

Capital Projections 2015/16 to 2024/25: December 2015

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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 a 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 2024/25. 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 Kings Cross Accommodation Strategy, it now stands at £1.57bn.

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 (required) Backlog maintenance must be funded over the life of the strategy.
- Priority 2 (recommended) 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 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 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 under way for Holly Lodge, Chester Road & Balmore Street, the Abbey Road 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. Margaret's elderly persons' homes and the existing Charlie Ratchford site at Belmont Street.

Kings Cross Accommodation Strategy

In August 2014, staff moved to the new building at 5 Pancras Square. Together with Council offices, this includes a 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 is funded from the disposal of the Town Hall extension at Argyle Street (now sold) and other vacated office buildings.

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 2015/16 to 2024/25

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 to 24/25	Total
	£000	£000	£000	£000	£000	£000	£000
<u>ICT</u>							
ICT Investment	5,736	5,875	2,295	1,800	1,800	0	17,506
Total ICT	5,736	5,875	2,295	1,800	1,800	0	17,506
<u>Property Services</u>							
CIP Schemes	9,607	9,600	12,641	9,215	7,350	7,450	55,863
Kings Cross Accom. Strategy/accomm. provision	1,009	4,610	3,496	0	0	0	9,114
Other Schemes	3,469	6,257	5,223	5,850	5,500	0	26,299
Total Property Services	14,085	20,467	21,360	15,065	12,850	7,450	91,276
<u>Children, Schools & Families</u>							
Community Investment Programme schemes	17,373	56,239	40,501	10,373	6,800	0	131,286
New Kings Cross Primary School	4,059	299	0	0	0	0	4,358
Other schemes	8,423	10,583	5,152	300	0	0	24,458
Total Children, Schools & Families	29,855	67,121	45,653	10,673	6,800	0	160,102
<u>Culture & Environment</u>							
Planned Highways Maintenance	7,777	6,921	7,088	7,359	7,488	0	36,633
New Depot	50	5,258	4,000	0	0	0	9,308
Euston Rd. Combined Heat & Power	1,805	1,296	0	0	0	0	3,101
Other C&E schemes	13,576	13,713	8,732	10,174	1,017	528	47,740
Total Culture & Environment	23,208	27,188	19,820	17,533	8,505	528	96,782
<u>Housing & Adult Social Care</u>							
Estate Regeneration	66,348	96,643	87,567	80,104	72,151	187,221	589,034
Hostels	2,953	91	0	0	0	0	3,044
Better Homes	63,971	71,457	62,576	63,190	76,067	250,516	587,777
Homes for Older People	1,450	8,766	4,818	688	0	0	15,722
Other GF capital exp.	1,994	3,037	2,591	900	2,690	0	11,212
Total Housing & Adult Social Care	136,716	177,994	157,552	145,882	150,908	437,737	1,206,789
Total	209,600	298,645	246,680	190,953	180,863	445,715	1,572,455

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 2015/16 to 2024/25

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 to 24/25	Total
	£000	£000	£000	£000	£000	£000	£000
Government grants:							
- Dept. for Education grants	8,364	5,385	2,180	2,000	2,000	0	19,929
- National Health Service grants & Public Health	1,155	0	0	0	0	0	1,155
- other government grants	2,983	1,260	957	266	266	0	5,732
GLA - housing grants	28,973	1,665	2,232	537	0	0	33,407
GLA -Transport for London grants	6,338	3,664	0	0	0	0	10,002
Lottery grants	1,722	431	75	0	0	0	2,228
Other Grants	2	0	0	0	0	0	2
Section 106 contributions	14,446	9,098	11,135	6,000	0	0	40,679
Community Infrastructure Levy	1,000	3,000	7,555	6,000	6,000	0	23,555
Schools contributions	713	0	237	0	0	0	950
Other contributions	134	0	0	0	0	0	134
Sub-total External Funding	66,412	24,580	24,371	14,803	8,266	0	138,432
HRA							
- Major Repairs Reserve	35,299	39,721	43,173	39,500	38,000	190,000	385,693
- Leaseholders' capital contributions	6,322	5,340	5,000	6,010	3,990	0	26,662
- Revenue contribution (HRA)	8,593	0	0	0	0	0	8,593
Sub-total HRA	50,160	45,061	48,173	45,510	41,990	190,000	420,894
Corporate Resources:							
Revenue contributions - General Fund	17,719	15,605	10,022	10,864	9,667	528	64,405
Prudential Borrowing - HRA	12,932	5,158	10,224	14,035	32,992	38,367	113,708
Prudential Borrowing - GF	2,851	317	0	0	0	0	3,168
Capital Receipts *	59,527	207,924	153,890	105,741	87,948	216,820	831,849
Sub-total Corporate Resources	93,028	229,004	174,136	130,640	130,607	255,715	1,013,129
TOTAL RESOURCES	209,600	298,645	246,680	190,953	180,863	445,715	1,572,455

*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 2015/16 to 2025/26

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 to 25/26	Total
Capital Receipts	Target	Target	Target	Target	Target	Target	Target
	£000	£000	£000	£000	£000	£000	£000
General Fund							
GF Disposals Programme	83	7,829	15,360	17,200	0	0	40,472
Homes for Older People	17,590	3,060	0	0	0	0	20,650
Greenwood redevelopment	0	0	0	0	4,160	25,190	29,350
Surma redevelopment	0	0	0	8,900	0	0	8,900
Edith Neville School/ Somers Town redevelopment	0	19,160	13,495	1,089	0	0	33,744
Kingsgate expansion (Liddell Rd.)	0	26,800	0	0	0	0	26,800
Hostels - Parker House	24,000	0	0	0	0	0	24,000
Kings Cross Accommodation Strategy - disposals	0	25,990	10,000	-10	0	0	35,980
General Fund sub-total	41,673	82,839	38,855	27,179	4,160	25,190	219,896
Housing Revenue Account							
HRA Small Sites	545	5,015	0	0	0	0	5,560
Right to Buy (Camden's share)	1,902	1,922	1,922	1,922	1,922	11,532	21,122
Right to Buy (retained receipts)	14,236	10,677	8,008	4,504	2,252	1,438	41,115
Estate Regen. - Holly Lodge	5,282	9,800	0	0	0	0	15,082
Estate Regen. - Chester/Baltimore	360	680	0	0	0	0	1,040
Estate Regen. - Maiden Lane	0	75,140	13,260	0	0	0	88,400
Estate Regen. - Bacton Low Rise	0	5,000	6,000	11,438	35,515	55,213	113,166
Estate Regen. - Tybalds	0	0	16,838	0	13,005	0	29,843
Estate Regen. - Abbey	0	0	45,665	19,539	0	61,688	126,892
Estate Regen. - Bourne	0	0	3,000	32,600	0	0	35,600
Estate Regen. - Agar	0	0	0	5,841	7,789	196,140	209,770
Estate Regen. - Gospel Oak Infill	0	0	8,000	12,000	16,000	17,081	53,081
HS2 – Regents Park	2,000	0	45,055	7,155	3,988	0	58,198
Camden/Plender St. - GF/HRA	0	16,825	0	0	0	0	16,825
Wells Court	0	6,100	0	0	0	0	6,100
HRA sub-total	24,325	131,159	102,083	121,125	100,010	343,092	821,794
TOTAL:	65,998	213,998	140,938	148,304	104,170	368,282	1,041,690