

LONDON BOROUGH OF CAMDEN	WARDS: ALL
REPORT TITLE: Capital Projections 2014/15 to 2024/25: February 2015 (Ref: SFU/Capital/Feb2015)	
REPORT OF: Director of Finance	
FOR SUBMISSION TO: Residents and Members via Camden website	DATE: 15 th February 2015
SUMMARY OF REPORT: <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>LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION:</p> <p>Contact Officer: Graham Jones Strategic Finance Unit</p> <p>Telephone: 020 7974 2233 Email: Graham.Jones@camden.gov.uk</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 £1.2bn.

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.
- Baseline Backlog maintenance must be funded over the life of the strategy.
- Revenue impacts and costs to capital schemes are fully recognised in the revenue budgets.
- 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. The programme is projected to deliver 3,050 new homes including nearly 1,400 new and replacement social rented homes and intermediate housing units. Cabinet approval has so far been given to 75% of these homes.

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

A new building that includes a leisure and swimming pool complex, a library and a multi-purpose customer centre and council offices has been built in the Kings Cross redevelopment area. Several former council office buildings have been sold and more are scheduled for disposal in 2015/16 and later years.

Backlog Maintenance (Baselines)

To ensure a consistent investment approach across the authority, the Council has developed an approach to allocating capital resources on an outcomes basis to mirror the strategy implemented in the allocation of revenue resources. Proposals were split into 'baselines' - defined as the amount required to maintain assets in a steady state (i.e. with no worsening in the level of backlog maintenance), and 'baseline plus' - where the expenditure will provide new services or enhancements to existing service levels. In September 2014 Cabinet approved baselines of £88m over the period up to 2019/20. This included £31m and £29m for backlog maintenance on schools and infrastructure respectively. The projects categorised as baseline plus are being recommended to the 25 February 2015 Cabinet and will be included in the Capital programme once approved. They have been judged as meeting 3 criteria:

- Meets Camden Plan objectives
- Generates General Fund revenue savings
- Meets statutory/ legal requirements

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
Summary - Capital Programme							
ICT	5,407	5,161	5,800	1,800	1,800	1,800	21,768
Property Services:							
Community Investment Programme Schemes	23,810	18,856	5,508	5,044	1,592	300	55,110
Kings Cross Accommodation Strategy	17,556	4,172	0	0	0	0	21,728
Other Schemes	4,105	3,829	3,790	3,650	5,750	5,500	26,624
Total Property Services	45,471	26,857	9,298	8,694	7,342	5,800	103,462
Culture & Environment:							
Planned Highways Maintenance	8,012	6,700	6,967	7,182	7,401	7,629	43,891
New Depot	6,000	4,000	0	0	0	0	10,000
Euston Rd CHP	1,680	1,120	1,880	0	0	0	4,680
Other C&E schemes	14,344	7,265	2,460	1,405	528	357	26,357
Total Culture & Environment	30,036	19,085	11,306	8,587	7,929	7,986	84,928
Children, Schools & Families:							
Community Investment Programme schemes	23,773	42,618	33,107	10,277	6,400	6,400	122,575
New Kings Cross Primary School	6,500	3,300	299	0	0	0	10,099
Other schemes	7,923	9,367	1,880	0	0	0	19,170
Total Children, Schools & Families	38,196	55,285	35,286	10,277	6,400	6,400	151,844
Housing & Adult Social Care:							
Estate Regeneration	66,400	101,890	96,475	53,513	24,669	112,559	455,506
Hostels	5,717	1,226	0	0	0	0	6,943
Better Homes	66,604	56,987	73,701	77,404	63,425	35,993	374,114
Homes for Older People	7,679	4,145	3,871	0	0	0	15,694
Other GF capital exp.	1,198	1,563	1,870	1,870	903	1,903	9,307
Total Housing & Adult Social Care	147,598	165,811	175,917	132,787	88,997	150,455	861,564
Total	266,707	272,198	237,608	162,145	112,468	172,441	1,223,566

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 2014/15	budget 2015/16	budget 2016/17	budget 2017/18	budget 2018/19	budget 19/20 to 23/24	Budget Total
	£000	£000	£000	£000	£000	£000	£000
Government grants	12,645	4,511	7,525	2,446	2,266	2,266	31,659
GLA/TfL grants	45,032	3,457	575	0	0	0	49,064
S106 contributions	14,184	14,882	1,379	0	0	0	30,445
Community Infrastructure Levy (CIL)	0	1,000	3,000	6,000	6,000	6,000	22,000
GF revenue contribution	5,065	14,060	16,172	7,716	9,091	9,148	61,252
HRA	39,746	43,762	42,920	48,173	22,416	4,860	201,877
Capital receipts	114,951	164,412	157,880	97,273	38,171	78,808	651,495
Prudential Borrowing - HRA	22,097	22,273	8,113	537	34,524	71,359	158,903
Prudential Borrowing - GF	10,982	3,168	0	0	0	0	14,150
Other	2,005	673	44	0	0	0	2,722
Total	266,707	272,198	237,608	162,145	112,468	172,441	1,223,566

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
General Fund							
GF Disposals Programme	29,276	10,250	27,560	3,732	0	0	70,818
Homes for Older People	5,000	20,650	0	0	0	0	25,650
Greenwood redevelopment	0	0	3,059	0	15,693	0	18,752
Netley redevelopment	40,500	0	0	0	0	0	40,500
Surma redevelopment	0	0	8,900	0	0	0	8,900
Edith Neville School/ Somers Town redev.	0	13,000	6,160	0	0	0	19,160
Kingsgate expansion (Liddell Rd.)	0	0	13,735	0	0	0	13,735
Hostels - Parker House	28,225	0	0	0	0	0	28,225
Kings Cross Accommodation Strategy	95,490	27,430	4,970	10,450	0	0	138,340
General Fund sub-total	198,491	71,330	64,384	14,182	15,693	0	364,080
Housing Revenue Account							
HRA Small Sites	11,230	7,677	0	0	0	0	18,907
Right to Buy (Camden's share)	3,481	1,800	1,800	1,800	1,800	12,600	23,281
Right to Buy (retained receipts)	6,655	3,000	2,000	1,000	1,000	500	14,155
Estate Regen. - Holly Lodge	3,839	6,000	1,000	0	0	0	10,839
Estate Regen. - Chester/ Balmore	13,500	0	0	0	0	0	13,500
Estate Regen. - Maiden Lane	0	45,100	21,300	3,800	0	0	70,200
Estate Regen. - Bacton Low Rise	0	10,109	15,500	36,900	30,846	0	93,355
Estate Regen. - Tybalds	0	6,000	12,000	11,820	0	0	29,820
Estate Regen. - Abbey	0	0	2,800	34,900	13,800	35,200	86,700
Estate Regen. - Bourne	0	0	26,300	6,100	0	0	32,400
Estate Regen. - Agar	0	0	0	11,700	0	130,400	142,100
Camden/Plender St. - GF/HRA	0	1,849	14,976	0	0	0	16,825

Capital Receipts	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20 onwards	TOTAL
	Target	Target	Target	Target	Target	Target	Target
Wells Court			6,100				6,100
HRA sub-total	38,705	81,535	103,776	108,020	47,446	178,700	558,182
Total	237,196	152,865	168,160	122,202	63,139	178,700	922,262

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.