

Capital Projections 2015/16 to 2024/25: July 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 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 £1.25bn.

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 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. Margarets 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 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.

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
ICT							
ICT Investment	5,668	5,800	2,295	1,800	1,800	0	17,363
Total ICT	5,906	1,661	0	0	0	0	7,567
Property Services							
CIP Schemes	10,813	17,550	8,750	7,650	6,300	1,000	52,063
Kings Cross Accom. Strategy/accomm. provision	1,009	4,610	3,496	0	0	0	9,114
Other Schemes	3,305	6,257	5,223	5,850	5,500	0	26,135
Total Property Services	15,127	28,417	17,469	13,500	11,800	1,000	87,312
Children, Schools & Families							
Community Investment Programme schemes	31,124	47,504	24,248	7,179	6,400	0	116,455
New Kings Cross Primary School	4,059	299	0	0	0	0	4,358
Other schemes	9,696	9,110	4,652	300	0	0	23,758
Total Children, Schools & Families	44,879	56,913	28,900	7,479	6,400	0	144,571
Culture & Environment							
Planned Highways Maintenance	7,200	6,921	7,088	7,359	7,488	0	36,056
New Depot	50	5,258	4,000	0	0	0	9,308
Euston Rd. Combined Heat & Power	1,825	1,296	0	0	0	0	3,121
Other C&E schemes	12,788	13,783	8,468	9,910	753	0	45,702
Total Culture & Environment	21,863	27,258	19,556	17,269	8,241	0	94,187
Housing & Adult Social Care							
Estate Regeneration	80,163	109,376	91,144	70,281	69,828	121,909	542,701
Hostels	2,895	91	0	0	0	0	2,986
Better Homes	66,112	69,316	62,576	63,190	76,067	292	337,553
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	152,614	190,586	161,129	135,059	148,585	122,201	910,174
Total	240,151	308,974	229,349	175,107	176,826	123,201	1,253,607

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 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	8,490	5,259	2,180	2,000	2,000	-	19,929
- National Health Service grants & Public Health	1,155	-	-	-	-	-	1,155
- other government grants	4,053	1,137	957	266	266	-	6,679
GLA - housing grants	29,302	2,641	2,505	-	1,074	-	35,522
GLA -Transport for London grants	5,558	3,664	-	-	-	-	9,222
Lottery grants	1,722	431	75	-	-	-	2,228
Other Grants	2	-	-	-	-	-	2
Section 106 contributions	17,292	13,052	5,689	6,000	2,400	-	44,433
Community Infrastructure Levy	1,000	3,000	6,000	6,000	6,000	-	22,000
Schools contributions	276	-	-	-	-	-	276
Other contributions	519	-	-	-	-	-	519
Sub-total External Funding	69,369	29,184	17,406	14,266	11,740	-	141,965
HRA							
- Major Repairs Reserve	37,440	37,580	43,173	16,406	870	-	135,469
- Leaseholders' capital contributions	6,322	5,340	5,000	6,010	3,990	-	26,662
- Revenue contribution (HRA)	8,539	-	-	-	-	-	8,539
Sub-total HRA	52,301	42,920	48,173	22,416	4,860	-	170,670
Corporate Resources:							
Revenue contributions - General Fund	17,524	16,119	9,758	10,600	9,403	-	63,404
Prudential Borrowing - HRA	22,273	8,113	537	11,426	32,992	38,367	113,708
Prudential Borrowing - GF	3,168	-	-	-	-	-	3,168
Capital Receipts *	75,517	212,638	153,475	116,399	117,831	84,834	760,693
Sub-total Corporate Resources	118,481	236,870	163,770	138,425	160,226	123,201	940,972
TOTAL RESOURCES	240,151	308,974	229,349	175,107	176,826	123,201	1,253,607

*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 2024/25

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 to 24/25	Total
Capital Receipts	Target	Target	Target	Target	Target	Target	Target
	£000	£000	£000	£000	£000	£000	£000
General Fund							
GF Disposals Programme	3,500	12,880	15,360	8,732	-	-	40,472
Homes for Older People	20,650	-	-	-	-	-	20,650
Greenwood redevelopment	-	-	-	-	4,160	25,190	29,350
Netley redevelopment	-	-	-	-	-	-	-
Surma redevelopment	-	-	-	8,900	-	-	8,900
Edith Neville School/ Somers Town redevelopment	13,000	6,160	-	-	-	-	19,160
Kingsgate expansion (Liddell Rd.)	-	26,800	-	-	-	-	26,800
Hostels - Parker House	24,000	-	-	-	-	-	24,000
Kings Cross Accomm.Strategy - disposals	26,525	4,970	10,450	-	-	-	41,945
General Fund sub-total	87,675	50,810	25,810	17,632	4,160	25,190	211,277
Housing Revenue Account							
HRA Small Sites	5,684	1,993	-	-	-	-	7,677
Right to Buy (Camden's share)	1,800	1,800	1,800	1,800	1,800	10,800	19,800
Right to Buy (retained receipts)	3,000	2,000	1,000	1,000	500	-	7,500
Estate Regen. - Holly Lodge	5,282	7,780	-	-	-	-	13,062
Estate Regen. - Chester/ Baltimore	1,040	-	-	-	-	-	1,040
Estate Regen. - Maiden Lane	27,800	60,600	-	-	-	-	88,400
Estate Regen. - Bacton Low Rise	-	10,710	11,547	28,664	20,355	31,143	102,419
Estate Regen. - Tybalds	-	-	16,838	-	13,005	-	29,843
Estate Regen. - Abbey	-	-	22,034	42,255	-	57,744	122,033

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 to 24/25	Total
Capital Receipts	Target	Target	Target	Target	Target	Target	Target
	£000	£000	£000	£000	£000	£000	£000
Estate Regen. - Bourne	-	29,500	6,100	-	-	-	35,600
Estate Regen. - Agar	-	-	-	7,892	5,261	189,072	202,225
Estate Regen. - Gospel Oak Infill	-	-	4,505	6,774	9,200	28,406	48,885
HS2	2,000	-	45,055	-	-	-	47,055
Camden/Plender St. - GF/HRA	6,825	10,000	-	-	-	-	16,825
Wells Court	-	6,100	-	-	-	-	6,100
HRA sub-total	53,431	130,483	108,879	88,385	50,121	317,165	748,464
TOTAL:	141,106	181,293	134,689	106,017	54,281	342,355	959,741