

## **Capital Projections 2016/17 to 2025/26: July 2016**

7<sup>th</sup> July 2016

### **Summary of the Report:**

This report provides information on the Council's Capital Programme, how it is funded and the targets for capital receipts generation that have been set.

### **Contact Officer:**

Tom Bywater

Strategic Finance Unit

Telephone: 0207 974 6650

E-mail: [Tom.Bywater@camden.gov.uk](mailto:Tom.Bywater@camden.gov.uk)

## 1. CAPITAL EXPENDITURE

1.1 Camden has considerable fixed assets portfolio worth £3.5bn. The majority of this relates to housing and schools. To develop and maintain these assets the Council has a large capital programme with planned expenditure running through to 2025/26. The programme consists of a number of major initiatives to enhance or replace assets alongside large programmes to deal with backlog maintenance. The funding for the programme comes from a variety of sources but remains heavily dependent on capital receipts from the sale of fixed assets. The Council's capital programme has undergone significant change in the last few years and with the adoption of the Community Investment Programme and the Kings Cross Accommodation Strategy it now stands at £1.42bn.

### 1.2 Camden's Capital Programme

The principles used in developing the Capital Strategy are:

- Clear links between resource allocation and priorities as expressed in the Camden Plan.
- The cost of maintaining and developing the Council's infrastructure is fully recognised within the strategy.
- Priority 1 Backlog maintenance must be funded over the life of the strategy.
- Priority 2 Backlog maintenance must be planned so that all maintenance is funded if possible, on the basis that items will ultimately fall into Priority 1 if not attended to.
- Revenue impacts and costs to capital schemes are fully recognised in the revenue budgets.
- Badged Housing and Education Resources where available, such as grants in respect of the Council's housing stock and Schools, are used for those services.
- Revenue returns from Capital Invest to Save projects are allocated corporately.
- The cost of the Better Homes and the Estate Regeneration programmes to be funded from specific external funding and HRA resources.

### 1.3 Main Programme Areas

#### Community Investment Programme (CIP)

The Council has approved a Community Investment Programme (CIP) that provides significant potential to improve, shape and transform key places and services within Camden whilst generating capital receipts to help fund the Council's capital priorities. It encompasses a wide range of Council assets and the proposed redevelopments will provide a range of benefits such as improvements to the environment, facilities, services and delivering more housing both affordable and private. The key objectives are:

- To work with local people to identify ways to unlock the value of some of the borough's assets (non-residential buildings and land)
- To help bring our schools up to modern standards
- To build new schools to meet the need for more school places
- To provide opportunities for housing/ provide new housing
- To regenerate housing estates
- To improve the environment and places in which the Council's assets are located
- To improve community services
- To sell or redevelop properties that are out of date, expensive to maintain, or underused and difficult to access to generate funds to reinvest in the Council's capital programme

- To significantly reduce on-going maintenance costs for both the Council and third sector/partner organisations to help deliver more sustainable services
- To modernise the property portfolio
- To make better use of the property portfolio
- To stimulate the local economy through private sector partnerships or straight disposal for development to enhance the building fabric across the borough

#### 1.4 **The capital programme is split into several sections**

##### **Better Homes and Estate Regeneration**

The Better Homes strategy includes the achievement of the Decent Homes standard for Camden's 24,000 HRA dwellings. Another element is a programme of estate regeneration. Projects have been approved and are under way for Holly Lodge, Chester Road & Balmore Street, the Abbey Road Area, Maiden Lane Estate, the Bourne estate, Bacton low rise, Tybalds Estate, Agar Grove and for several infill sites at Gospel Oak. The programme is projected to deliver 3,050 new homes including nearly 1,400 new and replacement social rented homes and intermediate housing units.

##### **Homes for Older People**

This project includes building two new care homes at Maitland Park and Wellesley Road, with extra care sheltered housing also located at Maitland Park, and building a new Charlie Ratchford Resource centre with extra care sheltered housing above. In order to fund this work, the Council will dispose of Ingestre Road, Branch Hill and St. Margarets elderly persons' homes and the existing Charlie Ratchford site at Belmont Street.

##### **Kings Cross Accommodation Strategy**

In August 2014 staff moved to the new building at 5 Pancras Square which together with Council offices includes leisure and swimming pool complex, a library and a multi-purpose customer centre which provides a single point of access to Council services and associated customer facilities. The Accommodation strategy was to be funded from the disposal of the Town Hall extension at Argyle Street (now sold) and other vacated office buildings.

##### **Backlog Maintenance**

The Council has established budgets to fund the priority 1 backlog maintenance works required for its operational buildings including schools and for its roads and parks and open spaces. In addition there is a provision to fund the most urgent of priority 2 works and other schemes.

**Table 1: Capital Expenditure Plans 2016/17 to 2025/26**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 to 25/26	Total
	£000	£000	£000	£000	£000	£000	£000
<b><u>Corporate Services</u></b>							
ICT Investment	4,988	4,285	803	1,063	-	-	11,139
<b>Total Corporate Services</b>	<b>4,988</b>	<b>4,285</b>	<b>803</b>	<b>1,063</b>	<b>-</b>	<b>-</b>	<b>11,139</b>
<b><u>Supporting Communities</u></b>							
<b><u>Property Management</u></b>							
Better Homes	58,128	74,692	73,418	68,188	45,731	205,784	525,941
Planned Improvements – Non-Housing	9,380	10,397	10,250	7,690	5,807	-	43,524
Homes for Older People	124	8,556	4,985	712	-	-	14,377
CIP	4,012	3,948	9,321	9,000	4,082	3,000	33,363
Other Schemes	2,173	1,810	2,367	3,516	420	-	10,286
<b>Total Property Management</b>	<b>73,817</b>	<b>99,403</b>	<b>100,341</b>	<b>89,106</b>	<b>56,040</b>	<b>208,784</b>	<b>627,491</b>
<b><u>Community Services</u></b>							
Cemeteries	956	1,000	1,000	-	-	-	2,956
Green Spaces	1,700	1,864	707	527	-	184	4,982
Sports Centres	156	1,500	500	100	-	-	2,256
Depots	1,538	2,136	574	574	330	1,848	7,000
Euston Road CHP	1,296	316	-	-	-	-	1,612
Sustainability	1,188	1,167	491	491	528	-	3,865
Other Schemes	150	70	-	-	-	-	220
<b>Total Community Services</b>	<b>6,985</b>	<b>8,052</b>	<b>3,272</b>	<b>1,692</b>	<b>858</b>	<b>2,032</b>	<b>22,891</b>
<b><u>CIP and Major Projects</u></b>							
Estate Regeneration	87,206	91,678	87,693	78,595	68,140	134,284	547,596
CIP	19,656	47,463	45,035	23,148	7,610	1,820	144,732
HRA Hostels	731	86	-	-	-	-	817
Accommodation Strategy	784	4,577	3,496	-	-	-	8,857
<b>Total CIP and Major Projects</b>	<b>108,377</b>	<b>143,804</b>	<b>136,224</b>	<b>101,743</b>	<b>75,750</b>	<b>136,104</b>	<b>702,002</b>
<b><u>Regeneration and Planning</u></b>							
Planned Improvements – Highways	7,593	7,088	7,359	7,488	-	-	29,528
West End Project	3,224	4,500	8,500	3,538	-	-	19,762
TfL Funded Schemes	6,450	-	-	-	-	-	6,450
Parking	565	-	-	-	-	-	565
Other Schemes	1,155	63	-	-	-	-	1,218
<b>Total Regeneration and Planning</b>	<b>18,987</b>	<b>11,651</b>	<b>15,859</b>	<b>11,026</b>	<b>-</b>	<b>-</b>	<b>57,523</b>
<b>Total Supporting Communities</b>							
<b>Total</b>	<b>213,154</b>	<b>267,195</b>	<b>256,499</b>	<b>204,630</b>	<b>132,648</b>	<b>346,920</b>	<b>1,421,046</b>

## 2. CAPITAL FUNDING

2.1 The largest single element of funding is capital receipts. Other significant sources of funding are contributions from the Housing Revenue Account, the General Fund, grants from the Greater London Authority (GLA), section 106 contributions and prudential borrowing.

**Table 2: Capital Funding Plans 2016/17 to 2025/26**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 to 25/26	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Government Grants:</b>							
- Dept. for Education grants	6,066	2,374	2,000	2,000	-	-	12,440
- National Health Service grants & Public Health	1,604	1,246	266	266	-	-	3,382
- other government grants	60	-	-	-	-	-	60
GLA - housing grants	1,665	2,232	537	-	-	-	4,434
GLA - Transport for London grants	5,473	-	-	-	-	-	5,473
Lottery grants	1,123	154	-	-	-	-	1,277
Section 106 contributions	11,474	14,592	4,703	6,000	-	-	36,769
Community Infrastructure Levy	2,993	7,555	6,000	6,000	-	-	22,548
Schools contributions	83	237	-	-	-	-	320
<b>Sub-total Government Grants</b>	<b>30,541</b>	<b>28,390</b>	<b>13,506</b>	<b>14,266</b>	<b>-</b>	<b>-</b>	<b>86,703</b>
<b>HRA</b>							
- Major Repairs Reserve	39,721	43,173	39,500	38,000	38,000	152,000	350,394
- Leaseholders' capital contributions	5,340	5,000	6,010	3,990	4,000	8,000	32,340
- Revenue contribution (HRA)	1,000	-	-	-	-	-	1,000
<b>Sub-total HRA</b>	<b>46,061</b>	<b>48,173</b>	<b>45,510</b>	<b>41,990</b>	<b>42,000</b>	<b>160,000</b>	<b>383,734</b>
<b>Corporate Resources:</b>							
Revenue contributions - General Fund	13,164	13,408	9,521	5,043	858	1,403	43,397
Prudential Borrowing - HRA	16,158	6,971	3,035	36,245	11,209	27,158	100,776
Prudential Borrowing - GF	1,630	3,915	9,500	4,781	-	-	19,826
Capital Receipts *	105,522	166,339	175,427	102,305	78,581	158,359	786,533
Public Health reserve	77	-	-	-	-	-	77
<b>Sub-total Corporate Resources</b>	<b>136,551</b>	<b>190,633</b>	<b>197,483</b>	<b>148,374</b>	<b>90,648</b>	<b>186,920</b>	<b>950,609</b>
<b>Total Resources</b>	<b>213,153</b>	<b>267,196</b>	<b>256,499</b>	<b>204,630</b>	<b>132,648</b>	<b>346,920</b>	<b>1,421,046</b>

\*Utilisation of capital receipts. Generation targets are shown in Table 3.

### 3. CAPITAL RECEIPTS GENERATION

3.1 The Council has set targets for capital receipts arising from the disposal of surplus General Fund and HRA assets and from sales of new complementary development including private housing on estate regeneration developments and certain other redevelopment sites

**Table 3: Capital Receipts Generation Plans 2016/17 to 2025/26**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 to 25/26	Total
Capital Receipts	Target	Target	Target	Target	Target	Target	Target
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund</b>							
GF Disposals Programme	4,230	-	10,000	-	-	-	14,230
Homes for Older People	10,500	9,760	390	-	-	-	20,650
Greenwood redevelopment	-	-	12,350	3,975	1,807	-	18,132
Surma redevelopment	-	-	-	8,900	-	-	8,900
Edith Neville School/ Somers Town redevelopment	-	19,160	13,495	1,089	-	-	33,744
Kingsgate expansion (Liddell Rd.)	-	26,800	-	-	-	-	26,800
Camden/Plender St. – GF/HRA	8,316	-	-	-	-	-	8,316
Highgate Newtown	-	-	-	-	24,591	-	24,591
Accommodation .Strategy - disposals	23,000	7,200	5,780	-	-	-	35,980
<b>General Fund sub-total</b>	<b>46,046</b>	<b>62,920</b>	<b>42,015</b>	<b>13,964</b>	<b>26,398</b>	<b>-</b>	<b>191,343</b>
<b>Housing Revenue Account</b>							
HRA Small Sites	679	4,768	-	-	-	-	5,447
Right to Buy (Camden's share)	1,922	1,922	1,922	1,922	1,922	1,922	11,532
Right to Buy (retained receipts)	10,677	8,008	4,504	2,252	1,810	1,372	28,622
Estate Regen. - Holly Lodge	7,109	5,000	-	-	-	-	12,109
Estate Regen. - Chester/ Balmore	680	-	-	-	-	-	680
Estate Regen. - Maiden Lane	-	88,400	-	-	-	-	88,400
Estate Regen. - Bacton Low Rise	5,000	5,000	10,396	31,836	31,836	27,244	111,312
Estate Regen. - Tybalds	-	-	-	13,552	3,400	13,438	30,390
Estate Regen. - Abbey	-	-	15,000	47,457	9,859	54,576	126,892
Estate Regen. - Bourne	-	3,000	31,500	-	-	-	34,500
Estate Regen. - Agar	-	-	5,841	7,789	27,294	200,164	241,088
Estate Regen. - Gospel Oak Infill	-	1,000	10,219	8,814	24,389	6,000	50,422
HS2	485	45,114	9,208	4,556	-	-	59,363
Camden/Plender St. - GF/HRA	8,454	-	-	-	-	-	8,454
Wells Court	11,275	-	-	-	-	-	11,275
<b>HRA sub-total</b>	<b>46,281</b>	<b>162,212</b>	<b>88,590</b>	<b>118,178</b>	<b>100,510</b>	<b>304,716</b>	<b>820,486</b>
<b>Total</b>	<b>92,327</b>	<b>225,132</b>	<b>130,605</b>	<b>132,142</b>	<b>126,908</b>	<b>304,716</b>	<b>1,011,829</b>