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## **CAPITAL PROGRAMME 2017-18 TO 2019-20**

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COUNCILLOR NICHOLAS PAGET-BROWN  
Leader of the Council

NICHOLAS HOLGATE  
Town Clerk



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## THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

### MEETING OF THE COUNCIL – 8 MARCH 2017

#### SUBMISSIONS FROM THE CABINET

#### CAPITAL PROGRAMME 2017-18

### 1. SUMMARY

- 1.1 This report sets out the Council's latest **£397 million** capital investment programme<sup>1</sup>. This will deliver a wide range of existing and new projects including:
- the new Barlby Primary School and Special Education Needs School;
  - a rebuilt Marlborough Primary School and redevelopment of the remainder of the site;
  - a rebuilt North Kensington Library and Youth Centre with additional commercially let space;
  - the purchase of several sites both as development opportunities and also to enable future regeneration within the Borough; and,
  - substantial investment in the purchase of homes for temporary accommodation.
- 1.2 The Council draws a broad distinction between its investment in services; and remunerative schemes that either deliver savings or increase income. Remunerative schemes are expected to repay funding over time. For remunerative projects, the Council may internally borrow (temporarily fund capital spending from cash) ahead of revenue income or capital receipts (income from sale of assets).
- 1.3 Full details of the funding are set out in **Table 2** and **Appendix 2** of this report.

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<sup>1</sup> The paper includes all open financial years with planned capital spending (2016-17 onwards) as the financing of the current year 2016-17 has not yet been finalised. This will be finalised as part of 2016-17 financial year closing in April/May 2017.

## 2. RECOMMENDATIONS

### 2.1 Cabinet recommends full Council to:

- (a) Approve the Capital Programme, including the associated expenditure and funding, subject to confirmation of any external resources, as summarised in **Table 2** and set out in detail in **Annex I** including:
  - The overall four year Capital Programme, subject to further specific Cabinet approval for schemes still in final development; and,
  - the inclusion of schemes that have already started in 2016-17, and those starting in 2017-18, 2018-19 and 2019-20 for the purpose of financial planning.
- (b) Note that where external funding is not confirmed, any scheme approved will be subject to further review in the event that the external funding differs from that assumed in the programme.
- (c) In line with the Council's financial planning parameters, the total remaining reserves are forecast to be at the minimum level of 30 per cent of forecast gross spending at the end of 2020. Please see **Chart 1, paragraph 5.16** and **Appendix 2**.
- (d) As set out in **Appendix 2, Section 5**, note that the Council uses the Capital Financing Requirement Method (Option 2) to calculate a prudent level of Minimum Revenue Provision (MRP) for capital spending not yet funded prior to 1 April 2008 and the Asset Life Method (Option 3) for capital spending not yet funded after the 1 April 2008.
- (e) Agree the forecast Capital Financing Requirement as a result of the proposed Capital Programme, in accordance with the requirements of the Prudential Code, as set out in **paragraph 5.17** and **Appendix 3, Table 8**.
- (f) Recommend to Council the calculation of the General Fund Minimum Revenue Provision for debt repayment in 2016-17 and to make no provision in respect of the HRA in 2016-17 in order to maximise the capital resources as set out in **paragraph 6.4** and **paragraph 6.6**.
- (g) Agree the affordability and sustainability of the revenue impact of the capital programme on the Council Tax, in accordance with the requirements of the Prudential Code, as

set out in **paragraph 6.5**, and **Appendix 3 (Table 9, paragraph 1.4 and paragraph 1.5)**.

- (h) Agree that the HRA capital investment is limited to the surplus funds it can generate to ensure sustainability, unless opportunities to build additional dwellings can be realised when borrowing up to the Government's debt ceiling will be permitted, as set out in **paragraph 5.6** and **paragraph 6.6**.

### **3. REASONS FOR DECISION**

- 3.1 The capital programme is substantial and an integral part of the Council's business and financial planning. Under the Council's Constitution, Cabinet and thereafter full Council are required to approve the overall capital programme each year. All capital projects over the Council's key decision threshold come back to Cabinet for final decision.
- 3.2 The Council has a duty under section 3(1) of the Local Government Act 2003 to determine and keep under review how much money it can afford to borrow. Section 3(5) of the Local Government Act 2003 provides that the Secretary of State may by regulations make provision about the performance of that duty.
- 3.3 Regulations made by the Secretary of State require the Council to have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA (Chartered Institute of Public Finance and Accountancy) regarding the affordability of the Capital Programme. The Prudential Code requires the consideration of matters including the implications for the Council Tax, prudence and the long-term implications of any external borrowing.

### **4. BACKGROUND**

- 4.1 The proposed programme proposes capital investment of £397 million. It covers the four years from 2016-17 to 2019-20. The programme forecasts spending and funding for all open financial years and is constantly evolving with substantial forecast slippage or re-phasing for the current financial year<sup>2</sup>.
- 4.2 The previous capital programme was £314 million requiring £283 million of Council funding. The new programme of £397 million requires £366 million of Council funding. A comparison with previous four year programmes is set out in **Table 1** below:

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<sup>2</sup> Please see Budget Monitoring 2016-17, Quarter 3 which sets out the details of the latest 2016-17 capital investment budgets and forecast spending elsewhere on this Cabinet agenda.

**Table 1: Comparison with Previous Programmes**

| <b>Capital Programme</b> | <b>Cost<br/>£m</b> | <b>Council<br/>Funding<br/>£m</b> | <b>Council<br/>Funding<br/>%</b> |
|--------------------------|--------------------|-----------------------------------|----------------------------------|
| 2016-17 to 2019-20       | 397                | 366                               | 92%                              |
| 2015-16 to 2018-19       | 314                | 283                               | 90%                              |
| 2014-15 to 2017-18       | 325                | 286                               | 88%                              |
| 2013-14 to 2016-17       | 240                | 190                               | 79%                              |
| 2012-13 to 2015-16       | 240                | 185                               | 77%                              |

Please note that Council Funding includes the Housing Revenue Account funded part of the capital programme.

## **5. PROPOSAL AND ISSUES**

### **Capital Strategy and Major New Schemes**

5.1 The Council's programme includes:

- a number of schemes that will potentially realise significant improvements to services or mitigate spending pressures;
- a range of schemes that will deliver significant savings or increase income; and,
- schemes where the Council can realise the value of its assets both to rebuild existing facilities and generate resources to fund service investment and or enable regeneration of the Borough.

### **SUMMARY OF THE CAPITAL PROGRAMME**

5.2 A breakdown of the programme by service and the sources of funding is shown in **Table 2** overleaf.

## Table 2: Capital Programme by Service

**Table 2: Capital Programme by Service**

| Service                                      | 2016-17<br>£'000 | 2017-18<br>£'000 | 2018-19<br>£'000 | 2019-20<br>£'000 | Total<br>£'000 |
|--|------------------|------------------|------------------|------------------|----------------|
| Adult Social Care                            | 693              | 3,807            | 3,075            | 65               | 7,640          |
| Children's Services                          | 33,074           | 23,563           | 22,050           | 11,000           | 89,687         |
| Environment, Leisure and Resident's Services | 3,423            | 9,445            | 1,175            | 3,258            | 17,301         |
| Housing Services                             | 8,480            | 12,555           | 555              | 555              | 22,145         |
| Housing Revenue Account                      | 18,496           | 18,996           | 15,071           | 10,000           | 62,563         |
| Library, Archives and Heritage Services      | 58               | 591              | 0                | 0                | 649            |
| Transport and Technical Services             | 5,791            | 5,440            | 910              | 0                | 12,142         |
| Corporate Services                           | 75,712           | 71,595           | 36,546           | 824              | 184,677        |
| <b>Total Spending</b>                        | <b>145,726</b>   | <b>145,993</b>   | <b>79,382</b>    | <b>25,702</b>    | <b>396,803</b> |
| Housing Revenue Account Funding              | 18,496           | 18,996           | 15,071           | 10,000           | 62,563         |
| Government grants etc.                       | 20,468           | 8,732            | 1,110            | 910              | 31,220         |
| Sale of assets (capital receipts)            | 40,800           | 83,250           | 3,800            | 60,000           | 187,850        |
| Internal borrowing                           | 46,000           | -46,000          | 45,400           | -45,400          | 0              |
| Release of reserves                          | 19,962           | 81,015           | 14,001           | 192              | 115,170        |
| <b>General Fund Funding</b>                  | <b>127,230</b>   | <b>126,997</b>   | <b>64,311</b>    | <b>15,702</b>    | <b>334,240</b> |
| <b>Total Funding</b>                         | <b>145,726</b>   | <b>145,993</b>   | <b>79,382</b>    | <b>25,702</b>    | <b>396,803</b> |

- 5.3 The table above shows the current 'best estimate' forecast of the sources of funding for the capital programme. If spending on projects is ahead of sale of assets (capital receipts) then the Council may undertake temporary internal borrowing in the short term.
- 5.4 The capital programme represents plans for future capital investment and not contractual commitments. The funding position will be kept under review as part of budget monitoring and reported to Cabinet.
- 5.5 **Table 3** overleaf sets out the key changes between the March 2016 and the March 2017 capital programmes.

**Table 3: Change between the March 2016 and the March 2017 Capital Programmes**

|   | <b>Capital Programme Budget March 2016</b> | <b>Capital Programme Budget March 2017</b> | <b>Change</b> |
|---|--|--|---------------|
|   | <b>£m</b>                                  | <b>£m</b>                                  | <b>£m</b>     |
| 2015-16 capital spending (funded)                     | 47.9                                       | -  | -47.9         |
| Housing Revenue Account (HRA) capital programme       | 47.1                                       | 62.6                                       | 15.5          |
| Existing General Fund projects requesting more money  | 68.9                                       | 98.6                                       | 29.7          |
| Existing General Fund projects with no budget changes | 136.4                                      | 136.3                                      | -0.1          |
| Existing General Fund projects requesting less money  | 14.2                                       | 5.9  | -8.3          |
| New projects  | 0.0  | 93.4                                       | 93.3          |
| <b>Programme Total</b>                                | <b>314.5</b>                               | <b>396.8</b>                               | <b>82.3</b>   |

| <b>New Capital Projects</b>   | <b>£m</b>   |
|---|-------------|
| Acquisition of the Kensington and Chelsea College site (Wormington green) | 25.6        |
| Barlby Treverton site and Barlby Primary School redevelopment             | 18.4        |
| Acquisition of 65-69 Lots Road  | 11.1        |
| Acquisition of 71-73 Lots Road  | 11.1        |
| Acquisition of further sites*   | 12.6        |
| Street Scene Improvements   | 1.9         |
| Silchester Estate buy-backs   | 2.0         |
| Denyer Street Depot to Wiltshire Close Relocation                         | 1.5         |
| Cycle Grids   | 1.2         |
| Cumulative total of new projects of less than £1 million                  | 7.9         |
|   | <b>93.3</b> |

\*Purchase of a residential development opportunity, W10 and purchase of industrial land in London, NW10 (key decisions by November 2016 Cabinet).

| <b>Existing General Fund projects requesting more money</b>             | <b>£m</b>   |
|---|-------------|
| Temporary Accommodation Property Purchases                              | 10.0        |
| Barlby and Special Education Needs Schools                              | 7.0         |
| Chelsea Old Town Hall Partial Refurbishment                             | 4.5         |
| Adult Social Care Day Centre Re-provision                               | 2.6         |
| Projects with increases below £1 million (including ongoing programmes) | 5.6         |
|   | <b>29.7</b> |

5.6 Spending on HRA schemes does not represent a call on the Council's resources. The planned HRA capital investment is

funded from HRA resources and capital receipts generated by HRA assets.

### **Financing the Programme**

- 5.7 The total capital spending and funding sources for all services from 2016-17 onwards is set out in **Appendix 2**.

### **External Resources**

- 5.8 Capital funding from external resources, which includes grants received from the Government and contributions from third parties, for example, Section 106 funds, will total £31 million. Please see **Table 6** in **Appendix 2**.

### **Council Funding (General Resources)**

- 5.9 Council funding is provided from statutorily allowed capital funding, such as capital receipts and borrowing (although the Council currently chooses not to borrow for the General Fund schemes); resources that the Council has specifically set aside to pay for capital schemes i.e. the Capital Expenditure Reserve; other reserves and contributions from the Council's revenue budget.
- 5.10 The Council draws a broad distinction between its service investment, remunerative schemes that either produce savings or increase income, and those schemes which are self-funding:
- Investment in services is funded from capital and revenue resources and the Council will continue to fund such schemes that are necessary to maintain and enhance services.
  - Remunerative schemes that either deliver savings or increase income are funded from the Council's reserves. The funding is "lent" to the scheme and is repaid, at least in nominal terms, as savings or income permits.
  - Schemes where the Council can realise the value of its assets both to rebuild existing facilities and generate surplus income are self-funding.
- 5.11 Use of the Council's reserves to fund remunerative schemes will generate a better rate of return than relatively risk-free investments in the Government's Debt Management Office can currently provide. Repayment of the reserve draw-downs will ensure that the Council's reserves are replenished in nominal terms and that they continue to ensure the Council's financial resilience.

5.12 The Car Parking Reserve can be used to fund legally eligible revenue and capital expenditure, such as highways maintenance, from surpluses received from on-street parking operations.

### Affordability

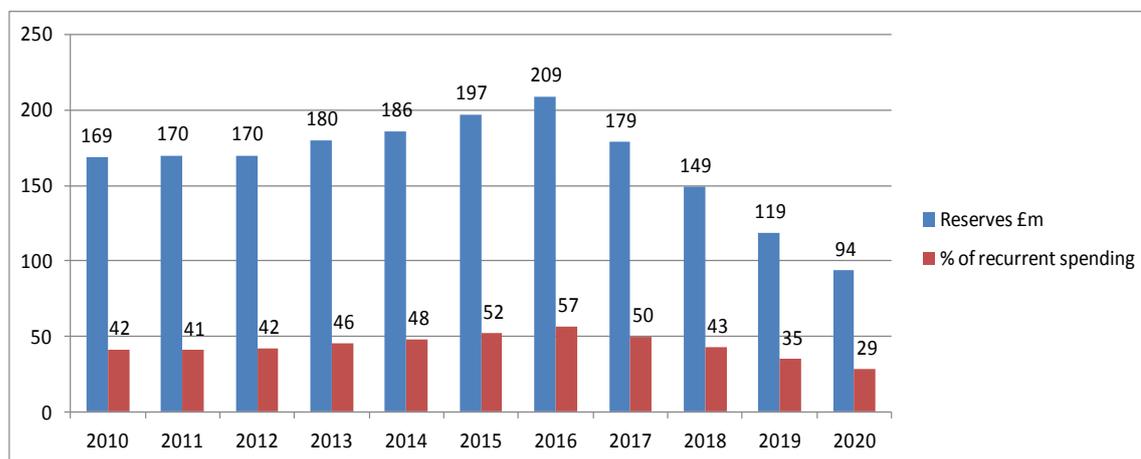
5.13 The main programme can currently be funded from the Council’s resources without recourse to borrowing. Total Council reserves are forecast to fall from £209 million at 31 March 2016 to £94 million at 31 March 2020.

5.14 This forecast is speculative and depends on assumptions about asset value release which may not materialise or be lower than forecast and the existing cash envelope for capital investment.

5.15 The Council assesses the affordability of the capital programme based on the overall level of its reserves, an assessment of the level of income generated by remunerative and self-funding schemes used to replenish reserves and the potential for future release of land value (capital receipts). Capital receipts can only be used for capital investment.

5.16 **Chart 1** below forecasts that the programme as proposed leaves an overall reserve balance of £94 million (which includes the working balance of £10 million) including forecast capital returned by remunerative projects to end by 2020.

**Chart 1: Forecast Level of Reserves**



### Borrowing

5.17 The underlying need to borrow for capital purposes, after all other sources of capital financing available are taken into account is the ‘Capital Financing Requirement’ (CFR). The Council intends to rely on external funding and internal resources to fund the programme, as set out in **Table 5 of Appendix 2 (Total Funding)** and will only increase the General Fund CFR to:

- fund schemes of exceptional long-term strategic importance to the Council; or,
- cover for temporary cash requirements pending an earmarked capital receipt.

5.18 The HRA is permitted by the Government to borrow a further £11.4 million in addition to the existing £210 million of HRA debt because at the inception of self-financing, the Council chose not to increase the level of its HRA debt to that the Government expected. The HRA will only borrow up to this limit to build additional housing.

### **Value Added Tax (VAT)**

5.19 The Council pays close attention to its VAT arrangements, particularly its “partial exemption ratio”. Ordinarily, entities cannot reclaim VAT incurred in the provision of VAT-exempt activities, known as “exempt input VAT”. VAT exempt activities include the letting of properties to third parties. However, HM Revenue & Customs (HMRC) operates a scheme that allows individual local authorities to reclaim exempt input VAT as long as the total amount does not exceed 5 per cent of their overall VAT liability. If this ratio is exceeded, a local authority cannot recover exempt input VAT for that financial year and must repay any exempt input VAT already repaid to it by HMRC. A breach would potentially cost the Council £2 million.

5.20 HMRC may permit a “one-off” or “occasional” breach provided that the seven-year average is below the 5 per cent threshold and that the likelihood of further breaches is low. Ordinarily, the Council does not risk breaching the ratio. However, significant capital investment to generate rental income has increased the level of exempt input VAT incurred by the Council. The Council has the option of opting to tax property assets to manage the tax position.

5.21 The Council will take action to reduce the risk of a breach in any financial year if required and monitors the position regularly.

### **Monitoring the Capital Programme**

5.22 Given that capital programme investment is at levels which will release the reserves down to levels regarded as a prudent minimum, updates on overall affordability on the programme will in future be included in the quarterly budget monitoring reports to Cabinet in May/June, July, October and February each year.

## **6. OPTIONS AND ANALYSIS**

6.1 Cabinet may amend the composition and financing of the programme as presented in this report.

6.2 Furthermore, general approval of the programme as presented in this report does not authorise individual schemes to proceed unless they require no further approval i.e. that they are either too small to require a Key Decision or a Key Decision authorising the scheme has already been taken. Cabinet may therefore choose to amend the programme as individual schemes are brought to Cabinet for decision.

### **Impact on the General Fund and Council Tax**

6.3 As there is no planned borrowing over the next four years, the revenue effect of the programme on the General Fund and Council Tax is limited to the loss of interest income as reserves are applied to fund expenditure. Borrowing, rather than using reserves, incurs external interest costs and a further statutory minimum provision for debt repayment. It is therefore beneficial to use reserves, where available, rather than borrowing.

6.4 The Council's proposed Minimum Revenue Provision (MRP) for the repayment of General Fund debt incurred prior to this programme is set out in **Table 7 of Appendix 2**. In 2017-18, it is forecast that the MRP will be around £1 million.

6.5 The effect of the latest (2017-18) Capital Programme on the Band D Council Tax is similar to that for the 2016-17 Capital Programme, as set out in **Table 9 of Appendix 3**.

### **Impact on the Housing Revenue Account (HRA)**

6.6 In accordance with previous decisions, it is not proposed to make any provision for debt repayment as this would further reduce the already limited available capital resources. To ensure sustainability, HRA capital investment is limited to the surpluses that it can generate.

## **7. CONSULTATION**

7.1. Individual schemes are subject to consultation with residents, businesses and partners as appropriate. The programme itself has been drawn up with input from services, Members and partners.

## **8. EQUALITY IMPLICATIONS**

8.1 The Council's buildings provide services to residents with a wide range of backgrounds and abilities. The Council's Corporate

Equalities Policy commits the Council to making all Council buildings accessible where practicable. The Capital Programme includes a number of schemes that will improve accessibility or replace buildings where this is difficult. The implications of individual projects are either included in the Capital Budget Reports submitted to the Scrutiny Committees or will be included in more detail in the relevant Key Decision reports.

## **9. INFORMATION, COMMUNICATIONS AND TECHNOLOGY (ICT) IMPLICATIONS**

9.1 There are no information, communication and technology (ICT) implications arising from this report.

## **10. LEGAL IMPLICATIONS**

10.1 The Council has a duty under section 3(1) of the Local Government Act 2003 to determine and keep under review how much money it can afford to borrow. Section 3(5) of the Local Government Act 2003 provides that the Secretary of State may by regulations make provision about the performance of that duty. Regulations made by the Secretary of State require the Council to have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA regarding the affordability of the Capital Programme. The Prudential Code requires the consideration of matters including the implications for the Council Tax, prudence and the long-term implications of any external borrowing. [Legal Implications verified by LeVerne Parker, Chief Solicitor (Planning and Property) tel 020 7361 2180].

## **11. FINANCIAL AND RESOURCES IMPLICATIONS**

11.1. The financial and resources implications are set out elsewhere in this report.

Nicholas Holgate  
**Town Clerk**

**Local Government Act 1972 (as amended) – Background papers used in the preparation of this report:** Capital programme bid submissions and relevant Cabinet reports throughout the year.

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## **CAPITAL PROGRAMME 2017-18 TO 2019-20**

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## **APPENDIX 1**

### **OTHER IMPLICATIONS**

#### **1. Impact on the Environment**

- 1.1 The Council's Environment Strategy sets out how the Council will demonstrate leadership in developing sustainable solutions to environmental problems. This includes how the Council can influence good practice from its suppliers and contractors through procurement policies and the application of whole life costing. Individual schemes will address these requirements in the reports and Key Decisions seeking authorisation for the scheme to proceed.



## APPENDIX 2

### CAPITAL PROGRAMME FUNDING

#### 1. FUNDING

##### Introduction

- 1.1 The funding for the capital programme is shown in **Table 5** below. Total spending less capital grants and contributions, use of reserves and capital receipts leaves a balance to be funded from borrowing, which is also known as the 'Capital Financing Requirement'. The Council may, if required, temporarily internally borrow to fund spending ahead of revenue income streams being generated or capital receipts being realised.

**Table 5: Total Funding**

| General Fund                                 | 2016-17<br>£'000 | 2017-18<br>£'000 | 2018-19<br>£'000 | 2019-20<br>£'000 | Total<br>£'000 |
|--|------------------|------------------|------------------|------------------|----------------|
| <b>Total Spending</b>                        | <b>127,230</b>   | <b>126,997</b>   | <b>64,311</b>    | <b>15,702</b>    | <b>334,240</b> |
| Funded from external funding                 | 20,468           | 8,732            | 1,110            | 910              | 31,220         |
| <b>Net Balance ( from Council Funding)</b>   | <b>106,762</b>   | <b>118,265</b>   | <b>63,201</b>    | <b>14,792</b>    | <b>303,020</b> |
| Use of Reserves                              | 19,962           | 81,015           | 14,001           | 192              | 115,170        |
| Use of Capital Receipts                      | 40,800           | 83,250           | 3,800            | 60,000           | 187,850        |
| Temporary Borrowing                          | 46,000           | -46,000          | 45,400           | -45,400          | 0              |
| <b>Balance = external borrowing required</b> | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>       |

| Housing Revenue Account (HRA)                | 2016-17<br>£'000 | 2017-18<br>£'000 | 2018-19<br>£'000 | 2019-20<br>£'000 | Total<br>£'000 |
|--|------------------|------------------|------------------|------------------|----------------|
| <b>Total Spending</b>                        | <b>18,496</b>    | <b>18,996</b>    | <b>15,071</b>    | <b>10,000</b>    | <b>62,563</b>  |
| Funded from external funding                 | 51               | 0                | 0                | 0                | 51             |
| <b>Net Balance (from HRA Funding)</b>        | <b>18,445</b>    | <b>18,996</b>    | <b>15,071</b>    | <b>10,000</b>    | <b>62,512</b>  |
| Use of self-funding                          | 16,770           | 18,996           | 15,071           | 10,000           | 60,837         |
| Use of capital receipts                      | 1,675            | 0                | 0                | 0                | 1,675          |
| <b>Balance = external borrowing required</b> | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>       |

|                       |                |                |               |               |                |
|-----------------------|----------------|----------------|---------------|---------------|----------------|
| <b>Total Spending</b> | <b>145,726</b> | <b>145,993</b> | <b>79,382</b> | <b>25,702</b> | <b>396,803</b> |
|-----------------------|----------------|----------------|---------------|---------------|----------------|

## 2. EXTERNAL RESOURCES

### External Funding

- 2.1 Expenditure in the programme that is conditional on external funding has been set in line with the latest information. Revisions may be necessary if this funding reduces. Details of grants and contributions associated with specific bids are shown in **Table 6** below.

**Table 6: Grants and contributions**

| External Funding              | 2016-17<br>£'000 | 2017-18<br>£'000 | 2018-19<br>£'000 | 2019-20<br>£'000 | Total         |
|-------------------------------|------------------|------------------|------------------|------------------|---------------|
| <b>Grants</b>                 |                  |                  |                  |                  |               |
| Department for Education      | 1,579            | 1,450            | 600              | 600              | 4,229         |
| Department for Health         | 327              | 1,171            | 0                | 0                | 1,498         |
| Disabled Facilities Grant     | 310              | 310              | 310              | 310              | 1,240         |
|                               | <b>2,216</b>     | <b>2,931</b>     | <b>910</b>       | <b>910</b>       | <b>6,967</b>  |
| <b>Contributions</b>          |                  |                  |                  |                  |               |
| Developers (Section 106)      | 14,935           | 4,536            | 200              | 0                | 19,671        |
| Transport for London          | 2,907            | 723              | 0                | 0                | 3,630         |
| Other Authorities             | 0                | 355              | 0                | 0                | 355           |
| Other Contributions           | 410              | 187              | 0                | 0                | 597           |
|                               | <b>18,252</b>    | <b>5,801</b>     | <b>200</b>       | <b>0</b>         | <b>24,253</b> |
| <b>Total External Funding</b> | <b>20,468</b>    | <b>8,732</b>     | <b>1,110</b>     | <b>910</b>       | <b>31,220</b> |

## 3. INTERNAL RESOURCES

### Capital Receipts

- 3.1 Capital receipts (sales proceeds from the sale of assets) can only be used to fund capital investment and for no other purpose. Capital receipts from the sale of land and property held within the HRA ring-fence can only be released for capital investment in local regeneration and/or housing as required by statute and regulation.

### Reserves

- 3.2 The reserves will be released to fund capital investment. Please see reserves forecast in **paragraph 5.16 (Chart 1)** in the main report. The net reductions in reserves are forecast to be £115 million over the next four year to end 2020. This is in line with the stated reserves policy.

#### 4. 'Prudential' Borrowing

- 4.1 'Prudential' borrowing is allowed under the Prudential Code provided that it is affordable. Borrowing has revenue implications because the Council has to meet the interest and repayment costs of the borrowing from its own resources.
- 4.2 The Council's policy is that its Capital Financing Requirement will only be increased to fund:
- schemes of exceptional long-term strategic importance to the Council;
  - spend to save or to support mainly self-financing projects;
  - to cover temporary cash requirements pending an earmarked capital receipt; and, if required,
  - to lever in external support for the most important local priorities.

#### 5. Minimum Revenue Provision for Debt Repayment

- 5.1 The Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2008 require that "a local authority shall calculate for the current financial year an amount of Minimum Revenue Provision (MRP) that it considers to be prudent". This is the amount set aside from revenue for the repayment of debt principal relating to the General Fund only.
- 5.2 The proposed revenue provision for debt repayment is shown in **Table 7** below.

**Table 7: Minimum Revenue Provision for Debt Repayment**

| Provision for Debt Repayment           | 2015-16<br>£'000 | 2016-17<br>£'000 | 2017-18<br>£'000 | 2018-19<br>£'000 | 2019-20<br>£'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Historic capital debt                  | 938              | 904              | 849              | 813              | 779              |
| Ex-ILEA debt*                          | 316              | 0                | 0                | 0                | 0                |
| <b>Total Minimum Revenue Provision</b> | <b>1,254</b>     | <b>904</b>       | <b>849</b>       | <b>813</b>       | <b>779</b>       |

\*The Council manages debt relating to the former Inner London Education Authority on behalf of inner London.

- 5.3 Please note that the final amounts charged will vary in line with the final capital expenditure and financing outturn for 2016-17 when this is known. This assumes no internal borrowing. Any internal borrowing will increase these costs if the capital receipts are received after the relevant assets for which the borrowing is incurred are completed. The Council's policy is to

depreciate assets from the 1 April after the date of completion (the date the asset comes into use).

- 5.4 The requirement for “prudent” provision for debt repayment is to ensure that debt is repaid over a period that is either reasonably commensurate with the period over which the capital expenditure provides benefits or provided for by the time the debt has to be repaid.
- 5.5 For capital expenditure incurred prior to 1 April 2008, guidance allows local authorities to select one of four options to ensure prudent provision for debt repayment:
- Regulatory Method - MRP is equal to the amount determined in accordance with the 2003 Regulations (as amended), as if they had not been revoked by the 2008 Regulations (“Option 1” in the guidance).
  - Capital Financing Requirement Method - MRP is equal to 4 per cent of the Capital Financing Requirement as derived from the balance sheet at the end of the preceding financial year (“Option 2” in the guidance).
  - Asset Life Method - MRP is determined by reference to the life of the asset for which the borrowing is undertaken by equal instalment method or annuity method (“Option 3” in the guidance).
  - Depreciation Method - MRP is to be equal to the provision required in accordance with depreciation accounting for new borrowing (“Option 4” in the guidance).
- 5.6 The Council has used the CFR method to calculate the MRP for capital expenditure incurred prior to 1 April 2008 because it is the simplest method to use. Therefore, it is proposed that the Council continues to do so.
- 5.7 For capital expenditure incurred since 1 April 2008 government guidance allows local authorities to select only the Asset Life Method or Depreciation Method to calculate the MRP. It is proposed that the Asset Life Method is used by the Council to calculate the MRP for capital expenditure incurred after 1 April 2008 because the method provides the Council with the following benefits:
- It is more cost effective: MRP is provided for new assets only in the year following that in which they become operational and for existing assets, only in the year after the capital expenditure is incurred.

Therefore the Council's considerable capital investment in new and existing assets will not increase the MRP before the benefits of the investment are felt by residents.

- Each year, the MRP provided for assets owned via a finance lease will be equal to the amount that is provided to write down the liability. This is transparent and will eliminate the risk of the Council "double counting" the cost of the lease in its accounts.



## APPENDIX 3

### PRUDENTIAL INDICATORS

#### Introduction

- 1.1 Local Authority Prudential Indicators are set out in the CIPFA Prudential Code as required by the Local Government Act 2003. They form part of an integrated approach to capital investment decision-making that takes into account affordability and the implications for external borrowing.

#### Capital Financing Requirement

- 1.2 The borrowing requirement, known as the Capital Financing Requirement (CFR) resulting from the proposed Capital Programme is forecast in **Table 8** below.

**Table 8: Forecast Capital Financing Requirement**

| Capital Financing Requirement (CFR) | Housing Revenue Account<br>£m | General Fund<br>£m | Total<br>£m |
|-------------------------------------|-------------------------------|--------------------|-------------|
| Closing balance 2015-16             | 210                           | 31                 | <b>241</b>  |
| Closing balance 2016-17             | 210                           | 30                 | <b>240</b>  |
| Closing balance 2017-18             | 210                           | 29                 | <b>239</b>  |
| Closing balance 2018-19             | 210                           | 28                 | <b>238</b>  |
| Closing balance 2019-20             | 210                           | 27                 | <b>237</b>  |

- 1.3 There is no additional external borrowing required to fund the capital programme. The programme is forecast to be fully funded from external and internal resources with potentially temporary internal borrowing ahead of expected capital receipts. The forecast factors in some internal borrowing for 2016-17 which may or may not materialise depending on the timing of spending, the available reserves at the year end and the timing of capital receipts (sales of assets) and assumes this is fully funded the following year (2017-18).

#### General Fund Affordability

- 1.4 **Table 9** overleaf 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 previous capital programme.

**Table 9: General Fund Affordability**

| <b>Affordability for the General Fund</b>            | <b>Actual<br/>2015-16<br/>£'000</b> | <b>Forecast<br/>2016-17<br/>£'000</b> | <b>Forecast<br/>2017-18<br/>£'000</b> | <b>Forecast<br/>2018-19<br/>£'000</b> | <b>Forecast<br/>2019-20<br/>£'000</b> |
|--|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Interest on historic debt                            | 56                                  | 56                                    | 56                                    | 56                                    | 56                                    |
| Minimum Revenue Provision                            | 1,254                               | 904                                   | 849                                   | 813                                   | 779                                   |
| Interest loss on use of cash balances                | 0                                   | 191                                   | 350                                   | 430                                   | 457                                   |
| <b>Total Financing Cost</b>                          | <b>1,310</b>                        | <b>1,150</b>                          | <b>1,254</b>                          | <b>1,299</b>                          | <b>1,293</b>                          |
| <b>Change year-on-year £</b>                         |                                     | -160                                  | 104                                   | 45                                    | -6                                    |
| <b>Cost per Council Tax Band D Equivalent</b>        |                                     | <b>£12</b>                            | <b>£13</b>                            | <b>£14</b>                            | <b>£13</b>                            |
| <b>Ratio of financing cost to net revenue stream</b> |                                     | <b>1%</b>                             | <b>1%</b>                             | <b>1%</b>                             | <b>1%</b>                             |
| <b>Last published capital programme 2016-17</b>      |                                     |                                       |                                       |                                       |                                       |
| <b>Cost per Council Tax Band D Equivalent</b>        | <b>£16</b>                          | <b>£14</b>                            | <b>£15</b>                            | <b>£17</b>                            | <b>N/A</b>                            |
| <b>Ratio of financing cost to net revenue stream</b> | <b>1%</b>                           | <b>1%</b>                             | <b>1%</b>                             | <b>1%</b>                             | <b>N/A</b>                            |

### **Housing Revenue Account Affordability**

- 1.5 Future levels of HRA capital expenditure will need to be determined as part of the annual capital and revenue budgets setting.

### **Other Prudential Indicators**

- 1.6 Other Prudential Indicators relating to treasury management and external debt are set out in the Treasury Management Strategy elsewhere on this Cabinet agenda.

## **ANNEX I**

### **Capital Programme 2017-18 to 2019-20**



# ANNEX I

## CAPITAL PROGRAMME 2017-18

### Explanatory Notes

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

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

Inclusion of schemes in 2017-18 gives authority to proceed subject to confirmation of the:

- business case;
- external resources;
- firmer planning and cost estimates; and
- appropriate Key Decision.

The Programme schedules show budget estimates for each project for 2016-17 and future years.

For each Service Group, the sources of capital funding for each year's programme is shown i.e. external funding (e.g. capital grants and contributions) and Council funding (e.g. specific capital reserves, capital receipts and funding from the Capital Expenditure Reserve).

#### Budget Status:

All schemes require a funding release before an expenditure commitment is made, normally through a Key Decision. The detailed project list in **Annex I**, are those individual schemes in 2017-18 that are 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 (Status 'R') are also treated as having a budget release for the coming financial year, so that officers can commit expenditure as schemes are readied.

#### 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.

## Programme Stages

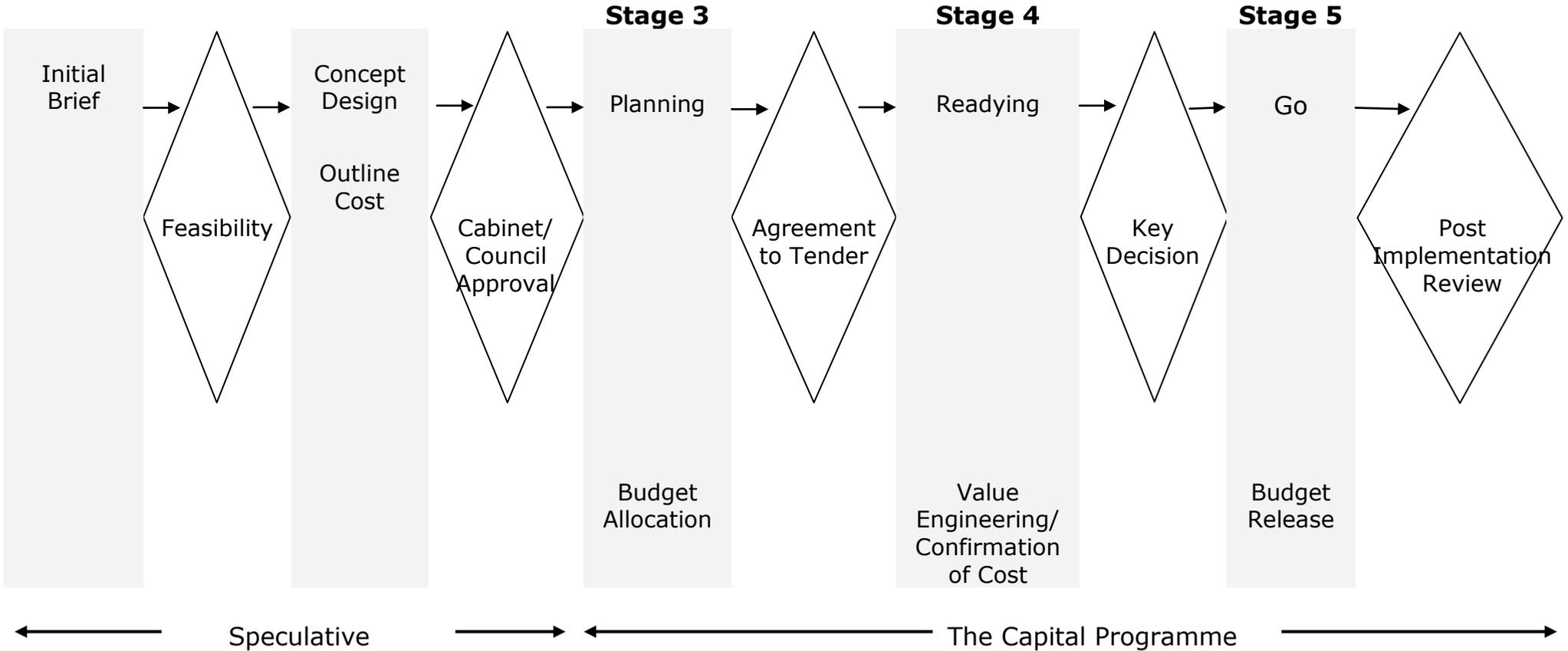
The progress of a capital scheme is based on the Royal Institute of British Architects (RIBA) schema that records the lifecycle of a property project from initial feasibility to post implementation review. The Council amalgamates these as shown below:

### Council Stages

| Stage Description   | RBKC Stage |
|---|------------|
| <b>Speculative</b><br>Initial Project Brief<br>Concept Design including outline costs | <b>S</b>   |
| <b>Planning</b><br>(Developed Design including costs)                                 | <b>3</b>   |
| <b>Readying</b><br>(Technical Design up to tender acceptance)                         | <b>4</b>   |
| <b>Go</b><br>(Requires a key decision to agree project and release budget)            | <b>5</b>   |

A scheme is formally included in the Programme and funded when it reaches stage 3. Speculative schemes are at an exploratory stage and as they are still under development, they are not included in the Programme until more information is available and a decision has been taken to proceed. Smaller schemes are usually included in the relevant rolling programme.

# CAPITAL SCHEMES PROGRESSION





**ANNEX I**

**CAPITAL PROGRAMME 2017-18**

**Detailed Project List by Service Group**



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***CAPITAL PROGRAMME 2017-18 to 2019-20***

***ADULT SOCIAL CARE***

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| Project Title                                 | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| <b>Managed by Corporate Property Services</b> |   |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| Adult Social Care Day Centre Re-provision     | Separate day centres currently providing services to people with learning disabilities in RBKC and H&F; and people with mental health problems would be co-located within one resource centre in the north of the borough.                  | 2015/16    | 300              | 3,357            | 3,075            | 65               | 6,797               | 871                       | 5,926                    | 6,797                  | 5      |
| Ellesmere House Snagging Works                | Post completion snagging works  | 2013/14    | 4                | 0                | 0                | 0                | 4                   | 0                         | 4                        | 4                      | 5      |
| <b>SUB TOTAL</b>                              |   |            | <b>304</b>       | <b>3,357</b>     | <b>3,075</b>     | <b>65</b>        | <b>6,801</b>        | <b>871</b>                | <b>5,930</b>             | <b>6,801</b>           |        |
| <b>Managed by Service Group</b>               |   |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| A Place to Live - Shared Ownership Scheme     | Additional or improved housing and accommodation projects to facilitate supported housing options for people with learning disabilities, autism and/or challenging behaviour.   | 2016/17    | 0                | 300              | 0                | 0                | 300                 | 300                       | 0                        | 300                    | 3      |
| Autism Capital Fund                           | Funding is to support work on implementing Think Autism, recent update to the 2010 Adult Autism Strategy. The funding can be used to purchase new electrical equipment or IT developments, or for making environments more autism friendly. | 2016/17    | 12               | 0                | 0                | 0                | 12                  | 12                        | 0                        | 12                     | 5      |
| eCommerce Facility for Tri-Borough ASC Porta  | Implementation of eCommerce functionality to the existing ASC Portal to support and extend the existing Market Place already in place.  | 2014/15    | 25               | 0                | 0                | 0                | 25                  | 25                        | 0                        | 25                     | 5      |

| Project Title             | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---------------------------|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| Frameworki Mobile Working | The development of an IT infrastructure and mobile device software and the purchase of 100 suitable mobile devices, which will allow social workers to update Frameworki case records in the field. | 2014/15    | 302              | 0                | 0                | 0                | 302                 | 302                       | 0                        | 302                    | 5      |
| Frameworki to Mosaic      | Upgrade of the Adult Social Care case management system from Frameworki to Mosaic.  | 2016/17    | 50               | 150              | 0                | 0                | 200                 | 0                         | 200                      | 200                    | 4      |
| <b>SUB TOTAL</b>          |   |            | <b>389</b>       | <b>450</b>       | <b>0</b>         | <b>0</b>         | <b>839</b>          | <b>639</b>                | <b>200</b>               | <b>839</b>             |        |
| <b>TOTALS</b>             |   |            | <b>693</b>       | <b>3,807</b>     | <b>3,075</b>     | <b>65</b>        | <b>7,640</b>        | <b>1,510</b>              | <b>6,130</b>             | <b>7,640</b>           |        |

## APPENDIX B

## SERVICE GROUP SUMMARY OF FUNDING

| <b>Service Group / Funding Source</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Total</b> |
|---------------------------------------|----------------|----------------|----------------|----------------|--------------|
| <b>Adult Social Care</b>              | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b> |
| EXTERNAL FUNDING                      | 339            | 1,171          | 0              | 0              | 1,510        |
| CORPORATE FUNDING                     | 354            | 2,636          | 3,075          | 65             | 6,130        |
| <b>TOTAL ALL SOURCES OF FUNDING</b>   | <b>693</b>     | <b>3,807</b>   | <b>3,075</b>   | <b>65</b>      | <b>7,640</b> |



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***CAPITAL PROGRAMME 2017-18 to 2019-20***

***CHILDREN'S SERVICES***

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| Project Title                                 | Project Description   | Start Year | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Total Cost | External Funding | Council Funding | Total Funding | Status |
|---|---|------------|---------|---------|---------|---------|------------|------------------|-----------------|---------------|--------|
|   |   |            | £'000   | £'000   | £'000   | £'000   | £'000      | £'000            | £'000           | £'000         |        |
| <b>Managed by Corporate Property Services</b> |   |            |         |         |         |         |            |                  |                 |               |        |
| Ark Brunel Primary Academy Redevelopment      | Redevelopment of Ark Brunel Academy (formerly Middle Row Primary School) with enhanced Nursery and Special Education Needs provision.   | 2012/13    | 39      | 0       | 0       | 0       | 39         | 0                | 39              | 39            | 5      |
| Asbestos in Schools Works                     | Works identified by the asbestos survey commissioned by the TriBorough Compliance Board.  | 2015/16    | 187     | 0       | 0       | 0       | 187        | 187              | 0               | 187           | 5      |
| Barlby Primary School Master Plan             | The Children's Service part of the scheme is to explore opportunities for the estate including the building of 2 new schools on the site of Barlby Primary School                       | 2014/15    | 400     | 117     | 0       | 0       | 517        | 0                | 517             | 517           | 5      |
| Bousfield Primary School - Safeguarding Works | To develop measures to enhance school security following safeguarding inspection.   | 2017/18    | 0       | 100     | 0       | 0       | 100        | 0                | 100             | 100           | 4      |
| Fox Primary - Fixtures, Fittings & Equipment  | Budget allocation to purchase fixtures, fittings and equipment for the Fox Primary School Redevelopment.  | 2017/18    | 0       | 150     | 0       | 0       | 150        | 0                | 150             | 150           | 5      |
| Fox Primary School Redevelopment              | Redevelopment of the Fox Primary School site to increase capacity and to create a 2 Form Entry, plus S.E.N. Facilities (up to 20 places) + CPD/Staff Training Centre (up to 60 places). | 2013/14    | 8,217   | 120     | 0       | 0       | 8,337      | 480              | 7,857           | 8,337         | 5      |

| Project Title                                | Project Description  | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|--|--|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| Holland Park School Redevelopment            | Project management, design team fees and anticipated construction costs for the redevelopment of Holland Park School. It is expected that these will be fully funded through capital receipts from the sale of the Southern site             | 2008/09    | 678              | 0                | 0                | 0                | 678                 | 0                         | 678                      | 678                    | 5      |
| Kensington Academy                           | Construction of a new academy at the site currently occupied by the North Kensington Leisure Centre. This is part of the wider KALC project aiming to deliver a new Academy and Leisure Centre in North Kensington. Also see bid 535 and 582 | 2012/13    | 350              | 0                | 0                | 0                | 350                 | 0                         | 350                      | 350                    | 5      |
| Marlborough Primary School and Denyer Street | Redevelopment of of Marlborough Primary School and new commercial premises   | 2013/14    | 19,500           | 9,045            | 490              | 0                | 29,035              | 19,353                    | 9,682                    | 29,035                 | 5      |
| Marlborough Primary School Project Support   | Site Manager Support during redevelopment of Marlborough Primary School.   | 2017/18    | 0                | 50               | 0                | 0                | 50                  | 0                         | 50                       | 50                     | 4      |
| Park Walk School Lease Surrender             | Surrender of lease.  | 2016/17    | 650              | 0                | 0                | 0                | 650                 | 0                         | 650                      | 650                    | 5      |
| Parkwood Hall School Fire Doors              | Replacement of fire doors and door sets at Parkwood Hall School following a fire risk assessment.  | 2013/14    | 1                | 0                | 0                | 0                | 1                   | 0                         | 1                        | 1                      | 5      |

| Project Title                                      | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|--|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| School Kitchens                                    | This is a rolling programme of prioritised condition works to refurbish/replace school kitchens, catering facilities and catering staff areas. The works to kitchens are not included within the nursery/primary, secondary or special condition works. | 2016/17    | 110              | 40               | 40               | 0                | 190                 | 0                         | 190                      | 190                    | R      |
| Schools General Maintenance Programme              | A consolidation of condition programmes for nursery, primary and secondary schools as well as suitability programmes for nursery and primary schools.   | 2016/17    | 904              | 600              | 600              | 600              | 2,704               | 2,704                     | 0                        | 2,704                  | R      |
| St. Anne's Nursery Re-location to Avondale Primary | Relocation of St. Anne's Nursery School to Avondale Primary School and to federate with the existing Avondale nursery provision.  | 2014/15    | 1,250            | 178              | 0                | 0                | 1,428               | 0                         | 1,428                    | 1,428                  | 5      |
| <b>SUB TOTAL</b>                                   |   |            | <b>32,286</b>    | <b>10,400</b>    | <b>1,130</b>     | <b>600</b>       | <b>44,416</b>       | <b>22,724</b>             | <b>21,692</b>            | <b>44,416</b>          |        |

| Project Title                             | Project Description   | Start Year | 2016/17       | 2017/18       | 2018/19      | 2019/20    | Total Cost    | External Funding | Council Funding | Total Funding | Status |
|---|---|------------|---------------|---------------|--------------|------------|---------------|------------------|-----------------|---------------|--------|
|   |   |            | £'000         | £'000         | £'000        | £'000      | £'000         | £'000            | £'000           | £'000         |        |
| <b>Managed by Service Group</b>           |   |            |               |               |              |            |               |                  |                 |               |        |
| Accessible Schools                        | Improvement in access provisions at two, geographically positioned primary schools in the Royal Borough for pupils with physical disabilities and those with visual or hearing impairments.   | 2016/17    | 10            | 790           | 0            | 0          | 800           | 800              | 0               | 800           | 3      |
| Children's Services Case Recording System | Procurement of a Tri-Borough externally hosted third party case recording system for use by the social workers and other professionals in Children's Services, replacing existing in house systems.                                       | 2015/16    | 0             | 200           | 0            | 0          | 200           | 0                | 200             | 200           | 4      |
| Education Management System Replacement   | A Tri-Borough Education Management system to cover School Admissions, Exclusions and Pupil Support, Special Education Needs and other local authority provided school services.   | 2015/16    | 0             | 190           | 0            | 0          | 190           | 0                | 190             | 190           | 5      |
| Stronger Families - ICT Foundation        | Family and Children's Services is undertaking a business transformation programme, Stronger Families that has three threads that will require a set of ICT tools to be available to ensure that the business case itself can be achieved. | 2011/12    | 0             | 19            | 0            | 0          | 19            | 0                | 19              | 19            | 5      |
| Universal Infant School Meals             | The grant is designed to support schools in delivering the legal requirement to offer free school meals, meeting the school food standards, to all their pupils in year groups reception, year 1 and year 2.                              | 2016/17    | 58            | 0             | 0            | 0          | 58            | 58               | 0               | 58            | 5      |
| <b>SUB TOTAL</b>                          |   |            | <b>68</b>     | <b>1,199</b>  | <b>0</b>     | <b>0</b>   | <b>1,267</b>  | <b>858</b>       | <b>409</b>      | <b>1,267</b>  |        |
| <b>TOTALS</b>                             |   |            | <b>32,354</b> | <b>11,599</b> | <b>1,130</b> | <b>600</b> | <b>45,683</b> | <b>23,582</b>    | <b>22,101</b>   | <b>45,683</b> |        |

**\*\* Excludes Other Schemes yet to go to tender: 2016-17 £0.72 million, 2017-18 £11.96 million, 2018-19 £20.92 million, 2019-20 £10.40 million, totalling £44 million.**

## APPENDIX B

## SERVICE GROUP SUMMARY OF FUNDING

| <b>Service Group / Funding Source</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Total</b>  |
|---------------------------------------|----------------|----------------|----------------|----------------|---------------|
| <b>Children's Services</b>            | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>  |
| EXTERNAL FUNDING                      | 16,196         | 5,986          | 800            | 600            | 23,582        |
| CORPORATE FUNDING                     | 16,878         | 17,577         | 21,250         | 10,400         | 66,105        |
| <b>TOTAL ALL SOURCES OF FUNDING</b>   | <b>33,074</b>  | <b>23,563</b>  | <b>22,050</b>  | <b>11,000</b>  | <b>89,687</b> |



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***CAPITAL PROGRAMME 2017-18 to 2019-20***

***ENVIRONMENT, LEISURE AND RESIDENT'S SERVICES***

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| Project Title                                    | Project Description   | Start Year | 2016/17    | 2017/18      | 2018/19  | 2019/20  | Total Cost   | External Funding | Council Funding | Total Funding | Status |
|--|---|------------|------------|--------------|----------|----------|--------------|------------------|-----------------|---------------|--------|
|  |   |            | £'000      | £'000        | £'000    | £'000    | £'000        | £'000            | £'000           | £'000         |        |
| <b>Managed by Corporate Property Services</b>    |   |            |            |              |          |          |              |                  |                 |               |        |
| Kensington Leisure Centre - New Building         | Construction of a new leisure centre at the site currently occupied by the North Kensington Leisure Centre. This is part of the wider KALC project aiming to deliver a new Academy and Leisure Centre in North Kensington. Also see bid 535 and 463.  | 2013/14    | 120        | 1,485        | 0        | 0        | 1,605        | 0                | 1,605           | 1,605         | 5      |
| Leighton House Museum - The Perrin Redevelopment | Redevelopment of the 'Perrin Wing' at the east end of Leighton House Museum to address essential building works and to improve the museum's income generating capacity through new public access and visitor facilities including a larger retail space, additional display and interpretation space and to complete the restoration of this building of national significance. | 2016/17    | 50         | 381          | 0        | 0        | 431          | 337              | 94              | 431           | 5      |
| Leighton House Museum Phase 3 Study              | Funding study   | 2016/17    | 97         | 0            | 0        | 0        | 97           | 0                | 97              | 97            | 4      |
| Lots Road Depot                                  | Operations at Cremorne Wharf need to be re-housed in order to facilitate the handover of the site to Thames Water who will pay rent for its use. Formerly known as Bagleys Lane and Chelsea Creek.  | 2013/14    | 30         | 0            | 0        | 0        | 30           | 0                | 30              | 30            | 5      |
| <b>SUB TOTAL</b>                                 |   |            | <b>297</b> | <b>1,866</b> | <b>0</b> | <b>0</b> | <b>2,163</b> | <b>337</b>       | <b>1,826</b>    | <b>2,163</b>  |        |

| Project Title                                  | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|--|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| <b>Managed by Service Group</b>                |   |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| Asset Improvement Plans                        | A rolling programme for asset improvement works and projects that is intended to enhance the department's diverse and numerous facility and grounds portfolio.  | 2016/17    | 217              | 490              | 300              | 300              | 1,307               | 0                         | 1,307                    | 1,307                  | R      |
| Athlone Gardens and Worrington Green           | Landscaping and other works associated are required for the phased transition of parkland provision for the Worrington Green Estate to transfer the existing Athlone Gardens site within the proposed new Worrington Green development. | 2011/12    | 21               | 0                | 0                | 2,083            | 2,104               | 0                         | 2,104                    | 2,104                  | 5      |
| Chelsea Sports Centre Wetside Improvements     | Major improvements to the wetside changing rooms, pool area, and ceiling lantern to bring them up to the quality of the new gym and dryside changing.   | 2015/16    | 40               | 1,750            | 0                | 0                | 1,790               | 0                         | 1,790                    | 1,790                  | 4      |
| Gunnersbury & Hanwell Cemeteries - Resurfacing | Repairing and re-surfacing the existing path and driveway networks at both cemeteries to a satisfactory standard of finish and appearance and fulfilling the councils H&S obligations to visitors.                                      | 2012/13    | 10               | 0                | 0                | 0                | 10                  | 0                         | 10                       | 10                     | 5      |
| Gunnersbury Cemetery Improvement Scheme        | In support of the longevity of the Cemeteries service this will deliver new burial space and a new office building.   | 2015/16    | 71               | 869              | 0                | 0                | 940                 | 0                         | 940                      | 940                    | 3      |
| Holland House Terrace Landscaping              | A major refurbishment of the Terrace to provide an appropriate setting for Holland House, making the house a 'jewel in the crown' thus attracting more visitors as part of the Council's Cultural Placemaking agenda.                   | 2016/17    | 89               | 1,175            | 0                | 0                | 1,264               | 0                         | 1,264                    | 1,264                  | 4      |

| Project Title                                   | Project Description  | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---|--|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| Holland Park Public Toilets                     | Improvements to the quality of the toilet facilities but also to extend them into the area of the stable yard building currently used as a changing room for the sports pitch (This is completely underused and wasted space). | 2015/16    | 31               | 454              | 0                | 0                | 485                 | 0                         | 485                      | 485                    | 5      |
| Holland Walk (Design Museum)                    | Redevelopment works.   | 2016/17    | 95               | 12               | 0                | 0                | 107                 | 0                         | 107                      | 107                    | 5      |
| Little Wormwood Scrubs Development - Phase 2    | Improvement works to Little Wormwood Scrubs  | 2014/15    | 0                | 300              | 0                | 0                | 300                 | 0                         | 300                      | 300                    | 4      |
| Opera Holland Park Revised Site Entrance        | Revised entrance to the site between the cafe and outdoor seating area.  | 2014/15    | 24               | 313              | 0                | 0                | 337                 | 0                         | 337                      | 337                    | 5      |
| Opera Holland Park Temporary Structures Phase 1 | Improving the functionality and aestheticism of the theatre structures.  | 2014/15    | 1,055            | 0                | 0                | 0                | 1,055               | 0                         | 1,055                    | 1,055                  | 5      |
| Parks Strategy and Development Plan             | This is a rolling programme of capital works carried out across the borough to improve the quality of the parks.   | 2016/17    | 807              | 1,683            | 675              | 675              | 3,840               | 0                         | 3,840                    | 3,840                  | R      |
| Paths and Fencing Improvements                  | Improvements relating to St. Mary Abbots railings, St. Luke's Gardens - internal railing, Cremorne Gardens - resetting the cobbles, St. Lukes Gardens - resurfacing paths, Redcliffe Square - resurfacing.                     | 2014/15    | 150              | 80               | 0                | 0                | 230                 | 0                         | 230                      | 230                    | 5      |

| Project Title                         | Project Description   | Start Year | 2016/17      | 2017/18      | 2018/19      | 2019/20      | Total Cost    | External Funding | Council Funding | Total Funding | Status |
|---------------------------------------|---|------------|--------------|--------------|--------------|--------------|---------------|------------------|-----------------|---------------|--------|
|                                       |   |            | £'000        | £'000        | £'000        | £'000        | £'000         | £'000            | £'000           | £'000         |        |
| Royal Borough Environmental Project   | A rolling programme to identify and implement environmental and community engagement initiatives in the Royal Borough. Formerly known as the North Kensington Environmental Project.  | 2016/17    | 345          | 200          | 200          | 200          | 945           | 0                | 945             | 945           | R      |
| South Kensington Station Flower Kiosk | Construction of a new flower kiosk for South Kensington Station forecourt.  | 2014/15    | 99           | 0            | 0            | 0            | 99            | 0                | 99              | 99            | 4      |
| Sports Pitch Improvements             | Enhancement to the quality of the playing surfaces at Avondale Park, Holland Park and Kensington Memorial Park.   | 2014/15    | 0            | 253          | 0            | 0            | 253           | 0                | 253             | 253           | 3      |
| Westway Connected Wifi                | Free public wi-fi around Portobello and Golborne Road Markets, Thorpe Close and Acklam Road. This will improve the visitor experience and enable the market and local businesses to access the commercial benefits of digital connectivity. | 2015/16    | 72           | 0            | 0            | 0            | 72            | 0                | 72              | 72            | 4      |
| <b>SUB TOTAL</b>                      |   |            | <b>3,126</b> | <b>7,579</b> | <b>1,175</b> | <b>3,258</b> | <b>15,138</b> | <b>0</b>         | <b>15,138</b>   | <b>15,138</b> |        |
| <b>TOTALS</b>                         |   |            | <b>3,423</b> | <b>9,445</b> | <b>1,175</b> | <b>3,258</b> | <b>17,301</b> | <b>337</b>       | <b>16,964</b>   | <b>17,301</b> |        |

## SERVICE GROUP SUMMARY OF FUNDING

| <b>Service Group / Funding Source</b>               | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Total</b>  |
|---|----------------|----------------|----------------|----------------|---------------|
| <b>Environment, Leisure and Resident's Services</b> | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>  |
| EXTERNAL FUNDING                                    | 50             | 287            | 0              | 0              | 337           |
| CORPORATE FUNDING                                   | 3,373          | 9,158          | 1,175          | 3,258          | 16,964        |
| <b>TOTAL ALL SOURCES OF FUNDING</b>                 | <b>3,423</b>   | <b>9,445</b>   | <b>1,175</b>   | <b>3,258</b>   | <b>17,301</b> |



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***CAPITAL PROGRAMME 2017-18 to 2019-20***

***HOUSING SERVICES***

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| Project Title                              | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|--|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| <b>Managed by Service Group</b>            |   |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| Disabled Facilities Grant                  | This scheme allows for resources to fund eligible works to the private stock in the Borough. Expenditure is offset by government subsidy.   | 2016/17    | 400              | 455              | 455              | 455              | 1,765               | 1,240                     | 525                      | 1,765                  | R      |
| Private Sector Renewal Grants              | Within the new Private Sector Renewal Strategy, provide assistance to residents to improve the energy efficiency of their homes, improve home security and alleviate unfitness and disrepair. | 2016/17    | 80               | 100              | 100              | 100              | 380                 | 0                         | 380                      | 380                    | R      |
| Temporary Accommodation Property Purchases | Temporary Accommodation Property Purchases  | 2016/17    | 8,000            | 12,000           | 0                | 0                | 20,000              | 0                         | 20,000                   | 20,000                 | 5      |
| <b>SUB TOTAL</b>                           |   |            | <b>8,480</b>     | <b>12,555</b>    | <b>555</b>       | <b>555</b>       | <b>22,145</b>       | <b>1,240</b>              | <b>20,905</b>            | <b>22,145</b>          |        |
| <b>TOTALS</b>                              |   |            | <b>8,480</b>     | <b>12,555</b>    | <b>555</b>       | <b>555</b>       | <b>22,145</b>       | <b>1,240</b>              | <b>20,905</b>            | <b>22,145</b>          |        |



## APPENDIX B

## SERVICE GROUP SUMMARY OF FUNDING

| <b>Service Group / Funding Source</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Total</b>  |
|---------------------------------------|----------------|----------------|----------------|----------------|---------------|
| <b>Housing Services</b>               | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>  |
| EXTERNAL FUNDING                      | 310            | 310            | 310            | 310            | 1,240         |
| CORPORATE FUNDING                     | 8,170          | 12,245         | 245            | 245            | 20,905        |
| <b>TOTAL ALL SOURCES OF FUNDING</b>   | <b>8,480</b>   | <b>12,555</b>  | <b>555</b>     | <b>555</b>     | <b>22,145</b> |



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***CAPITAL PROGRAMME 2017-18 to 2019-20***

***HOUSING REVENUE ACCOUNT***

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| Project Title                                   | Project Description   | Start Year | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Total Cost | External Funding | Council Funding | Total Funding | Status |
|---|---|------------|---------|---------|---------|---------|------------|------------------|-----------------|---------------|--------|
|   |   |            | £'000   | £'000   | £'000   | £'000   | £'000      | £'000            | £'000           | £'000         |        |
| <b>Managed by Service Group</b>                 |   |            |         |         |         |         |            |                  |                 |               |        |
| Adair & Hazelwood Enforcement Notice Work       | Budget provision required to undertake works at Adair Tower and Hazelwood Crescent to comply with the enforcement notice which has been issued by the London Fire Brigade.  | 2016/17    | 206     | 0       | 0       | 0       | 206        | 0                | 206             | 206           | H      |
| Edenham Way - Housing Revenue Account           | Development of the Edenham Way site for housing.  | 2014/15    | 372     | 117     | 95      | 0       | 584        | 0                | 584             | 584           | H      |
| General provision for HRA Regeneration          | Where a Key Decision is taken to incur costs on a particular scheme, costs will be identified separately within the Capital Programme. For works where no such Key decision has been taken, the intention is to use a general regeneration provision. | 2015/16    | 382     | 372     | 50      | 0       | 804        | 0                | 804             | 804           | H      |
| Grenfell Tower                                  | Investment in works on the Lancaster West Estate, to deliver major improvements to the fabric of Grenfell Tower, new homes and improved accessible office space.  | 2012/13    | 449     | 0       | 0       | 0       | 449        | 0                | 449             | 449           | 5      |
| Hidden Homes                                    | Provision to fund current work on hidden homes initiatives.   | 2015/16    | 240     | 0       | 0       | 0       | 240        | 0                | 240             | 240           | H      |
| Holmefield House                                | Provision of an additional unit as part of a Hidden Homes scheme  | 2015/16    | 51      | 0       | 0       | 0       | 51         | 51               | 0               | 51            | H      |
| Housing Revenue Account (HRA) Capital Programme | The HRA capital programme comprises planned investment to the local authority housing stock. The programme will be managed by the arms length management organisation (ALMO).   | 2016/17    | 12,794  | 16,000  | 13,426  | 10,000  | 52,220     | 0                | 52,220          | 52,220        | H      |
| Joint Venture Delivery Strategy                 | To provide delivery and funding strategy options in support of the Regeneration programme.  | 2016/17    | 132     | 568     | 0       | 0       | 700        | 0                | 700             | 700           | H      |

| Project Title                                     | Project Description  | Start Year | 2016/17       | 2017/18       | 2018/19       | 2019/20       | Total Cost    | External Funding | Council Funding | Total Funding | Status |
|---|--|------------|---------------|---------------|---------------|---------------|---------------|------------------|-----------------|---------------|--------|
|   |  |            | £'000         | £'000         | £'000         | £'000         | £'000         | £'000            | £'000           | £'000         |        |
| Older People's Housing                            | Provision to fund current work on older people's housing programme and investment in delivery of affordable homes.   | 2016/17    | 10            | 150           | 0             | 0             | 160           | 0                | 160             | 160           | H      |
| Silchester - Wider Estate                         | An options appraisal exercise to explore regeneration opportunities in the wider Silchester Estate.  | 2015/16    | 800           | 450           | 0             | 0             | 1,250         | 0                | 1,250           | 1,250         | H      |
| Silchester Garages                                | Development of the Silchester Garage site in the north of the Borough for the provision of 63 units of affordable housing.   | 2013/14    | 1,050         | 0             | 0             | 0             | 1,050         | 0                | 1,050           | 1,050         | 5      |
| Small Blocks Option Appraisal                     | An options appraisal of five blocks which have been identified as possibilities for regeneration.  | 2015/16    | 70            | 890           | 1,500         | 0             | 2,460         | 0                | 2,460           | 2,460         | H      |
| Tavistock Affordable Homes                        | Conversion of a former Mental Health residential home to affordable homes.   | 2013/14    | 479           | 369           | 0             | 0             | 848           | 0                | 848             | 848           | 5      |
| Traffic Management Order Signage and Lining Works | London Councils advise that all local authorities should now create traffic management orders using the Road Traffic Regulation Act 1984 in order to control parking areas on private land in their ownership. | 2014/15    | 176           | 0             | 0             | 0             | 176           | 0                | 176             | 176           | H      |
| Treverton   | Investment in delivery of affordable homes   | 2015/16    | 1,285         | 80            | 0             | 0             | 1,365         | 0                | 1,365           | 1,365         | H      |
| <b>SUB TOTAL</b>                                  |  |            | <b>18,496</b> | <b>18,996</b> | <b>15,071</b> | <b>10,000</b> | <b>62,563</b> | <b>51</b>        | <b>62,512</b>   | <b>62,563</b> |        |
| <b>TOTALS</b>                                     |  |            | <b>18,496</b> | <b>18,996</b> | <b>15,071</b> | <b>10,000</b> | <b>62,563</b> | <b>51</b>        | <b>62,512</b>   | <b>62,563</b> |        |

## APPENDIX B

## SERVICE GROUP SUMMARY OF FUNDING

| <b>Service Group / Funding Source</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Total</b>  |
|---------------------------------------|----------------|----------------|----------------|----------------|---------------|
| <b>Housing Revenue Account</b>        | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>  |
| EXTERNAL FUNDING                      | 51             | 0              | 0              | 0              | 51            |
| CORPORATE FUNDING                     | 18,445         | 18,996         | 15,071         | 10,000         | 62,512        |
| <b>TOTAL ALL SOURCES OF FUNDING</b>   | <b>18,496</b>  | <b>18,996</b>  | <b>15,071</b>  | <b>10,000</b>  | <b>62,563</b> |



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***CAPITAL PROGRAMME 2017-18 to 2019-20***

***LIBRARY, ARCHIVE AND HERITAGE SERVICES***

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| Project Title                                 | Project Description  | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---|--|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| <b>Managed by Corporate Property Services</b> |  |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| Central Library Condition Works               | The condition of the fabric of Central Library is deteriorating badly. A Condition Survey in 2009 highlighted necessary works including roofing, water penetration, heating and ventilation, entrance doors , lifts and toilets. | 2012/13    | 50               | 476              | 0                | 0                | 526                 | 0                         | 526                      | 526                    | 5      |
| Library Condition Projects                    | Library Condition Projects building works to address issues at various Libraries highlighted in Suitability Surveys.   | 2013/14    | 8                | 0                | 0                | 0                | 8                   | 0                         | 8                        | 8                      | R      |
| <b>SUB TOTAL</b>                              |  |            | <b>58</b>        | <b>476</b>       | <b>0</b>         | <b>0</b>         | <b>534</b>          | <b>0</b>                  | <b>534</b>               | <b>534</b>             |        |
| <b>Managed by Service Group</b>               |  |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| Libraries Public PCs and Kiosk Upgrade        | Upgrading of public PCs and kiosks in libraries.   | 2017/18    | 0                | 115              | 0                | 0                | 115                 | 0                         | 115                      | 115                    | 5      |
| <b>SUB TOTAL</b>                              |  |            | <b>0</b>         | <b>115</b>       | <b>0</b>         | <b>0</b>         | <b>115</b>          | <b>0</b>                  | <b>115</b>               | <b>115</b>             |        |
| <b>TOTALS</b>                                 |  |            | <b>58</b>        | <b>591</b>       | <b>0</b>         | <b>0</b>         | <b>649</b>          | <b>0</b>                  | <b>649</b>               | <b>649</b>             |        |



## SERVICE GROUP SUMMARY OF FUNDING

| <b>Service Group / Funding Source</b>          | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Total</b> |
|--|----------------|----------------|----------------|----------------|--------------|
| <b>Library, Archives and Heritage Services</b> | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b> |
| EXTERNAL FUNDING                               | 0              | 0              | 0              | 0              | 0            |
| CORPORATE FUNDING                              | 58             | 591            | 0              | 0              | 649          |
| <b>TOTAL ALL SOURCES OF FUNDING</b>            | <b>58</b>      | <b>591</b>     | <b>0</b>       | <b>0</b>       | <b>649</b>   |



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***CAPITAL PROGRAMME 2017-18 to 2019-20***

***TRANSPORT AND TECHNICAL SERVICES***

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| Project Title                             | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| <b>Managed by Service Group</b>           |   |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| Chelsea Bridge Repainting & Refurbishment | Our Thames bridges have a cyclical painting, relighting and routine refurbishment programme in the region of 7/8 years. The scaffolding when erected also allows for a special/principal inspection of the bridge.  | 2014/15    | 45               | 2,581            | 60               | 0                | 2,686               | 656                       | 2,030                    | 2,686                  | 3      |
| Charles House                             | Redevelopment works.  | 2016/17    | 61               | 0                | 0                | 0                | 61                  | 61                        | 0                        | 61                     | 3      |
| Golborne Road Area Improvement            | This scheme is to undertake a major programme of works resulting from the traffic and socio economic study of the area. It is assumed that any works may not attract major Transport for London(TfL) funding but some minor TfL allocations are possible  | 2014/15    | 905              | 727              | 0                | 0                | 1,632               | 55                        | 1,577                    | 1,632                  | 3      |
| Highways I.T. System                      | Implementation of a new highways network management system in RBKC.   | 2013/14    | 299              | 0                | 0                | 0                | 299                 | 0                         | 299                      | 299                    | 3      |
| Highways Improvement Schemes              | This rolling programme is for implementing desirable traffic management schemes and environmental improvements. Some of the initiatives attract external funding contributions from Transport for London (TfL). Formerly known as Transport Action Plans. | 2016/17    | 511              | 524              | 250              | 0                | 1,285               | 582                       | 703                      | 1,285                  | R      |

| Project Title                                     | Project Description  | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---|--|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| Holland Park School Southern Site                 | Redevelopment works.   | 2016/17    | 130              | 0                | 0                | 0                | 130                 | 130                       | 0                        | 130                    | 5      |
| Liscarten House Development                       | Redevelopment works.   | 2016/17    | 206              | 0                | 0                | 0                | 206                 | 206                       | 0                        | 206                    | 5      |
| London Cycle Grid                                 | The Royal Borough's section of the London Cycle Grid fully funded by Transport for London for the design and implementation of schemes categorised as Phase 2 and for the design of schemes categorised as Phase 3.                                    | 2016/17    | 1,226            | 0                | 0                | 0                | 1,226               | 1,226                     | 0                        | 1,226                  | 5      |
| Pay-By-Phone Parking Roll-out                     | Pay-by-phone parking to be rolled out across the borough with governance to be completed in early December 2015.   | 2015/16    | 157              | 3                | 0                | 0                | 160                 | 0                         | 160                      | 160                    | 3      |
| Services on the Web                               | Provision of online services within the Environmental Health service   | 2014/15    | 0                | 40               | 0                | 0                | 40                  | 0                         | 40                       | 40                     | 4      |
| Stanley Bridge                                    | Stanley Bridge is a railway bridge located on the King's Road near Lots Road. General maintenance works are to be undertaken and an investigation of leaking water which may result in the replacement of the waterproofing system on the bridge deck. | 2014/15    | 45               | 765              | 0                | 0                | 810                 | 405                       | 405                      | 810                    | 3      |
| Street Scene Improvements - Boroughwide Programme | This annual rolling programme is to review and propose streetscape improvements that are not incorporated into other highway programmes until all wards have been covered.   | 2016/17    | 2,088            | 800              | 600              | 0                | 3,488               | 1,061                     | 2,427                    | 3,488                  | R      |

| Project Title                       | Project Description  | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|-------------------------------------|----------------------|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| Wornington Green Estate Development | Redevelopment works. | 2016/17    | 118              | 0                | 0                | 0                | 118                 | 118                       | 0                        | 118                    | 3      |
| <b>SUB TOTAL</b>                    |                      |            | <b>5,791</b>     | <b>5,440</b>     | <b>910</b>       | <b>0</b>         | <b>12,141</b>       | <b>4,500</b>              | <b>7,641</b>             | <b>12,141</b>          |        |
| <b>TOTALS</b>                       |                      |            | <b>5,791</b>     | <b>5,440</b>     | <b>910</b>       | <b>0</b>         | <b>12,141</b>       | <b>4,500</b>              | <b>7,641</b>             | <b>12,141</b>          |        |



## APPENDIX B

## SERVICE GROUP SUMMARY OF FUNDING

| <b>Service Group / Funding Source</b>   | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Total</b>  |
|---|----------------|----------------|----------------|----------------|---------------|
| <b>Transport and Technical Services</b> | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>  |
| EXTERNAL FUNDING                        | 2,673          | 1,827          | 0              | 0              | 4,500         |
| CORPORATE FUNDING                       | 3,118          | 3,613          | 910            | 0              | 7,641         |
| <b>TOTAL ALL SOURCES OF FUNDING</b>     | <b>5,791</b>   | <b>5,440</b>   | <b>910</b>     | <b>0</b>       | <b>12,141</b> |



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***CAPITAL PROGRAMME 2017-18 to 2019-20***

***CORPORATE SERVICES***

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| Project Title                                   | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| <b>Managed by Corporate Property Services</b>   |   |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| 74 Golborne Road - Change of Use                | Conversion of office space to retail unit and residential units.  | 2015/16    | 245              | 0                | 0                | 0                | 245                 | 0                         | 245                      | 245                    | 5      |
| Air Conditioning System Replacement             | Replacement of existing R22 refrigerant systems at various buildings in order to comply with EU Regulation 2037/200 on ozone depleting substances and thereby enable RBKC to minimise the replacement cost implications and operational disruption. | 2014/15    | 30               | 0                | 0                | 0                | 30                  | 0                         | 30                       | 30                     | 5      |
| Asset Management Plans                          | Minor property works to be undertaken by Total Facilities Management service provider Amey. Transferred from Environment, Leisure and Resident's Services.  | 2016/17    | 201              | 150              | 150              | 0                | 501                 | 0                         | 501                      | 501                    | R      |
| Barlby Treverton site and Barlby Primary School | Barlby Treverton site and Barlby Primary School redevelopment.  | 2016/17    | 4,895            | 13,505           | 0                | 0                | 18,400              | 0                         | 18,400                   | 18,400                 | 5      |
| Belvedere Restaurant Structural Repairs         | Structural repairs to the Belvedere Restaurant bell tower.  | 2015/16    | 64               | 838              | 12               | 0                | 914                 | 0                         | 914                      | 914                    | 4      |
| Cartley Building Fabric and Mechanical Plant    | This project seeks to replace the roof, windows, gutters, life expired mechanical plant and internal areas which have suffered from water damage and general deterioration as a result of historically deferred maintenance.                        | 2015/16    | 58               | 0                | 0                | 0                | 58                  | 0                         | 58                       | 58                     | 5      |

| Project Title                                  | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|--|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| Chelsea Community Centre                       | The Council has agreed to contribute £140,000 towards the building works at the site. This work will improve the fabric of the building bringing it into a good state of repair and giving improved access and eligibility for grant funding. | 2017/18    | 0                | 140              | 0                | 0                | 140                 | 0                         | 140                      | 140                    | 5      |
| Chelsea Creek - Flood Defence                  | Maintenance and upgrade of the Council's flood defence at Chelsea Creek.  | 2017/18    | 0                | 1,118            | 0                | 0                | 1,118               | 0                         | 1,118                    | 1,118                  | 3      |
| Edenham Way - General Fund                     | Development of the Edenham Way site for housing.  | 2014/15    | 558              | 176              | 143              | 0                | 877                 | 0                         | 877                      | 877                    | 5      |
| Ellesmere House Conversion for Commercial Unit | Conversion of part of ground floor at Ellesmere House to create new commercial unit for A1 /A3 use.   | 2016/17    | 100              | 0                | 0                | 0                | 100                 | 0                         | 100                      | 100                    | 3      |
| Hewer Street Land Acquisition                  | Acquisition of residential development opportunity of 0.21 acres with planning permission for development of 16 units.  | 2016/17    | 9,750            | 0                | 0                | 0                | 9,750               | 0                         | 9,750                    | 9,750                  | 5      |
| Holland Park Avenue, 25 - Affordable B1 Units  | 205 Holland Park Avenue is a new development owned by Redrow Homes London. Consent to redevelop was granted provided that the Council undertakes a fit out and sublet (not occupy itself) as affordable workspace.                            | 2016/17    | 248              | 0                | 0                | 0                | 248                 | 0                         | 248                      | 248                    | 3      |

| Project Title                                   | Project Description  | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---|--|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| Kensington and Chelsea College Site Acquisition | Acquisition of the Kensington and Chelsea College site (Wornington Green).   | 2016/17    | 14,500           | 11,100           | 0                | 0                | 25,600              | 0                         | 25,600                   | 25,600                 | 5      |
| Kensington Town Hall Engineering Work           | To ensure that plant and equipment for Kensington Town Hall is suitable and sufficient for the beneficial use of the buildings including enabling works for other schemes.   | 2015/16    | 1,200            | 680              | 0                | 0                | 1,880               | 0                         | 1,880                    | 1,880                  | 5      |
| KTH Air Handling Units                          | The replacement of old air handling units with a new, energy efficient and more environmentally friendly air handling units, which will be more reliable.  | 2015/16    | 198              | 0                | 0                | 0                | 198                 | 0                         | 198                      | 198                    | 5      |
| KTH Boilers and Central Heating Plant           | The replacement of old boilers and central heating plant with new, energy efficient and more environmentally friendly boilers and central heating plant, which will be more reliable.  | 2015/16    | 584              | 390              | 0                | 0                | 974                 | 0                         | 974                      | 974                    | 5      |
| KTH Busbars Installation                        | The replacement of old aluminium mains cables with a new system of busbars to provide a new electrical mains services infrastructure, incorporating the use of power perfectors.   | 2012/13    | 910              | 0                | 0                | 0                | 910                 | 0                         | 910                      | 910                    | 5      |
| KTH Car Park Improvements                       | Parking and Property are currently reviewing the model for generating the best net revenue for the Council.  | 2015/16    | 250              | 0                | 0                | 0                | 250                 | 0                         | 250                      | 250                    | 5      |
| KTH Lift Refurbishment Works                    | There are 12 lifts within the Kensington Town Hall complex with the majority undergoing a refurbishment in 2001 to 2003 and some had internal car upgrade works carried out under the recent SPACE project. A major refurbishment is now required. | 2014/15    | 500              | 78               | 0                | 0                | 578                 | 0                         | 578                      | 578                    | 5      |

| Project Title               | Project Description  | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|-----------------------------|--|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| KTH Replacement of Chillers | The replacement of old chillers with new, energy efficient and more environmentally friendly chillers, which will be more reliable. This work is planned to be on completion of the Space Program.   | 2015/16    | 750              | 750              | 0                | 0                | 1,500               | 0                         | 1,500                    | 1,500                  | 5      |
| KTH Roof Survey and Repairs | The survey of the existing roof coverings and structure and replacement where necessary of defective and worn out roofing with new, better insulated, energy efficient and more environmentally friendly materials, which will be more reliable.                                       | 2015/16    | 300              | 0                | 0                | 0                | 300                 | 0                         | 300                      | 300                    | 5      |
| Lots Road 65-69 Acquisition | Lots Road 65-69 Acquisition.   | 2016/17    | 11,100           | 0                | 0                | 0                | 11,100              | 0                         | 11,100                   | 11,100                 | 5      |
| Lots Road 71-73 Acquisition | Lots Road 71-73 Acquisition.   | 2016/17    | 11,100           | 0                | 0                | 0                | 11,100              | 0                         | 11,100                   | 11,100                 | 5      |
| Lots Road North and South   | Explore the redevelopment of a mixed use scheme involving employment uses, extra-care housing, Council services and private housing on a long-lease disposal basis on land at Lots Rd and to enter into a joint development and disposal agreement to work with adjoining land owners. | 2016/17    | 1,090            | 0                | 0                | 0                | 1,090               | 0                         | 1,090                    | 1,090                  | 3      |
| Malton Road Hub             | Improvement and rationalisation of the operational property. Formerly known as Westway Improvement Works.  | 2012/13    | 52               | 0                | 0                | 0                | 52                  | 0                         | 46                       | 46                     | 5      |

| Project Title                                     | Project Description  | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|---|--|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| North Kensington Library and Youth Centre         | This project has been identified as part of the Westway programme; the project involves relocating the current North Kensington Library and Youth Centre to new purpose built buildings/s together with accommodation for a new Leaving Care facility. | 2014/15    | 1,250            | 8,312            | 8,013            | 794              | 18,369              | 0                         | 18,369                   | 18,369                 | 5      |
| Park Royal (NW10) Land Acquisition                | Acquisition of open industrial land of 0.44 acres for development of new operational facilities.   | 2016/17    | 2,850            | 0                | 0                | 0                | 2,850               | 0                         | 2,850                    | 2,850                  | 5      |
| Pembroke Road Depot Relocation Leaseholder Buyout | A service review and major development scheme are proposed with the potential to deliver up to 350 new dwellings, 75,000 sq ft of community space.   | 2013/14    | 4,490            | 16,802           | 16,802           | 0                | 38,094              | 0                         | 38,094                   | 38,094                 | 5      |
| Pembroke Road Planning Costs                      | Appointment of consultant team to obtain planning consent for the full redevelopment scheme.   | 2015/16    | 1,200            | 300              | 0                | 0                | 1,500               | 0                         | 1,500                    | 1,500                  | 5      |
| RBKC Energy Saving Projects Programme             | As part of the commitment to reduce the CO2 emissions and energy costs, a range of projects across the buildings have been identified. These include LED Lighting, insulation, and plant upgrades to reduce CO2 by up to 14%.                          | 2014/15    | 1,550            | 151              | 0                | 0                | 1,701               | 0                         | 1,701                    | 1,701                  | 5      |
| Silchester Garages - Acquisition of Retail Unit   | Acquire the unit on practical completion and rent it out.  | 2015/16    | 1,404            | 0                | 0                | 0                | 1,404               | 0                         | 1,404                    | 1,404                  | 5      |

| Project Title                                    | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|--|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| St Mary Abbots Church Boundary Wall and Railings | The boundary wall itself runs along the back of the properties numbered 11-35 Drayson Mews and the Church Gardens (southern section)/School Playground (northern section) and is in a severely dilapidated state and in need of renewal.                  | 2016/17    | 100              | 700              | 0                | 0                | 800                 | 0                         | 800                      | 800                    | 3      |
| Staff Sports Changing Facilities                 | Provide suitable sports changing facilities for use by the large numbers of RBKC staff that run and cycle to work or during lunchtimes, and for the increasingly popular after hours exercise clubs hosted at the Town Hall.                              | 2016/17    | 309              | 16               | 0                | 0                | 325                 | 0                         | 325                      | 325                    | 5      |
| Westway Information Centre-Strip Out Shell Core  | Current staff occupying WIC will be moved to the new Malton Road Hub and the building will be closed in May 2014. This bid relates to shell and core work to prepare the building for being let commercially.   | 2014/15    | 300              | 556              | 16               | 0                | 872                 | 0                         | 872                      | 872                    | 5      |
| <b>SUB TOTAL</b>                                 |   |            | <b>72,136</b>    | <b>55,762</b>    | <b>25,136</b>    | <b>794</b>       | <b>153,828</b>      | <b>0</b>                  | <b>153,822</b>           | <b>153,822</b>         |        |
| <b>Managed by Service Group</b>                  |   |            |                  |                  |                  |                  |                     |                           |                          |                        |        |
| Data Centres - Power Management                  | Distribute additional electrical power, cooling and UPS protection for Kensington Town Hall and Pembroke Road Data Centres, creating the capability to provide Data Centre services to other boroughs and improving the efficiency of the infrastructure. | 2016/17    | 0                | 40               | 0                | 0                | 40                  | 0                         | 40                       | 40                     | 3      |
| Data Storage and Netbackup                       | The purchase and implementation of data storage management software. This allows files that have not been accessed for a set period of time to be archived. This includes renewal of the Netbackup setup.   | 2013/14    | 60               | 71               | 40               | 0                | 171                 | 0                         | 171                      | 171                    | 5      |

| Project Title                                  | Project Description   | Start Year | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 | Total Cost<br>£'000 | External Funding<br>£'000 | Council Funding<br>£'000 | Total Funding<br>£'000 | Status |
|--|---|------------|------------------|------------------|------------------|------------------|---------------------|---------------------------|--------------------------|------------------------|--------|
| Digital Customer Services ICT Project          | The Digital Customer Services ICT project will deliver the ICT technical infrastructure to support the digital transformation channel shift which will result in reduced costs for the delivery of online customer facing customer service. | 2016/17    | 100              | 100              | 0                | 0                | 200                 | 0                         | 200                      | 200                    | 3      |
| ICT Infrastructure Revisions                   | This project will examine and potentially implement the use of alternative newer technology for RBKC fundamentals in the future. Formerly ICT Infrastructure re-structure. Work is being done across the Tri-Boroughs.                      | 2014/15    | 115              | 0                | 0                | 0                | 115                 | 0                         | 115                      | 115                    | 5      |
| ICT Remote Access Replacement                  | A Tri-Borough replacement for the ICT solution for Remote Access, which allows staff to connect to the Corporate Network and work from home or remotely from the office, and which will reach the end of its working life in 2015.          | 2016/17    | 75               | 0                | 0                | 0                | 75                  | 0                         | 75                       | 75                     | 5      |
| Infrastructure Replacement - Corporate Servers | Replace out of warranty hardware (servers) used by One World, the Website (Http), Corporate SQL cluster and Corporate Citrix environment.   | 2011/12    | 18               | 0                | 0                | 0                | 18                  | 0                         | 18                       | 18                     | 5      |
| Office 365 Upgrade                             | Office 365 Upgrade. This replaces existing bids Unified Communications and Sharepoint & Email Linkage Software.   | 2015/16    | 140              | 55               | 0                | 0                | 195                 | 0                         | 195                      | 195                    | 5      |
| Pembroke Road Data Centre Replacement          | The borough has plans to redevelop the Council Offices Pembroke Road site which will result in the demolition of the building that houses our secondary data centre. This project is to provision alternative capability.                   | 2017/18    | 0                | 500              | 0                | 0                | 500                 | 0                         | 500                      | 500                    | 3      |

| Project Title                              | Project Description   | Start Year | 2016/17       | 2017/18       | 2018/19       | 2019/20    | Total Cost     | External Funding | Council Funding | Total Funding  | Status |
|--|---|------------|---------------|---------------|---------------|------------|----------------|------------------|-----------------|----------------|--------|
|  |   |            | £'000         | £'000         | £'000         | £'000      | £'000          | £'000            | £'000           | £'000          |        |
| Removable Media Control                    | Implementation of a solution for controlling the use of removable media devices, such as USB sticks, MP3 Players and digital cameras. This supports securing GCsX network access.   | 2011/12    | 34            | 0             | 0             | 0          | 34             | 0                | 34              | 34             | 5      |
| SAN Replacement                            | Replacement of the two Storage Area Networks (SANs), one at the Town Hall and one for disaster recovery situated at Pembroke Road, with newer, more modern SANS   | 2016/17    | 650           | 100           | 0             | 0          | 750            | 0                | 750             | 750            | 5      |
| SharePoint Infrastructure and Enhancements | This comprises: [1] Common Tri-Borough Intranet, [2] Extranet, [3] Enhanced information security, [4] Business Intelligence Platform, [5] Information and Records Management, [6] Upgrade to the next version (SharePoint 2013) | 2014/15    | 57            | 67            | 0             | 0          | 124            | 0                | 122             | 122            | 5      |
| Tri-Borough Telephony Replacement          | A single Tri-Borough telephony system where all staff may be reached by dialling an extension number as opposed to an exchange number.  | 2017/18    | 150           | 100           | 0             | 0          | 250            | 0                | 250             | 250            | 5      |
| <b>SUB TOTAL</b>                           |   |            | <b>1,399</b>  | <b>1,033</b>  | <b>40</b>     | <b>0</b>   | <b>2,472</b>   | <b>0</b>         | <b>2,470</b>    | <b>2,470</b>   |        |
| <b>TOTALS</b>                              |   |            | <b>73,535</b> | <b>56,795</b> | <b>25,176</b> | <b>794</b> | <b>156,300</b> | <b>0</b>         | <b>156,292</b>  | <b>156,292</b> |        |

**\*\* Excludes Other Schemes yet to go to tender: 2016-17 £2.18 million, 2017-18 £14.80 million, 2018-19 £11.37 million, 2019-20 £0.03 million, totalling £28.38 million.**

## APPENDIX B

## SERVICE GROUP SUMMARY OF FUNDING

| <b>Service Group / Funding Source</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Total</b>   |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Corporate Services</b>             | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| EXTERNAL FUNDING                      | 0              | 0              | 0              | 0              | 0              |
| CORPORATE FUNDING                     | 75,712         | 71,595         | 36,546         | 824            | 184,677        |
| <b>TOTAL ALL SOURCES OF FUNDING</b>   | <b>75,712</b>  | <b>71,595</b>  | <b>36,546</b>  | <b>824</b>     | <b>184,677</b> |

