

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS: ALL</b>
<b>REPORT TITLE:</b> Capital Projections 2014/15 to 2024/25: December 2014 (Ref: SFU/Capital/Dec2014)	
<b>REPORT OF:</b> Director of Finance	
<b>FOR SUBMISSION TO:</b> Residents and Members via Camden website	<b>DATE:</b> 8 <sup>th</sup> December 2014
<b>SUMMARY OF REPORT:</b> <p>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.</p> <p><b>LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION:</b></p> <p><b>Contact Officer:</b>  Graham Jones  Strategic Finance Unit</p> <p>Telephone: 020 7974 2233  Email: <a href="mailto:Graham.Jones@camden.gov.uk">Graham.Jones@camden.gov.uk</a></p>	

## 1. CAPITAL EXPENDITURE

1.1 Camden has considerable fixed assets 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 2023/24. 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. The withdrawal by the Government of most of our Building Schools for the Future funding resulted in the capital programme falling by £160m to £657m. Since then mainly due to the adoption of the Community Investment Programme and the Kings Cross Accommodation Strategy it now stands at £1.1bn.

### 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 contributing capital receipts to help fund the Council's capital priorities. It encompasses a wide range of Council assets and proposals for their redevelopment to provide a range of benefits. The Community Investment Programme so far includes proposals which will lead to improvements to the environment as well as contributing providing improved services, facilities and 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

### **Better Homes**

The Better Homes strategy includes the achievement of the Decent Homes standard for Camden's 22,000 HRA dwellings. Another element is a programme of estate regeneration. Projects have been approved for Holly Lodge, Chester Road & Balmore Street, the Abbey and Belsize Roads 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 person's homes and the existing Charlie Ratchford site at Belmont Street.

### **Kings Cross Accommodation Strategy**

The strategy was to acquire a new building in the Kings Cross redevelopment area that includes a leisure and swimming pool complex, a library and a multi-purpose customer centre and which provides a single point of access to Council services and associated customer facilities together with Council offices. Now that staff have been relocated, disposal of vacated office buildings is taking place. The new building is at 5 Pancras Square.

### **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 that can be used to fund the most urgent of priority 2 works and other schemes.

**Table 1: Capital Expenditure Plans 2014/15 to 2023/24**

	budget	budget	budget	budget	budget	budget	budget
	2014/15	2015/16	2016/17	2017/18	2018/19	19/20 to 23/24	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Summary - Capital Programme</b>							
<b>ICT</b>	<b>5,406</b>	<b>5,161</b>	<b>5,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>21,767</b>
<b>Property Services:</b>							
Community Investment Programme Schemes	23,660	18,856	5,508	5,044	1,592	300	<b>54,960</b>
Kings Cross Accommodation Strategy	17,556	4,172	0	0	0	0	<b>21,728</b>
Other Schemes	4,105	3,829	3,790	3,650	5,750	5,500	<b>26,624</b>
<b>Total Property Services</b>	<b>45,321</b>	<b>26,857</b>	<b>9,298</b>	<b>8,694</b>	<b>7,342</b>	<b>5,800</b>	<b>103,312</b>
<b>Culture &amp; Environment:</b>							
Planned Highways Maintenance	7,636	6,700	6,967	7,182	7,401	7,629	<b>43,515</b>
New Depot	6,000	4,000	0	0	0	0	<b>10,000</b>
Euston Rd CHP	1,680	1,120	1,880	0	0	0	<b>4,680</b>
Other C&E schemes	14,513	7,265	2,460	1,405	528	357	<b>26,526</b>
<b>Total Culture &amp; Environment</b>	<b>29,829</b>	<b>19,085</b>	<b>11,306</b>	<b>8,587</b>	<b>7,929</b>	<b>7,986</b>	<b>84,721</b>
<b>Children, Schools &amp; Families:</b>							
Community Investment Programme schemes	23,773	42,618	33,107	10,277	6,400	6,400	<b>122,575</b>
New Kings Cross Primary School	6,500	3,300	299	0	0	0	<b>10,099</b>
Other schemes	7,923	6,867	380	0	0	0	<b>15,170</b>
<b>Total Children, Schools &amp; Families</b>	<b>38,196</b>	<b>52,785</b>	<b>33,786</b>	<b>10,277</b>	<b>6,400</b>	<b>6,400</b>	<b>147,844</b>
<b>Housing &amp; Adult Social Care:</b>							
Estate Regeneration	66,400	101,890	96,475	53,513	24,669	112,559	<b>455,506</b>
Hostels	5,717	1,226	0	0	0	0	<b>6,943</b>
Better Homes	65,968	57,623	73,701	77,404	63,425	35,993	<b>374,114</b>
Homes for Older People	7,679	4,145	3,871	0	0	0	<b>15,694</b>
Other GF capital exp.	1,198	1,563	1,870	1,870	903	1,903	<b>9,307</b>
<b>Total Housing &amp; Adult Social Care</b>	<b>146,962</b>	<b>166,447</b>	<b>175,917</b>	<b>132,787</b>	<b>88,997</b>	<b>150,455</b>	<b>861,564</b>
<b>Total</b>	<b>265,713</b>	<b>270,334</b>	<b>236,108</b>	<b>162,145</b>	<b>112,468</b>	<b>172,441</b>	<b>1,219,208</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 2014/15 to 2023/24**

2014/15 to 2023/24	budget	budget	budget	budget	budget	budget	Budget
	2014/15	2015/16	2016/17	2017/18	2018/19	19/20 to 23/24	Total
	£000	£000	£000	£000	£000	£000	£000
Government grants	12,645	4,511	7,525	2,446	2,266	2,266	<b>31,659</b>
GLA/TfL grants	44,825	3,457	575	0	0	0	<b>48,857</b>
S106 contributions	14,184	14,882	1,379	0	0	0	<b>30,445</b>
Community Infrastructure Levy (CIL)	0	1,000	3,000	6,000	6,000	6,000	<b>22,000</b>
GF revenue contribution	5,065	11,560	14,672	7,716	9,091	9,148	<b>57,252</b>
HRA	39,746	43,762	42,920	48,173	22,416	4,860	<b>201,877</b>
Capital receipts	114,165	165,049	157,880	97,273	38,171	78,808	<b>651,346</b>
Prudential Borrowing - HRA	22,097	22,273	8,113	537	34,524	71,359	<b>158,903</b>
Prudential Borrowing - GF	10,982	3,168	0	0	0	0	<b>14,150</b>
Other	2,005	673	44	0	0	0	<b>2,722</b>
<b>Total</b>	<b>265,714</b>	<b>270,334</b>	<b>236,108</b>	<b>162,145</b>	<b>112,468</b>	<b>172,441</b>	<b>1,219,210</b>

### 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 2014/15 to 2025/26**

Capital Receipts	2014/15 Target	2015/16 Target	2016/17 Target	2017/18 Target	2018/19 Target	2019/20 onwards Target	TOTAL Target
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund</b>							
GF Disposals Programme	29,276	10,250	27,560	3,732	0	0	<b>70,818</b>
Homes for Older People	5,000	20,650	0	0	0	0	<b>25,650</b>
Greenwood redevelopment	0	0	3,059	0	15,693	0	<b>18,752</b>
Netley redevelopment	40,500	0	0	0	0	0	<b>40,500</b>
Surma redevelopment	0	0	8,900	0	0	0	<b>8,900</b>
Edith Neville School/ Somers Town redev.	0	13,000	6,160	0	0	0	<b>19,160</b>
Kingsgate expansion (Liddell Rd.)	0	0	13,735	0	0	0	<b>13,735</b>
Hostels - Parker House	28,225	0	0	0	0	0	<b>28,225</b>
Kings Cross Accommodation Strategy	95,490	27,430	4,970	10,450	0	0	<b>138,340</b>
<b>General Fund sub-total</b>	<b>198,491</b>	<b>71,330</b>	<b>64,384</b>	<b>14,182</b>	<b>15,693</b>	<b>0</b>	<b>364,080</b>
<b>Housing Revenue Account</b>							
HRA Small Sites	11,230	7,677	0	0	0	0	<b>18,907</b>
Right to Buy (Camden's share)	3,481	1,800	1,800	1,800	1,800	12,600	<b>23,281</b>
Right to Buy (retained receipts)	6,655	3,000	2,000	1,000	1,000	500	<b>14,155</b>
Estate Regen. - Holly Lodge	3,839	6,000	1,000	0	0	0	<b>10,839</b>
Estate Regen. - Chester/ Balmore	13,500	0	0	0	0	0	<b>13,500</b>
Estate Regen. - Maiden Lane	0	45,100	21,300	3,800	0	0	<b>70,200</b>
Estate Regen. - Bacton Low Rise	0	10,109	15,500	36,900	30,846	0	<b>93,355</b>
Estate Regen. - Tybalds	0	6,000	12,000	11,820	0	0	<b>29,820</b>
Estate Regen. - Abbey	0	0	2,800	34,900	13,800	35,200	<b>86,700</b>
Estate Regen. - Bourne	0	0	26,300	6,100	0	0	<b>32,400</b>
Estate Regen. - Agar	0	0	0	11,700	0	130,400	<b>142,100</b>
Camden/Plender St. - GF/HRA	0	1,849	14,976	0	0	0	<b>16,825</b>
<b>HRA sub-total</b>	<b>38,705</b>	<b>81,535</b>	<b>97,676</b>	<b>108,020</b>	<b>47,446</b>	<b>178,700</b>	<b>552,082</b>
<b>Total</b>	<b>237,196</b>	<b>152,865</b>	<b>162,060</b>	<b>122,202</b>	<b>63,139</b>	<b>178,700</b>	<b>916,162</b>

Notes

- (i) capital receipts b/fwd @ 1 April 2014 = £48.2m
- (ii) capital receipts will be used to fund capital expenditure and to repay debt.