

Capital Projections 2016/17 to 2025/26: July 2017

17th July 2017

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:

Jane Storrar
Capital Strategy Advisor
Strategic Finance

Telephone: 0207 974 2225

E-mail: Jane.Storrar@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 Accommodation Strategy it now stands at £1.48bn.

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 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 Community Investment Programme

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 underway for Holly Lodge, the Abbey Road area, Maiden Lane estate, the Bourne estate, Bacton Low Rise, 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 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, Branch Hill and St. Margaret's elderly persons' homes and the existing Charlie Ratchford site at Belmont Street.

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.

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 latest development 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. 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
<u>Corporate Services</u>							
ICT Investment	3,045	4,000	1,630	1,100	0	0	9,775
Total Corporate Services	3,045	4,000	1,630	1,100	0	0	9,775
<u>Supporting Communities</u>							
<u>Property Management</u>							
Better Homes	45,338	57,877	67,959	82,666	73,304	224,551	551,695
Education Property Maint & Improvement	5,049	4,266	1,699	2,978	3,600	2,800	20,392
Corporate Props Maint & Improvement	3,514	1,456	1,841	4,000	5,032	5,111	20,954
Other HRA capital exp.	768	173	0	0	0	0	941
Homes for Older People	170	3	0	0	0	0	173
Community Investment Programme	4,113	2,851	8,072	6,516	2,277	2,000	25,829
Other General Fund capital exp.	1,168	1,813	1,774	2,805	2,536	345	10,441
Total Property Management	60,120	68,439	81,345	98,965	86,749	234,807	630,425
<u>Community Services</u>							
Cemeteries	31	50	875	1000	1000	0	2,956
Green Spaces	1077	1721	1511	518	372	242	5,441
Sports Centres	544	583	1647	800	0	0	3,574
Euston Road CHP	112	1051	1359	0	141	0	2,663
Sustainability	0	150	289	289	264	1472	2,464
Other Schemes	123	86	0	0	0	0	209
Total Community Services	1,887	3,641	5,681	2,607	1,777	1,714	17,307
<u>Development</u>							
Community Investment Programme	19,662	35,706	58,963	39,676	7,446	9,395	170,848
Estate Regeneration (incl Tybalds)	63,346	67,600	76,064	63,784	67,028	172,930	510,752
HRA Hostels (excl. Tybalds)	853	465	99	0	0	0	1,417
Accommodation Strategy	1,125	6,006	11,253	15,720	9,857	1,224	45,185
Total CIP and Major Projects	84,986	109,777	146,379	119,180	84,331	183,549	728,202
<u>Regeneration and Planning</u>							
West End Project	2,085	4,000	8,900	10,800	6,000	1,703	33,488
TfL Funded Schemes	3,745	4,075	547	0	0	0	8,367
Parking	289	411	0	0	0	0	700
Total Regeneration and Planning	6,119	8,486	9,447	10,800	6,000	1,703	42,555
<u>Place Management</u>							
Planned Highways Maintenance	7,687	7,978	7,322	7,460	0	0	30,447
Environment Service	10,953	311	367	377	255	6,904	19,167
Developer Contribution funded & Other schemes	1,331	1,090	367	63	0	0	2,851
Total Place Management	19,971	9,379	8,056	7,900	255	6,904	52,465
Total Supporting Communities	173,083	199,722	250,908	239,452	179,112	428,677	1,470,954
Total	176,128	203,722	252,538	240,552	179,112	428,677	1,480,729

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
External Funding							
Government grants:							
- Dept. for Education grants	6,066	2,347	2,000	2,000	0	0	12,413
- National Health Service grants & Public Health	588	2,082	971	266	0	0	3,907
- other government grants	60	1,051	0	0	0	0	1,111
GLA - housing grants	472	286	0	0	0	0	758
GLA - Transport for London grants	5,886	7,041	5,715	0	0	0	18,642
Lottery grants	565	391	0	0	0	0	956
Other Grants	64	1,287	473	200	0	0	2,024
Community Infrastructure Levy	3,268	5,725	6,000	6,000	1,555	0	22,548
Section 106 contributions	6,929	8,184	5,430	9,863	5,000	505	35,911
Schools contributions	83	237	0	0	0	0	320
Other contributions	25	62	1,000	800	0	0	1,887
Sub-total External Funding	24,006	28,693	21,589	19,129	6,555	505	100,477
HRA							
Major Repairs Reserve	46,061	42,724	35,657	33,081	38,545	160,666	356,734
Leaseholders' capital contributions	12,340	0	6,010	3,990	4,000	13,000	39,340
Revenue contribution (HRA)	13,517	0	0	0	0	0	13,517
Sub-total HRA	71,918	42,724	41,667	37,071	42,545	173,666	409,591
Corporate Resources							
Revenue contributions - General Fund	11,782	13,088	11,690	5,298	1,894	1,865	45,617
Prudential Borrowing - HRA	7,274	13,454	25,296	16,385	11,209	27,158	100,776
Prudential Borrowing - GF	12,079	1,243	8,595	24,382	11,629	1,224	59,152
Capital Receipts	48,992	104,520	143,701	138,287	105,280	224,259	765,039
Public Health Reserve	77	0	0	0	0	0	77
Sub-total Corporate Resources	80,204	132,305	189,282	184,352	130,012	254,506	970,661
Total resources	176,128	203,722	252,538	240,552	179,112	428,677	1,480,729

*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

Revised CAPITAL RECEIPTS Targets 2017/18 and future years											
Capital Receipts	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
	ACTUAL	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund											
GF Disposals Programme	800	3,430	0	0	0	11,000	0	0	0	0	15,230
Homes for Older People	10,825	9,760	0	18,300	0	0	0	0	0	0	38,885
Greenwood redevelopment	0	0	0	14,700	0	0	3,432	0	0	0	18,132
Netley redevelopment	0	0	0	0	0	0	0	0	0	0	0
Surma redevelopment	0	0	0	0	0	0	8,900	0	0	0	8,900
Edith Neville School/ Somers Town redevelopment	0	0	0	9,915	1,340	0	10,603	0	0	0	21,858
Kingsgate expansion (Liddell Rd.)	0	0	26,800	0	0	0	0	0	0	0	26,800
Hostels - Parker House	0	0	0	0	0	0	0	0	0	0	0
Highgate New Town	0	0	0	0	0	23,286	0	0	0	0	23,286
Kings Cross Accommodation Strategy - disposals	0	22,500	2,000	0	14,039	0	0	0	0	0	38,539
General Fund sub-total	11,625	35,690	28,800	42,915	15,379	34,286	22,935	0	0	0	191,630
Housing Revenue Account											
HRA Small Sites	679	4,768	3,400	519	0	0	0	0	0	0	9,366
Right to Buy (Camden's share)	4,754	3,566	1,922	1,922	1,922	1,922	0	0	0	0	16,008
Right to Buy (retained receipts)	15,285	8,008	4,504	2,252	1,810	1,372	0	0	0	0	33,230
Estate Regen. - Holly Lodge	2,128	10,170	0	0	0	0	0	0	0	0	12,298
Estate Regen. - Chester/ Balmore	0	680	0	0	0	0	0	0	0	0	680
Estate Regen. - Maiden Lane	0	62,409	28,593	0	0	0	0	0	0	0	91,002
Estate Regen. - Bacton Low Rise	0	10,000	0	4,020	40,772	53,077	21,525	0	0	0	129,394
Estate Regen. - Tybalds	0	0	0	0	0	0	0	0	0	0	0
Estate Regen. - Abbey	0	0	0	47,457	20,000	0	0	59,435	0	0	126,892
Estate Regen. - Bourne	0	3,000	31,500	0	0	0	0	0	0	0	34,500
Estate Regen. - Agar	0	0	0	0	14,606	12,193	36,414	18,788	0	137,784	219,785
Estate Regen. - Gospel Oak Infill	0	1,000	8,298	10,735	0	30,389	0	0	0	0	50,422
HS2 - Regents Park	235	45,120	9,044	7,518	0	0	0	0	0	0	61,917
Camden/Plender St. - GF/HRA	15,743	1,027	0	0	0	0	0	0	0	0	16,770
Wells Court	11,154	0	0	0	0	0	0	0	0	0	11,154
HRA sub-total	49,978	149,748	87,261	74,423	79,110	98,953	57,939	78,223	0	137,784	813,418
Total	61,603	185,438	116,061	117,338	94,489	133,239	80,874	78,223	0	137,784	1,005,048