

## MUNICIPAL YEAR 2004/05 REPORT NO: 250

**MEETING TITLE AND DATE:**

Cabinet 9<sup>th</sup> February 2005

Council 23<sup>rd</sup> February 2005

**REPORT OF:**

Director of Finance & Corporate Resources

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<b>Agenda – Part: 1</b>	<b>Item: 5</b>
<b>Subject: Budget 2005/06 and Medium Term Financial Plan (General Fund)</b>	
<b>Wards: All</b>	
<b>Cabinet Member consulted: Cllr Michael Lavender</b>	

### New Capital Investment

9.17 At the start of the budget process Departments were asked to bring forward lists of “investment needs” based on their Service Strategy Statements and on the priorities in the Council’s Improvement Plan. The list of needs identified exceeds, by a significant amount, the resources likely to be available.

9.18 The bids have been prioritised by the Capital Programme Group using the methodology set out in the Council’s Capital Strategy. The prioritisation methodology includes an assessment of the extent to which investment proposals will contribute to meeting the priorities and targets set out in Service Strategies and the Council’s corporate strategy (“Putting Enfield First”). Particular emphasis is placed on the contribution to the delivery of targets in the Council’s Improvement Plan.

9.19 The table below shows the prioritised list, together with proposals for the allocation of resources.

Rank	Project	Initial Bid £000	Proposed Allocation £000	Comments
	<i>Figures shown are for the 4 year period 2005/06-2008/09</i>			
1	Additional School Places – Turin & Nightingale sites	5,758	5,758*	See comments below
2	Repairs & Maintenance Council Buildings: Extend programme to 08/09 Cat 1 – urgent repairs	1,750 2,000	1,750 2,000	
3	Schools condition programme plus balance of Ring fenced resources	2,500	2,500* +496*	See uncommitted ring fenced resources below
4	Investment in Footways on Roads to meet LPSA target	4,000	4,000	If unfunded, LPSA target will not be achieved.
5	Bridge Maintenance Prg.	2,160	-	
6	Street Scene, including Highways Programme Extend programme to 08/09 Increase programme	2,750 34,750	2,750 900	See comments below

7	Special education Complex needs schools	3,512	*	See comments below
8	Works to Housing Stock	33,100	1,000	See comments below
9	Kingsmead school textiles/food technology.	619	619*	
10=	Brimsdown Infants & Jnrs	2,658	-	
10=	Raglan Infs & Jnrs	2,535	-	
	Less Education ring fenced resources unallocated	(6,237)	(6,237)*	See comments below
13	Grants to Housing Assocs - Enabling programme: Extend programme to 08/09 Increase programme	1,600 3,200	1,600 -	See comments below.
14	Buy Backs of Council Housing (HRA) - Increase programme	100		Met from HRA prudential borrowing
	<b>Sub total</b>		<b>17,136</b>	
15	De Bohun Primary School	2,000	-	
16	Watercourse Maintenance	1,320	-	
17	Park Avenue day Centre	250	250	See comments below
18	Forty Hall	3,000	-	
19	Firs Farm Sch.replacement of hitted classrooms	2,528	-	
20	Parks Improvements: Playgrounds	1,085	-	
21	Parks Improvements: Toilets & other buildings	3,460	-	
22	R & M council buildings tranche 2	2,500	-	
23	Rejuvenating the industrial corridor	450	-	
24	Parks: Paths fences & footpaths	1,555	-	
25	Salisbury House replacement cultural facility	TBA	-	
26	R&M Tranche 3	5,500	-	
27	Innova Park Redevelopment	250	-	
28	Broomfield House	5,000	-	
29	Regeneration match funding	200	-	To extend current programme one year.
30	Site assembly central Leaside	500	-	
31	Schools modernisation unresourced programme	26,032	-	
32	Housing assistance grants	1,920	-	£770k to extend programme for one year
33	Repayment of loan debt	4,000	-	Eg £1m pa.
	<b>Total recommended allocation</b>		<b>17,386</b>	

\* Education projects see notes on Education below

The proposals shown above would allocate all of the new capital receipts estimated to be available. Members should note that the current capital programme agreed in February 2004 is under-funded by £2.3m. This continues to be a reasonable level of over-allocation, given the usual slippage in the programme.

## **Comments on capital priorities**

### **9.20 Education**

When the capital programme for 2004/05 – 2007/08 was set last year, the Council agreed to ring fence the Education capital “supported borrowing” allocations. In coming to this decision, the Council took into account both the DfES’s expressed intention to monitor, at a national level, the sums committed to fund Education capital spending and also the high priority given to Education in the Council’s Corporate Strategy and Improvement Plan. Although borrowing allocations ceased to exist with the introduction of the Prudential Code, the DfES has identified the extent to which capital expenditure for Education is ‘supported’ in the RSG.

The provision of school places and providing resources to support educational attainment continue to be key features of ‘Putting Enfield First’ and the Council’s revised Improvement Plan. Consequently, although there is no statutory requirement to ring fence, it is recommended that this policy be continued for the revised capital programme. The policy will be reviewed on an annual basis in the light of changing priorities and targets.

Ring fencing Education capital will mean an additional allocation of £3,136k to Education for the period 2005/06 – 2008/09; in addition there is £6,237k available from last year’s ring fenced allocations giving a total of £9,373k. This would fund the items asterisked in the above table and leave £496k unallocated. The relatively small amount of new resources available for education capital over the next 2 years is partly a result of the focus now being placed on ‘Building Schools for the Future’. The Council was disappointed to hear that Enfield will not receive an allocation under this programme until 2011 at the earliest.

Members will note that responses to the budget consultation exercise highlighted work to modernise and improve the condition of school buildings as being of the highest priority.

If capital investment is limited to the resources shown, there will be insufficient funding to undertake works to the SEN complex needs schools; this would have a detrimental effect on the Council’s plans for SEN services. However, recent changes in the Education revenue ‘ring fencing’ regulations allow the borrowing costs relating to education capital projects to be charged within the ring fenced ‘schools’ budget, providing a sound business case can be formulated to demonstrate that the scheme offers value for money and generates sufficient savings to cover the costs. If successful, this would allow all the education items asterisked to proceed.

It is therefore recommended that:

- The Directors of Education, Children's Services & Leisure and of Finance & Corporate Resources explore the possibility of using prudential borrowing to fund a suitable education capital project from the list of high priorities shown; and
- A sum of £4m be agreed as prudential borrowing for this purpose and included within the Council's revised borrowing limits.

#### 9.21 **Environment and street scene**

Improving the condition of the Borough's roads and footways continues to be a high priority in the Council's Improvement Plan and for Enfield residents. The capital programme agreed last year included a significant increase in the resources allocated to the street scene (£2.75m pa to 2007/08); it is recommended that this provision be extended to 2008/09. Furthermore, feedback from the public continues to highlight the need for additional investment in this area. It is therefore recommended that resources of £900k are allocated for further street scene works in 2005/06.

It is also recommended to allocate £4m for works to address the deterioration of footways on the Council's road network. This investment is required to deliver one of the Council's LPSA targets.

These capital proposals were supported in responses to the budget consultation exercise.

#### 9.22 **Capitalised repairs and maintenance works**

The backlog of maintenance requirements for the Council's non-housing buildings has been a matter of concern for some time. The approved capital programme (to 2007/08) includes funding of £1,750k pa for capital works but this is insufficient to fund even the most urgent priorities. It is recommended that, as a minimum, this provision be extended to 2008/09.

In the longer term Property Services is reviewing the Council's existing buildings with a view to retaining a portfolio that can be properly maintained and better suited to operational requirements; this aim will be delivered through the new Property Strategy, Phase 1 of which was agreed by Cabinet in December 2004.

In the short term, however, it is recommended that additional resources of £2m be allocated for capitalised repairs and maintenance. This will allow the completion of existing priority 1 repairs.

#### 9.23 **Housing Services**

##### *Works to the housing stock*

When the current capital programme was approved in February 2004 it was agreed that a decision to allocate resources to fund investment in the housing stock should be deferred pending the completion of the stock options appraisal. The outcome of the Housing stock options appraisal will not be available until Summer 2005 and it is therefore recommended that decisions regarding significant investment in the housing stock are deferred until then.

However, it is recommended that some investment should be made in small scale improvements to the environment of the Council's housing estates in order to improve the quality of life for tenants. It is recommended that a sum of £1m be allocated for a programme of works; the details of the programme will be agreed by the Director of Community, Housing and Social Services in consultation with the Cabinet Member for Housing.

#### *Enabling programme*

In the past 2 years the "Enabling programme" has funded investment in the development of supported living accommodation for social services clients. Additional funding (to continue the programme to 2008/09) is recommended to continue to support the Council's strategy for promoting independence.

### **9.24 Social Services**

The redevelopment of the Park Avenue Disability Resource Centre will enable the Council to ensure that a broader range of more appropriate community based options are available for people with physical disabilities. It will enable more people to live at home and provide support that will increase the independence and social inclusion of service users. In addition to improving their quality of life, this approach will help to contain the inevitable additional cost pressures of providing what would otherwise be more intensive social care support to increasing numbers of people with complex disability related needs.

### **9.25 Priorities for future resource allocation**

Given the resources currently estimated to be available, it will not be possible at this stage to allocate resources to other projects on the prioritised list. However, this position will be kept under review.

- *Bridge and Watercourse Maintenance Works*  
Programmes to address the backlog of works to bring the Council's infrastructure up to serviceable and sustainable condition and deal with the increased risk of flooding.
- *Forty Hall:*  
The development of Forty Hall as a heritage visitor attraction would require a degree of funding from the Council though this is not programmed until 2006/07. In the interim, further work will be undertaken to explore the scope for external grant funding.
- *Refurbishment of facilities in parks:*  
Investment in this area will be dependent on the extent to which additional resources can be generated and the priority attached to these needs.
- *Various Regeneration projects:*  
Regeneration proposals will be dependent upon a review of the Council's regeneration strategy. It has been agreed that a methodology for assessing future regeneration proposals, including a detailed assessment of the benefits and risks of each project, is essential.

- *Broomfield House:*  
This project would require a significant amount of capital investment. The Council has already given a commitment to ring fence funds from the sale of the stable block and cottages in support of the restoration.