

**LONDON BOROUGH OF CROYDON**

**CAPITAL STRATEGY**

**February 2023**

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## 1 FOREWORD

- 1.1.1. The Capital Strategy presented is a significant improvement on past documents and the significant investment in its production reflects the Council's commitment to the improvement journey the Council is on. It is a key strategic document providing a high-level overview of how capital expenditure, capital financing, investments, liabilities and treasury management activity contribute to the provision of services, together with an overview of how associated risk is managed.
- 1.1.2. The Capital Strategy recognises the complex and challenging financial and operational circumstances in which the Council continues to find itself. The Mayoral Business Plan Objective 1 is that the Council '*balances its book, listens to residents and delivers good, sustainable services*'. This Capital Strategy shows a 2023/24 Capital Programme that is reduced in scale and cost compared to previous years. With around £1.3bn of General Fund debt and an environment of rising interest rates the delivery of an effective Asset Management Plan and an ambitious Asset Disposal Strategy, including reducing the number of buildings used by the Council, will be essential to mitigate rising cost pressures, reduce the overall debt burden and help the Council balance its books.
- 1.1.3. The Capital Strategy presented here and associated capital framework will continue to be improved over coming months and years.

## 2 INTRODUCTION

- 2.1.1 Local Authorities are required by regulation to have regard for the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code 2021 which sets out a framework to ensure that the capital expenditure plans of Local Authorities are affordable, prudent and sustainable. The 2018 revision of the Prudential Code introduced the requirement for local authorities to produce a Capital Strategy representing their approach to financial planning. The 2021 revision of the Prudential Code further amended the requirements for a Capital Strategy including the need to address environmental sustainability consistent with the Council's corporate policies and setting and revising prudential indicators with regards to decision making on capital investment.
- 2.1.2 Capital expenditure referred to in the strategy is consistent with the definition within CIPFA Accounting Code of Practice as:  
  
*"...Expenditure that results in the acquisition, construction, or the enhancement of non-current assets (tangible or intangible) in accordance with proper practices... All other expenditure must be accounted for as revenue expenditure unless specifically directed by the Secretary of State."*
- 2.1.3 A Capital Strategy is defined as a key strategic document that provides a high level overview of how capital expenditure, capital financing, investments, liabilities and treasury management activity contribute to the provision of

services, together with an overview of how associated risk is managed and the implications for future financial sustainability.

- 2.1.4 A Capital Programme is defined as an internal working document for elected councillors and officers that identifies agreed capital projects, showing the total cost of capital projects and the projected phasing of those capital projects over current and future financial years.
- 2.1.5 This document sets out how the London Borough of Croydon (hereafter 'the Council') takes capital expenditure and investment decisions in line with service objectives and overall organisational strategy. Its aim is to ensure decisions are being made with sufficient regard to the long-term financing implications and potential risks to the authority.
- 2.1.6 This Capital Strategy provides the foundation for the Council's long-term management and delivery of its Capital Programme. It sets the policy framework for the Capital Programme and shows how capital expenditure, capital financing and treasury management activities will be undertaken to drive the Council's ambition to achieve long-term financial sustainability.
- 2.1.7 The Capital Strategy is one of a number of documents<sup>1</sup> that forms a fundamental part of the ongoing strategic planning of the Council. Subject to Cabinet approval, it will be updated periodically and at least once a year to reflect new priorities, schemes and methods of finance introduced.
- 2.1.8 This document is an improvement on previous versions of the Capital Strategy with the Council recognising it is at the starting point of its journey towards developing a robust and effective Capital Framework in the future. The document reflects the progress made to date by the Council to improve the governance and financial management of the Capital Programme following recommendations from the two Reports in the Public Interest (RIPI). The Council understands that the initial improvements put in place are the foundations of good practice and is focused on building upon these over the coming months and years.

### 3 CONTEXT

- 3.1.1 The Capital Strategy recognises the complex and challenging financial and operational circumstances in which the Council continues to find itself following two Reports in the Public Interest (RIPI) published by its external auditor<sup>2</sup> in October 2020<sup>3</sup> and January 2022<sup>4</sup> and subsequent reviews into its financial

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<sup>1</sup> Budget Report (Medium Term Financial Strategy), Fees and Charges Paper, Treasury Management Strategy, P8 Financial Performance Report, Housing Revenue Account Budget and 30 Year Business Plan.

<sup>2</sup> Grant Thornton UK LLP

<sup>3</sup> Report in the Public Interest (RIPI 1) concerning the Council's financial position and related governance arrangements

<sup>4</sup> Report in the Public Interest (RIPI 2) concerning the refurbishment of Fairfield Halls and related governance arrangements.

management arrangements. The reports highlighted grave governance, operational and financial failures within the Council and made a series of recommendations in relation to capital that are considered throughout this document.

- 3.1.2 Two Section 114 notices issued in November and December 2020 declared the Council's inability to balance its books and compelled it to seek exceptional financial support. The Council developed the Croydon Renewal Plan to support its application to secure financial support of £150m from the Government in the form of a capital direction, alongside which the Government appointed the Improvement and Assurance Panel (IAP) to provide external advice, challenge and expertise to the Council.
- 3.1.3 The Council's priority, as articulated in the Mayoral Business Plan of July 2022 (MBP) is to be financially and operationally sustainable, and one of the first acts by the Mayor was to launch the 'Opening the Books' initiative. Housing Revenue Account and General Fund recharges, non-deliverability of savings, Minimum Revenue and Bad Debt Provision charges are requiring changes to be made to the Council's accounts from 2019/20.
- 3.1.4 The review also highlighted concerns regarding value for money and Investment decisions as the Council has incurred £300m of debt in investing in assets which have not retained their value and therefore the level of debt exceeds the value of the investment assets. In the three years between 2017/18-2019/20 the Council borrowed £545m<sup>5</sup> with no focused debt management plan in place. The majority of this debt comprises short-term borrowings which has left the council exposed to current higher interest rates. The debt is anticipated to be refinanced from 2023 onwards and therefore likely to drive significant increases in annual repayments levels.
- 3.1.5 The Council's current debt burden is £1.6bn<sup>6</sup> and includes £330m Housing Revenue Account debt. At present, an estimated £47m is required to service this debt from the General Fund which represents 16% of the Council's net budget. The Council's borrowing and debt burden has therefore become critical to the sustainability of the Council's revenue budget.
- 3.1.6 The Council has concluded that the expenditure it is anticipated to incur in each year of the period of 2023/24 - 2026/27 is likely to exceed the financial resources available and that reaching financial and operational sustainability without further government assistance will not be possible. On 23rd November 2022 the Council issued a third Section 114 notice in relation to balancing its budget from 2023/24 onwards.
- 3.1.7 In response to its financial situation the Council is considering a range of actions including increasing Council Tax and flexible use of Growth Zone business rates, asset disposals and a range of transformation proposals. Dialogue with the

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<sup>5</sup> Medium Term Financial Strategy 2023/24 to 2025/26 Update 30 November 2022

<sup>6</sup> Medium Term Financial Strategy 2023/24 to 2025/26 Update 30 November 2022

Department for Levelling Up, Housing and Communities (DLUHC) continues, and the Council is seeking further financial support from Government in regards to its level of indebtedness and balancing the budget to ensure it can deliver sustainable local government services.

- 3.1.8 Against this financial backdrop the Council's Capital Programme will be significantly impacted. The Council's high level of short-term borrowing and cost pressures from increased interest rate rises means the programme has been reduced to comprise only core programmes and schemes that i) the Council are committed to commercially, ii) deliver savings in management and maintenance costs, and iii) avoid future cost increases.
- 3.1.9 The Council's property and other assets are also being reviewed to inform the approach to raise finance through sales in order to minimise borrowing costs, although the Council anticipates that the capital receipts will not reduce debt levels sufficiently to make the Council financially sustainable.
- 3.1.10 Several external macroeconomic factors may impact the delivery of the Capital Programme and its financing decisions. Recent high inflation has caused the Bank of England to increase interest rates, hence potentially putting additional cost pressures on the Council for loan repayments. Current levels of inflation as well as some challenges in the supply chain may also impact the delivery of the Capital Programme both from a cost and skill perspective. Furthermore, high debt levels incurred by the government during the Covid-19 pandemic may put additional pressure on local government funding.

## **4 MAYORAL BUSINESS PLAN 2022-2026**

### **4.1 OVERVIEW**

- 4.1.1 The Mayoral Business Plan (MBP) 2022-26 provides the framework within which the Capital Strategy has been developed and sets out the Council's objectives and priorities to strengthen governance and management systems, achieve financial and operational sustainability and complete the transformation of the Council over the next four years.
- 4.1.2 The MBP sets out a vision for Croydon consisting of five outcomes to be achieved and priority aims and high-level actions required to deliver these outcomes as summarised below.

### **4.2 THE FIVE OUTCOMES**

- The Council balances its book, listens to residents and delivers good, sustainable services
- Croydon is a place of opportunity for business, earning and learning
- Children and young people in Croydon have the chance to thrive, learn and fulfil their potential

- Croydon is a cleaner, safer and healthier place, a borough we're proud to call home
- People can lead healthier and independent lives for longer

4.2.2 The supporting priorities for each outcome are:

- ***Outcome 1: The Council balances its book, listens to residents and delivers good, sustainable services***
  - Get a grip on the finances and make the Council financially sustainable
  - Become a Council which listens to, respects and works in partnership with Croydon's diverse communities and businesses
  - Strengthen collaboration and joint working with partner organisations and the voluntary, community and faith sectors (VCFS)
  - Ensure good governance is embedded and adopt best practice
  - Develop our workforce to deliver in a manner that respects the diversity of our communities
- ***Outcome 2: Croydon is a place of opportunity for business, earning and learning***
  - Support the regeneration of Croydon's town and district centres, seeking inward investment and grants
  - Deliver a vibrant London Borough of Culture which showcases local talent and supports Croydon's recovery
  - Support the local economy and enable residents to upskill and access job opportunities
- ***Outcome 3: Children and young people in Croydon have the chance to thrive, learn and fulfil their potential***
  - Ensure children and young people have opportunities to learn, develop and fulfil their potential
  - Make Croydon safer for young people
  - Work closely with health services, Police and the VCFS to keep vulnerable children and young people safe from harm
- ***Outcome 4: Croydon is a cleaner, safer and healthier place, a borough we're proud to call home***
  - Make our streets and open spaces cleaner so that Croydon is a place that residents and businesses can feel proud to call home

- Tackle anti-social behaviour, knife crime and violence against women and girls so that Croydon feels safer
- Invest in council homes to drive up standards and develop a more responsive and effective housing service
- Ensure new homes are safe, well-designed and in keeping with the local area
- Lead action to reduce carbon emissions in Croydon
- ***Outcome 5: People can lead healthier and independent lives for longer***
  - Work with partners and the VCFS to promote independence, health and wellbeing and keep vulnerable adults safe
  - Work closely with health services and the VCFS to improve resident health and reduce health inequalities
  - Foster a sense of community and civic life

4.2.3 Capital programme expenditure is a key tool in achieving the MBP outcomes and priorities. Targeted investment can provide the Council with the assets it needs to deliver high quality, value for money services, however, the Council's limited financial resources and capacity constraints place significant emphasis on the need to prioritise capital investment decisions to meet outcomes and priorities. In the near term this will mean the continuation of reduced spending, a wholesale transformation of working practices and embedding a strong governance structure across the authority to ensure value for money from the Capital Programme expenditure.

4.2.4 Delivering the outcomes and priorities of the MBP will have direct implications on the development of the Capital Strategy and the Capital Programme. The capital framework articulated within this document will therefore prioritise the following:

- Capital investment being targeted towards supporting the Council's corporate objectives.
- Capital investment being prudent, sustainable, affordable and providing value for money.
- Capital projects being delivered on time and within budget.
- Council staff having a common understanding of the long-term context in which capital investment decisions are made and all the financial risks to which the Council is exposed.
- Improved transparency at Capital Programme level along with a clear process for Council staff engagement.
- Improvement in approving and amending the Capital Programme and for scrutinising decisions relating to capital expenditure.



- Commitment to ensure Council staff has the skills, and expertise needed to effectively manage and deliver the Capital Programme.
- Strengthening the Capital Programme management function by streamlining governance, monitoring and reporting processes.
- Ensuring a sound financial position is maintained through sustainable deployment of resources.
- The Council is appropriately responding to the recommendations raised in the Reports in the Public Interest and Croydon Financial Review.

## 5 CAPITAL PROGRAMME

### 5.1 OVERVIEW

- 5.1.1 The Capital Programme will support the Council to achieve long term financial sustainability whilst enabling the Mayoral Business Plan over future years. It is expected that as the Council moves towards a position of financial sustainability it will become better placed to deliver on the ambition of the Business Plan. All capital projects will need to demonstrate how they will meet the Business Plan's priorities and outcomes before inclusion in the Capital Programme. The Capital Strategy and Capital Programme will therefore need to develop accordingly.
- 5.1.2 The 2023/24 Capital Programme sets out planned capital expenditure over the Medium Term Financial Plan period of 4 years. The adoption of a four year timeframe is to ensure capital expenditure is profiled to mirror the delivery of the capital projects. It shows how each project is linked to the Council's priorities and summarises planned expenditure and funding.
- 5.1.3 The 2023/24 Capital Programme reflects a reduction in scale and cost compared to previous years and includes only core programmes and schemes, which have been assessed on the basis of:
- Requirement to meet health and safety
  - Supports invest to save
  - Mandatory or statutory requirement
  - Significant contribution to Council Plan and Mayor's objectives
  - Projects that have secured external funding
  - Any overspends for projects already in the Capital Programme
  - Minimum level of repairs and maintenance to retain existing asset values

- 5.1.4 During the year of 2022/23 the Council carried out a detailed review of its Capital budgets which included halting the carrying forward of slippage of programme from 2021/22 until the exercise had been completed. The slippage from 2021/22 has now been approved at the January 2023 Cabinet and the aim of the review exercise was to ensure the Council only carried out schemes that were value for money and met the key criteria for spending under the existing Mayor's Business Plan.
- 5.1.5 The detailed review resulted in £27.03m of budgets being removed from the programme, £5.16m of unapproved slippage and £17.28m of improved re-profiling of budgets to reflect the delivery timeframe of projects. Further review opportunities will be considered next financial year to continue to generate better value of money from deployment of Council resources.

## 5.2 CAPITAL PROGRAMME EXPENDITURE

- 5.2.1 Capital Programme expenditure is provided for within the General Fund and Housing Revenue Account budgets. The annual budget is the formal resource allocation process that enables the delivery of the Council's policies and priorities. Under statutory responsibility, the Council is required to reinvest in maintaining housing stock at decent standards which is a fundamental aim of the Housing Revenue Account.
- 5.2.2 The General Fund is the core account which summarises the cost of all services (except those related to Social Housing) provided by the Council's directorates including Housing, Assistant Chief Executive, Children, Young People and Education, Sustainable Communities, Regeneration and Economic Development, Resources and Corporate.
- 5.2.3 The Housing Revenue Account is a ring-fenced account used to manage income and costs associated with managing the Council's owned housing stock and related assets, which includes shops and garages on Council housing estates. It comprises 20,292 housing and related asset types with 13,424 General Rent dwelling stock<sup>7</sup>. The HRA is funded primarily from tenants' rents and service charges.

## 5.3 GENERAL FUND CAPITAL PROGRAMME

- 5.3.1 **Table 1** provides a summary of Capital Programme expenditure from the General Fund by future years including the current Capital Programme year of 2022/23 per Council Directorate.

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<sup>7</sup> Housing Revenue Account (HRA) 30 Year Business Plan 2021- 2051 and HRA Capital Programme 22/23, Appendix 2 Details of HRA Tenant Type

**Table 1 - General Fund Capital Programme Expenditure (£'000)**

<b>Directorate</b>	<b>2022/23 Budget</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Housing	4,392	3,393	2,993		
Assistant Chief Executive	6,965	7,087	2,154	-	-
Children, Young People & Education	7,930	12,013	11,480	4,200	-
Sustainable Communities, Regen & Economic Development	36,345	32,906	29,808	24,774	18,632
Resources	8,255	5,970	4,263	3,500	3,500
Corporate	190,649	63,000	38,000	38,000	
<b>Total General Fund Capital Programme</b>	<b>254,536</b>	<b>124,369</b>	<b>88,698</b>	<b>70,474</b>	<b>22,132</b>

5.3.2 The Council is projecting to spend **£254.54m** in 2022/23 and planned expenditure of **£305.67m** (including capitalisation directions) from 2023/24 across the four remaining years of the Capital Programme.

5.3.3 The Capitalisation directions contribute significantly to the Capital Programme and is required to support the budget gap within the General Fund Revenue Account. The year of 2023/24 indicates a £63m gap to its budget requirement and is being supported by a further capitalisation direction request from the Government. The provision of the direction for years after 2023/24 is a projection and will be re-considered due course.

5.3.4 The current 2022/23 Capital Programme expenditure of £254.54m has been revised up from the budget approved in March 2022 which comprised £112.1m from the General Fund Capital Programme from a total of £134.2m with the additional £22.1m attributable to the HRA.<sup>8</sup>

5.3.5 Table 2 provides a summary breakdown of the 2022/23 budgets moving from the beginning of the year and to the present-day amount.

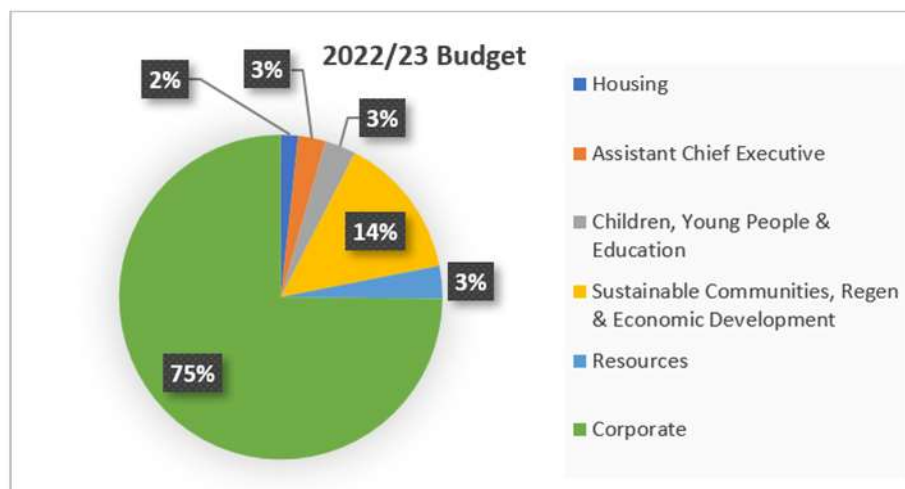
<sup>8</sup> Financial Performance Report – Month 6 (September 2022) & Period 6 Capital Monitoring Final Submission Excel Spreadsheet

**Table 2 - Movement in Capital Budget in 2022/23**

General Fund Capital Programme	Approved Budget March 2022	Proposed Slippage from 2021/22	Unapproved slippage from 2021-22	Capital Budget Review Adjustment	New Budget Request 2022/23 £'000	Budgets no longer Required	Reprofile Budgets to Future Years	Revised 2022-23 Budget Subject to Cabinet Approval
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
ADULTS	1,707	-		(269)		(1,438)		-
HOUSING	3,493	1,399	(400)	-	-	(100)		4,392
ASSISTANT CHIEF EXECUTIVE	14,028	2,659		(573)	5,060	(14,209)		6,965
CHILDREN'S, FAMILIES & EDUCATION	15,964	4,730					(12,764)	7,930
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC RECOVERY	37,861	14,341	(4,765)	(2,867)	2,520	(7,466)	(3,279)	36,345
RESOURCES	11,834	2,142		(404)		(3,814)	(1,803)	8,255
CORPORATE	2,500	-		1,549				4,049
<b>SUB TOTAL</b>	<b>87,387</b>	<b>25,271</b>	<b>(5,165)</b>	<b>(2,564)</b>	<b>7,880</b>	<b>(27,027)</b>	<b>(17,283)</b>	<b>67,936</b>
Capitalisation Direction	25,000				161,600			186,600
<b>Total</b>	<b>112,387</b>	<b>25,271</b>	<b>(5,165)</b>	<b>(2,564)</b>	<b>169,480</b>	<b>(27,027)</b>	<b>(17,283)</b>	<b>254,536</b>

5.3.6 **Chart 1** demonstrates the current 2022/23 Capital Programme expenditure by Directorate. The Corporate expenditure elements comprise 75% of the total budget for the year. The use of a £161.6m agreed Capitalisation Direction approved by the Department of Levelling Up, Housing and Communities (DLUHC) to provide support for the financial year makes up 85% of the £190.6m under the Corporate expenditure category.

**Chart 1 - General Fund Capital Programme Expenditure 2022/23**



5.3.7 The 2023/24 Capital Programme is future looking and comprises key projects and assets continuing to incur expenditure from previous Capital Programme years and includes additional, new projects that have obtained approval.

5.3.8 **Table 2** summarises the key project areas within each of the Council's Directorates and includes corporate items which comprise the Capitalisation Direction from DLUHC and transformation projects.

**Table 2 - General Fund Capital Programme Composition**

Directorates	Key Project Areas
Housing	<ul style="list-style-type: none"> <li>• Disabled Facilities Grant</li> <li>• Empty Homes Grants</li> </ul>
Adult Social Care and Health	<ul style="list-style-type: none"> <li>• Adult Social Care Provision</li> <li>• Sheltered Housing</li> </ul>
Assistant Chief Executive	<ul style="list-style-type: none"> <li>• Bereavement Services</li> <li>• Systems Upgrade</li> <li>• Network, Software and Technological Equipment refresh</li> </ul>
Children's, Young People & Education	<ul style="list-style-type: none"> <li>• Fire Safety Works</li> <li>• Fixed Term Expansions</li> <li>• Major Maintenance</li> <li>• Permanent Expansion</li> <li>• Secondary Estate</li> <li>• Angel Lodge Children Home</li> </ul>
Sustainable Communities, Regeneration and Economic Recovery	<ul style="list-style-type: none"> <li>• Allotments</li> <li>• Growth Zone</li> <li>• Highways</li> <li>• Local Authority Tree Fund</li> </ul>

	<ul style="list-style-type: none"> <li>● Trees Sponsorship</li> <li>● Central Library Digital Discovery Zone</li> <li>● Parking</li> <li>● Play Equipment</li> <li>● South Norwood Good Growth</li> <li>● Kenley Good Growth</li> </ul>
Resources	<ul style="list-style-type: none"> <li>● Asset Strategy</li> <li>● Former New Addington Leisure Centre</li> <li>● Clocktower Chillers</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>● Capitalisation Direction</li> <li>● Transformation Spend</li> </ul>

5.3.9 The 2023/24 Capital Programme includes the regeneration of the Regina Road housing estate in Norwood. The Council have undertaken an in-depth review and set out options including refurbishment or redevelopment of the estate. The future of the estate is a key part of the Council's housing improvement plan and the exact details on the options will be developed in due course. Further details of individual schemes are provided in **Appendix 1**.

5.3.10 As part of its journey towards financial recovery and sustainability, the Council has devised a programme of cross-directorate transformation projects. Whilst still in development, the Transformation Programme comprises over 30 projects which aim to improve the Council's governance systems, structures and processes whilst driving significant revenue savings.

5.3.11 Alongside funding provision within revenue budget projections for 2023/24, funding of £4.05m has been made available within the 2022/23 Capital Programme under the government's Flexible Use of Capital Receipts policy directive and will ensure the Council continues to focus on aligning sufficient resources to deliver savings, improvements and transformation projects. To date, savings of £3.04m have been identified for 2023/24 from proposed capital expenditure under the Transformation Programme.

## 5.4 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

5.4.1 **Table 3** provides a summary of Capital Programme expenditure from the Housing Revenue Account by future years including the current Capital Programme year of 2022/23.

**Table 3 - Housing Revenue Account (HRA) Capital Programme Expenditure (£'000)**

HRA Capital Expenditure	Revised Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Asset management ICT database	155				
Major Repairs and Improvements Programme	22,083	31,476	32,462	32,967	31,689
Trellis Mews	3,377				
NEC Housing System	1,742	1,147			
Regina Road - if it's a rebuild			14,105	14,105	
Extensive refurbishment on buildings over 60 years old			20,000	20,000	
Fire safety, Damp & Mould			10,000	10,000	
Improving Housing capacity			5,000	5,000	
LPS Blocks additional programme			-	15,300	
HRA Contingency			1,000	600	
<b>Total HRA Capital Expenditure</b>	<b>27,357</b>	<b>32,623</b>	<b>82,567</b>	<b>97,972</b>	<b>31,689</b>

5.4.2 The Capital Programme Expenditure from the Housing Revenue Account is £27.4m for the year of 2022/23 and a total expenditure of £244.8m between 2023/24 and 2026/27.

5.4.3 The programme will deliver extensive repairs and improvement works to the existing housing stock which will improve the living conditions of all tenants. Extensive refurbishment works planned on older buildings along with a whole new rebuild of Regina Road Estate is planned to commence next year as key engagement has already taken place with the residents.

5.4.4 The 2022/23 plan for capital investment in major repairs and improvements to stock is included in **Table 4** below and was agreed by the Council in March 2022.<sup>9</sup>

<sup>9</sup> The £21.3m for Major Repairs and Improvements Programme within Table 2 - Capital Programme Expenditure from HRA reflects expenditure from the revised Capital Programme and highlights a variance of -£690k from the approved budget figure of £22.0m.

**Table 4 - 2022/23 Capital Programme Repairs of Existing Stock**

<b>Work Type</b>	<b>Budget (£'000)</b>
General Building Works	8,368
Electrical Works	3,390
Mechanical Works	1,600
Lift Works	465
Window	3,000
Compliance & Fire Safety	2,310
Staffing	1,800
Other	1,150
<b>Total</b>	<b>22,083</b>

### **Housing Revenue Account 30 Year Business Plan**

- 5.4.5 The Council has appointed Savills to support the development of the HRA 30 year business plan from 2022/23 for 30 years onwards with their report expected to go to Cabinet in February and March 2023 respectively. The 30-year Business Plan 2021-2051 provides consideration to both capital and revenue investments required for the management and maintenance of the Council's housing stock. The key focus of the Housing Revenue Account Business Plan is on the medium-term (first five years) as there is more certainty on costs, demands, resources and pressures, to enable the prioritisation of housing investment. The Plan will be used as a tool to assess the impact of decision making around stock acquisition and maintenance and will align with the HRA Asset Management Plan.
- 5.4.6 The Housing Revenue Account 30-year Business Plan addresses the outcomes and priorities within the Mayoral Business Plan by investing in housing stock to ensure all residents' homes are safe, warm, and dry, and aims to improve the Council's housing stock and invest in significantly reducing its carbon footprint over the life of the Plan. This will help the Council to live within its means, balance the books and provide value for money for residents, along with tackling ingrained inequality and poverty within the borough and providing the best quality core services.

## **6 ASSET MANAGEMENT PLAN 2022-2027**

### **6.1 OVERVIEW**

- 6.1.1 To ensure that capital assets continue to provide maximum value for the Council and contribute to its long-term vision, a new Corporate Asset Management Plan (AMP) and outline Property strategy was approved in November 2022.



- 6.1.2 The AMP provides clear guidance on the way that the Council will manage its assets<sup>10</sup> effectively and strategically to reflect both corporate priorities and community demands within the Borough as articulated within the Mayor's Business Plan and the Croydon Renewal Improvement Plan. The AMP is also aligned to the Council's priorities for 2022-25 as set out in the Medium-Term Financial Strategy (MTFS).
- 6.1.3 Assets are a corporate resource and the Council, through its Resources Directorate, has responsibility for obtaining the approval and subsequent monitoring of the AMP, its constituent priorities and any related decision-making and resource allocation regarding Council assets.
- 6.1.4 The Corporate Management Team (CMT) provides oversight and direction to the Asset Management Plan to ensure management of the Council's assets is considered corporately, including decisions in relation to the Council deciding to sell, buy, rent or hold assets.

## 6.2 VISION AND PRIORITIES

6.2.1 The Council's property assets should support service delivery, enable regeneration and development, or generate income. Property assets will be reviewed over the next four years in line with the corporate priorities of the AMP, which are listed below:

- **Maximise the use of council assets** - this will include:
  - **Asset Review and Challenge Programme** to assess how operational buildings are used and the performance of the investment estate
  - **Property Management Governance Framework** to support asset review, challenge and decision making
  - **Disposal Strategy** to focus on the release of surplus assets
- **Review of Operational Asset Management** that focuses on a new programme of condition surveys to inform the maintenance programme, health & safety and risk
- **Housing and regeneration** focusing on delivering new housing, workplaces, and job opportunities through the identification, release and development of surplus sites
- **Future property approach** to reflect the evolving societal impacts of the Covid-19 pandemic such as flexible working practices

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<sup>10</sup> The AMP does not consider the Housing Revenue Account (Housing Revenue Account) assets or community schools in any detail as these are the subject of separate strategies

- **Sustainable estate** to develop a carbon re-fit, plant replacement and maintenance program to support carbon neutral targets and improve energy efficiency

6.2.2 These priorities aim to contribute to the overall ambitions of the Capital Strategy by ensuring asset decisions are being made with sufficient regard to the long-term financial position of the Council and the requirement to become financially sustainable.

### **6.3 SUPPORTING FINANCIAL SUSTAINABILITY**

6.3.1 With around £1.3bn of debt for the General Fund brought forward at the start of 2022/23 and interest rates rising when that debt is scheduled for refinancing, the development and implementation of a robust Asset Management Plan, Corporate Property Strategy and Asset Disposal Strategy is essential to mitigate rising cost pressures and reduce the overall debt burden to the Council.

6.3.2 With the continued requirement to deliver both revenue savings and capital receipts, the number of buildings that are used by the Council to deliver services will need to be reduced. This can be achieved through the better utilisation of space, the adoption of hybrid working and adoption of different methods of delivery to residents. In some cases, changes may lead to the cessation of some non-statutory services altogether. The Asset Review and Challenge Programme will be used to review and challenge the use of property assets whilst the principles established within the Asset Disposal Strategy 2022-2027 will be used to identify and bring forward future proposals (see below).

6.3.3 The Housing team is developing a full asset management strategy which forms part of the housing transformation plan and will detail the long-term plan for the management of the investment of Council housing assets over a 10year horizon.

### **6.4 ASSET REVIEW AND CHALLENGE**

6.4.1 The Asset Review and Challenge Programme is a process to continually review the Council's portfolio on a rolling basis to ensure that only assets that are performing to acceptable levels are retained or invested in. The c.120 buildings the Council occupies and delivers core services from are included in this Programme.

6.4.2 The Programme will initially consider a review of all corporate assets and consider them against current service delivery needs. The resultant proposal will include timelines to reflect known or anticipated service delivery changes and future opportunities. It will also consider the complexity around the relocation of services where this is necessary as well as opportunities that may arise through contract expiries and the release of assets currently used to deliver these functions.

6.4.3 As part of the ongoing governance process an officer group will be set up to monitor the performance of assets looking at current occupation levels, running costs and opportunities for revenue/capital generation. This will then enable

asset use and performance to be reviewed against the performance of other boroughs and available benchmark data.

- 6.4.4 The Asset Review and Challenge Programme will inform the Asset Disposal Strategy by establishing which assets are most fundamental to the Council's service delivery and should be retained, and which assets are low-priority or surplus. The implementation of the programme and subsequent rationalisation and/or disposal of current assets will help to deliver further capital receipts to reduce the Council's capital financing costs, debt burden and overall running costs.
- 6.4.5 Purley Pool will be a part of the Asset Review and Challenge process. The Mayor is committed to reopening Purley Pool and Leisure Centre and the Council is currently considering different options available to bring the closed pool and leisure centre back into use. Due to the challenging financial situation facing the Council any reuse options will have to be considered with regard to potential costs being incurred in refurbishing and modernising the pool and leisure centre for future use. Discussions are presently on-going regarding the most appropriate option and the Council will report the outcome in due course.

## **6.5 ASSET CONDITION**

- 6.5.1 An important element of the overall AMP is the delivery of a new condition survey programme for the main corporate assets over the next 18-24 months. This was one of the key issues highlighted by the Improvement and Assurance Panel as a formal programme for undertaking condition surveys was stopped in 2016. The previous 5 year rolling programme of surveys could mean that some buildings have not been surveyed in detail for 11 years.
- 6.5.2 The new programme of surveys is an integral part of the new AMP and is being separately procured. This will provide a more detailed understanding as to the current condition of the main corporate assets. The work will also provide recommended budgets for necessary repairs and expenditure over the next 5-10 years to allow a more accurate basis for budgeting for both capital and revenue spend. It will also help to highlight those assets that need major investment and may no longer be cost effective to retain.

## **6.6 SUSTAINABLE ESTATE**

- 6.6.1 The Council declared a climate change and ecological emergency in July 2019 and Cabinet agreed that the Council would become carbon neutral by 2030. A wide range of actions have already been undertaken in Croydon to combat climate change.
- 6.6.2 Achieving carbon neutrality by 2030 will require significant financial investment. The financial investment will need to be funded from a variety of sources, including Council driven expenditure as well as external allocations from the business sector and available grant-funding streams. The Council will primarily look at introducing sustainable interventions through replacing old assets that need replacement with sustainable alternatives.

6.6.3 One of the key elements from an asset perspective in addressing the Climate Emergency will be through better building performance. This will become more focused over the next few years with the changes to the Energy Performance requirements for buildings that are being let or disposed of. The energy performance of Council properties will be a key consideration of the Asset Review and Challenge Programme.

## **6.7 REGENERATION**

6.7.1 The Council has wider ambitions for regeneration within the borough including the Growth Zone which is a partnership between the Central Government, the Council and the Greater London Authority. The Growth Zone will finance and deliver a 12-year, £525 million redevelopment programme, which is essential to facilitate growth in Croydon town centre. The Mayoral Business Plan intends to support the regeneration of the town centre and district centres by seeking inward investment and grants. The Council continues to work with private sector partners to develop its town centre and is enhancing its planning policies to facilitate greater regeneration investment. Investors previously involved in proposals to develop Croydon's Westfield shopping centre which have subsequently been discontinued have retained their interest which the Council may seek to explore in the future.

## **6.8 INVESTMENT ASSETS**

6.8.1 With the uncertainties caused as a result of the pandemic and a change to the Public Works Loan Board (PWLB) guidance in August 2020, the purchase of investment assets has been placed on hold.

6.8.2 The Council's investment portfolio generates income to support service delivery on an annual basis. Assets are retained within the investment portfolio whilst they continue to deliver positive financial returns. These assets also require capital investment in the form of maintenance and careful asset management in order to maintain the required income stream. As a result this portfolio places a demand on the Council's annual capital programme. It is important that these assets are continually reviewed and regular reporting on their performance is provided on a six-month basis to the Corporate Management Team (CMT) and annual report to Cabinet.

## **6.9 DISPOSAL APPROACH AND GOVERNANCE**

6.9.1 The Corporate Property and Asset Disposal Strategy 2022-2027 has a central role within the AMP. In order to reduce the debt burden on the Council, raising money through the disposal of assets will be essential. The Asset Disposal Strategy provides a formal approach to the management of assets and in particular their disposal where they have been identified as either surplus or no longer key to the delivery of services. This will be done in a structured and controlled manner to ensure that any disposal does not cause longer-term operational difficulties or fail to achieve the best return for the Council.

6.9.2 The Disposal Strategy adopts a flexible approach so that it can support future corporate requirements. It will aim to identify properties for disposal in the short

to medium (3 years) term but will be reviewed annually to reflect changes in the delivery of services.

6.9.3 All decisions to dispose of an asset must be subject to a full business case report that will include a minimum set of requirements. The full process for disposal of property is set out in the Disposal Strategy and in summary is based on:

- If operational, the asset must be declared surplus to requirements by the relevant directors. Any proposed alternative uses will be considered against the benefits of disposing of the asset
- Obtaining supporting valuation and agency advice to inform the business case and disposal approach
- Final version of the business case approved by CMT, and then Mayoral/Cabinet approval where required

6.9.4 The Council has currently identified approximately £100m of potential disposal receipts based on existing sites previously identified, a review of investment assets and other potential opportunities driven by anticipated service changes, although the latter are dependent on confirmation by service directorates and clarity on the impact on individual operational assets.

6.9.5 Any ability to achieve receipts in excess of £100m in future years will be dependent on difficult decisions in relation to the future of service delivery, with the overall value of receipts likely limited by previous programmes to rationalise the Council's property portfolio and the market value of potentially surplus assets at any point in time.

6.9.6 **Appendix 2** contains a list of potential asset disposals and emerging opportunities that the Council is currently considering.

## **7. CAPITAL PROGRAMME FUNDING & FINANCING**

### **7.1 OVERVIEW**

7.1.1 All Capital Programme expenditure must be financed from external sources (government grants and external contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The Council is seeking to fund the Capital Programme expenditure from a combination of external contributions, capital receipts from disposal of Council owned assets and funding schemes through borrowing.

### **7.2 FUNDING SOURCES**

7.2.1 There are a number of distinct sources of funding that can be utilised to finance capital expenditure. The Capital Strategy demonstrates that due consideration of funding will be made when capital projects are at the planning stage and no project will be put forward without funding having been identified to complete the delivery of the project.

7.2.2 The current Capital Programme comprises current and prospective means of funding and financing projects and the range of choices available are detailed below:

- **Community Infrastructure Levy (CIL)** - CIL is a standard charge on developments used to fund a wide range of infrastructure that is needed because of the development.
- **S106 Contributions** – some projects within the Capital Programme are funded by contributions from private sector developers.
- **Housing Revenue Account** - An account used to manage Income and costs associated with managing the Council's owned housing stock and related assets which is funded primarily from tenants' rents and service charges. Revenue contributions can be made from this account to fund HRA capital schemes.
- **Growth Zone** - The use of Growth Zone business rates from the town centre designated area.
- **External Grants for Specific Purposes** – these include grant allocations categorised for specific purposes to deliver specific schemes or outcomes.
- **External Grants for Non-Specific Purposes** – grant allocations for the delivery of the Council's capital plans (most often from government departments), that are categorised as non-specific.
- **Capital Receipts** – The Council can generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources, which will be available to support the Council's plans. This funding source will be prioritised to fund assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost.
- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allows the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. This has revenue implications for the Council in the form of financing costs, including Minimum Revenue Provision.
- **General Fund** – Revenue from the General Fund can potentially be utilised to provide contributions to the financing of the capital programme's current and prospective projects. At the current time the Council is not intending to make contributions to the programme from the General Fund due to a lack of available funding from this revenue source.

7.2.3 **Table 5** summarises how the current approved Capital Programme will be funded and provides a breakdown of the different funding sources for the General Fund.

**Table 5: Funding Sources for General Fund – (£'000)**

Funding Source	2022/23 Budget	2023/24	2024/25	2025/26	2026/27
CIL	(2,856)	(1,778)	(807)	-	-
s106	(550)	(1,605)	(1,159)	(691)	(711)
HRA Contribution	(1,742)	(1,147)	-	-	-
Reserves - Growth Zone	(6,888)	(4,900)	(4,900)	(4,900)	(4,900)
Grant	(18,297)	(24,116)	(23,662)	(8,745)	(2,468)
Cap Receipt	(55,049)	(45,000)	(50,000)	(50,000)	
Borrowing	(169,153)	(45,823)	(8,170)	(6,138)	(14,053)
<b>Total GF Capital Funding</b>	<b>(254,536)</b>	<b>(124,369)</b>	<b>(88,698)</b>	<b>(70,474)</b>	<b>(22,132)</b>

7.2.4 **Table 6** summarises the funding sources for the HRA that have been earmarked to apply to the delivery programme which includes a projection of £115.11m of new borrowing which will be fully financed from the revenue account.

**Table 6: Funding Sources for Housing Revenue Account – (£'000)**

HRA Capital Financing	Revised Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Major Repairs Reserve	(12,336)	(15,457)	(14,879)	(15,191)	(15,434)
Revenue	-	(13,900)	(15,443)	(15,615)	(14,072)
Reserves	(13,821)	(1,148)	-	-	-
RTB receipts	-	(2,118)	(2,140)	(2,161)	(2,183)
Grant	(1,200)	-	-	-	-
Borrowing	-		(50,105)	(65,005)	-
<b>Total HRA Capital Financing</b>	<b>(27,357)</b>	<b>(32,623)</b>	<b>(82,567)</b>	<b>(97,972)</b>	<b>(31,689)</b>

**7.3 FINANCING**

7.3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The primary function of the treasury management operation is to ensure the cash flow is adequately planned, with cash being available when needed to fund the Council's capital plans. These plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects.

### **Affordability Prudential Indicators**

7.3.2 The Treasury Management Strategy covers the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

### **Ratio of financing costs to net revenue stream**

7.3.3 This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs, net of investment income), against the net revenue stream. The estimates of financing costs include current commitments and the proposals in the budget report.

**Table 7: Ratio of financing costs to net revenue stream**

	<b>2021/22 Actuals %</b>	<b>2022/23 Estimate %</b>	<b>2023/24 Estimate %</b>	<b>2024/25 Estimate %</b>	<b>2025/26 Estimate %</b>
<b>Non-HRA</b>	9.9	12.6	18.4	18.9	18.0
<b>HRA</b>	13.8	13.7	13.1	12.6	14.2

7.3.4 The Council estimates that the financing costs will be between 11.4%-16.4% of net revenue over the next three years with 16.4% estimated for the year of 2022/23.

7.3.5 The Council is highly leveraged and has set aside considerable money to pay for Minimum Revenue Provision and interest costs. Any further borrowing for the Capital Programme will only add to the debt pile and further increase costs to the revenue account. This poses considerable future risks particularly to the revenue account because of servicing the debt.

7.3.6 It is always cost effective for the Council to utilise non-debt financing to fund the capital spend as this does not result in increased revenue costs which include Minimum Revenue Provision and interest charges. However, such alternative sources of funding are not always available to finance projects that are driven by the Council's own priorities. If sufficient capital receipts or revenue are also not available, borrowing becomes a necessity.



### 7.3.7 Housing Revenue Account ratios

**Table 8- Housing Revenue Account ratios**

	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
HRA debt (£'000)	334.3	334.3	334.3	384.3	444.3
HRA debt cap (£'000)	363.5	363.5	363.5	413.6	478.6
HRA revenues (£'000)	87.6	88.1	92.7	96.1	98.3
Ratio of debt to revenues	3.8	3.8	3.9	4.3	4.9

7.3.8 The Council estimates the Housing Revenue Account debt to revenue ratios to be between 3.8 – 4.5% over the next three years and 4.1% for the year 2022/23.

## **8. CAPITAL PROGRAMME GOVERNANCE**

### **8.1 OVERVIEW**

8.1.1 The Capital Internal Control Board (CICB) was established in 2022 in response to the recommendations within the RIPI 2 report. The CICB oversees the Capital Programme and acts as a programme board for the delivery of the overall capital programme, providing assurance on all the Council plans and strategies which impact the capital programme. The creation of the CICB is relatively new and therefore in its infancy but provides the basis for more strategic oversight of the Capital Programme than previously existed.

8.1.2 The CICB comprises cross-discipline members and representation at Head of Service level from each department. It is chaired by the Director of Commercial Investment and Capital. It can challenge and review capital bids before they are submitted to the Corporate Management Team (CMT), the Mayor and Cabinet for approval but does not itself currently have delegated authority as a governing entity to make decisions.

8.1.3 Oversight of the Capital Programme and the Asset Management Plan resides with the CMT to ensure alignment of projects with strategic objectives and their contribution to financial sustainability prior to referral to the Mayor, Cabinet and Full Council for final approval. The CMT comprises the Chief Executive and the Corporate Directors from the different directorates.

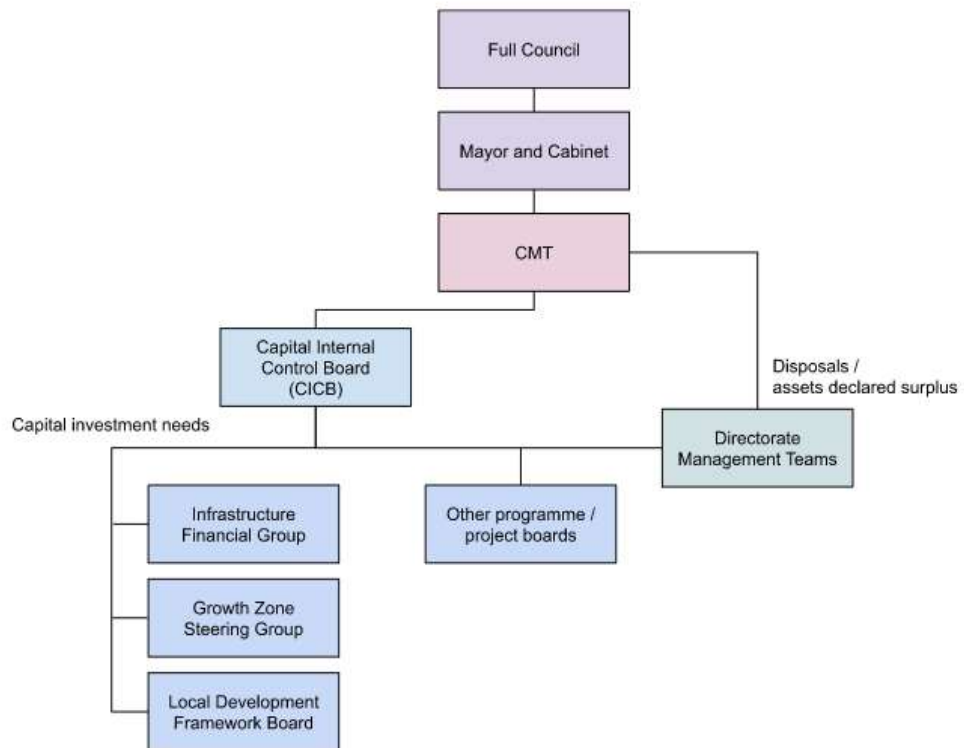
8.1.4 The Council has an established governance arrangement embedded within its current Constitution. Part 4H – Financial Regulations provide the governance framework for managing the Council's financial affairs. They apply to all Members, officers of the Council and anyone acting on its behalf. It is likely to be considered a disciplinary offence to breach these Financial Regulations and procedures.

8.1.5 Under the Council's Financial Regulations, the Chief Financial Officer is responsible for ensuring that a balanced revenue budget and capital programme and budget are prepared on an annual basis.

## 8.2 GOVERNANCE SUMMARY

8.2.1 The governance arrangements in relation to the Capital Programme are summarised in the diagram in **Figure 1**.

Figure 1 - Capital Programme Governance Arrangements



## 8.3 ROLES AND RESPONSIBILITIES

8.3.1 The Capital Internal Control Board (CICB) role will be to act as the programme board for the delivery of the overall capital programme. It will challenge and review capital bids before they are submitted for Mayor, Cabinet and Council

approval. It will provide oversight and assurance of all Council Plans and Strategies which impact on the capital programme.

8.3.2 The main responsibilities of the CICB are to:

- Ensure that appropriate governance and assurance is in place for the management of all capital projects and programmes including processes for project initiation, benefits identification, resource and risk management, and programme planning;
- It will undertake 'deep dives' into aspects of the Capital Programme that are of particular interest/significance, due to the amount of expenditure involved or emerging risks to delivery;
- Provide strategic direction for matters escalated to it;
- Review and ensure appropriate mitigation for significant risks to delivery of the capital programme;
- Review and monitor delivery of the Capital Programme plan, including additions to the programme and consideration of interdependencies and pressures;
- Agree allocation of resources for feasibility studies and development of new projects (subject to formal Cabinet and Council processes as required).
- Recommend allocation of capital resources (subject to formal Cabinet and Council processes as required);
- Have oversight of the Council's Asset Management Plan and associated significant disposals and acquisitions;
- Drive and monitor the delivery of schemes and projects to ensure that capital is deployed on time and in a controlled manner;
- CICB will identify opportunities to pause or remove capital expenditure from the capital programme, and will highlight these opportunities to CMT.

## **8.4 DECISION-MAKING PROCESS**

8.4.1 CICB will evaluate the compliance of the proposed capital projects in the Capital Programme including the capital resources available to the Council, the revenue implications of the proposed expenditure and other relevant information. It will focus on the expected costs and financial sources identified and consider any risk to either the delivery or costs forecasts which will be recorded in the Council's corporate risk system following the review.

8.4.2 CICB will report and escalate to the CMT if tolerances are breached or likely to be breached in the following areas:

- Overspend on project budgets;
- Timescale – where a project is going to exceed its agreed deadline;
- Where funding (external) is at risk;
- Scope, where significant change of scope or quality is proposed or agreed benefits are at risk of non-delivery; and
- Risks or issues that pose significant risk to delivery.

8.4.3 A business impact analysis of the breaches of tolerance or proposed changes and clear recommendations will be prepared by the relevant Director when escalating to the CMT. The outcome of the approval with the decision required will be noted at the next available meeting. If a decision is urgent and required outside the timing of a Capital Board meeting, the Corporate Director of Resources in consultation with the Director of Commercial Investment & Capital, as Chair, may take that decision outside of the meeting.

8.4.4 The CICB is able to draw upon external expertise when necessary and set up sub-groups and involve other officers as required to consider specific questions and/or undertake specific tasks and activities. Members of the CICB will be trained to provide the necessary knowledge and understanding to provide effective and constructive input to the meetings. In addition, the Strategic Risks Report, S106 Tracker and Housing Revenue Account Capital Programme reports will be produced on a quarterly basis.

## **8.5 RISK REGISTER**

8.5.1 Following review by CICB the risks associated with each capital project will be entered or updated into the corporate risk register. The risk register comprises different risk scenarios and their potential impact. A RAG (Red, Amber and Green) rating system is used to measure the level of risk which is also assigned to relevant members of the CICB to review and manage. Each risk is identified with a scenario of its likelihood and impact and comprising details of the existing and future controls to manage risks which are regularly reviewed and updated to ensure management of the risk and the capital project progresses.

## **9. CAPITAL PROGRAMME MANAGEMENT AND MONITORING**

### **9.1 OVERVIEW**

9.1.1 The Capital Programme Management and Monitoring Framework supports the delivery of programmes by ensuring capital projects are delivered within budget and timescales. The Council has improved and developed the management and monitoring of the programme in response to recommendations from the RIPI reports and the current financial situation.

### **9.2 CURRENT ARRANGEMENTS**

- 9.2.1 The present system comprises the submission of a capital bid outlining the business case and providing details of the project overview and justification, route on delivering the project, evaluation of the financial benefits, meeting key prioritisation criteria and potential risks identified. It also comprises a detailed financial breakdown of gross expenditure, itemised funding requirements and profiling of repayment over the course of the capital project.
- 9.2.2 There is a capital monitoring sheet for the final submission of capital bids that comprises a financial breakdown detailing the financial performance of the Capital Programme in the areas including approved budgets, capital savings, forecasts, borrowings, proposed and unapproved project slippage and variance. There is also a delivery plan setting out the capital projects proposed pricing and specification, procurement strategy, tender process, approvals, implementation and timescales.
- 9.2.3 The capital bids are sent to CICB for challenge and review of capital bids before they are submitted for CMT, Mayor's, Cabinet and Council approval. The S151 Officer is responsible for ensuring that there is an effective system for capital monitoring. This will ensure that capital investment is delivered on time and within allocated resources, whilst meeting the objectives and outcomes.
- 9.2.4 The Council have made incremental improvements to management and monitoring of the programme in response to the recommendations within the RIPI 2 report. The quality and assurance of the management and monitoring processes has improved and comprises project managers providing increased details within business cases to support capital project proposals, increased scrutiny within the capital bid process with increased qualitative questions being asked to provide frequent checks and control on projects.
- 9.2.5 The Council's longer term aspiration is to move towards providing a more standardised, consistent and automated programme and project monitoring framework based on EPPMS (Electronic Project Proposal Management System). The Council has identified Verto as its preferred EPPMS which is currently being procured. The implementation of the Verto will be undertaken in 2023 with accompanying communication and training for project managers and key decision-makers across the Council, a priority activity as the Council seeks to strengthen and improve its capital framework.
- 9.2.6 The system will support the management, planning and execution of capital projects. It will be able to manage a portfolio of capital projects across a range of teams and departments. The solution is intended to help to coordinate and enhance workflow capabilities during the project initiation stage and project life cycle. The solution will also help to streamline areas including project expenditure and budgeting, information management, risk analysis, escalation and project delivery and drive a consistent and more automated reporting to CICB on the capital programme's status to inform strategic decision-making.
- 9.2.7 In the interim, the Council will continue to develop its programme management and project monitoring framework by implementing a more mature approach to business case development based on clear governance gateways for both new projects and those already in the Capital Programme and reporting up through governance forums as projects progress.

## 10. APPENDICES

### 10.1 APPENDIX 1 - CAPITAL PROGRAMME

Source: Period 8 Financial Performance Report

	2022-23 BUDGET
SCHEME NAME	£'000
Disabled Facilities Grant	3,992
Empty Homes Grants	400
<b>HOUSING</b>	<b>4,392</b>
Bereavement Services	1,775
Bereavement Service Vehicles	39
My Resources Interface Enhancement	75
Network Refresh	141
Tech Refresh	610
Geographical Information Systems	65
Laptop Refresh	222
Cloud and Disaster Recovery	198
Synergy Education System	1,030
NEC Housing System	2,680
Uniform ICT Upgrade	130
<b>ASSISTANT CHIEF EXECUTIVE</b>	<b>6,965</b>
Education – Fire Safety Works	776
Education - Fixed Term Expansions	747
Education - Major Maintenance	4,062
Education - Miscellaneous	134
Education - Permanent Expansion	319
Education - Secondary Estate	39
Education - SEN	1,853
<b>CHILDREN, YOUNG PEOPLE AND EDUCATION</b>	<b>7,930</b>
Allotments	200
Fairfield Halls - Council Fixtures & Fittings	574
Growth Zone	5,988
Grounds Maintenance Insourced Equipment	1,000
Highways	8,618
Highways - Flood water management	895
Highways - Bridges and highways structures	2,611
Highways - Tree works	56
Local Authority Tree Fund	96
Trees Sponsorship	46
Leisure centres equipment Contractual Agreement	430
Leisure Centre - Tennis Court	75

<b>2022-23 BUDGET</b>	
<b>SCHEME NAME</b>	<b>£'000</b>
Leisure Equipment Upgrade	306
Libraries Investment - General	224
Library Self-Service Kiosks	200
Parking	2,731
Cashless Pay & Display	366
Play Equipment	150
Safety - digital upgrade of CCTV	1,551
Signage	274
South Norwood Good Growth	1,121
Kenley Good Growth	583
Sustainability Programme	550
TFL - LIP	4,835
Cycle Parking	226
Electric Vehicle Charging Point	1,081
Waste and Recycling Investment	1,558
<b>SUSTAINABLE COMMUNITIES, REGEN &amp; ECONOMIC DEVELOPMENT</b>	<b>36,345</b>
Asset Strategy - Stubbs Mead	50
Asset Strategy Programme	25
Clocktower Chillers	30
Corporate Property Maintenance Programme	2,500
Brick by Brick programme	4,150
Fairfield Halls - Council	1,500
<b>RESOURCES</b>	<b>8,255</b>
Capitalisation Direction	25,000
Capitalisation Direction - New	161,600
Transformation Spend (Flexible Capital Receipts)	4,049
<b>CORPORATE</b>	<b>190,649</b>
<b>TOTAL GENERAL FUND CAPITAL PROGRAMME</b>	<b>254,536</b>

<b>2022-23 BUDGET</b>	
<b>PROJECT NAME</b>	<b>£'000</b>
Asset management ICT database	155
Major Repairs and Improvements Programme	22,083
Trelis Mews	3,377
NEC Housing System	1,742
<b>TOTAL HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME</b>	<b>27,357</b>

**10.2 APPENDIX 2 - POTENTIAL ASSET DISPOSALS**

The Council has currently identified approximately £100m of potential disposal receipts, seen in the table below, based on existing sites previously identified, a review of investment assets and other potential opportunities driven by anticipated service changes, although the latter are dependent on confirmation by service directorates and clarity on the impact on individual operational assets.

Potential disposals	Asset name
Existing disposal sites previously identified	11 Heather Way
	Boulogne Road
	Cemetery Lodge
	Purley Way Pavilions
	Norwood Grove Mess Room
Review of investment properties	Davis House
	Colonnades
	Vulcan Way
	Imperial Way
	Enterprise Close
Additional asset disposals / merging opportunities identified	Reduction/merging of libraries
	Ramsey Court
	Family Justice Centre following service relocation
	Samuel Coleridge-Taylor Centre
	Winterbourne Youth hub



	89 Whitehorse Road
	Car park sites
	Review of depots and car pound