

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA****CABINET – 22 FEBRUARY 2007****REPORT OF THE EXECUTIVE DIRECTOR FOR  
FINANCE, INFORMATION SYSTEMS AND PROPERTY****CAPITAL PROGRAMME 2007/08 – 2009/10****1 REPORT SUMMARY**

This report sets out the proposals for a £215 million capital programme for the next three years together with funding proposals. Further schemes at feasibility stage could also imply substantial future resource requirements.

Cabinet is asked to approve for submission to the Council:

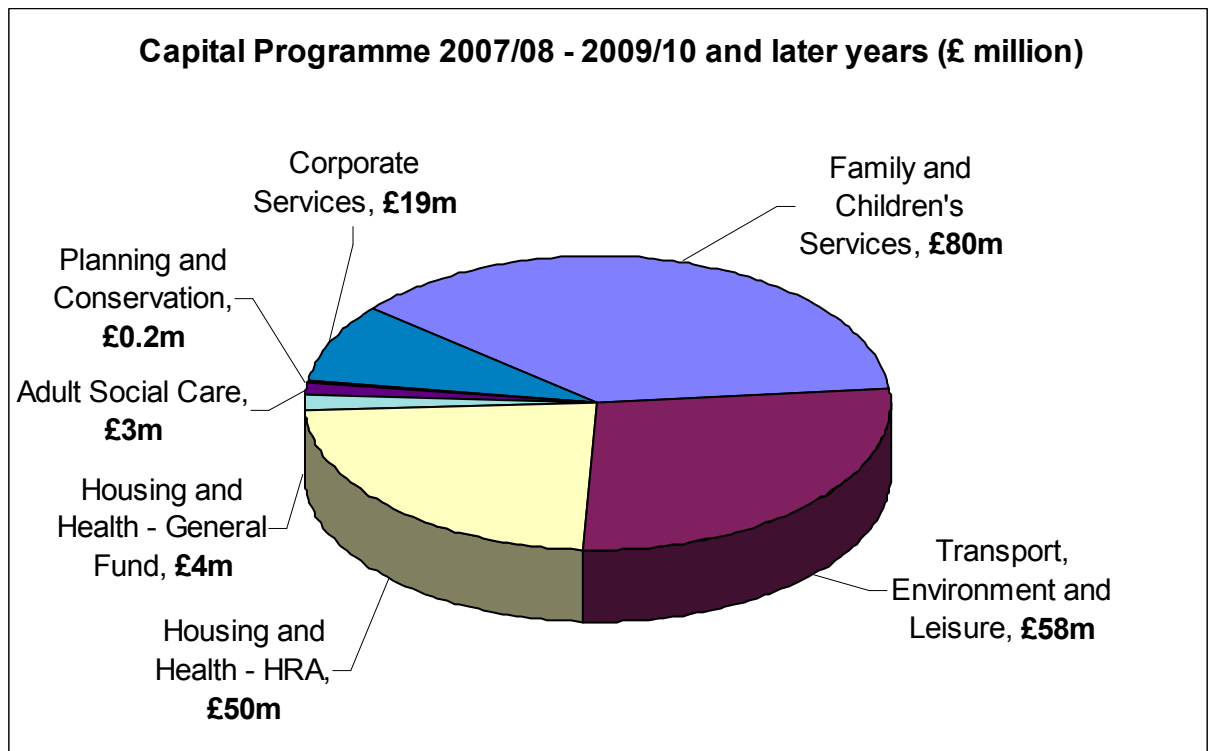
- The proposals for individual schemes and for rolling programmes of structural renewal and enhancement.
- The revenue affordability of the capital programme.

- 1.1 The capital programme proposes investment of £215 million from 2007/08 onwards. This is an ambitious programme which includes a new Holland Park School, the site for a new academy school in Chelsea, improvements to Sloane Square and Exhibition Road, an upgraded Central Library and key projects to renew the Council's street scene and operational buildings.
- 1.2 The programme has been developed in the context of the Council's medium term Capital Strategy and the central borough aim of 'Renewing the Legacy' set out in the Council publication '21 Projects for the 21<sup>st</sup> Century'. Key projects are also related to service aims, as set out in the Cabinet Business Plan.
- 1.3 The programme is made up of £50 million for housing in the Housing Revenue Account (HRA), and £165 million for assets held by the General Fund.

1.4 Assets held by the General Fund are funded 43 per cent from reserves, 27 per cent from external funding and 30 per cent from borrowing.

1.5 A breakdown between the council's main services is shown in **Chart 1**.

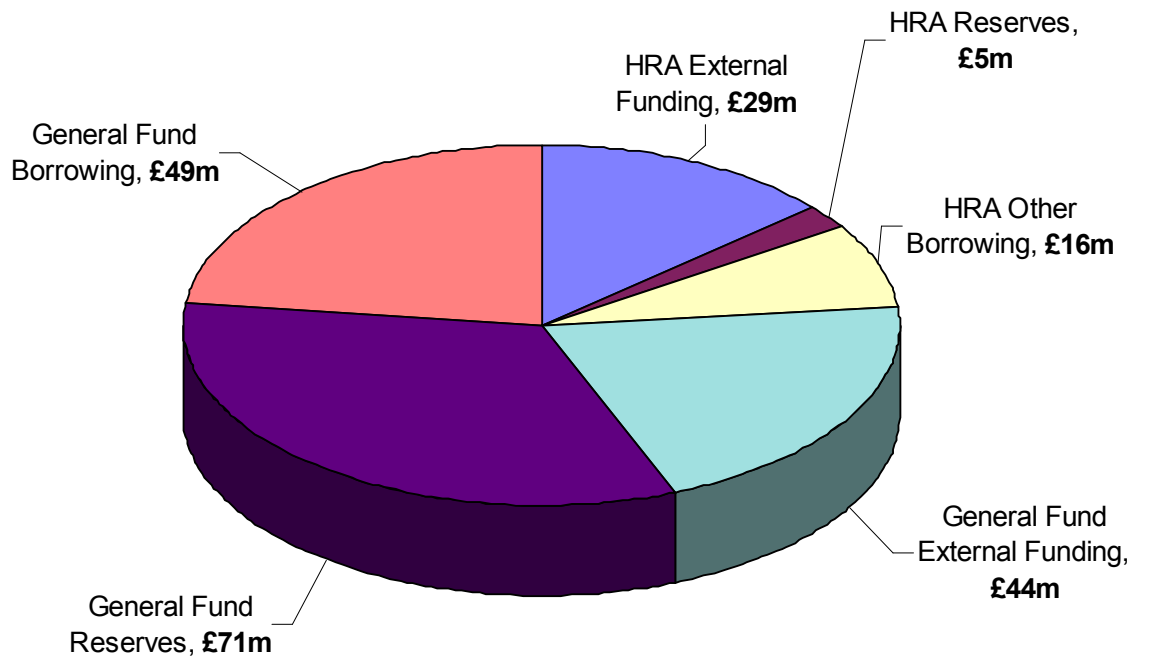
## Chart 1



1.6 Chart 2 analyses the main sources of funding for the programme.

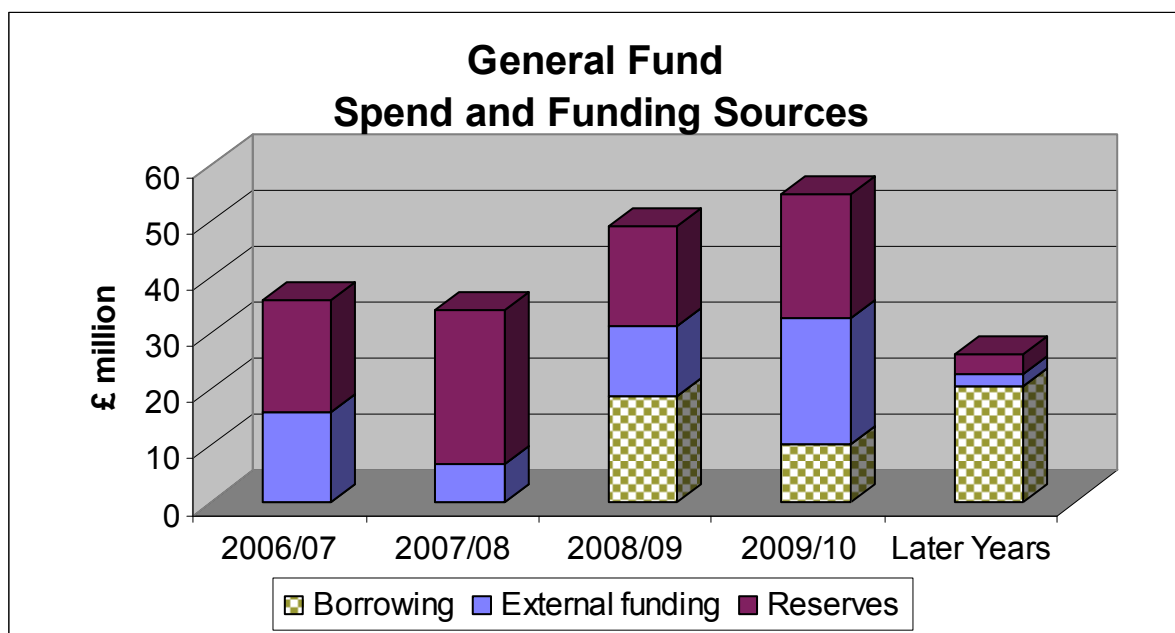
## Chart 2

**Capital Programme Funding - 2007/08 - later years (£ million)**



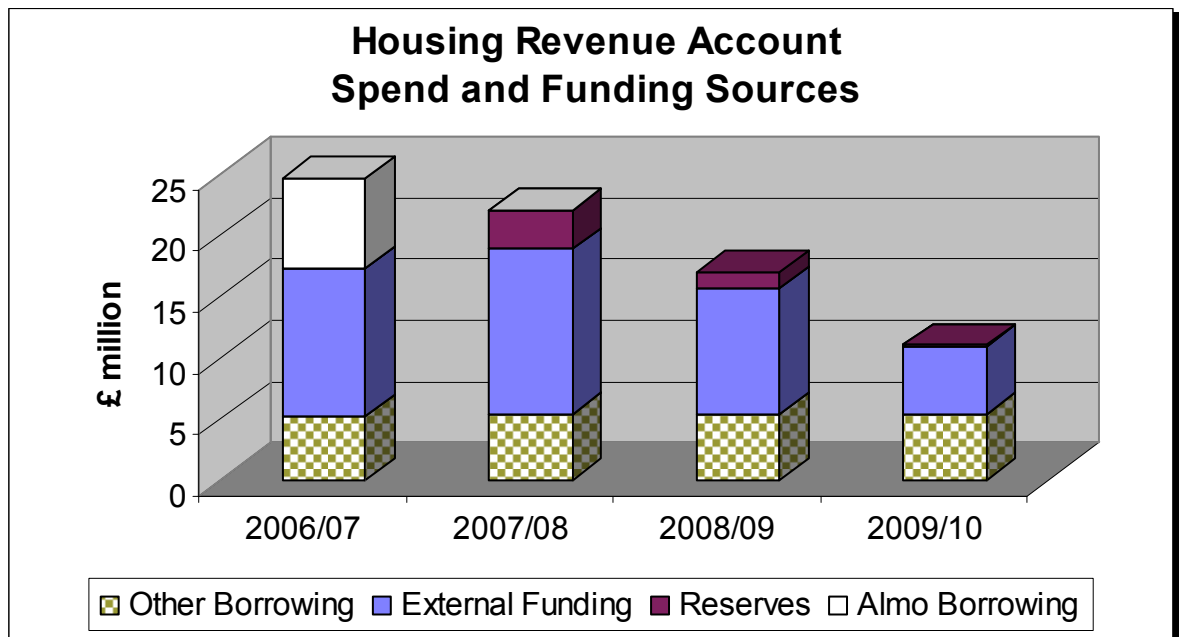
- 1.7 At least £60 million of potential schemes, that are at initial exploratory stages, have *not* been included at this stage, as they are not sufficiently developed. However they do need to be kept in mind in considering the priorities for calls on resources (see **Tables 4 and 5**).
- 1.8 The General Fund bids assume external funding, from grants and other contributions, of £44 million. The remainder is funded from reserves (£71 million) and borrowing (£49 million). These potential schemes would significantly reduce the Capital Expenditure Reserve which is projected to hold £23 million by the end of 2009/10 (see **Table 10**). Funding sources for each year are shown in **Chart 3**.

**Chart 3**



- 1.9 The capital programme for the Housing Revenue Account (HRA), managed by the Arm's Length Management Organisation (ALMO) has had £43 million of Decent Homes borrowing allocations over four years, ending in 2006/07. HRA borrowing has been limited to the level subsidised by Government. Funding sources for each year are shown in **Chart 4**.

**Chart 4**



## **2. PLANNING THE PROGRAMME**

### **Planning stages**

- 2.1 The Council's capital ambitions have expanded in recent years, backed by capital reserves and by enlarged borrowing powers. As we have introduced larger and more complex schemes it is clear that the lead time to delivery is much greater than when the programme was dominated by structural repairs. This year, a structured approach has been adopted so that schemes enter the programme only after initial feasibility and exploratory stages have been completed and planning can begin in earnest. This approach is intended to make the programme more robust, to clarify the extent of approval to spend on a project, to enable financing plans to be better matched to payments profiles, and to underpin accountability for the progress of projects.
- 2.2 Major capital projects go through a life cycle, beginning with appraisal, and ending with post-implementation review. The process for developing the capital programme has been aligned with the project stages formalised by the Royal Institute of British Architects (RIBA). **Appendix 1** charts how the Borough's projects are expected to progress through our own planning stages, acquiring funding agreement and spending approval.
- 2.3 A feasibility assessment is required to progress a project from appraisal/ concept stage to strategic brief and outline costing stage.

It should be noted that there are currently bids to spend £0.5 million on exploratory feasibility, including £0.3 million on education consultants, as well as initial feasibility that is embedded into scheme bids. This excludes estates renewal. It is suggested that from 2008/09 a budget should be set of say £500k a year (met from the capital reserve) to support such feasibility, to be allocated by the Property Strategy Group. We also have existing bids to spend £80k on exploring IT solutions (mainly from Family and Children's Services). It is suggested that the Computer and Communications Advisory Group or the IT Strategy Group could endorse funding for the exploratory phases of IT solutions, were this to be necessary, of up to £100k a year.

### 3. THE CAPITAL PROGRAMME

- 3.1 The draft capital programme is further summarised below in **Table 1**. A breakdown by business group is provided in **Appendix 2**, by start year in **Appendix 3** and by service area in **Appendix 4**. **Appendix 5** deals with accessibility projects and **Appendix 6** details the full draft programme. Officers have reviewed the phasing of current schemes and the revised programme reflects anticipated slippage from 2006/07 of about £9 million into later years. In some cases schemes appear in separate phases, especially where there is a commitment to initial stages but later stages have yet to be agreed.

**Table 1**  
**Capital Payments by Start Year**

Start Year	2007/08	2008/09	2009/10	Later Years	Total Cost
	£m	£m	£m	£m	£m
2006/07 or earlier	15.6	24.9	25.3	18.2	84.0
2007/08	40.7	14.5	6.8	5.6	67.6
2008/09	0	26.8	17.0	2.3	46.1
2009/10	0	0	16.6	0.3	16.9
<b>Total</b>	<b>56.3</b>	<b>66.2</b>	<b>65.7</b>	<b>26.4</b>	<b>214.6</b>

- 3.2 **Table 2** lists the main individual schemes that are included in the draft programme. Members are asked to agree to each of these being included in the programme, with particular emphasis on new or more expensive schemes. Cabinet is also invited to identify those that it wishes to discuss collectively before individual Cabinet Members commit to a Key Decision. It is suggested that those

marked in italics in **Table 2** should be brought back to Cabinet, due to their significance, financially or in terms of impact for the borough. **Table 2** also summarises changes from the programme approved in 2006/07. Schemes starting in 2009/10 are normally new to the programme. The table also shows the status of the expenditure estimates.



**Table 2**  
**Main Individual Schemes Costing £1 million or Over**

Main Spending Start Year	Business Group/ Scheme	Latest Estimate	Previous estimate	Change in call on Council Funding	Total Call on Council Funding	Status of Budget Stage
		£m	£m	£m	£m	
	<b><u>Family and Children's Services</u></b>					
2005/06	Academy Site	11.8	10.8	1.0	11.8	Go
2005/06	Holland Park school	59.9	53.4	6.5	59.9	Plan
2007/08	Central library stage 1 design, stage 2 construct	9	9	0	9	Plan
2007/08	Children's Centre capital	1.1	1.1	0	0	Go
	<b><u>Transport, Environment and Leisure Services</u></b>					
2006/07	Sports Centres Planned Maintenance Programme	3.2	3.2	0	3.2	Rolling
2006/07	Worlds End Place	1.3	1.6	-0.3	1.3	Go
2007/08	St Lukes Multi-use Games Area	1.5	1.4	0.1	1.5	Ready
2007/08	<b>NEW</b> York Stone Paving (2007/08 only)	2.7			2.7	Ready
2008/09	Exhibition Road	33.1	35	0	1.7	Plan
2008/09	Golborne Road	1.8	1.8	0	1.6	Plan
2008/09	Sloane Square	5.7	5.5	0.2	3.3	Ready
2008/09	<b>NEW</b> South Kensington Traffic Management	2.5			2.3	Plan
	<b><u>Housing, Health and Adult Social Care</u></b>					
2006/07	Elm Park Gardens Basements	4	4.4	From sales	0	Go
2007/08	Housing Revenue Account (HRA)	20.2	19.1	Subsidised	8.3	Rolling
	<b><u>Corporate Services</u></b>					
2006/07	Town Hall office and reception phase 1	3.3	2.4	0.1	3.3	Go
2007/08	Canalside House	1	1	External	0	Plan
2007/08	Town Hall offices works (phases 2 and later newly programmed)	10.3	3.1	7.2	10.3	Plan

**Table 2** continued  
**Main Individual Schemes Costing Less Than £1 million**

Main Spending Start Year	Business Group/ Scheme	Latest Estimate	Previous estimate	Change in call on Council Funding	Total Call on Council Funding	Status of Budget Stage *
		£m	£m	£m	£m	
	<b><u>Family and Children's Services</u></b>					
2006/07	Bevington School	0.4	0.2	0.2	0.4	Ready
2006/07	Central and integrated pupil database	0.4	0.2	0.2	0.4	Plan
2006/07	Oxford Gardens basement new offices	0.4	0.2	0.2	0.4	Ready
2007/08	<b>NEW</b> Children's integrated IT system ph 2	0.6			0.4	Plan
2007/08	<b>NEW</b> St Quintins - adaptations for disabled children	0.8			0.8	Plan
2008/09	<i>Library wireless IT</i>	0.8	0.8	0	0.8	Plan
	<b><u>Transport, Environment and Leisure Services</u></b>					
2006/07	Opera seats	0.4			0.4	Ready
2007/08	Denyer Street depot	0.2	0.2	0	0.2	Ready
2007/08	Hans Crescent	0.5	0.3	0.2	0.2	Plan
2007/08	<b>NEW</b> Holland Park adventure playground	0.1			0.1	Ready
2007/08	Holland Park North wall	0.3	0.3	0	0.3	Ready
2007/08	<b>NEW</b> Museums maintenance	0.2			0.2	Ready
2007/08	Opera canopy	0.6	0.4	0.2	0.6	Go
2007/08	Pembroke Rd garages remedial and contractor space	0.6	0.6	0	0.6	Plan
2007/08	St. Lukes Railings	0.3	0.3	0	0.3	Ready
2008/09	Holland Park Borehole Phase 4	0.1	0.1	0	0.1	Ready
2008/09	Old Brompton Rd	0.3	0.3	0	0.3	Plan
	<b><u>Housing, Health and Adult Social Care</u></b>					
2007/08	<b>NEW</b> Assessment system for community care	0.8	0.2	0.6	0.8	Plan
2007/08	<b>NEW</b> <i>Edenham demolition</i>	0.6			0.6	Ready
2007/08	<b>NEW</b> Home Care electronic monitoring	0.3			0.3	Plan
2007/08	<b>NEW</b> Person Index Phase 2	0.1			0.1	Ready
2007/08	<b>NEW</b> Piper House external works	0.2			0.2	Ready
2007/08	<b>NEW</b> Travellers site	0.6			0.1	Ready
	<b><u>Corporate Services</u></b>					
2007/08	<b>NEW</b> CRM IT System	0.5			0.5	Plan
2007/08	Server and disk consolidation	0.5	0.5	0	0.5	Go
2008/09	Council Offices - Air conditioning	0.3	0.3	0	0.3	Rolling

- 3.3 In addition to named schemes, cash limited rolling programmes are included in **Table 3**. In some cases the programme now refers to named projects for 2007/08 where these form particularly significant elements of the annual allocation (e.g. social services premises). We expect to adjust some future projects where they are linked to estimates of external funding grant allocations (e.g. Transport for London).
- 3.4 We have traditionally invited and received bids for these programmes, (such as structural road maintenance, parks maintenance, or premises improvements at schools and social services establishments), at similar levels each year. But amounts are scalable and Members can readily change the balance between these amounts and purposes, or substitute named schemes for recurrent allocations if that is where priorities lie.

**Table 3**  
**Rolling Programmes**

Programme relating to:	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
Schools (including Family and Children's Access Works)	2,170	2,640	2,046	974
Other Family and Children's Services	305	175	215	200
Highways Maintenance and Other Transport*	978	597	827	827
Parks	100	1,335	140	500
Waste Management and Leisure	468	1,405	1,461	664
Street Scene Improvements	200	500	500	1,000
Housing Disabled Facilities and Private Sector Renewal	731	780	780	780
Housing Non HRA	210	235	235	235
HRA Regeneration	169	250	250	250
Adult Social Care - Premises Improvements and Maintenance	264	0	120	250
Planning and Conservation Local Enhancement Schemes	0	0	30	50
Building Maintenance and Accommodation Strategy	225	548	1,201	532
<b>Total</b>	<b>5,820</b>	<b>8,465</b>	<b>7,805</b>	<b>6,262</b>

\* All Car Parking Reserve (CPR) and Transport for London (TfL) funded

- 3.5 In reviewing the existing programme and looking ahead to the new programme year of 2009/10 there are a number of projects that deserve special mention due to their size, complexity or financing issues:

## **Family and Children's Services**

- a) Holland Park School – a decision point will arise after planning permission.
- b) Chelsea Academy – the Council may be called upon to contribute a share of any eventual cost overruns or temporary accommodation to achieve a 2009/10 opening.
- c) Central Library – a design is being worked up consistent with a total project cost of around £9 million
- d) The draft programme includes £0.8 million to be spent at St Quintin's Children's Centre, to adapt it as a resource for children with disabilities. This is complementary to the closure of Little House. At this point plans have not been finalised, but the scheme is included because its urgency suggests it will be ready during 2007/08. There are no immediate plans for a new purpose-built Little House, but the scheme has been retained for the longer term in the list of potential schemes (**Table 5**) at an outline cost of £1.4 million, which was the previously budgeted figure.

## **Transport, Environment and Leisure Services**

- e) Exhibition Road – the Council's future funding for this £33 million scheme is still budgeted at £1 million. The project did not gain Big Lottery finance and alternative funding is currently being sought including a bid to the Heritage Lottery Fund for the tunnel. There are options to reduce the scale of the proposal if funding is not available. However the size of the Council's commitment to the scheme is still uncertain, including the level of its risk from cost overruns if funders offer cash limited finance.
- f) Sloane Square – the scheme is worked up but depends on the consultation process. Transport for London (TfL) would need formally to confirm continuing interest if the current scheme is pursued.
- g) The Parks strategy rolling programme previously agreed at £0.5 million a year is now bunched into 2008/09.

## **Budget Status**

- 3.6 All schemes require a funding release before they can commit expenditure, normally through a Key Decision. The detailed project list in **Appendix 6** colour codes as green those individual schemes in 2007/08 that are already assumed to have authority to spend.

This includes those that have already achieved a Key Decision and those delegated to officers, as too small to require a Key Decision. Rolling programmes (coloured orange) are also treated as having a budget release for the financial year immediately ahead, so that officers can commit expenditure as schemes are ready throughout the year. Also marked in yellow are allowances for feasibility expenditure. It is now proposed that these should be managed by the Property Strategy Group, and the IT Strategy Group overseen by the Computer and Communications Advisory Group. The programme includes a global provision for feasibility costs in future years. Schemes with no colour in 2007/08 require further work before approval to commit expenditure.

#### **4. PIPELINE AND POTENTIAL SCHEMES**

- 4.1 Because of the expectation that schemes should not enter the programme unless they have achieved at least the stage of outline proposal, there are a number of bids that are still in the 'antechamber'. **Table 4** represents pipeline schemes that have passed initial appraisal. **Table 5** are those that are still broadly at appraisal or concept stage. These can include some that have been worked on previously but are now back to the drawing board. The Cabinet guidelines set in July expected new schemes prior to 2009/10 to be included only through rephasing or substitution.
- 4.2 The schemes show when Executive Directors would like to see them happen. It is theoretically possible to move quickly through the scheme preparation stages, but experience suggests that anything not in detailed planning by now will struggle to achieve expenditure in 2007/08. In most cases it will therefore be possible to update the programme in the next annual cycle. Any that urgently need to come forward during the year can be considered by Cabinet as the year progresses.

#### **Table 4 Pipeline/ Strategic Brief/ Outline Costing (Stage 2)**

<b>Project</b>	<b>Value</b>	<b>Timeline aspiration</b>
<b>Family and Children's Services</b>		
North Kensington Library	£0.3m	2008/09
Brompton Library	£0.2m	2007/08
Chelsea Library	£0.1m	2009/10
Westway Offices remodelling	£0.2m	2007/08
Oxford Gardens adolescent teams centre	£0.3m	Addition to current project
<b>Transport, Environment and Leisure Services</b>		
Leighton House Rebuild Perrin Wing	£3m	2008/09
Chelsea Sports Centre - option 1	£18m	2010
Albert Bridge Restoration	£9.4m	2009/10
Albert Bridge Painting and Lighting	£1.0m	2010/11
Brompton Cemetery		Assumes management, no capital

**Table 5  
Appraisal/ Concept (Stage 1)**

<b>Family and Children's Services</b>		
Centre for children with disabilities	£1.4m	Little House rebuild; Long term
Development of primary school stock	?	Building Schools for the Future
<b>Housing, Health and Adult Social Care</b>		
Trellick Tower Garage site	?	
Housing Stock Options	?	
<b>Transport, Environment and Leisure Services</b>		
Notting Hill Gate initiative	£5.1m	
Ladbroke Grove route study	£1.3m	
Chelsea Town Hall remodelling	£20m?	
Kensington water play area	£0.7m	

4.3 Clearly these projects represent a very large potential call on resources. As the funding section shows, some form of queuing, rationing or substitution will be necessary in order to bring them in.

## **5. COMPLEMENTARY POLICY ISSUES**

5.1 The Council's Environment Strategy promotes sustainability in design and construction projects (Theme 5). In commissioning studies, operational, financial, environmental sustainability and whole-life costs should be required as a design priority, and long-term social benefits should be identified before schemes are approved for inclusion in the capital programme.

5.2 The Equalities Strategy includes the "*Aim to improve the accessibility of buildings within the borough*". The Strategy commits the Council to:

- commissioning access audits that consider physical and communication barriers for all disabled people from qualified experts for all of the Council's existing facilities and buildings by March 2008
- ensuring that the new Town Hall reception improves the environment for disabled people - including counters at the right height for wheelchair users, automatic doors, disabled toilets and toilets with baby changing facilities for men and women
- addressing the need for clear inclusive access policies that consider people's diverse needs and aim to break down unnecessary barriers and exclusions, in a manner that benefits the entire community, in our Local Development Framework

- requiring applications for both outline and full planning permissions to be accompanied by a Design and Access Statement in all developments (except those meeting strict criteria specified in our planning guidance) from August 2006 onwards
- issuing all licensed premises in the Borough with free disability awareness raising material, produced by DisabledGo in partnership with Mencap, the Royal National Institute for the Deaf, the Royal National Institute for the Blind, MIND and the British Council of Disabled People, by March 2007.

Our targets to measure success are:

- increase the proportion of qualifying buildings that are accessible to all to 25 per cent in 2006/07; 28 per cent in 2007/08; and 30 per cent in 2008/09, as measured by the national performance indicator – Best Value Performance Indicator 156
- increase the percentage of Council buildings with public areas that have completed costed access audits and are taking follow-up action to 75 per cent by March 2007, and 100 per cent by March 2008 – Royal Borough Performance Indicator 3205
- increase the percentage of qualifying buildings that offer either 'good' to 'excellent' accessibility or alternative ways for users to access services to 60 per cent by 2006/07, as measured by our local performance indicator 3206.

From April 2007, we will expand the list of qualifying buildings assessed under our local performance indicator to include other Council-owned buildings that we consider to have public access - including some education buildings that are excluded from the national performance indicator - and update our improvement targets accordingly.

- 5.3 In parallel, Housing, Health and Adult Social Care Overview and Scrutiny Committee Sub-Group recently published its review of access for disabled people. This registered disappointment that less than half the Council's buildings met our local indicator for access, while only a quarter meet the more stringent measure based on modern building regulations. The latter reflects, in some cases, the listed nature of our buildings. The Sub-Group recommended closer coordination of disability access across Business Groups (possibly through the Facilities Management Group), championed by a Cabinet Member, and the utilisation of a centralised budget.
- 5.4 In total, spending on access issues across the Council is estimated at £1.3 million directly in 2007/08 in the capital programme. This is



supplemented by larger schemes that will improve service accessibility, e.g. the Customer Service Centre and the Central Library refurbishment, and by revenue expenditure on smaller schemes. **Appendix 5** identifies the Council's overall position on disability access in its buildings and potential improvements deriving from the Capital Programme.

## 6. SUMMARY OF BIDS AND FINANCING THE PROGRAMME

6.1 The total capital spending and funding sources for all Business Groups from 2007/08 onwards, are summarised in **Table 6** below.

**Table 6**  
**Summary of Business Group Bids and Funding Sources**

Service	2007/08	2008/09	2009/10	Subtotal	Later Years	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Family and Children's Services</b>						
External Resources *	3,674	1,607	859	6,140	0	6,140
Internal Cash Funding	737	819	0	1,556	3,519	5,075
Corporate Funding	7,922	21,737	24,607	54,266	14,712	68,978
<b>Total Family and Children's Services</b>	<b>12,333</b>	<b>24,163</b>	<b>25,466</b>	<b>61,962</b>	<b>18,231</b>	<b>80,193</b>
<b>Housing and Health</b>						
External Resources	14,172	10,503	5,849	30,524	0	30,524
Internal Cash Funding	3,233	1,354	50	4,637	0	4,637
Corporate Funding	6,305	6,155	6,155	18,615	135	18,750
<b>Total Housing and Health</b>	<b>23,710</b>	<b>18,012</b>	<b>12,054</b>	<b>53,776</b>	<b>135</b>	<b>53,911</b>
<b>Adult Social Care</b>						
External Resources	415	0	0	415	0	415
Internal Cash Funding	358	0	0	358	0	358
Corporate Funding	1,098	1,001	360	2,459	0	2,459
<b>Total Adult Social Care</b>	<b>1,871</b>	<b>1,001</b>	<b>360</b>	<b>3,232</b>	<b>0</b>	<b>3,232</b>
<b>Housing, Health and Adult Social Care</b>						
External Resources	14,587	10,503	5,849	30,939	0	30,939
Internal Cash Funding	3,591	1,354	50	4,995	0	4,995
Corporate Funding	7,403	7,156	6,515	21,074	135	21,209
<b>Total Housing, Health and Adult Social Care</b>	<b>25,581</b>	<b>19,013</b>	<b>12,414</b>	<b>57,008</b>	<b>135</b>	<b>57,143</b>
<b>Planning and Conservation</b>						
External Resources	20	20	0	40	0	40
Internal Cash Funding	25	30	50	105	0	105
Corporate Funding	70	0	0	70	0	70
<b>Total Planning and Conservation</b>	<b>115</b>	<b>50</b>	<b>50</b>	<b>215</b>	<b>0</b>	<b>215</b>
<b>Transport, Environment and Leisure Services</b>						
External Resources	1,685	9,882	20,532	32,099	2,300	34,399
Internal Cash Funding	6,265	6,850	3,634	16,749	0	16,749
Corporate Funding	4,790	1,731	664	7,185	117	7,302
<b>Total Transport, Environment and Leisure Services</b>	<b>12,740</b>	<b>18,463</b>	<b>24,830</b>	<b>56,033</b>	<b>2,417</b>	<b>58,450</b>
<b>Corporate Services</b>						
External Resources	1,000	0	0	1,000	0	1,000
Internal Cash Funding	2,970	1,488	632	5,090	33	5,123
Corporate Funding	1,603	3,023	2,332	6,958	5,589	12,547
<b>Total Corporate Services</b>	<b>5,573</b>	<b>4,511</b>	<b>2,964</b>	<b>13,048</b>	<b>5,622</b>	<b>18,670</b>
<b>All Business Groups</b>						
External Resources	20,966	22,012	27,240	70,218	2,300	72,518
Internal Cash Funding	13,588	10,541	4,366	28,495	3,552	32,047

Corporate Funding	21,788	33,647	34,118	89,553	20,553	110,106
<b>Total All Business Groups</b>	<b>56,342</b>	<b>66,200</b>	<b>65,724</b>	<b>188,266</b>	<b>26,405</b>	<b>214,671</b>

### Notes

\* Includes Dedicated Schools Grant within Family and Children's Services. Corporate Funding includes borrowing, ALMO resources and Usable Capital receipts. Internal Cash Funding includes the Car Parking Reserve and Capital Expenditure Reserves. External Resources includes capital grant and contributions.

## External Resources

### General Capital Receipts

- 6.2 Capital receipts can be used to fund the programme to the extent that they are not required to be paid to the Government under the 'pooling' arrangements for Housing receipts. The amount payable in respect of non-dwelling receipts may be reduced if the council determines that the receipt is re-invested in affordable housing (i.e. towards the HRA capital programme of £22 million for 2007/08).
- 6.3 The funding proposed assumes that receipts are applied in the year following receipt. In addition, some specific 'earmarked' capital receipts are directly tied to individual schemes or purposes, (such as Elm Park Gardens basement refurbishment) while it is our policy to retain receipts from the sale of freeholds for new freehold acquisitions. The use of capital receipts reduces the borrowing requirement. The expected non-earmarked receipts, and their proposed use, are shown in **Table 7**. The capital receipt from Holland Park School should also be available, possibly phased, at a point from 2008/09.

**Table 7**  
**Capital Receipts**

	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m
Balance b/f	2.0	1.3	2.2	2.2
Add receipts in year	1.3	0.9	0.9	0.9
Less used to fund capital expenditure	-2.0	0.0	-0.9	-0.9
<b>Balance c/f</b>	<b>1.3</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>

### Capital Grants

- 6.4 Expenditure in the capital programme that is conditional on external funding has been set in line with the latest information about resources. Some further revisions may be necessary as further announcements are made. Some funding for schools capital

expenditure is now rolled into the Dedicated Schools Grant, which is assumed to increase approximately in line with funding increases for schools in later years. Details of other specific grants are shown in **Table 8**.

**Table 8**  
**External Grant Funding Sources**

Sources of External Grant Funding/Contributions	2006/07	2007/08	2008/09	2009/10	Later Years	Totals
	£'000	£'000	£'000	£'000	£'000	£'000
Disabled Facilities Grant (CLG)	210	210	210	210	0	840
Gypsy and Travellers Site Grant (CLG)	0	450	0	0	0	450
Health Authority Contribution	733	415	0	0	0	1,148
Improving Information Management (DoH)	0	50	0	0	0	50
Integrated Children's Systems Grant (DfES)	0	147	0	0	0	147
Learning and Skills Council	46	0	0	0	0	46
Lottery	718	100	0	4,000	0	4,818
Major Repairs Allowance - HRA	11,308	11,894	8,650	5,639	0	37,491
Performance Standards Fund (DWP)	159	0	0	0	0	159
Planning Delivery Grant (CLG)	0	20	20	0	0	40
Standards Fund Grant (DfES)	1,271	1,444	833	46	0	3,594
Sure Start Grant (DfES/DWP/DH)	1,202	1,101	0	0	0	2,303
Transport for London	820	1,517	5,482	2,732	800	11,351
Youth Opportunities Fund (DfES)	69	45	0	0	0	114
Contributions from Other Local Authorities	0	48	900	900	0	1,848
Other Contributions	166	1,170	100	0	0	1,436
External Funding Sources to be determined*	0	0	3,400	12,900	1,500	17,800
<b>Total</b>	<b>16,702</b>	<b>18,611</b>	<b>19,595</b>	<b>26,427</b>	<b>2,300</b>	<b>83,635</b>

\* Exhibition Road

*Note that CLG is the Department for Communities and Local Government*

## Internal Cash Funding

### Reserves

- 6.5 Where there are appropriate earmarked reserves available to fund individual schemes they have been used.
- 6.6 Some £33 million of additional Council funding would be required for pipeline schemes not yet included in the programme and shown in **Table 4**, albeit the amounts are very speculative. Much of this will fall into payment years after 2010/11. In addition there are potential additional resource claims on existing plans, such as Exhibition Road. In order to be able to contemplate these options, we have retained, as a **corporate guideline**, a minimum of £15 million in the Capital Reserve and £20 million in the Car Parking Reserve as at the end of 2009/10.

### Car Parking Reserve

- 6.7 Over the next three years £17.4 million of the Car Parking Reserve is planned to be used to fund the capital programme. The forecast reserve balance is shown in **Table 9**. The projection takes account

of the impact of the proposed introduction of the Congestion Charge from early 2007.

**Table 9  
Car Parking Reserve Movements**

Description	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m
Surplus from On Street Parking	22.5	21.5	21.4	21.1
Funding of Revenue Expenditure	-17.4	-17.9	-18.4	-19.0
<b>Net movement - revenue</b>	<b>5.1</b>	<b>3.6</b>	<b>3.0</b>	<b>2.1</b>
Funding of Capital Expenditure *	-4.8	-6.8	-9.6	-6.4
<b>Total movement - revenue and capital</b>	<b>0.3</b>	<b>-3.2</b>	<b>-6.6</b>	<b>-4.3</b>
Balance Brought Forward	36.3	36.6	33.4	26.8
<b>Balance Carried Forward</b>	<b>36.6</b>	<b>33.4</b>	<b>26.8</b>	<b>22.5</b>

\* 2008/09 and 2009/10 includes additional York Stone paving approved annually (not in Capital Programme).

### **Capital Expenditure Reserve**

- 6.8 The other main source of funding of the non-HRA capital programme is the Capital Expenditure Reserve (CER), which has been built up from previous revenue contributions. The projection assumes that an additional contribution of £8 million is made to the Reserve from 2006/07 savings.
- 6.9 The capital programme funding assumes that we use the Capital Expenditure Reserve ahead of borrowing subject to retaining at least £15 million for allocation to pipeline and future projects. Under the current prudential borrowing rules it is no longer necessary to take up annual government borrowing approvals to avoid losing them. There is however, a residual risk that the Government may cap local government borrowing increases in future years for macro economic reasons.

**Table 10  
Capital Expenditure Reserve**

Capital Exp Reserve	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m
Balance Brought Forward	56.3	57.3	44.5	37.7
Contributions In	13.5	5.5	3.5	3.5
Used	-12.5	-18.3	-10.3	-18.2

<b>Balance Carried Forward</b>	57.3	44.5	37.7	23.0
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## Corporate Funding

6.10 **Table 11** sets out the amounts that have been announced by the Government as borrowing that will be supported through the grant system. As the Council's grant level is largely determined by the grant floor or by scaling back our increases to fund others' floor levels, there is no pound for pound relationship. This is a benchmark for the Council's investment plans, rather than a limit. The figures emphasise that capital spending outside Education and Housing needs to rely on external funding or the council's own resources. Given the relatively low amounts, the Council's financing requirement is expected to draw on prudential borrowing (i.e. not supported by notional government grant) for bridging finance to rebuild Holland Park school, unless this is financed directly by concurrent capital receipts.

**Table 11**  
**Supported Borrowing**

<b>Service Block</b>	<b>2006/07 £'000</b>	<b>2007/08 £'000</b>
Education	2,907	3,078
Housing	5,100	5,100
Adult Personal Social Services	126	127
Children's Personal Social Services	29	29
Mental Health Services	142	138
Other	11	11
<b>Sub Total</b>	<b>8,315</b>	<b>8,483</b>
ALMO funding for HRA	7,344	0
<b>Total</b>	<b>15,659</b>	<b>8,483</b>

## Summary

6.11 The total funding, subject to any amendments to the programme, is shown in **Table 12**. Total spending less capital grants and contributions, use of reserves and capital receipts leaves a balance to be funded from borrowing (the "capital financing requirement").

**Table 12**  
**Total Funding**

<b>General Fund</b>	<b>2007/08 £'000</b>	<b>2008/09 £'000</b>	<b>2009/10 £'000</b>	<b>Later Years £'000</b>	<b>Total £'000</b>
<b>Total Expenditure</b>	<b>34,247</b>	<b>49,203</b>	<b>54,685</b>	<b>26,305</b>	<b>164,440</b>
<i>Less Funded From:</i>					
Capital Grants and Contributions	6,717	10,945	20,788	2,300	40,750
<b>Net Balance (Council Funding)</b>	<b>27,530</b>	<b>38,258</b>	<b>33,897</b>	<b>24,005</b>	<b>123,690</b>
Use of Specific Reserves and Direct Revenue Funding	3,544	2,307	632	3,552	10,035
Use of Car Park Reserve	6,811	6,880	3,684	0	17,375
Usable Capital Receipts	0	900	900	0	1,800
Use of Capital Expenditure Reserve	16,438	8,651	17,664	0	42,753
Use of Dedicated Schools Grant	737	774	813		2,324
<b>Net Capital Financing Requirement</b>	<b>0</b>	<b>18,746</b>	<b>10,204</b>	<b>20,453</b>	<b>49,403</b>

<b>Housing Revenue Account</b>	<b>2007/08 £'000</b>	<b>2008/09 £'000</b>	<b>2009/10 £'000</b>	<b>Later Years £'000</b>	<b>Total £'000</b>
<b>Total Expenditure</b>	<b>22,095</b>	<b>16,997</b>	<b>11,039</b>	<b>100</b>	<b>50,231</b>
<i>Less Funded From:</i>					
Capital Grants and Contributions	11,894	8,650	5,639	0	26,183
Specific Capital Receipts	1,618	1,643	0	0	3,261
<b>Net Balance (Council Funding)</b>	<b>8,583</b>	<b>6,704</b>	<b>5,400</b>	<b>100</b>	<b>20,787</b>
Use of Specific Reserves and Direct Revenue Funding	3,233	1,354	50	0	4,637
<b>Net Capital Financing Requirement</b>	<b>5,350</b>	<b>5,350</b>	<b>5,350</b>	<b>100</b>	<b>16,150</b>



## 7 AFFORDABILITY AND REVENUE COST

- 7.1 The principal revenue effect of the programme on the General Fund is the loss of interest as reserves are used up, followed by rising financing charges once borrowing is incurred again in 2008/09 and later years. Borrowing adds interest costs, and a further statutory minimum four per cent provision for debt repayment, which impacts on the following year. Without additional borrowing our debt servicing costs could reduce as we set aside annual amounts to repay debt.
- 7.2 The borrowing requirement, known as the Capital Financing Requirement (CFR) resulting from the proposed capital programme, is set out in **Table 13**.

**Table 13**  
**Capital Financing Requirement (CFR) movements**

Year	Fund	Opening Balance £'000	Net CFR change - new borrowing £'000	Less Statutory MRP £'000	Less Voluntary MRP £'000	Closing Balance £'000
2006/07	Housing Revenue Account	162,317	12,613	0		174,930
	General Fund	60,608	0	-2,092	-3,297	55,219
	<b>Total</b>	<b>222,925</b>	<b>12,613</b>	<b>-2,092</b>	<b>-3,297</b>	<b>230,149</b>
2007/08	Housing Revenue Account	174,930	5,350	0		180,280
	General Fund	55,219	0	-1,877	-5,994	47,348
	<b>Total</b>	<b>230,149</b>	<b>5,350</b>	<b>-1,877</b>	<b>-5,994</b>	<b>227,628</b>
2008/09	Housing Revenue Account	180,280	5,350	0		185,630
	General Fund	47,348	18,746	-1,562	-5,669	58,863
	<b>Total</b>	<b>227,628</b>	<b>24,096</b>	<b>-1,562</b>	<b>-5,669</b>	<b>244,493</b>
2009/10	Housing Revenue Account	185,630	5,350	0		190,980
	General Fund	58,863	10,204	-2,023	-4,698	62,346
	<b>Total</b>	<b>244,493</b>	<b>15,554</b>	<b>-2,023</b>	<b>-4,698</b>	<b>253,326</b>

*Statutory Minimum Revenue Provision is the 4 per cent Minimum Provision required under the Capital Regulations. Voluntary MRP provision has been made to cover ex-ILEA debt, short life assets and a provision to reduce overall indebtedness. The figure may be reviewed for continued affordability in future years.*

- 7.3 **Table 14** shows how the Capital Financing Requirement estimate for *additional* borrowing has changed between the new three-year programme and the one agreed in February 2006.

**Table 14**  
**Capital Financing Requirement**

Description	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
<b>General Fund</b>				
Capital Financing Requirement - new programme	0	0	18,746	10,204
Capital Financing Requirement - previous programme	0	0	18,746	
<b>Change from previous programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,204</b>
<b>Housing Revenue Account</b>				
Capital Financing Requirement - new programme	12,613	5,350	5,350	5,350
Capital Financing Requirement - previous programme	12,698	5,350	9,534	
<b>Change from previous programme</b>	<b>-85</b>	<b>0</b>	<b>-4,184</b>	<b>5,350</b>
<b>Total</b>				
Capital Financing Requirement - new programme	12,613	5,350	24,096	15,554
Capital Financing Requirement - previous programme	12,698	5,350	28,280	0
<b>Change from previous programme</b>	<b>-85</b>	<b>0</b>	<b>-4,184</b>	<b>15,554</b>

7.4 **Table 15** shows the affordability of the capital programme for the General Fund, in terms of the marginal impact on the Council Tax and the share of the total budget taken up by capital financing costs. This is compared to the equivalent figures in the current capital programme, with the impact slipping back in tandem with slippage in expenditure. However, in the next three years the impact of new capital spending for the General Fund can be absorbed within the revenue budget by varying the voluntary MRP.

**Table 15**  
**Affordability for the General Fund**

Summary	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
Interest on historic external borrowing	4,436	3,804	3,433	3,578
Statutory Minimum Revenue Provision (MRP) @4%	2,092	1,877	1,562	2,023
Voluntary MRP - accelerated for short life assets	524	719	727	727
Interest on new borrowing (cumulative)	0	0	375	954
Interest loss on use of reserves (cumulative)	624	1,795	2,911	3,907
<b>Total Financing Cost</b>	<b>7,676</b>	<b>8,195</b>	<b>9,008</b>	<b>11,189</b>

Increase in net cost over previous year	794	519	813	2,181
Year on Year Band D equivalent increase (£)	8	5	8	22
<b>2005/06-2007/08 Capital Programme</b>				
Previously Projected Band D equivalent incr (£)	8	7	7	
Variation in Band D cost i.e. draft budget compared to previous years estimated increase (£)		-2	1	22
<b>Ratio of financing cost to revenue budget</b>	4.7%	4.9%	5.2%	6.3%

- 7.5 **Table 15** shows that the 2007/08 Band D increased cost of the programme is slightly less than anticipated last year. This is due to rephased expenditure, lower long-term interest rates and the increase in the Council Tax base. 2009/10 is a new year included in the three-year programme.
- 7.6 In approving the last three year capital programme Cabinet indicated that when the ratio of financing cost to budget requirement exceeded 6.7 per cent, this should be a 'trigger' to consider more carefully the affordability of the capital programme. **Table 15** shows that the budget has been kept within this threshold. All else being equal the ratio will reduce once the capital receipt from the sale of the housing site at Holland Park School is available.
- 7.7 The revenue impact on the HRA depends on subsidy levels, and the programme may need to be trimmed back in future years if it puts too much pressure on expenditure given the statutory constraint on rent increases. The ratio of financing cost to budget for the HRA is as follows:-

<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	
<b>2009/10</b>			
30.20 %	31.34 %	32.32%	31.03%

There is no impact on rent levels as a result of the HRA capital programme, due to the rent increase restrictions in place and the fact that expenditure is fully subsidised. Borrowing in excess of subsidy must be absorbed by reductions elsewhere if rent limits are held firm. Affordability for the Housing Revenue Account is secured by aligning the amount borrowed with the HRA subsidy for financing costs. The Council no longer makes a provision to repay debt in the HRA, previously set at 2 per cent. To do so would require the HRA to divert expenditure from its major repairs.

- 7.8 The report on the Treasury Management Strategy for 2007/08, elsewhere on the agenda, describes how finance for the capital programme will be raised and sets the related Treasury Management Prudential Indicators.

## **8. LEGAL AND PERSONNEL ISSUES**

- 8.1 The capital programme includes a number of schemes to upgrade and improve the buildings portfolio of business groups. This will benefit the built environment for both service users and staff.

## **9. DIVERSITY IMPLICATIONS**

- 9.1 The establishments within the Royal Borough provide opportunities for various users with a wide range of backgrounds and abilities. The Council's Equality Scheme Action Plan commits the Council to improve the accessibility of the buildings in the borough. The capital programme therefore includes a number of schemes designed to achieve these improvements. Implications of individual projects are included in the Capital Budget Reports submitted to Overview and Scrutiny Committees or will be included in more detail in relevant key decision reports.

## **10. RECOMMENDATIONS**

The Cabinet is requested to:

- 10.1 Approve the capital programme of expenditure and its funding, subject to confirmation of any external resources where relevant, as summarised in **Appendices 2, 3, 4** and set out in detail in **Appendix 6**, including:
  - revisions to the 2006/07 capital budget
  - approval to schemes starting in 2007/08 of £68 million subject to further specific approval being required for schemes as not yet agreed for budget release
  - approval to schemes starting in 2008/09 and 2009/10 for planning purposes only.
- 10.2 Note that where external funding is not yet certain, any scheme approved will be subject to review, in the event that the confirmed external funding is not forthcoming to the extent assumed in the budget.
- 10.3 Agree the principle that exceptional exploratory funding for feasibility should be managed by the Property Strategy Group and Computer and Communications Advisory Group, drawing down resources from the Capital Expenditure Reserve, up to a reviewable limit of £500k and £100k for 2007/08 and subject to agreement with the Cabinet Member for Finance and Property. This is set out in paragraph **2.3**.
- 10.4 Agree that in commissioning work, from feasibility onwards, operational, financial, environmental sustainability and whole-life costs should be considered as a priority, and that long-term social benefits should be identified before schemes are approved for inclusion in the capital programme. This is set out in paragraph **5.1**.
- 10.5 To note the grading applied to the accessibility to buildings, as set out in **Appendix 5**.
- 10.6 To note the potential and pipeline schemes currently excluded for the programme, as set out in **Tables 4 and 5**, and to agree any that should not be progressed for now, or any that are the highest priority to progress quickly.
- 10.7 To determine that non Right-to-Buy housing receipts (if any) be set against eligible expenditure of £22 million in the HRA capital programme, as set out in paragraph **6.2**.

- 10.8 Agree to retain a minimum of £15 million in the Capital Reserve and £20 million in the Car Parking Reserve at the end of 2009/10, as set out in paragraph **6.6**.
- 10.9 Agree the Capital Financing Requirement as a result of the proposed capital programme as set out in paragraph **7.2**.
- 10.10 Agree the affordability of the revenue impact of the programme on the Council Tax and for the Housing Revenue Account, as set out in **section 7**.
- 10.11 Submit the programme to the Council for approval.

**FOR  
DECISION**

**Sue Beauchamp  
Executive Director for  
Finance, Information Systems and Property**

**Background Papers**

Capital Budget Working Papers 2007/08 – 2009/10  
CIPFA Prudential Code for Capital Finance in Local Authorities  
Government supported borrowing notifications

**Officer Contact**

Mr P. Kidd (tel:020 7361 2316 email: paul.kidd@rbkc.gov.uk)

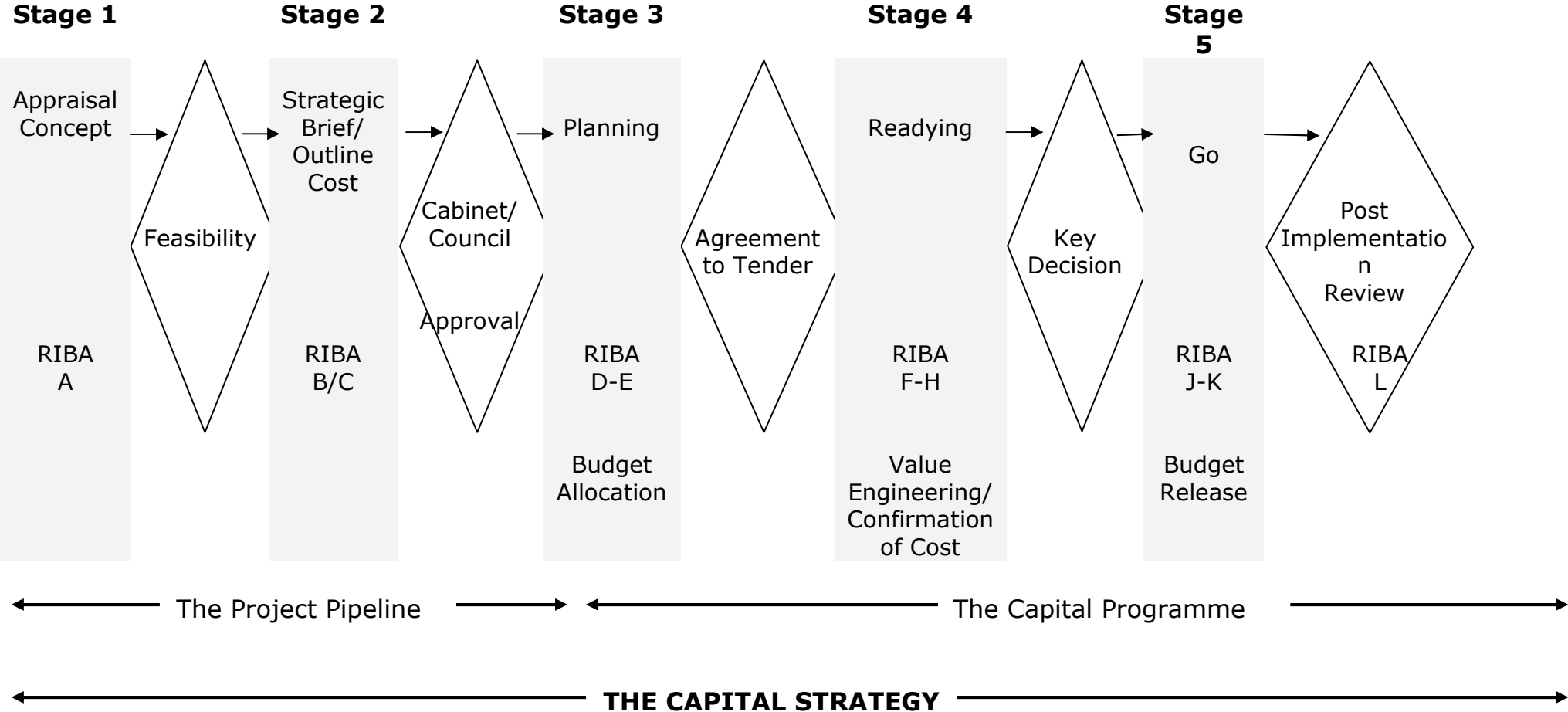
## **INDEX TO APPENDICES**

- 1** Capital Schemes Progression
- 2** Business Group Summary
- 3** Capital Programme by Start Year
- 4** Capital Programme by Service Area
- 5** Accessibility of the Council's Operational Premises
- 6** Business Group Capital Programme 2007/08 – 2009/10
  - Notes
  - The Royal Borough Aims, Community Strategy Goals and Capital Strategy Objectives
  - Family and Children's Services
  - Housing, Health and Adult Social Care
  - Planning and Conservation
  - Transport, Environment and leisure Services
  - Corporate Services





CAPITAL SCHEMES PROGRESSION





**A Appraisal**

- 1 Carry out studies to determine the feasibility of the Client's requirement
- 2A Review with client alternative design and construction approaches and the cost implications or
- 2B Provide information for report on cost implications

**B Strategic Brief**

- 1 Receive strategic brief prepared by the client

**C Outline Proposals**

- 1 Commence development of Strategic Brief into Project Brief
- 2 Prepare Outline Proposal
- 3A Provide an approximation of construction costs or
- 3B Provide information for cost planning
- 4 Obtain Client approval to Outline Proposals and approximate construction cost
- 5 Co-operate with Planning Supervisor where applicable

**D Detailed Proposals**

- 1 Complete developments of Project Brief
- 2 Develop the Detailed Proposal from approved Outline Proposals
- 3A Prepare a cost estimate or
- 3B Provide information for preparation of cost estimate
- 4 Consult statutory authorities
- 5 Obtain Client approval to the Detailed Proposal showing spatial arrangements, material and appearance, and a cost estimate
- 6 Prepare and submit application for full planning permission

**E Final Proposals**

- 1 Design Final Proposals from approved Detailed Proposals
- 2A Revise cost estimate
- 2B Provide information for revision of cost estimate
- 3 Consult statutory authorities on developed design proposals
- 4 Obtain Client approval to type of construction, quality of materials, standard of workmanship and revised cost estimate
- 5 Advise on consequences of any subsequent changes on cost and programme

**F Production Information**

- 1 Prepare production information for tender purposes
- 2A Prepare schedules of rates and/or quantities and/or schedules of works for tendering purposes and revise cost estimate, or
- 2B Provide information for preparation of tender pricing documents and revision of cost estimate
- 3A Prepare and make submissions under building acts and/or regulations for other statutory requirements or
- 3B Prepare and give building notice under building acts and/or regulations (not applicable in Scotland)
- 4 Prepare further production information for construction purposes

**G Tender documents**

- 1 Prepare and collate tender documents in sufficient detail to enable a tender or tenders to be obtained
- 2 Where applicable pass final information to Planning Supervisor for pre-tender Health and Safety Plan
- 3A Prepare pre-tender costs or
- 3B Provide information for preparation of pre-tender cost estimate

**H Tender Action**

- 1 Contribute to appraisal and report on tenders negotiations
- 2 *If instructed revise production information to meet adjustments in the tender sum*

**J Mobilisation**

- 1 Provide production information as requested for the building contract and for construction

**K Construction to Practical Completion**

- 1 Make visits to the works in connection with the Architect's design
- 2 Provide further information reasonable required for construction
- 3 Review design information from contractors or specialists
- 4 Provide drawings showing the building and main lines of drainage and other information for the Health and Safety File
- 5 Give general advice on operation and maintenance of the building

**L After Practical Completion**

- 1 Identify defects and make final inspections

- 2A Settle Final Account or
- 2B Provide information required by others for settling final account



## APPENDIX 2

### BUSINESS GROUP SUMMARY

Business Group	Capital Programme					
	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	Later Years £'000	Total £'000
<b>Family and Children's Services</b>	<b>15,235</b>	<b>12,333</b>	<b>24,163</b>	<b>25,466</b>	<b>18,231</b>	<b>95,428</b>
<b>Housing, Health and Adult Social Care</b>						
- Housing Revenue Account (HRA)	24,675	22,095	16,997	11,039	100	74,906
- Other Housing and Health	1,266	1,615	1,015	1,015	35	4,946
- Adult Social Care	9,271	1,871	1,001	360	0	12,503
<b>Total</b>	<b>35,212</b>	<b>25,581</b>	<b>19,013</b>	<b>12,414</b>	<b>135</b>	<b>92,355</b>
<b>Planning and Conservation</b>	<b>174</b>	<b>115</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>389</b>
<b>Transport, Environment and Leisure Services</b>	<b>6,926</b>	<b>12,740</b>	<b>18,463</b>	<b>24,830</b>	<b>2,417</b>	<b>65,376</b>
<b>Corporate Services</b>	<b>3,089</b>	<b>5,573</b>	<b>4,511</b>	<b>2,964</b>	<b>5,622</b>	<b>21,759</b>
<b>TOTAL</b>	<b>60,636</b>	<b>56,342</b>	<b>66,200</b>	<b>65,724</b>	<b>26,405</b>	<b>275,307</b>
<b>TOTAL (Excluding HRA)</b>	<b>35,961</b>	<b>34,247</b>	<b>49,203</b>	<b>54,685</b>	<b>26,305</b>	<b>200,401</b>

Funding Source	Capital Programme					
	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	Later Years £'000	Total £'000
<b>Specific Capital Receipts</b>	<b>8,529</b>	<b>1,618</b>	<b>1,643</b>	<b>0</b>	<b>0</b>	<b>11,790</b>
<b>Dedicated Schools Grant</b>	<b>702</b>	<b>737</b>	<b>774</b>	<b>813</b>	<b>0</b>	<b>3,026</b>
<b>Other Government Grants</b>	<b>2,957</b>	<b>3,467</b>	<b>3,963</b>	<b>12,156</b>	<b>1,500</b>	<b>24,043</b>
<b>Major Repairs Allowance</b>	<b>11,308</b>	<b>11,894</b>	<b>8,650</b>	<b>5,639</b>	<b>0</b>	<b>37,491</b>
<b>Other Capital Grants</b>	<b>1,538</b>	<b>1,617</b>	<b>5,482</b>	<b>6,732</b>	<b>800</b>	<b>16,169</b>
<b>Contributions from Other Bodies</b>	<b>899</b>	<b>1,633</b>	<b>1,500</b>	<b>1,900</b>	<b>0</b>	<b>5,932</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>25,933</b>	<b>20,966</b>	<b>22,012</b>	<b>27,240</b>	<b>2,300</b>	<b>98,451</b>
<b>Car Parking Reserve</b>	<b>4,823</b>	<b>6,811</b>	<b>6,880</b>	<b>3,684</b>	<b>0</b>	<b>22,198</b>
<b>Direct Revenue Funding / Use of General Fund Reserves</b>	<b>2,743</b>	<b>1,733</b>	<b>693</b>	<b>182</b>	<b>2,033</b>	<b>7,384</b>
<b>HRA Capital Reserve</b>	<b>0</b>	<b>3,183</b>	<b>1,304</b>	<b>0</b>	<b>0</b>	<b>4,487</b>
<b>Capital Expenditure Reserve - Earmarked</b>	<b>7,495</b>	<b>1,861</b>	<b>1,664</b>	<b>500</b>	<b>1,519</b>	<b>13,039</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>15,061</b>	<b>13,588</b>	<b>10,541</b>	<b>4,366</b>	<b>3,552</b>	<b>47,108</b>
<b>Capital Financing</b>						
- Arms Length Management Organisation (ALMO)	7,344	0	0	0	0	7,344
- Other HRA	5,269	5,350	5,350	5,350	100	21,419
<b>Total HRA</b>	<b>12,613</b>	<b>5,350</b>	<b>5,350</b>	<b>5,350</b>	<b>100</b>	<b>28,763</b>
- General Fund	0	0	18,746	10,204	20,453	49,403
<b>Total General Fund and HRA</b>	<b>12,613</b>	<b>5,350</b>	<b>24,096</b>	<b>15,554</b>	<b>20,553</b>	<b>78,166</b>
- Use of Capital Expenditure Reserve	5,029	16,438	8,651	17,664	0	47,782
- Capital Receipts	2,000	0	900	900	0	3,800
<b>TOTAL CORPORATE FUNDING</b>	<b>19,642</b>	<b>21,788</b>	<b>33,647</b>	<b>34,118</b>	<b>20,553</b>	<b>129,748</b>
<b>TOTAL ALL SOURCES OF FUNDING</b>	<b>60,636</b>	<b>56,342</b>	<b>66,200</b>	<b>65,724</b>	<b>26,405</b>	<b>275,307</b>





## APPENDIX 3

### CAPITAL PROGRAMME BY START YEAR

Start Year/ Business Group	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	Later Years £'000	Total Cost £'000
<b>START YEAR 2006/07 OR EARLIER</b>						
Family and Children's Services	15,235	8,247	21,577	24,242	18,231	87,532
Housing and Health	25,941	1,753	1,643	0	0	29,337
Adult Social Care	9,271	878	420	100	0	10,669
<i>Housing, Health and Adult Social Care</i>	35,212	2,631	2,063	100	0	40,006
Planning and Conservation	174	95	0	0	0	269
Transport, Environment and Leisure Services	6,926	1,634	1,135	899	0	10,594
Corporate Services	3,089	2,969	144	55	0	6,257
<b>Total for START YEAR 2006/07 or EARLIER</b>	<b>60,636</b>	<b>15,576</b>	<b>24,919</b>	<b>25,296</b>	<b>18,231</b>	<b>144,658</b>
<b>START YEAR 2007/08</b>						
Family and Children's Services	0	4,086	490	50	0	4,626
Housing and Health	0	21,957	135	0	0	22,092
Adult Social Care	0	993	461	10	0	1,464
<i>Housing, Health and Adult Social Care</i>	0	22,950	596	10	0	23,556
Planning and Conservation	0	20	20	0	0	40
Transport, Environment and Leisure Services	0	11,106	10,745	4,790	0	26,641
Corporate Services	0	2,604	2,620	1,959	5,622	12,805
<b>Total for START YEAR 2007/08</b>	<b>0</b>	<b>40,766</b>	<b>14,471</b>	<b>6,809</b>	<b>5,622</b>	<b>67,668</b>
<b>START YEAR 2008/09 OR EARLIER</b>						
Family and Children's Services	0	0	2,096	574	0	2,670
Housing and Health	0	0	16,234	135	0	16,369
Adult Social Care	0	0	120	0	0	120
<i>Housing, Health and Adult Social Care</i>	0	0	16,354	135	0	16,489
Planning and Conservation	0	0	30	50	0	80
Transport, Environment and Leisure Services	0	0	6,583	16,224	2,300	25,107
Corporate Services	0	0	1,747	0	0	1,747
<b>Total for START YEAR 2008/09</b>	<b>0</b>	<b>0</b>	<b>26,810</b>	<b>16,983</b>	<b>2,300</b>	<b>46,093</b>
<b>START YEAR 2009/10</b>						
Family and Children's Services	0	0	0	600	0	600
Housing and Health	0	0	0	11,919	135	12,054
Adult Social Care	0	0	0	250	0	250
<i>Housing, Health and Adult Social Care</i>	0	0	0	12,169	135	12,304
Planning and Conservation	0	0	0	0	0	0
Transport, Environment and Leisure Services	0	0	0	2,917	117	3,034
Corporate Services	0	0	0	950	0	950
<b>Total for START YEAR 2009/10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,636</b>	<b>252</b>	<b>16,888</b>
<b>TOTAL FOR ALL START YEARS</b>						
Family and Children's Services	15,235	12,333	24,163	25,466	18,231	95,428
Housing and Health	25,941	23,710	18,012	12,054	135	79,852
Adult Social Care	9,271	1,871	1,001	360	0	12,503
<i>Housing, Health and Adult Social Care</i>	35,212	25,581	19,013	12,414	135	92,355
Planning and Conservation	174	115	50	50	0	389
Transport, Environment and Leisure Services	6,926	12,740	18,463	24,830	2,417	65,376
Corporate Services	3,089	5,573	4,511	2,964	5,622	21,759
<b>TOTAL FOR ALL START YEARS</b>	<b>60,636</b>	<b>56,342</b>	<b>66,200</b>	<b>65,724</b>	<b>26,405</b>	<b>275,307</b>



## APPENDIX 4

### CAPITAL PROGRAMME BY SERVICE AREA

Business Group/ Service	2007/08 £'000	2008/09 £'000	2009/10 £'000	Later Years £'000	Total £'000	Share %
<b>Family and Children's Services</b>						
New schools	5,633	18,355	18,446	17,591	60,025	28.0%
Other schools spending	3,098	1,701	744	0	5,543	2.6%
Education - non schools	370	300	200	0	870	0.4%
Children's centres	2,011	490	280	0	2,781	1.3%
Libraries	623	2,972	5,796	640	10,031	4.7%
Social services premises	598	345	0	0	943	0.4%
<b>Total for Family and Children's Services</b>	<b>12,333</b>	<b>24,163</b>	<b>25,466</b>	<b>18,231</b>	<b>80,193</b>	<b>37.4%</b>
<b>Housing, Health and Adult Social Care</b>						
Housing Revenue Account	22,095	16,997	11,039	100	50,231	23.4%
Housing other	1,015	1,015	1,015	35	3,080	1.4%
Social services premises and IT	1,871	1,001	360	0	3,232	1.5%
Environmental health	600	0	0	0	600	0.3%
<b>Total for Housing, Health and Adult Social Care</b>	<b>25,581</b>	<b>19,013</b>	<b>12,414</b>	<b>135</b>	<b>57,143</b>	<b>26.6%</b>
<b>Planning and Conservation</b>	<b>115</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>215</b>	<b>0.1%</b>
<b>Transport, Environment and Leisure Services</b>						
Highways and street scene	5,448	16,445	23,519	2,300	47,712	22.2%
Waste management, cemeteries and markets	450	285	150	0	885	0.4%
Parks and railings	3,936	346	574	117	4,973	2.3%
Sports centres	1,681	1,240	440	0	3,361	1.6%
Arts and museums	1,130	0	0	0	1,130	0.5%
Community safety	95	147	147	0	389	0.2%
<b>Total for Transport, Environment and Leisure Services</b>	<b>12,740</b>	<b>18,463</b>	<b>24,830</b>	<b>2,417</b>	<b>58,450</b>	<b>27.2%</b>
<b>Corporate Services</b>						
Offices and reception	3,346	4,186	2,832	5,589	15,953	7.4%
Works - waste at Pembroke Rd	234	0	0	0	234	0.1%
Council Tax and Benefits IT	80	0	0	0	80	0.0%
IT - building work	83	0	0	0	83	0.0%
IT and network - other	830	325	132	33	1,320	0.6%
Canalside House	1,000	0	0	0	1,000	0.5%
<b>Total for Corporate Services</b>	<b>5,573</b>	<b>4,511</b>	<b>2,964</b>	<b>5,622</b>	<b>18,670</b>	<b>8.7%</b>
<b>TOTAL</b>	<b>56,342</b>	<b>66,200</b>	<b>65,724</b>	<b>26,405</b>	<b>214,671</b>	<b>100.0%</b>



## APPENDIX 5

### ACCESSIBILITY OF THE COUNCIL'S OPERATIONAL PREMISES

Property	Current Grading	Comments (Planned Capital Works)	Likely Revised Grading
Alec Clifton-Taylor Memorial Garden/St Mary Abbott	<b>GOOD</b>		
Athlone Gardens	<b>GOOD</b>		
Chelsea Common	<b>GOOD</b>		
Chelsea Embankment Gardens	<b>GOOD</b>		
Cluny Mews Gardens	<b>GOOD</b>		
Colville Square Gardens	<b>GOOD</b>		
Cremorne Riverside Centre (excluding Cremorne Gardens)	<b>N/A</b>	New project under construction and due for completion July 2007.	<b>EXCELLENT</b>
Denyer Street Depot	<b>GOOD</b>		
Dovehouse Green	<b>GOOD</b>		
Gloucester Road Toilets (autoloo and disabled)	<b>GOOD</b>		
Ifield Road Playground	<b>GOOD</b>		
Kensington High Street Bus Shelter Autoloo	<b>GOOD</b>		
Kensington Leisure Centre	<b>GOOD</b>	Works proposed in 2006/07 and 2007/08.	<b>EXCELLENT</b>
Lonsdale Road Autoloo	<b>GOOD</b>		
North Kensington Library	<b>GOOD</b>		
Notting Hill Gate Bus Shelter Autoloo	<b>GOOD</b>		
Powis Square Gardens	<b>GOOD</b>		
Redcliffe Square Gardens	<b>GOOD</b>		
Roper's Gardens	<b>GOOD</b>		
Royal Avenue Gardens	<b>GOOD</b>		
Social Workers Office, Greaves Tower	<b>GOOD</b>		
St Luke's Gardens	<b>GOOD</b>		
Sunbeam Gardens	<b>GOOD</b>		
Tavistock Park	<b>GOOD</b>		
Tavistock Piazza Autoloo	<b>GOOD</b>		
The Parking Shop	<b>GOOD</b>		
Westway Centre (Epics - Ground Floor Only)	<b>GOOD</b>		
Westway Information & Aid Centre	<b>GOOD</b>		
Brompton Library	<b>GOOD</b>		
Avondale Park & Sports Ground	<b>FAIR</b>	Essential works in 2008/09 but no new disabled toilets until 2010/11.	<b>FAIR</b>
Chelsea Old Town Hall (Reception/Halls, Register Office & Social Services)	<b>FAIR</b>	Registrar Office, Halls and Social Services office have good access, Library is let down by insufficient lift access to upper parts. Exploring long term plans.	
Crown Wharf Car Compound	<b>FAIR</b>	Works will be included in ongoing programme for access improvement within the TELS Capital Programme	<b>GOOD</b>
Emslie Horniman Pleasance	<b>FAIR</b>	Awaiting outcome of access audit, which has been commissioned	

<b>Property</b>	<b>Current Grading</b>	<b>Comments (Planned Capital Works)</b>	<b>Likely Revised Grading</b>
Gunnersbury Cemetery (Buildings)	<b>FAIR</b>	New disabled toilet in 2006/07, essential other works in 2008/09.	<b>GOOD</b>
Holland Park (Including Playgrounds, Cafe, Ice House/Orangery/Ecology reception area, WC's and Theatre)	<b>FAIR</b>	Holland Park toilets refurbishment including disabled in 2006/07. Café access ramps to be replaced in 2006/07. Induction loops installed to Stable Yard Reception and Opera Booking Office 2006/07 (completed).	<b>GOOD</b>
Hornton Street Public Convenience	<b>FAIR</b>	Future use under review.	
Kensal Library	<b>FAIR</b>	Additional access improvements have taken place.	<b>GOOD</b>
Kensington Memorial Park	<b>FAIR</b>	New disabled toilets in 2007/08, other essential works 2008/09.	<b>GOOD</b>
Kensington Town Hall	<b>FAIR</b>	New customer reception planned in 2007/08.	<b>GOOD</b>
Lancaster Green	<b>FAIR</b>	Awaiting outcome of access audit, which has been commissioned	
Pembroke Road Reception Area	<b>FAIR</b>	To be closed after the Kensington Town Hall new reception is opened.	N/A
Royal Hospital South Grounds	<b>FAIR</b>	Awaiting outcome of access audit, which has been commissioned	
Social Services Neighbourhood Team Office - Grenfell Tower	<b>FAIR</b>	Possible Relocation.	
Westbourne Grove Public Convenience	<b>FAIR</b>	Works will be included in ongoing programme for access improvement within the TELS Capital Programme	<b>GOOD</b>
Westfield Park	<b>FAIR</b>	Landscaping works 2007/08 and new disabled toilet 2008/09.	<b>GOOD</b>
Bevington Road Public Convenience	<b>POOR</b>	Underground location means it is not possible to give disabled access.	
Central Library	<b>POOR</b>	Major refurbishment planned 2008/10.	<b>GOOD</b>
Chelsea Sports Centre	<b>POOR</b>	Stair lift to sports hall in 2007/08, essential other works in 2007/08.	<b>FAIR</b>
Cremorne Gardens (excluding the Riverside Centre)	<b>POOR</b>	Awaiting outcome of access audit, which has been commissioned.	
Hanwell Cemetery - Buildings	<b>POOR</b>	Essential works 2008-09, but no disabled toilet provision planned.	<b>FAIR</b>
Leighton House Museum	<b>POOR</b>	Project at Stage 2 "Strategic Brief/Outline Proposal" - Includes works that would improve access for disabled.	
Linley Sambourne House	<b>POOR</b>	Listed building and design make this very difficult to improve.	
Notting Hill Gate Library	<b>POOR</b>	Awaiting planning approval for chair lift (current programme).	<b>FAIR</b>
Portobello Market Managers Office	<b>POOR</b>	Some Access Improvements Underway/Undertaken - no external ramp.	<b>FAIR</b>
Sloane Square Autoloo	<b>POOR</b>	Upgrade is planned as part of the Improvement Scheme for the Sloane Square area.	<b>EXCELLENT</b>

Property	Current Grading	Comments (Planned Capital Works)	Likely Revised Grading
South Kensington Autoloo	<b>POOR</b>	Upgrade planned at contract expiry in 2008/09	<b>EXCELLENT</b>

Basic access needs are defined as;-

- “the ability for ambulant and non ambulant disabled persons to be able to freely and safely enter onto and around the public areas of a building without interference or obstruction by physical barriers.
- Clear and appropriate signage and lighting should be provided and reception areas freely available for use.
- Busy public reception areas should be fitted with an induction loop.
- Where public toilets are provided, at least one suitably equipped disabled WC is to be provided also.
- A dedicated disabled parking space(s) or a suitable drop off point should be available within the immediate vicinity of the building if reasonably practicable”

### **Explanation of Grading**

#### *Poor Accessibility*

The Public areas of the building do not fulfil basic access needs and no acceptable alternative means of providing the service is offered.

#### *Fair Accessibility*

All Public areas of the building fulfil the majority of basic access needs but additional measures may be necessary to achieve this objective or an acceptable means of providing the service in an alternative method is offered if required.

#### *Good Accessibility*

All basic access needs are fulfilled or an acceptable alternative method of providing the service is available if required.

#### *Excellent Accessibility*

**All basic access needs are met and exceeded.**





**BUSINESS GROUP CAPITAL PROGRAMME  
2007/08 – 2009/10**

## **CAPITAL PROGRAMME 2007/08 TO 2009/10 – NOTES**

### **Presentation of the Council's Capital Programme**

The Capital Programme is shown for each of the Council's Business Groups with schemes being shown in alphabetic order of the project title and then by budgeted start year. Projects are assigned a Programme Status as outlined in Appendix A3.

Inclusion of schemes in 2007/08 gives authority to proceed, subject to confirmation of business case, external resources or of firmer planning and cost estimates and key decision. Later years are a provisional programme and the inclusion of new starts in these years gives authority to plan for the future schemes.

The Capital Programme schedules show for each project:

- (i) Forecast spending to 31 March 2006 and estimates for 2007/08 and future years.
- (ii) Estimated full year revenue costs.
- (iii) The Royal Borough aims, Community Strategy goals and Capital Strategy objectives that are met.

For each Business Group the sources of capital funding for each year's programme is shown i.e. external cash funding (e.g. capital grants and contributions) and specifically earmarked capital receipts; internal cash funding (e.g. specific capital reserves) or corporate funding (borrowing, general capital receipts, Capital Expenditure Reserve)

### **Budget Status**

All schemes require a funding release before they can commit expenditure, normally through a Key Decision. The detailed project list in **Appendix 6** colour codes as green those individual schemes in 2007/08 that are already assumed to have authority to spend. This includes those that have already achieved a Key Decision and those delegated to officers as too small to require a Key Decision. Rolling programmes (coloured orange) are also treated as having a budget release for the financial year immediately ahead, so that officers can commit expenditure as schemes are ready throughout the year. Also marked in yellow are allowances for feasibility expenditure to be managed by the Property Strategy Group/Computer and Communications Advisory Group. The programme includes a global provision for future years. Schemes with no colour in 2007/08 require further work before approval to commit expenditure.

### **Financial Conventions:**

- (i) Capital costs relate to items which give a long-term benefit to the Council.
- (ii) Revenue costs are items of a recurring nature e.g. running costs for new premises or equipment and financing costs.
- (iii) All costs are shown at outturn prices.

## THE ROYAL BOROUGH AIMS, COMMUNITY STRATEGY GOALS AND CAPITAL STRATEGY OBJECTIVES

### THE ROYAL BOROUGH AIMS

Ref	Royal Borough Aims	This means:
R1	<b>Responding to our residents</b>	<ul style="list-style-type: none"> <li>• Putting residents first</li> <li>• Listening to and responding to all of our residents</li> <li>• Providing clear information on our services, activities and ambitions</li> <li>• Recognising the diverse needs, ambitions and backgrounds of our residents</li> <li>• Championing residents' interests</li> </ul>
R2	<b>Really good services</b>	<ul style="list-style-type: none"> <li>• Providing services that are well-led and well-managed</li> <li>• Setting ambitious and clear goals</li> <li>• Keeping well-informed, being willing to learn and ready to improve</li> <li>• Working successively with our partners</li> </ul>
R3	<b>Renewing the legacy</b>	<ul style="list-style-type: none"> <li>• Delivering high quality buildings and public spaces – from schools and libraries to housing and parks</li> <li>• Removing clutter from our streets and using high quality materials to improve our environment</li> <li>• Working with partners to make the borough more attractive</li> <li>• Using our planning powers to protect the borough's character and improve its appearance</li> </ul>

### COMMUNITY STRATEGY GOALS

Ref	Our Goal	The Council and its partners will work to:
C1	<b>Environment and Transport</b> A borough with an environment and amenities which enhance the quality of life of the whole community.	Protect and improve the borough's environment; Deliver services and work with local people day by day to make the borough a pleasant place to be in; Improve local transport management, services and networks; and Promote energy efficiency recycling and the reduction of pollution.
C2	<b>Culture, Arts and Leisure</b> A borough where everyone has the opportunity to enjoy its public parks and open spaces and a wide variety of high quality cultural, artistic and leisure activities.	Ensure that the conditions for a thriving arts sector are established, maintained and developed; Encourage literacy, reading and lifelong learning for people's economic good and cultural and personal development; Improve the quality and accessibility of sports and leisure provision for all in the Royal Borough and encourage participation in physical activities; and Improve the quality and accessibility for all of the public open space within the Royal Borough.
C3	<b>Safer Communities</b> A borough where people live their lives free of crime and the fear of crime.	Ensure that residents are, and feel, secure in their homes and daily lives; Catch and convict offenders, stop them from re-offending and ensure that victims are properly supported; Reduce the numbers of young people involved in crime and disorder either as victims or perpetrators; Tackle the use of illegal drugs and the misuse of alcohol.
C4	<b>Health and Social Care</b> A borough where everyone has the opportunity to lead a healthy and independent life and can access good quality health and social care services when they need them.	Improve and protect the overall health of people living in the borough and reduce inequalities in health; Improve the quality and choice offered by local health and social care services; Improve the experience of patients, carers and users of local health and social care services; Help children and young people to stay safe and be healthy; and Improve residents' independence and quality of life.
C5	<b>Homes and Housing</b> A borough with good quality housing that is well managed and put to the best possible use to meet people's needs.	Improve the quality of housing; Increase the supply of housing for a wide range of people; Prevent homelessness and ensure temporary accommodation is of a suitable standard; Engage with communities and enhance community life; and Improve the delivery of housing services.
C6	<b>Community, Equality and Inclusivity</b> A borough where all local people feel confident of their place in the wider community and where everyone can access the services they need.	Improve the relevance and accessibility of local services to residents and other service users; Improve the way that partners inform, communicate with and consult local residents; Support and develop community life and leadership in the borough; and The Kensington and Chelsea Partnership Steering Group will act in ways that make it easy for all organisations and individuals to be involved in and contribute to the Partnership's work.

<b>C7</b>	<b>Learning</b> A borough where everyone is a learner with high aspirations and achieves high standards whether for employability or personal development.	Raise educational standards and achievement; Increase accessibility to and participation in learning and development, particularly for those at risk of underachievement and social exclusion; and Ensure that schools and children's centres are an effective community resource that support current and future national education and children's services initiatives.
<b>C8</b>	<b>Work and Business</b> A borough which enjoys high and stable levels of economic growth and employment with the benefits of increasing prosperity enjoyed across the borough.	Create and maintain an attractive business environment in the borough; and Improve the employment prospects of resident including young people, creating opportunities and tackling barriers which make it difficult for them to gain or retain employment.

#### CAPITAL STRATEGY OBJECTIVES 2007 - 2010

<b>Ref</b>	<b>Capital Planning, Asset Management and Financial Objectives</b>
	<b>Capital Planning Objectives</b>
<b>1</b>	To improve the proportion of housing that meets the decent homes standard.
<b>2</b>	To support the 21 flagship developments that have a major impact on the social, economic and environmental objectives of the Council.
<b>3</b>	To contribute to the well-being of the residents of the borough by maintaining and enhancing the built environment, parks and open spaces, the streetscape, community safety and amenity, the heritage of the area, our environmental responsibilities.
<b>4</b>	To enable residents (especially those with special needs) to live with as much independence as possible.
<b>5</b>	To contribute to the development of a transport infrastructure for the Royal Borough which is safe, efficient, environmentally acceptable, provides for walking, cycling and use of the river.
<b>6</b>	To provide Information Technology and systems that support the efficient and effective operation of services, and widen access to those services.
	<b>Asset Management Objectives</b>
<b>7</b>	To maximise the use of assets in meeting current and future service (and cross-cutting) needs, by ensuring that over time operational premises are maintained in a satisfactory condition, sufficient and suitable for their purpose, sufficiently accessible, safe and secure, in an appropriate location, reviewed regularly to ensure that they continue to meet service needs.
<b>8</b>	To ensure that existing and new assets deliver services in an efficient, cost effective, and sustainable manner, in particular by ensuring that premises and other assets are efficient in terms of property management, intensively used and reviewed to detect opportunities for acquisition, rationalisation, disposal, and/or sharing of property assets, efficient in overall resource use, identifying sustainability improvements where appropriate.
	<b>Financial Objectives</b>
<b>9</b>	To generate an optimum financial return from assets with a commercial element.
<b>10</b>	To re-invest non-Housing Revenue Account (HRA) capital receipts from the disposal of freehold property in other long-term assets for the Royal Borough, except where there is an overriding service objective or economic case.
<b>11</b>	To maximise the use of external sources of funding, where these further the Council's objectives, and act in partnership with other agencies where this is beneficial.