

TITLE OF REPORT: Capital Programme 2019/20 to 2023/24

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. The Council continues to set a rolling capital programme with an annual review. The Capital Programme has been prepared for the next five years. All financial implications are incorporated within the Council's Medium Term Financial Strategy (MTFS) that is aligned to the delivery of the Council's priority outcomes and which was approved in July 2018.
3. 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 light of the significant reductions in available capital and revenue resources.
4. On 22 January 2019 Council approved the Housing Revenue Account (HRA) budget for 2019/20 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 also remains a significant part of the Council's wider capital investment plans. Where schemes are brought forward for funding through the additional borrowing powers within the HRA, these will be considered against the agreed prudential indicators and HRA Business model to ensure they are prudent, affordable and sustainable.

Proposal

5. The 2019/20 Capital Programme totals £119m, with £95m relating to the General Fund and £24m investment within the Housing Revenue Account and this is proposed to be recommended to Council for approval. Over the five years to 2023/24, the level of capital investment is forecasted to be £368m, of which £262m relates to General Fund schemes. Despite the current pressure on resources this represents a significant level of strategic investment in the Council's assets and is affordable within the assumptions included in the current MTFS.
6. 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 £300m of private investment to Gateshead, facilitate the 800 new homes and support the development of over 104,000m² of commercial floor space

over the next five years, with the potential to generate additional Business Rates and Council Tax of around £3m per annum when the schemes are fully developed.

7. 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; and
 - Projects considered essential to deliver revenue savings and facilitate changes to the way that the Council delivers its key services.
8. The Council's Capital Strategy provides a framework for strategic capital investment and detailed business cases are required prior to the inclusion of potential projects within the Capital Programme. This will ensure that the investments will contribute towards the achievement of Council priorities and are consistent with the key themes and financial estimates included within the Medium Term Financial Strategy.
9. There may be opportunities to include additional schemes in the Capital Programme during the year 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.
10. The proposed Capital Programme, appendix 2, includes all commitments and schemes identified as high priority and the provisional capital financing is set out in appendix 3.

Recommendations

11. Cabinet is asked to recommend that Council:
 - (i) Approves the capital programme for 2019/20, and the provisional programmes for 2020/21 to 2023/24, as set out in appendix 2, subject to external funding approvals being received.
 - (ii) Notes the provisional capital financing for the programme, as set out in appendix 3, and delegates 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) Notes 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 making Gateshead a place where everyone thrives.

Policy Context

1. All Council capital expenditure is consistent with the Council's strategic priority '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 (MTFS).

Background

2. Details of potential future capital schemes for the 2019/20 to 2023/24 Capital Programme were considered alongside the schemes within the existing 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 2019/20 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 2019/20. The five-year capital programme was updated to cover the period 2019/20 to 2023/24 and was agreed by Council on 24 January 2018.

Proposed Capital Programme 2019/20 to 2023/24

5. The basis for considering the programme for 2019/20 – 2023/24, as detailed in the Council's Capital Strategy, gives priority to capital schemes which:
 - Are consistent with the Council strategic approach of Making Gateshead a Place Where Everyone Thrives; and
 - Support the four key financial themes specified in the Council MTFS;
 - Maximising economic growth
 - Driving income generation
 - Reduces demand for services; and
 - Driving efficiencies and savings
6. In addition, schemes are also considered which:
 - Are essential from a health and safety or statutory perspective;
 - 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; and
 - Assist the Council to deliver its priority services;

Existing Scheme Review

7. All existing schemes are reviewed to ensure they remain high priority and are contributing to the Council's corporate strategic approach and continue to support the

MTFS. Where schemes continue to meet the criteria, they are included in the draft Capital Programme 2019/20 – 2023/24. These schemes include:

- Gateshead Quays where the Council is currently working with our development partner to bring forward a mixed-use development;
- Office development at Baltic Quarter to encourage economic growth; and
- A new rehabilitation and reablement social and health care centre.

8. In addition, there are also ongoing investment programmes to improve assets and core services delivery, including investment in:
- Strategic Maintenance;
 - ICT intrastate, networks and digital systems; and
 - Replacement of fleet vehicles.

Potential additional schemes

9. Along with existing schemes, which account for around 81% 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:
- Investment of c.£16m has been included to support further development in the Accelerated Development zone, including £1.2m transport infrastructure and £14.8m to finance a second office development;
 - Investment amounting to £2.6m has been included in the Council’s Leisure Facilities aimed at improving the commercial offer and generating additional revenue income to support service delivery;
 - £5m has been included within the programme to introduce signalised junction on West Askew Road to bring forward a proposed housing development of c.190 dwellings;
 - £1.5m investment has been included within the programme to support new system to improve core service delivery through the use of more efficient and effective systems helping the Council managed demand; and
 - £1.75m to renew and improve fixed play provision throughout Gateshead.
10. The proposed capital programme allows for total investment in General Fund schemes of £95m in 2019/20 and £262m over the five-year programme allocated across the following key areas:

General Fund 2019/20 – 2023/24	Existing Schemes (£m)	Potential Additions (£m)	Total (£m)
Asset Sustainability	11.7	1.8	13.5
Core Service Delivery	21.6	1.6	23.2
Economic and Housing Growth	105.4	34.1	139.5
Health & Safety / Statutory	51.1	8.0	59.1
Revenue Income Generation	2.4	2.6	5.0
Revenue Savings	21.8	0.0	21.8
Total Investment	214.0	48.1	262.1

11. A summary of all schemes, including prior year commitments identified as being high priority and a limited number of new schemes have been included in the proposed capital programme in appendix 2.

Capital Resources Available

12. The Council continues to maximise the use of external funding where possible, including the following grants:
 - £21.8m of DfT Transport grant 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 £7m of Homes England funding to support housing developments across Gateshead, including Clasper Village and Exemplar Neighbourhood.
13. 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.
14. 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.
15. 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.
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. For 2019/20 capital receipts totalling £2m has been included in the capital financing projections, however this will be monitored in year and may be subject to change.
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 identified. At this stage there are no capital receipts allocated to finance the qualifying expenditure, however this will be reviewed during the year in light of the actual level of capital receipts received.
18. The proposed capital programme is shown in appendix 2 and the proposed financing of programme is detailed in appendix 3.

Conclusion

19. There continues to be significant pressure on the resources available to support capital projects. The planned investment of £119m in 2019/20 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 'Making Gateshead a Place Where Everyone Thrives'.
20. 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.
21. 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

22. The development of detailed project proposals arising from this report will involve consultations with all stakeholders.

Alternative Options

23. No alternative options were considered.

Implications of Recommended Option

24. **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.
25. **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.

26. **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.

27. **Crime and Disorder Implications** - There are no direct crime and disorder implications arising directly from this report.

28. **Health Implications** - There are no health implications arising directly from this report.

29. **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.

30. **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.

31. **Area and Ward Implications** - The proposals will have implications for all areas and wards in Gateshead.

32. **Background Information** - The following background papers have been used in preparing this report:

- (i) Report for Cabinet, 22 January 2019 – Capital Programme 2018/19 – Third Quarter Review
- (ii) Report for Cabinet, 22 January 2019 – Housing Revenue Account and Housing Capital Programme
- (iv) Report for Cabinet, 20 November 2018 – Capital Strategy 2018/19 to 2023/24
- (iv) Report for Cabinet, 17 July 2018 – Medium Term Financial Strategy
- (v) Report for Cabinet, 23 February 2018 – Capital Programme 2018/19 to 2022/23

Appendix 2 – Capital Programme 2019/19 to 2023/24

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
GENERAL FUND CAPITAL PROGRAMME						
Asset Sustainability						
Crowley Dam Repair and Conservation	Repair of the dam and installation of a safety fence	90	0	0	0	0
Flood Alleviation Investment	Investment to create sustainable surface water management schemes to reduce the risk of flooding in Gateshead.	396	372	3,137	2,280	1,037
Business Centre Portfolio	Improvement of Greensfield Business Centre	229	0	0	0	0
Replacement of flooring within Gateshead Stadium Sports Hall	Replace and upgrade the sports hall flooring to ensure long term sustainability and user safety	285	0	0	0	0
Strategic Maintenance - Council Buildings	Planned improvement works to the Council's operational buildings.	750	750	750	750	750
Scotswood Bridge Strategic Maintenance	Replacement to key components within the bridge in accordance with life cycle requirements	160	0	0	0	0
Fixed Play Facility Renewals	Renew and improve fixed play equipment and facilities.	350	350	350	350	350
Total Asset Sustainability		2,260	1,472	4,237	3,380	2,137
Core Service Delivery						
Civic Centre Workspace Strategy	Completion of the Civic Centre workspace scheme helping to improve service delivery.	150	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Technology Plan: Transformation Through Technology	Investing in the increased use of mobile devices and the associated infrastructure to increase efficiency within the Council.	204	204	204	319	204
Technology Plan: Infrastructure	Replacement of equipment, network infrastructure, software and multi-year licence arrangements.	2,452	2,343	2,739	2,996	2,370
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
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.	1,350	1,750	1,750	1,250	1,250
AGRESSO Upgrade	Upgrade of the Council's key financial system to improve efficiency and service delivery	499	0	0	0	0
Specialist IT Equipment for Low Incidence Needs Team LINT	Purchase of equipment to ensure children and young with sensory impairment gain access to education	46	0	0	0	0
Social Care System	Procurement and implementation of and integrated Social Care IT System	1,000	0	0	0	0
Video Interactive Equipment - Access to Education	Purchase of equipment allowing access to education for vulnerable pupils	12	0	0	0	0
Total Core Service Delivery		5,808	4,297	4,693	4,565	3,824
Economic Growth						
ADZ Investment - Baltic Quarter - Food and Beverage Café	Completion of the café at Batlic Quarter	100	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
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.	282	0	0	0	0
Clasper House Building	Investment to support the development of additional housing in Gateshead.	6,973	8,548	11,430	5,470	0
Derwentside House Building - Loan to GTC	A loan facility to Gateshead Trading Company to support the development of additional housing in Gateshead.	500	0	0	0	0
Lyndhurst House Building - Loan to GTC	A loan facility to Gateshead Trading Company to support the development of additional housing in Gateshead.	2,000	0	0	0	0
Bleach Green Affordable Housing - Loan to Keelman Homes	A loan facility to support the development of affordable housing at Bleach Green.	1,000	500	0	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
Loan to Keelman Homes -Empty Properties	Completion of the current empty home purchase and repair activity within the borough to increase the supply of affordable housing	900	0	0	0	0
Development Site Preparation Works	Investment to facilitate and accelerate development activity within Gateshead.	750	750	750	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.	100	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
ADZ Investment – Baltic Quarter Office Development	Investment to build and office development to encourage economic growth and generate additional business rate income for the Council.	9,983	288	0	0	0
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.	23,185	18,810	689	0	0
High Street South	Investment to facilitate the regeneration of the area	525	0	0	0	0
Housing JV - Brandling	Investment in the site to facilitate future redevelopment by the Housing Joint Venture.	350	0	0	0	0
Major Projects - Project Management Costs	Investment to support the delivery of strategic major capital projects within the Council.	240	240	240	240	0
Metrogreen	Development of the Delivery Strategy and Area Action Plan for Metrogreen.	286	182	0	0	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.	20	0	0	0	0
Local Transport Plan - Integrated Transport	Externally funded investment in improving sustainable transport infrastructure, traffic management and road safety.	3,754	1,483	1,797	1,344	1,233
Loan to Keelman Homes to support Empty Homes 2016-21	To continue the current empty home purchase and repair activity within the borough to increase the supply of affordable housing	1,400	1,400	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
ADZ Investment – BQ infrastructure	Investment in infrastructure to support the regeneration of the wider Baltic Quarter development	1,200	0	0	0	0
Exemplar Neighbourhood Phase One	Investment to enable the delivery of housing sites within the Exemplar Neighbourhood Housing Zone.	2,609	3,625	4,375	0	0
West Askew Road junction improvements	Introduction of a signalised all movements junction to facilitate housing development.	1,200	3,778	0	0	0
Speculative Office Build 2 - Baltic Quarter	To create new Grade A office accommodation of c. 5000 sq. m (net lettable space) at the north west corner of Baltic Quarter at a key Gateway site - Mill Road	100	7,200	7,200	0	0
Total Economic Growth		57,957	46,804	26,481	7,054	1,233
Health & Safety						
Health & Safety	Works to address health and safety related issues in Council land/buildings.	500	500	500	500	500
Traffic Signal Renewal - Borough Wide	Investment to replace obsolete traffic signal equipment throughout Gateshead.	500	500	500	0	0
Street Lighting Improvements and Column Replacements	Phased replacement of the Council's concrete lighting columns with galvanised steel columns.	1,125	1,500	1,500	1,500	1,500
Total Health & Safety		2,125	2,500	2,500	2,000	2,000
Revenue Income Generation						
Longside House	Conversion of the property into a children's home	400	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.	196	25	25	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'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.	1,070	0	0	0	0
Gateshead International Stadium Centre Outdoor Sports Provision	Pitch conversion and upgrade to improve the facilities and generate additional income for the Council.	685	0	0	0	0
Land of Oak & Iron Access for All	Groundworks funding to create a range of natural, cultural and heritage projects.	38	0	0	0	0
Gateshead Leisure Centre Investment	Structural improvements to the leisure centre	17	645	0	0	0
Dunston Leisure Centre Improvements	Extension of the car park at the leisure centre	5	104	0	0	0
Gateshead International Stadium Investment	Structural improvements to the centre	1,210	50	175	68	230
Virtual Reality Fitness Systems	Purchase and implementation of system to increase the fitness class offer at Leisure Centres	120	0	0	0	0
Total Revenue Income Generation		3,741	824	200	68	230
Revenue Budget Improvements						
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	516	3,656	6,398	952	167
Telecare Equipment	Provision of telecare equipment to clients over 75 helping to preserve their independence.	75	75	75	75	75
Salix Energy Efficiency Works	Ongoing energy improvement works to deliver revenue savings with schemes typically having up to a 5 year payback period.	500	250	250	250	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Digital Gateshead	Investment in the development of the Council's Digital Platform to improve the delivery of Digital services in Gateshead.	1,075	688	697	0	0
Birtley Crematorium Cremator Replacement	Investment in a new Cremator at Birtley Crematorium	2,000	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
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.	2,100	1,100	0	0	0
Central Library Local Studies	Investment to support general access to local studies collection at the Central Library and digitises fragile items	522	0	0	0	0
Total Revenue Budget Improvements		6,838	5,819	7,470	1,327	292
Statutory Requirements						
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
School Capacity Improvements	External funding awarded to address capacity issues within Gateshead Schools.	7,800	2,669	577	0	0
School Condition Investment	Externally funded investment programme to address condition issues within the Council's Schools.	1,759	1,417	1,417	1,417	1,417
Schools Devolved Formula Funding	Externally funded investment to provide equipment and contributions towards construction works within the Council's Schools.	250	250	250	250	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Schools Healthy Pupils Capital Fund	Grant funding to be allocated to Schools during the year.	106	0	0	0	0
Replacement Bins	Investment in waste management infrastructure.	125	125	125	125	125
Cemetery Extensions	Investment to provide additional burial space in the borough	140	300	500	500	500
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).	3,238	3,238	3,238	3,238	3,238
Follingsby Salt Store	To provide a covered facility for the storage of the Council's main stock of salt on the existing site at Follingsby	920	0	0	0	0
Total Statutory Requirements		16,088	9,749	7,857	7,280	7,030
TOTAL GENERAL FUND CAPITAL INVESTMENT		94,817	71,465	53,438	25,674	16,746

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'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.	260	260	260	260	260
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.	172	374	374	379	379
T-Fall Insulation & ventilation	Targeted insulation works to reduce the risk of condensation.	50	50	50	50	50
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.	200	200	200	200	200
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 Modernisation works	Refurbishment work to insulate block structures and roofs, renew flat windows, modernise facilities, communal areas and ensure the Council complies with the Equality Act 2010.	100	350	2,450	2,450	2,450

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Sheltered Unit Modernisation works	Work to improve and update the communal facilities of the sheltered scheme blocks. Includes decoration, furnishing, kitchens and improvements to ensure the Council's communal areas comply with the Equality Act 2010.	240	240	240	240	240
Neighbourhood Improvements	Improvements too neighbourhoods that reduce risk and asset liability, while having a positive estate impact.	200	200	200	200	200
Total Improvement Works		3,322	3,774	5,874	5,879	5,879
Exceptional Extensive Works						
Fire Safety Work / Compliance	Works to address required fire safety improvements in response to ongoing risk assessments.	5,782	380	380	100	100
Total Exceptional Extensive Works		0	5,782	380	100	100
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.	7,000	7,500	8,000	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	750	750	750

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
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.	750	500	500	500	400
Total Major Future Extensive Works		11,700	11,950	12,200	12,200	12,100
Housing Developments						
Property conversions	The conversion of garage sites, conversion of lofts on roof replacements and provision of extensions using MMC.	60	500	0	0	0
New Build Investment – Winlaton Assisted Living	Investment to provide additional dwellings within the Council's HRA as part of an Assisted Living scheme.	1790	0	0	0	0
New Build Investment – Seymour Street	Investment to provide additional dwellings within the Council's HRA.	450	0	0	0	0
New Build - Various	Investment to build additional dwellings at various sites across the borough	1,000	2,500	2,500	2,500	2,500
Total Housing Developments		3,300	3,000	2,500	2,500	2,500
TOTAL HRA CAPITAL INVESTMENT		24,104	19,104	20,954	20,679	20,579
TOTAL COUNCIL CAPITAL INVESTMENT		118,921	90,434	74,392	46,353	37,325

Appendix 3 – Capital Programme Financing 2019/20 TO 2023/24

PROJECTED CAPITAL FUNDING	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Council Resources					
Prudential Borrowing	63,324	59,442	41,143	15,790	8,514
Capital Receipts	2,000	1,000	1,000	500	500
Confirmed Capital Grant Funding					
DFT Local Transport Plan	3,911	3,896	3,896	3,846	3,846
DFT National Productivity Investment Fund	2,421	0	0	0	0
DEF School Capital Grant Funding	9,915	4,336	2,244	1,667	1,417
Environment Agency Funding	360	263	3,091	2,260	969
LEP Local Growth Fund	2,978	0	0	0	0
Better Care Fund	1,500	1,500	1,500	1,500	1,500
SALIX Grant Funding	250	0	0	0	0
Sport England	150	0	0	0	0
Football Foundation	739	0	0	0	0
Heritage Lottery Fund	260	0	0	0	0
Anticipated Capital Grant Funding					
Heat Networks Investment Project (HNIP)	100	0	0	0	0
Homes England	6,309	778	0	0	0
TOTAL GENERAL FUND CAPITAL FUNDING	94,817	71,465	53,438	25,674	16,746
Housing Revenue Account Resources					
Major Repairs Reserve Contribution (HRA)	23,104	16,604	18,454	18,179	18,079
HRA Capital Receipts	1,000	2500	2500	2500	2,500
TOTAL HRA CAPITAL FUNDING	24,104	19,104	20,954	19,679	20,579
TOTAL CAPITAL FUNDING	118,921	90,434	74,392	46,353	37,325

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.

2019/20 Investment

4. During 2018/19 an assessment of revenue expenditure was undertaken to identify qualifying revenue expenditure which could be funded from capital receipts. This assessment identified qualifying expenditure of £2.1m 2018/19 and £2m 2019/20. The option to apply capital receipts to finance qualifying expenditure in 2018/19 was agreed by Council on 24 January 2019. Due to the uncertainties around the timing and value of capital receipts a prudent approach has been taken for 2019/20. This will be reviewed in year as part of the ongoing monitoring of the capital programme and revenue budget.