

TITLE OF REPORT: Capital Programme 2018/19 to 2022/23

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. Cabinet is asked to recommend that Council approve the proposed capital programme for the next five years to continue to provide significant levels of strategic investment to help deliver the Council's Medium Term Financial Strategy in order to maintain financial sustainability and support the Council's strategic approach to making Gateshead a place where everyone thrives.

Background

2. In line with good practice, the Council continues to set a rolling capital programme with an annual review. The capital programme has been prepared for the next five years to ensure that the financial implications can be incorporated within the Council's Medium Term Financial Strategy (MTFS) and is aligned to the delivery of the Council's priority outcomes, therefore each annual review builds on existing commitments.
3. The Council's existing MTFS, approved by Council in July 2017, maintained a provision to fund sufficient prudential borrowing to support the proposed capital programme. Prudential borrowing remains the only available source of funding for a number of schemes as the opportunity to secure external funding or generate capital receipts continues to be limited.
4. Local authorities are free to invest in General Fund capital schemes so long as their capital spending plans are affordable, prudent, and sustainable. There is an increasingly important link with the revenue budget, especially in the light of the significant reductions in available capital and revenue resources.
5. On 25 January 2018 Council approved the Housing Revenue Account (HRA) budget for 2018/19 and a five year capital programme. As part of self-financing, the housing capital programme must be supported from the resources available within the HRA. The position will continue to be reviewed on an annual basis to ensure that the level of capital investment can be supported. Investment within the housing capital programme remains a significant part of the Council's wider capital investment plans.

Proposal

6. The 2018/19 programme totals £102.9m, with £74.6m relating to the General Fund and £28.3m investment within the Housing Revenue Account and this is proposed to be recommended to Council for approval. Over the five years to 2022/23, the level of capital investment is forecasted to be £307m, of which £216.3m relates to General Fund schemes. Despite the current pressure on resources this represents a significant level of strategic investment in the Council's assets.
7. Capital investment has a significant impact on the local economy within Gateshead. The investment in schemes to encourage economic and housing growth in particular are

estimated to attract almost £470m of private investment to Gateshead over the lifetime of the schemes, helping to facilitate the development of over 700 new homes, in addition to those constructed by the Joint Venture and 100,000m² of commercial floor space with the potential to generate additional Business Rates and Council Tax of around £3m per annum when the schemes are fully developed.

8. The programme includes projects that are key to delivering the Council's priority outcomes and comprises:
 - Projects that enable wider regeneration and generate economic and housing growth within Gateshead;
 - Projects that are considered to be essential from a health and safety or statutory perspective;
 - Projects where the Council has made a previous commitment to fund and the planned investment remains a high priority;
 - Projects that improve the sustainability of the Council's assets and which help to improve energy efficiency and reduce carbon emissions;
 - Projects that attract significant amounts of external funding; and
 - Projects considered essential to deliver revenue savings and facilitate changes to the way that the Council delivers its key services.
9. The capital programme provides a framework for strategic investment and detailed business cases are required for a number of key schemes prior to the commencement of projects. This will ensure that the investments will contribute towards the achievement of budget savings and will not increase pressure on the Council's revenue budget.
10. There may be opportunities to include additional schemes in the capital programme should a business case demonstrate that capital investment will achieve savings to at least meet the associated borrowing costs to satisfy the prudential framework, or in the event that additional external resources, such as capital grants, developer contributions, Community Infrastructure Levy or capital receipts become available to support capital investment.
11. The proposed capital programme includes all commitments and schemes identified as high priority. The proposed capital programme is included in Appendix 2 and the provisional capital financing is set out in Appendix 3.

Recommendations

12. Cabinet is asked to recommend that Council:
 - (i) Approve the capital programme for 2018/19, and the provisional programmes for 2019/20 to 2022/23, as set out in Appendix 2, subject to external funding approvals being received.
 - (ii) Note the provisional capital financing for the programme, as set out in Appendix 3, and delegate authority to the Strategic Director, Corporate Resources to enter into prudential borrowing which is consistent with the requirements of the capital programme and the Council's Treasury Management Strategy.
 - (iii) Note the position in relation to the additional flexibility regarding the application of capital receipts to fund the revenue costs of transformational projects outlined in Appendix 4 and agree to receive further updates to confirm specific investment plans as part of the capital programme monitoring reports during the year.

For the following reasons:

- (i) To continue to provide significant strategic investment to deliver the Council's priority outcomes.
- (ii) To assist with the medium and longer term financial sustainability of the Council.
- (iii) To maximise resources available within the Council's capital programme to assist in the delivery of the strategic approach to thriving within Gateshead.

Policy Context

1. All Council capital expenditure is consistent with the Council's new strategic approach 'making Gateshead a place where everyone thrives'. This means that the Council's decision making, including the setting of the capital programme, will be policy and priority led and driven. The financial implications of the capital programme are incorporated within the Council's Medium Term Financial Strategy.

Background

2. Details of potential future capital schemes for the 2018/19 to 2022/23 capital programme were considered alongside the schemes within the existing five-year capital programme. The capital and revenue implications of each proposed scheme were considered to ensure that they were affordable and could be accommodated within the level of revenue support available within the MTFs and HRA.
3. The basic principle of the prudential system is that local authorities are free to borrow so long as their capital spending plans are affordable, prudent and sustainable. There is, therefore, an explicit link with the Council's revenue spending plans which have been considered as part of the MTFs process and setting the 2018/19 revenue budget.
4. The self-financing implications have been considered as part of setting the HRA capital programme, and have been addressed as part of the process to set the HRA budget for 2018/19. The five year capital programme was updated to cover the period 2018/19 to 2022/23 and was agreed by Council on 25 January 2018.

Capital Programme 2018/19 to 2022/23 Scheme Selection

5. The basis for considering the programme for 2018/19 was the current system for prioritising capital investment that gives priority to schemes which:
 - are consistent with the corporate strategic priorities;
 - generate economic and housing growth within Gateshead;
 - are essential from a health and safety perspective;
 - meet mandatory and/or statutory requirements;
 - relate to commitments from previous years which remain to be high priority;
 - address strategic maintenance needs of existing assets identified within the Council's Asset Management Plan;
 - assist the Council to deliver its core services;
 - maximise the availability of external funding for priority issues to enhance value for money; and
 - achieve efficiencies to assist the Council in meeting the required budget savings.
6. A number of schemes have been identified where delivery is considered to be essential to ensure the sustainability of key services. These have been included within the proposed capital programme and include the following schemes:
 - Delivery of the Council's Technology Plan;
 - Health and safety schemes;
 - Strategic maintenance of Council buildings and transport infrastructure; and
 - The replacement of fleet vehicles, including refuse collection vehicles.

7. A number of schemes which have been approved in previous capital programmes have ongoing commitments. All of these commitments have been reviewed in setting the capital programme to ensure they are still required in line with the Council's priorities and that they remain high priority.
8. Commitments include the continuation of significant investment in the following areas:
 - **Economic Growth**

Investment of £50m has been identified over the next five years within the Accelerated Development Zone to encourage Economic Growth within Gateshead, helping to facilitate development and generate additional income for the Council in the form of retained business rates. This includes almost £40m of investment to facilitate the proposed wider development of Gateshead Quays where the Council is currently working with our development partner Ask Real Estate and Patrizia UK to bring forward a significant mixed use development. In addition, the £12m office development at Baltic Business Quarter continues to progress with a planned completion date of June 2019.
 - **Investing in Decent Homes Improvements**

Investment of over £60m has been set aside within the HRA over the five year period to undertake a rolling programme of improvements to the Council's housing stock in accordance with the decent homes standard. A further £13m of investment is also included over the same period aimed at undertaking general improvements to the housing stock, continuing to invest in heating upgrades, insulation measures and external improvement works. Major works have been identified amounting to almost £13m which are seeking to address long-term sustainability issues, which includes £5.3m to support the completion of an energy improvement scheme which is part-funded with £1.8m of European Regional Development Fund (ERDF) capital grant funding.
 - **Housing Regeneration**

The Council continues to invest in assembling and preparing sites for future redevelopment. This includes the continuation of activity to support the delivery of schemes within the Council's Joint Venture, with over 150 homes completed to date and a further 160 being constructed at Birtley and Saltwell and planning permission has recently been received for the second bundle of sites which will construct a further 114 homes. £2.8m has also been included to support interventions to facilitate additional development of potential sites identified by the Council's Land Development Group as part of the Development Site Preparation allocation.
 - **Carbon Management and Sustainability**

In addition to the capital funding to support the energy improvements to residential properties, £2.1m has been included within the capital programme to support the extension of the Energy Network and other energy efficiency works, which will provide low carbon energy solutions whilst generating revenue savings or additional revenue income for the Council. In addition, £3.6m has been retained within the capital programme to continue the Council's street lighting upgrade programme, replacing existing lanterns in residential areas with energy efficient LED lanterns.
9. All commitments identified as being high priority and a limited number of new schemes have been included in the proposed capital programme in Appendix 2.
10. The proposed capital programme allows for investment of £102.9m in 2018/19 and £307m over the five year programme.

Capital Resources Available

11. The Council continues to maximise the use of external funding where possible and a number of capital grants have been included within the capital programme including:
 - £20.8m of Local Transport Plan and Sustainable Transport funding over the next five years to improve the Council's transport infrastructure in accordance with the principles set out in the Council's Highways Asset Management Plan;
 - An estimated £20m of externally funded investment in the Council's Schools, helping to address both condition and capacity issues as part of the School Condition and Basic Need programmes;
 - Over £4.2m of ERDF to support investment in energy efficiency schemes within the Council's residential properties.
12. In some cases, the external funding allocations are based upon provisional allocations and the detailed investment plans will be reviewed following confirmation of the specific external funding award to ensure that the proposed investment can be delivered within the available resources.
13. The Council has the ability to fund schemes through prudential borrowing. This allows the Council more flexibility to fund capital projects, however in practice this is limited by pressures on revenue budgets and the need to generate budget savings. An allowance has been made in the revenue budget for the costs associated with the level of prudential borrowing required to support the capital programme set out in Appendix 2.
14. The development of detailed business cases to support capital investment helps to ensure that the proposed capital schemes do not add to the existing funding gap. It is important to identify a guaranteed income stream or sufficient revenue savings to support the costs associated with prudential borrowing.
15. Capital investment within the Accelerated Development Zone area can be supported from the retention of all business rates arising as a result of the generation of economic growth. Work is ongoing with our development partners, Ask Real Estate and Patrizia UK, to develop a £200m mixed use scheme at Gateshead Quays which is expected to generate over £1.8m per annum of additional business rate income for the Council in addition to creating over 1,100 new jobs and generating over £29m each year for the region's economy.
16. The final source of funding currently available to support the capital programme is through the use of capital receipts received from the sale of Council land and buildings. The Council has a five year rolling programme of disposals which is used to identify the level of receipts available however a degree of uncertainty remains over when the receipts can be realised and on the final amounts that will be received. The difficulty in disposing of properties for their full market value and the reduced demand for development land is likely to continue in the medium term. In order to mitigate the volatility of capital receipts, capital receipt income is not included as an available capital resource at this stage. Upon confirmation of the amounts and timing of receipts, these will then be included within the capital programme, displacing planned borrowing or enabling the introduction of additional capital projects.
17. Following the November 2015 Spending Review, the Government announced that it would introduce additional flexibility for the period of the Spending Review to enable Local Authorities to use capital receipts from the sale of non-housing assets to fund the up-front revenue costs of service reform and transformation provided there is a clear link

to the generation of future ongoing revenue savings. Further information regarding the Council's ability to utilise this flexibility is set out in Appendix 4. In developing the capital programme and setting the revenue budget, potential schemes that may benefit from this flexibility have been considered to determine whether they are likely to include qualifying expenditure. At this stage it has been assessed that no schemes meet all of the qualifying criteria, however this will remain under review throughout the year.

Proposed Capital Programme 2018/19 – 2022/23

18. Along with existing commitments, which account for around 77% of the planned investment, a number of additional projects have been proposed which are considered to be high priority. The following additional projects are recommended for inclusion within the capital programme:
 - **Loans to Facilitate Additional Housing Development**

Additional loan facilities amounting to £34m have been provisionally included within the proposed programme to support the delivery of additional housing within Gateshead. These loan facilities relate to loans to the Gateshead Trading Company to fund the delivery of homes at Lyndhurst and Clasper. At this stage the amounts are based upon the estimated construction costs and will therefore be subject to change depending upon the final proposals for each of the sites. It is unlikely that the full amount of the loan facility will be drawn down, with income from sales being used to meet the construction costs where possible.
 - **Leisure Facility Improvements**

Investment amounting to £1m has been included in the Council's Leisure Facilities aimed at improving the commercial offer and generating additional revenue income to support service delivery. This includes the installation of 3G football pitches, which will also receive external funding, and improvements to Gateshead Stadium.
 - **Highways Infrastructure**

An additional £5.6m has been included within the programme to supplement the projected Local Transport Plan resources to support the delivery of highway maintenance and road safety improvements in accordance with the Council's Highways Asset Management Plan (HAMP) principles. This includes a proposed contribution towards the completion of the upgrade of Heworth Roundabout and works at Scotswood Bridge.
 - **New Social Care Facility**

£11m investment has been included within the programme to support the building of a new 50 – 60 bed rehabilitation and reablement social care and health care centre. It is envisaged that this will generate revenue savings as well as improving the services provided through a joined up approach with Social and Health Care.
19. The proposed capital programme is shown in Appendix 2 and the proposed financing of programme is detailed in Appendix 3.
20. Additional schemes may be added to the programme throughout the year if business cases can be made to justify invest to save schemes or if additional resources become available through external funding opportunities. The ability to fund any additional schemes will also be considered in light of any in-year slippage of expenditure and an assessment of the Council's ability to generate additional capital receipts. The availability of additional resources will be reviewed throughout 2018/19 as part of the capital monitoring process.

Conclusion

21. There continues to be significant pressure on the resources available to support capital projects. The planned investment of £102.9m in 2018/19 has been set at a level which is considered to be sustainable and the impact of this has been included within the Council's revenue and HRA budgets. This level of capital programme represents a significant investment in the local economy and forms a key part of the delivery of the Council's strategic approach to making Gateshead a place where everyone thrives.
22. The limitations on both revenue and capital resources mean that whilst the current commitments within the capital programme can be supported, there are still a number of capital projects that cannot be fully supported as part of the proposed capital programme. Work will continue to progress additional schemes and source alternative funding or consider alternative delivery models where appropriate.
23. Additional schemes may be added to the capital programme following the completion of a detailed business case provided that they generate sufficient revenue savings to satisfy the prudential framework, or utilise available external funding, and do not add additional pressure on the revenue budget.

Consultation

24. The development of detailed project proposals arising from this report will involve consultations with all stakeholders. All Cabinet Members have been consulted on this report.

Alternative Options

25. No alternative options were considered.

Implications of Recommended Option

26. **Resources:**
 - a) **Financial Implications** -The Strategic Director, Corporate Resources confirms that the financial implications are set out in the report and appendices. The proposed capital programme can be accommodated from within the provision currently included within the Council's MTFS.
 - b) **Human Resources Implications** – Capital projects require project management resources to ensure that the planned investment is successfully delivered. In accordance with accounting regulations, where it can be demonstrated that a project management resource is integral to the delivery of major capital investment this cost can be capitalised and funded as part of the specific project. The human resources implications of individual schemes are considered prior to implementing a project.
 - c) **Property Implications** - Capital investment optimises the use of property assets to support the delivery of the Council's priority outcomes. The property implications of individual schemes will be considered and reported separately.

27. **Risk Management Implication** - There is a risk that resources identified to fund the proposed programme are not realised. The impact of this will be managed through the monitoring process and reported to Cabinet on a quarterly basis.
28. **Equality and Diversity Implications** - The framework for the Equalities Impact Assessment of the Council's spending plans is based on legislative and policy priorities of the Council which include:
- The Equality Act 2010; and
 - The Local Government Improvement and Development Equalities Framework.
- The Equality and Diversity implications will be considered for each individual scheme within the capital programme.
29. **Crime and Disorder Implications** - There are no direct crime and disorder implications arising directly from this report.
30. **Health Implications** - There are no health implications arising directly from this report.
31. **Sustainability Implications** - The capital programme will provide a framework for ensuring a sustainable financial position over the medium and longer term. The proposed works will help to deliver high standards of environmental sustainability through the delivery of energy efficiency measures and the use of more energy efficient materials and practices in the refurbishment of existing Council buildings and the construction of new buildings. Projects will strictly follow the Council's Sustainable Construction policy.
32. **Human Rights Implications** - There may be interference or disturbance to tenants and residents while works are carried out. However, such interference or disturbance will be kept to a minimum and the works will result in benefits to tenants and residents.
33. **Area and Ward Implications** - The proposals will have implications for all areas and wards in Gateshead.
34. **Background Information** - The following background papers have been used in preparing this report:
- (i) Report for Cabinet, 23 January 2018 – Capital Programme 2017/18 – Third Quarter Review
 - (ii) Report for Cabinet, 23 January 2018 – Housing Revenue Account and Housing Capital Programme
 - (iii) Report for Cabinet, 18 July 2017 – Medium Term Financial Strategy
 - (iv) Report for Cabinet, 21 February 2017 – Capital Programme 2017/18 to 2021/22

Appendix 2 – Capital Programme 2018/19 TO 2022/23

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
GENERAL FUND CAPITAL PROGRAMME						
Asset Sustainability						
Flood Alleviation Investment	Investment to create sustainable surface water management schemes to reduce the risk of flooding in Gateshead.	217	152	145	0	0
Gateshead Millennium Bridge Strategic Maintenance	Replacement of key components within the bridge in accordance with lifecycle requirements.	368	0	0	0	0
Strategic Maintenance - Council Buildings	Planned improvement works to the Council's operational buildings.	750	750	750	750	750
Heworth Roundabout Upgrade	Investment in structural works and junction upgrades to improve traffic flow.	2,600	0	0	0	0
Crowley Dam Repair and Conservation	Repair of the dam and installation of a safety fence	170	0	0	0	0
Gateshead International Stadium improvements	Replace and upgrade the sports hall flooring and lift at Gateshead International Stadium to ensure long term sustainability and user safety	348	0	0	0	0
Scotswood Bridge Strategic Maintenance	Replacement to key components within the bridge in accordance with life cycle requirements	310	0	0	0	0
Business Centre Portfolio	Improvement and expansion of the Council's Business Centres	315	485	0	0	0
Total Asset Sustainability		5,078	1,387	895	750	750
Core Service Delivery						
Replacement of Fleet and Horticultural Equipment	Continuation of the ongoing replacement programme for the Council's vehicle assets and horticultural equipment according to their expected life and operational requirements.	2,500	1,350	1,750	1,750	1,250

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Technology Plan: Infrastructure	Ongoing replacement of desktop equipment, network infrastructure and the refresh of desktop software and multi-year licence arrangements.	2,884	2,041	2,335	2,693	2,868
Technology Plan: Transformation Through Technology	Investing in the increased use of mobile devices and the associated infrastructure to increase efficiency within the Council.	425	275	275	275	0
Legal Case Management System	To obtain an up to date and fully functioning legal support and case management IT based solution	95	0	0	0	0
Civic Centre Workspace Strategy	Completion of the Civic Centre workspace scheme by refurbishing the public areas, helping to improve service delivery and accessibility.	350	169	0	0	0
Total Core Service Delivery		6,254	3,835	4,360	4,718	4,118
Economic Growth						
ADZ Investment - Gateshead Quays	Investment within the Council's ADZ area to provide infrastructure to support the proposed mixed use development at Gateshead Quays and generate additional business rate income for the Council.	13,145	21,720	3,700	695	0
Broadband Delivery UK	Investment in the provision of high speed broadband to rural areas as part of the Broadband Delivery UK Project, a key part of the Governments Digital agenda.	345	20	0	0	0
Coatsworth Road Regeneration - THI	The continuation of a Townscape Heritage Initiative (THI) scheme using Heritage Lottery Funding which will improve the public realm and restore architectural features along Coatsworth Road.	26	0	0	0	0
Housing JV - Brandling	The completion of the final site assembly to facilitate future redevelopment by the Housing Joint Venture.	350	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Local Transport Plan - Integrated Transport	Externally funded investment in improving sustainable transport infrastructure, traffic management and road safety.	1,250	1,350	1,350	1,350	1,350
Major Projects - Project Management Costs	Investment to support the delivery of strategic major capital projects within the Council.	240	240	240	240	240
Metrogreen	Development of the Delivery Strategy and Area Action Plan for Metrogreen.	410	50	0	0	0
Team Valley Flood Alleviation	Contribution to a proposed scheme with the Environment Agency to develop flood infrastructure and reduce the risk of flooding at Team Valley.	85	0	0	0	0
ADZ Investment – BBQ Office Development	Proposed investment in Office development within BBQ to encourage economic growth and generate additional business rate income for the Council.	9,595	0	0	0	0
ADZ Investment – BBQ infrastructure	Investment in infrastructure to support the provision of catering facilities within the wider BBQ development	155	0	0	0	0
Development Site Preparation Works	Investment to facilitate and accelerate development activity within Gateshead.	500	750	750	750	0
Bleach Green Affordable Housing - Loan to Keelman Homes	A loan facility to support the development of affordable housing at Bleach Green.	500	1,000	500	0	0
Lyndhurst - Loan to Keelman Homes	A loan facility to support the development of affordable housing in Gateshead as part of a Lyndhurst Development.	500	0	0	0	0
High Street South	Investment to facilitate the regeneration of the area	400	300	0	0	0
Derwentside House Building - Loan to GTC	A loan facility to Gateshead Trading Company to support the development of additional housing in Gateshead.	780	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Lyndhurst House Building - Loan to GTC	A proposed loan facility to Gateshead Trading Company to support the development of additional housing in Gateshead.	5,929	0	0	0	0
Clasper House Building - Loan to GTC	A proposed loan facility to Gateshead Trading Company to support the development of additional housing in Gateshead.	0	9,637	9,637	9,137	0
Follingsby Infrastructure Upgrades	Upgrade to the high voltage network and other infrastructure supporting Follingsby Industrial Park to enable further development. This scheme is being delivered with NELEP as part of an Enterprise Zone.	8,500	1,500	0	0	0
Total Economic Growth		42,710	36,567	16,177	12,172	1,590
Health & Safety						
Health & Safety	Works to address health and safety related issues in Council land/buildings.	500	500	500	500	500
Street Lighting Column Replacement	Phased replacement of the Council's concrete lighting columns with galvanised steel columns.	1,200	250	250	250	0
Traffic Signal Renewal - Borough Wide	Investment to replace obsolete traffic signal equipment throughout Gateshead.	450	450	450	450	0
Pool Filter Replacement	Replacement of pool filtration systems to ensure the standard of water cleanliness meets the required levels.	28	0	0	0	0
Total Health & Safety		2,178	1,200	1,200	1,200	500
Revenue Income Generation						
Energy Network Extension - Trinity Square	Extension of the Council's Energy Network to encourage potential regeneration, support existing businesses and reduce carbon emissions.	800	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Blaydon Leisure Centre Outdoor Sports Provision	Pitch conversion and upgrade along with the provision of a compact athletics facility to improve the facilities and generate additional income for the Council.	745	0	0	0	0
Trade Waste Service Expansion	Investment to expand upon the existing Trade Waste service within Gateshead, with a particular focus on SME customers.	197	25	25	25	0
Gateshead International Stadium Centre Outdoor Sports Provision	Pitch conversion and upgrade to improve the facilities and generate additional income for the Council.	706	0	0	0	0
Total Revenue Income Generation		2,448	25	25	25	0
Revenue Savings						
Digital Gateshead	Investment in the development of the Council's Digital Platform to improve the delivery of Digital services in Gateshead.	445	350	200	100	0
Library Service Review	Investment to support the relocation of existing libraries and replacement of the existing mobile library	270	0	0	0	0
Non Operational Portfolio - Strategic Investment Plan	Ongoing investment targeted at the Council's tenanted non-operational portfolio, seeking to enhance the performance of the portfolio and address urgent building condition and energy efficiency needs.	300	0	0	0	0
Public Realm Improvement	A rolling programme to improve street furniture such as public seating, fencing, signage, bins and recycling banks.	50	50	50	50	50
Salix Energy Efficiency Works	Ongoing energy improvement works to deliver revenue savings with schemes typically having up to a 5 year payback period.	250	250	250	250	250

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Street Lighting Phase 3 LED Lanterns	Completes the existing £9m investment programme to replace street lighting in residential areas.	142	0	0	0	0
Telecare Equipment	Provision of telecare equipment to clients over 75 helping to preserve their independence.	75	75	75	75	75
Street Lighting LED Replacement - Phase 4	Investment to replace 10,000 existing lanterns with latest generation LED lanterns to reduce energy consumption and carbon emissions.	1,200	2,275	0	0	0
Environmental Enforcement Team	Provision of IT equipment to support the delivery of the on-street environmental enforcement team	45	0	0	0	0
Eastwood – Centre of Excellence	Investment in a new facility to provide interim accommodation to support rehabilitation and reablement from a social care and health care team	616	3,656	6,398	953	167
Total Revenue Savings		3,393	6,656	6,973	1,428	542
Statutory Requirements						
Birtley Cemetery Extension	Investment to provide additional burial space in the Birtley area.	240	400	400	400	0
Disabled Facilities Grants (DFGs)	Grants to private individuals to facilitate adaptations to their homes, helping to ensure people can live independently in their own homes.	1,750	1,750	1,750	1,750	1,750
Local Transport Plan - Planned Maintenance	Primarily externally funded investment in improving the Borough's transport network, including highway maintenance, improvement and road safety to support the delivery of the Council's Highways Asset Management Plan (HAMP).	2,550	3,200	3,200	3,200	3,200
Saltwell Cemetery Extension	Investment to extend the existing cemetery to provide additional burial space in Saltwell.	170	275	200	220	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
School Capacity Improvements	External funding awarded to address capacity issues within Gateshead Schools.	5,500	5,426	0	0	0
School Condition Investment	Externally funded investment programme to address condition issues within the Council's Schools.	1,936	1,500	1,500	1,500	1,500
Schools Devolved Formula Funding	Externally funded investment to provide equipment and contributions towards construction works within the Council's Schools.	250	250	250	250	250
Replacement Bins	Investment in waste management infrastructure.	125	125	125	125	125
Total Statutory Requirements		12,521	12,926	7,425	7,445	6,825
TOTAL GENERAL FUND CAPITAL INVESTMENT		74,582	62,596	37,055	27,738	14,325

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
HOUSING REVENUE ACCOUNT						
Improvement Works						
Lift Replacement/Refurbishment	Planned works to replace lifts within the Council's housing stock in accordance with their lifecycle requirements.	500	500	500	500	500
Replacement of Communal Electrics	Essential works to upgrade communal electrics circuits and services in accordance with stock condition needs.	250	250	250	250	250
External Wall Insulation Works to Non-Traditional Properties	Investment in upgrading the fabric of the Council's housing stock to improve energy efficiency, including enveloping works and insulation measures.	519	0	0	0	0
T-Fall Insulation	Targeted insulation works to reduce the risk of condensation.	100	20	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Warden Call Renewal	Replacement of equipment to utilise Gateshead Council's Care Call scheme, an emergency service which supports older, disabled and vulnerable people allowing them to live safely and independently in their home.	250	250	250	250	250
Timber Replacements	Planned timber renewals/replacement identified through the prior to painting programme.	100	100	100	100	100
Aids and Adaptations	To carry out identified adaptations to Council Dwellings to enable people to live safely and independently within their home.	1,500	1,500	1,500	1,500	1,500
Multi Storey Improvements	Improvement to two flats to be used as show homes to increase lettings	36	0	0	0	0
Total Improvement Works		3,255	2,620	2,600	2,600	2,600
Exceptional Extensive Works						
Equality Act Works - Multi Storey Flats	Includes improvements to ensure the Council's Multi Storey Flats comply with the provisions in the Equality Act 2010.	485	190	190	190	195
Equality Act Works - Communal Lounges	Includes improvements to ensure the Council's communal areas comply with the Equality Act 2010.	50	50	50	50	50
Fire Safety Works - General	Works to address required fire safety improvements in response to ongoing risk assessments.	100	100	100	100	100
Fire Safety Works – Smoke Detection	Allocation of works identified from the outcome of the Grenfell Tower inquiry	400	0	0	0	0
Tower Block Energy Efficiency Improvements (HEIGHTS)	Provision of energy efficiency improvements and low carbon heating systems at Harlow Green and Regent Court, utilising ERDF funding.	5,340	0	0	0	0
Regent Court Improvement Works	Investment to replace the existing façade and windows at Regent Court.	3,300	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Multi Storey Service	Refurbishment and renewal of communal services such as risers, ventilation and water hygiene in tower blocks.	200	450	450	450	450
Total Exceptional Extensive Works		9,875	790	790	790	795
Major Future Works						
Decent Homes - Investment Programme	Continuation of the planned estate based improvement work to the Council's housing stock in accordance with Decent Homes principles and prioritised using stock condition data.	6,750	7,000	7,500	8,000	8,000
Stock Condition Surveys and Scheme Design	Continuation of the rolling programme of condition surveys to enable effective asset management and investment in scheme design to help accelerate the delivery of schemes in future years.	400	400	400	400	400
Back Boiler Renewal and Replacements	Replacement of failed and obsolete boilers, upgrading them with more efficient solutions to help address fuel poverty issues.	1,000	1,000	1,000	750	750
Programme Management	The allocation is used to fund the programme management costs and associated fees relating to the delivery of all capital schemes within the Housing Capital Programme.	550	550	550	550	550
Strategic Maintenance	This scheme carries out significant capital works identified by the repairs and maintenance contractor, undertaking improvements to help reduce the level of responsive repairs.	2,000	2,000	2,000	2,000	2,000
Window Replacement and Door Entry System Upgrade	Continuation of the window replacement and door entry system replacement programme.	700	750	750	500	500
Major Future Works		11,400	11,700	12,200	12,450	12,450

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Estate Works						
New Build Investment – Winlaton Assisted Living	Investment to provide additional dwellings within the Council's HRA as part of an Assisted Living scheme.	2,550	0	0	0	0
New Build Investment – Seymour Street	Investment to provide additional dwellings within the Council's HRA.	1,200	0	0	0	0
Total Estate Works		3,750	0	0	0	0
TOTAL HRA CAPITAL INVESTMENT		28,280	15,110	15,590	15,840	15,845
TOTAL COUNCIL CAPITAL INVESTMENT		102,862	77,706	52,645	43,578	30,170

Appendix 3 – Capital Programme Financing 2018/19 TO 2022/23

PROJECTED CAPITAL FUNDING	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Council Resources					
Prudential Borrowing	54,266	49,741	29,610	20,938	7,525
Capital Receipts	0	0	0	0	0
Confirmed Capital Grant Funding					
Local Transport Plan	3,050	3,550	3,550	3,550	0
DFT Challenge Fund	2,100	0	0	0	0
School Capital Grant Funding	7,686	7,176	1,750	1,750	1,750
Environment Agency Funding	172	129	145	0	0
Better Care Fund	1,500	1,500	1,500	1,500	0
MHCLG	500	500	500	0	0
LEP Local Growth Fund	4,552	0	0	0	0
Heritage Lottery Fund	16	0	0	0	0
Anticipated Capital Grant Funding					
Historic England	88	0	0	0	0
Football Association	653	0	0	0	0
Local Transport Plan	0	0	0	0	3,550
Better Care Fund	0	0	0	0	1,500
TOTAL GENERAL FUND CAPITAL FUNDING	74,582	62,596	37,055	27,738	14,325
Housing Revenue Account Resources					
Major Repairs Reserve Contribution (HRA)	21,572	15,110	14,790	14,490	15,845
HRA Capital Receipts	4,158	0	800	1,350	0
Confirmed Capital Grant Funding					
ERDF	2,550	0	0	0	0
TOTAL HRA CAPITAL FUNDING	28,280	15,110	15,590	15,840	15,845
TOTAL CAPITAL FUNDING	102,862	77,706	52,645	43,578	30,170

Appendix 4 – Additional Flexibility Regarding the Application of Capital Receipts

1. In the Spending Review 2015, the Government announced that Local Authorities could use capital receipts (excluding housing receipts) to meet the revenue costs associated with the delivery of transformational and reform projects. In December 2017, this flexibility was extended for a further three years to 31 March 2022. The key criteria is that the expenditure must generate ongoing savings to the Council's net service expenditure.
2. The guidance suggests that:
 - The Council can only use capital receipts generated from the sale of property, plant and equipment in the years in which the flexibility is offered and any existing capital receipts cannot be used to finance the revenue costs of service reform;
 - Qualifying expenditure is considered to be up-front revenue costs that will generate future ongoing savings and transform service delivery. This includes initial set up and implementation costs but excludes any ongoing revenue costs of the new processes;
 - In applying the flexibility, the Council must have regard to the requirements of the Prudential Code and CIPFA Local Authority Code of Practice; and
 - The Council must confirm the plans for the proposed use of this flexibility for the relevant financial year and provide details of the expected costs, funding sources and benefits associated with specific projects and the impact on the Prudential Indicators.
3. Examples of types of qualifying expenditure include:
 - Driving a digital approach to the delivery of more efficient public services;
 - Funding the cost of service reconfiguration or rationalisation where this leads to ongoing efficiency savings or service transformation;
 - Setting up commercial or alternative delivery models to deliver services more efficiently and generate revenue income;
 - Integrating service delivery with other public sector bodies to generate savings; and
 - Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy.

2018/19 Investment

4. The specific investment plans and use of the additional flexibility will be assessed during the financial year as part of the ongoing monitoring of the capital programme and revenue budget and will be subject to the availability of resources.
5. The ongoing monitoring process will also include any amendments to the Council's Prudential Indicators that may arise as a result of an investment decision. The Council must balance the flexible use of available capital receipts for this purpose against the funding requirement of capital programme to ensure the capital investment plans remain affordable and that the benefit arising from the available resources is maximised for the Council.
6. Invest to save opportunities may emerge during the year and the use of this flexibility will be considered, provided they can satisfy the required criteria to benefit from using this additional flexibility and that sufficient eligible capital receipts are generated.