

## **Capital Projections 2017/18 to 2025/26: December 2017**

24<sup>th</sup> November 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:**

Charles Cato  
Senior Capital Management Accountant  
Strategic Finance

Telephone: 0207 974 2998

E-mail: [Charles.Cato@camden.gov.uk](mailto:Charles.Cato@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 2026/27. The programme consists of a number of major initiatives to enhance or replace assets alongside large programmes to deal with planned and backlog maintenance. The funding for the programme comes from a variety of sources but is mainly 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 £1.31bn.

### 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 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 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 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 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.

The tables below present the capital spending and funding plans for the years 2017/18 to 2026/27 as at 30<sup>th</sup> October 2017 and the approved capital receipts targets for the same period.

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 to 2026/27	Total
	£000	£000	£000	£000	£000	£000	£000
<b><u>CORPORATE SERVICES</u></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><u>SUPPORTING COMMUNITIES</u></b>							
<b><u>Property Management</u></b>							
Better Homes	58,395	71,021	80,203	73,304	64,586	159,965	507,474
Other HRA capital exp.	173	0	0	0	0	0	173
Homes for Older People	3	0	0	0	0	0	3
Community Investment Programme	2,851	8,072	7,466	3,227	2,000	0	23,616
Education Property Maint & Improvement	4,266	1,699	2,978	2,600	2,400	400	14,343
Corporate Property Maint & Improvement	1,484	1,841	4,000	5,032	5,111	0	17,468
Other General Fund capital exp.	1,628	1,209	2,805	2,536	345	0	8,523
<b>Total Property Management</b>	<b>68,800</b>	<b>83,842</b>	<b>97,452</b>	<b>86,699</b>	<b>74,442</b>	<b>160,365</b>	<b>571,600</b>
<b><u>Community Services</u></b>							
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	122	289	289	264	264	1,208	2,436
Libraries	86	0	0	0	0	0	86
<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>
<b><u>Development - CIP and Major Projects</u></b>							
Community Investment Programme	35,706	58,963	39,676	8,446	4,537	4,858	152,186
Estate Regeneration (incl Tybalds)	67,600	76,064	63,784	67,028	49,797	123,133	447,406
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>140,881</b>	<b>117,246</b>	<b>94,194</b>	<b>59,967</b>	<b>127,991</b>	<b>647,662</b>
<b><u>Regeneration and Planning</u></b>							
West End Project	4,000	8,900	10,800	6,000	1,703	0	31,403
TfL Funded Schemes	4,661	547	0	0	0	0	5,208
Parking	326	0	0	0	0	0	326
<b>Total Regeneration and Planning</b>	<b>8,987</b>	<b>9,447</b>	<b>10,800</b>	<b>6,000</b>	<b>1,703</b>	<b>0</b>	<b>36,937</b>
<b><u>Place Management</u></b>							
Planned Highways Maintenance	7,978	7,322	7,460	0	0	0	22,760
Environmental Services	311	367	377	255	301	6,603	8,214
Developer Contribution funded & Other schemes	1,518	614	105	0	0	0	2,237
<b>Total Place Management</b>	<b>9,807</b>	<b>8,303</b>	<b>7,942</b>	<b>255</b>	<b>301</b>	<b>6,603</b>	<b>33,211</b>
<b>Total Supporting Communities</b>	<b>198,590</b>	<b>248,174</b>	<b>236,047</b>	<b>188,925</b>	<b>136,919</b>	<b>296,167</b>	<b>1,304,822</b>
<b>Total</b>	<b>203,590</b>	<b>249,804</b>	<b>237,147</b>	<b>188,925</b>	<b>136,919</b>	<b>296,167</b>	<b>1,312,552</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 - TfL), section 106 and CIL contributions and prudential borrowing.

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 to 2026/27	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Government Grants:</b>							
- Dept. for Education grants	2,347	2,000	2,950	950	0	0	<b>8,247</b>
- National Health Service grants & Public Health	2,108	621	957	0	0	0	<b>3,686</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	7,627	5,715	0	0	0	0	<b>13,342</b>
Lottery grants	391	0	0	0	0	0	<b>391</b>
Other Grants	1,287	473	200	0	0	0	<b>1,960</b>
Community Infrastructure Levy	5,725	6,000	6,000	1,555	0	0	<b>19,280</b>
Section 106 contributions	8,512	5,677	9,905	5,000	505	0	<b>29,599</b>
Schools contributions	399	1,020	800	0	0	0	<b>2,219</b>
<b>Sub-total Government Grants</b>	<b>29,733</b>	<b>21,506</b>	<b>20,812</b>	<b>7,505</b>	<b>505</b>	<b>0</b>	<b>80,061</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	141,050	135,133	112,172	69,839	154,420	<b>716,047</b>
<b>Sub-total Corporate Resources</b>	<b>131,133</b>	<b>186,631</b>	<b>179,264</b>	<b>138,875</b>	<b>83,472</b>	<b>175,443</b>	<b>894,818</b>
<b>Total Resources</b>	<b>203,590</b>	<b>249,804</b>	<b>237,147</b>	<b>188,925</b>	<b>136,919</b>	<b>296,167</b>	<b>1,312,552</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 2017/18 to 2025/26**

Capital Receipts - Approved Targets	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 to 2026/27	Total
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund</b>							
GF Disposals Programme	3,430	0	0	0	11,000	0	14,430
Homes for Older People	9,760	0	18,300	0	0	0	28,060
Greenwood redevelopment	0	0	14,700	0	0	3,432	18,132
Surma redevelopment	0	0	0	0	0	8,900	8,900
Edith Neville School/ Somers Town redevelopment	0	0	9,915	1,340	0	10,603	21,858
Kingsgate expansion (Liddell Rd.)	0	26,800	0	0	0	0	26,800
Highgate Newtown	0	0	0	0	23,286	0	23,286
Accommodation Strategy - disposals	22,500	2,000	0	14,039	0	0	38,539
<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	8,687
Right to Buy (Camden's share)	3,566	1,922	1,922	1,922	1,922	0	11,254
Right to Buy (retained receipts)	8,008	4,504	2,252	1,810	1,372	0	17,945
Estate Regen. - Holly Lodge	10,170	0	0	0	0	0	10,170
Estate Regen. - Chester/ Balmore	680	0	0	0	0	0	680
Estate Regen. - Maiden Lane	62,409	28,593	0	0	0	0	91,002
Estate Regen. - Bacton Low Rise	10,000	0	4,020	40,772	53,077	21,525	129,394
Estate Regen. - Abbey	0	0	47,457	20,000	0	59,435	126,892
Estate Regen. - Bourne	3,000	31,500	0	0	0	0	34,500
Estate Regen. - Agar	0	0	0	14,606	12,193	192,986	219,785
Estate Regen. - Gospel Oak Infill	1,000	8,298	10,735	0	30,389	0	50,422
HS2	45,120	9,044	7,518	0	0	0	61,682
Camden/Plender St. - GF/HRA	1,027	0	0	0	0	0	1,027
<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>