

## **Capital Projections 2017/18to 2026/27: February 2018**

12<sup>th</sup> February 2018

### **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.

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## 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 2026/27. 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 land and buildings. 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 Accommodation Strategy it now stands at £1.312bn for the ten years from 2017 to 2027.

### 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 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 and 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 comprises the following broad areas of works:**

##### **Better Homes and Major Repairs works**

The Better Homes strategy includes the achievement of the Decent Homes standard for Camden's 24,000 HRA dwellings. Alongside major repairs and maintenance across the housing estate are planned and budgeted for. The works also include fire safety measures and CCTV and security improvements.

##### **Community Investment Programme (CIP)**

The CIP is a major element of the capital programme. The programme is projected to deliver 3,050 new homes including nearly 1,400 new and replacement social rented homes and intermediate housing units as well as new school buildings and community facilities. A number of developments have now been completed – Holly Lodge, Chester Balmore, Maiden Lane estate, the Bourne estate and the first phase of Bacton Low Rise. Estate regeneration projects have been approved and are underway for the Abbey Road area, second phase of Bacton Low Rise, Agar Grove and for several infill sites at Gospel Oak.

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

This project includes building a new Charlie Ratchford Resource centre with extra care sheltered housing above. In order to fund this work, the Council has disposed of Ingestre Road, St. Margaret's elderly persons' homes, the sale of Branch Hill House is awaited in the near future and on completion of the new facilities the existing Charlie Ratchford site at Belmont Street will also be disposed of.

##### **Accommodation Strategy**

The Accommodation strategy aimed to rationalise the office accommodation and provide new modern facilities. The programme was to be funded from the disposal of the Town Hall extension at Argyle Street and other vacated office buildings. The first phase of the programme was completed in 2014 and staff moved to the new building at 5 Pancras Square. At its September 2016 meeting Cabinet agreed the business case for the refurbishment and redevelopment of the Town Hall (Judd St) which represents the second phase of the Accommodation Strategy.

The Accommodation Strategy is being delivered at no cost to local tax payers and this second phase is expected to secure future revenue streams as well as realise savings in repairs, maintenance, and running costs.

##### **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.

**Table 1: Capital Expenditure Plans 2017/18 to 2026/27**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 to 2026/27 £000	Total £000
<b>Corporate Services</b>							
ICT Investment	5,000	1,630	1,100	0	0	0	7,730
<b>Total Corporate Services</b>	<b>5,000</b>	<b>1,630</b>	<b>1,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,730</b>
<b>Supporting Communities</b>							
<u>Property Management</u>							
Better Homes	58,395	71,022	80,203	73,304	64,586	159,965	507,475
Planned Improvements – Non-Housing	5,750	3,540	6,978	7,632	7,511	400	31,811
Homes for Older People	3	0	0	0	0	0	3
Community Inv. Programme Schools	2,851	8,072	6,816	3,227	2,000	0	22,966
Other Schemes	1,873	1,209	2,805	2,536	345	0	8,768
<b>Total Property Management</b>	<b>68,872</b>	<b>83,843</b>	<b>96,802</b>	<b>86,699</b>	<b>74,442</b>	<b>160,365</b>	<b>571,023</b>
<u>Community Services</u>							
Cemeteries	50	875	1,000	1,000	0	0	2,925
Green Spaces	1,721	1,511	518	372	242	0	4,364
Sports Centres	583	1,667	800	0	0	0	3,050
Euston Road CHP	1,051	1,359	0	141	0	0	2,551
Sustainability	208	289	289	264	264	1,208	2,522
<b>Total Community Services</b>	<b>3,613</b>	<b>5,701</b>	<b>2,607</b>	<b>1,777</b>	<b>506</b>	<b>1,208</b>	<b>15,412</b>
<u>Development</u>							
Community Investment Programme	35,706	59,263	40,326	8,446	4,537	4,858	153,136
Estate Regeneration (incl Tybalds)	67,600	76,065	63,784	67,028	49,797	123,133	447,407
HRA Hostels (excl. Tybalds)	465	99	0	0	0	0	564
Accommodation Strategy	3,612	5,755	13,786	18,720	5,633	0	47,506
<b>Total CIP and Major Projects</b>	<b>107,383</b>	<b>141,182</b>	<b>117,896</b>	<b>94,194</b>	<b>59,967</b>	<b>127,991</b>	<b>648,613</b>
<u>Regeneration and Planning</u>							
West End Project	4,000	8,900	10,800	6,000	1,703	0	31,403
TfL Funded Schemes	4,018	547	0	0	0	0	4,565
Parking	326	0	0	0	0	0	326
<b>Total Regeneration and Planning</b>	<b>8,344</b>	<b>9,447</b>	<b>10,800</b>	<b>6,000</b>	<b>1,703</b>	<b>0</b>	<b>36,294</b>
<u>Place Management</u>							
Planned Highways Maintenance	7,978	7,322	7,460	0	0	0	22,760
Environment Service	311	367	377	255	301	6,603	8,214
Dev. Contrib. funded & Other	1,715	663	105	0	0	0	2,483
<b>Total Place Management</b>	<b>10,004</b>	<b>8,352</b>	<b>7,942</b>	<b>255</b>	<b>301</b>	<b>6,603</b>	<b>33,457</b>
<b>Total Supporting Communities</b>	<b>198,216</b>	<b>248,525</b>	<b>236,047</b>	<b>188,925</b>	<b>136,919</b>	<b>296,167</b>	<b>1,304,799</b>
<b>Total</b>	<b>203,216</b>	<b>250,155</b>	<b>237,147</b>	<b>188,925</b>	<b>136,919</b>	<b>296,167</b>	<b>1,312,529</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), CIL and section 106 contributions and prudential borrowing.

**Table 2: Capital Funding Plans 2017/18 to 2026/27**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 to 2026/27 £000	Total £000
<b>Specific Funding</b>							
<u>Government Grants:</u>							
Dept. for Education grants	2,347	2,000	2,950	950	0	0	<b>8,247</b>
NHS grants & Public Health	2,180	621	957	0	0	0	<b>3,758</b>
Other government grants	1,051	0	0	0	0	0	<b>1,051</b>
GLA - housing grants	286	0	0	0	0	0	<b>286</b>
GLA -Transport for London grants	6,984	5,715	0	0	0	0	<b>12,699</b>
<u>Other Grants &amp; Contributions:</u>							
Lottery grants	391	0	0	0	0	0	<b>391</b>
Other Grants	1,287	590	200	0	0	0	<b>2,077</b>
Community Infrastructure Levy	5,725	6,000	6,000	1,555	0	0	<b>19,280</b>
Section 106 contributions	8,709	5,726	9,905	5,000	505	0	<b>29,845</b>
Other contributions	399	1,020	800	0	0	0	<b>2,219</b>
<b>Sub-total Specific Funding</b>	<b>29,359</b>	<b>21,672</b>	<b>20,812</b>	<b>7,505</b>	<b>505</b>	<b>0</b>	<b>79,853</b>
<b>HRA</b>							
Major Repairs Reserve	42,724	35,657	33,081	38,545	48,942	111,724	<b>310,673</b>
Leaseholders' capital contributions	0	6,010	3,990	4,000	4,000	9,000	<b>27,000</b>
Revenue contribution (HRA)	0	0	0	0	0	0	<b>0</b>
<b>Sub-total HRA</b>	<b>42,724</b>	<b>41,667</b>	<b>37,071</b>	<b>42,545</b>	<b>52,942</b>	<b>120,724</b>	<b>337,673</b>
<b>Corporate Resources:</b>							
Revenue contributions - General Fund	13,003	11,690	5,298	1,894	657	1,208	<b>33,750</b>
Prudential Borrowing - HRA	13,454	25,296	16,385	11,209	7,343	19,815	<b>93,502</b>
Prudential Borrowing - GF	1,243	8,595	22,448	13,600	5,633	0	<b>51,519</b>
Capital Receipts *	103,433	141,235	135,133	112,172	69,839	154,420	<b>716,232</b>
<b>Sub-total Corporate Resources</b>	<b>131,133</b>	<b>186,816</b>	<b>179,264</b>	<b>138,875</b>	<b>83,472</b>	<b>175,443</b>	<b>895,003</b>
<b>Total Resources</b>	<b>203,216</b>	<b>250,155</b>	<b>237,147</b>	<b>188,925</b>	<b>136,919</b>	<b>296,167</b>	<b>1,312,529</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 sites.

**Table 3: Capital Receipts Generation Plans 2017/18 to 2026/27**

	2017/18 Target £000	2018/19 Target £000	2019/20 Target £000	2020/21 Target £000	2021/22 Target £000	2022/23 to 2026/27 Target £000	Total Target £000
<b>GF Disposals Programme</b>							
General Fund disposals	3,430	26,800	24,615	1,340	34,286	22,935	<b>113,406</b>
Homes for Older People	9,760	0	18,300	0	0	0	<b>28,060</b>
Accommodation Strategy - disposals	22,500	2,000	0	14,039	0	0	<b>38,539</b>
<b>General Fund sub-total</b>	<b>35,690</b>	<b>28,800</b>	<b>42,915</b>	<b>15,379</b>	<b>34,286</b>	<b>22,935</b>	<b>180,005</b>
<b>Housing Revenue Account</b>							
HRA Small Sites	4,768	3,400	519	0	0	0	<b>8,687</b>
Right to Buy Receipts	11,574	6,426	4,174	3,732	3,294	0	<b>29,199</b>
Estate Regeneration Developments	133,406	77,435	69,730	75,378	95,659	273,946	<b>725,554</b>
<b>HRA sub-total</b>	<b>149,748</b>	<b>87,261</b>	<b>74,423</b>	<b>79,110</b>	<b>98,953</b>	<b>273,946</b>	<b>763,440</b>
<b>Total</b>	<b>185,438</b>	<b>116,061</b>	<b>117,338</b>	<b>94,489</b>	<b>133,239</b>	<b>296,881</b>	<b>943,445</b>