriptions
- Appendix 3 – Total Draft Capital Programme
- Appendix 4 – Draft IT Capital Programme

### **15. Local Government (Access to Information) Act 1985**

The following background papers were used in the preparation of this report:

Report of the Chief Financial Officer and Director of Corporate Resources to the Cabinet on 15 July 2008 – Financial Planning 2009/10 to 2011/12;

Report of the Chief Financial Officer and Director of Corporate Resources to the Cabinet on 18 November 2008 – Financial Planning 2009/10 to 2011/12 (including the detailed PBPR documents).

