

**TITLE OF REPORT:** Capital Programme 2020/21 to 2024/25**REPORT OF:** Darren Collins, Strategic Director, Resources & Digital

### **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 maintain and deliver financial sustainability and support the Council's strategic approach to making Gateshead a Place Where Everyone Thrives.

### **Background**

2. In line with good practice and the Council's approved Capital Strategy, 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 aligns resources to support the Council's five key priority areas.
3. The Council's existing MTFS, approved by Cabinet in October 2019, maintained a provision to fund sufficient prudential borrowing to support the proposed capital programme. Prudential borrowing remains the only source of funding for a number of schemes however external funding is utilised where available.
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 light of the significant reductions in available capital and revenue resources.
5. This report should be considered alongside the Housing Revenue Account (HRA) and Housing Capital Programme, which will seek approval for a five-year Housing 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**

6. The 2020/21 Capital Programme totals £110.5m, with £87.3m relating to the General Fund and £23.2m investment within the Housing Revenue Account and this is proposed to be recommended to Council for approval. Over the five years to 2024/25, the level of capital investment is forecasted to be £388m, of which £282.4m 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.

7. Capital investment has an impact on the local economy within Gateshead with an estimated 2,000 new jobs created. Investment in schemes to encourage economic and housing growth will enable an estimated 2,000 new homes to be developed over the next 5 years with Council Tax receipts estimated to rise by £2.3m when the schemes are fully developed.
8. The programme includes projects that are key to delivering the Council's priority areas which underpin the pledge to make "Gateshead a place where everyone thrives":
  - Projects which support the Council's commitment to Climate change making the Council's activities carbon neutral by 2030;
  - Projects that promote the health and housing priority, providing good health through housing and improved access to homes including emergency accommodation are considered a high priority;
  - Projects which focus resources on transport within the borough, improving air quality, improving public transport and creating more sustainable forms of transport;
  - Projects which support the economy within Gateshead, promoting and supporting business growth within the borough; and
  - Projects that help combat poverty and equality, maximising household income, ensuring children are safe and have the opportunity to thrive and creating sustainable employment.
9. 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 priorities and financial estimates included within the Medium-Term Financial Strategy.
10. 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.
11. 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**

12. Cabinet is asked to recommend that Council:
  - (i) Approve the capital programme for 2020/21, and the provisional programmes for 2021/22 to 2024/25, 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, Resources and Digital to enter prudential borrowing which is consistent with the requirements of the Capital Programme and the Council's Treasury Management Strategy.

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 five key priority areas which underpin the thrive agenda.

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**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 2020/21 to 2024/25 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 2020/21 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 2020/21. The five-year capital programme was updated to cover the period 2020/21 to 2024/25 and is set out within the Housing Revenue Account (HRA) and Housing Capital Programme report.

**Proposed Capital Programme 2020/21 to 2024/25**

5. The basis for considering the programme for 2020/21 – 2024/25, 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
    - Drive investment in Key Priorities
    - Long term cost Prevention; and
    - Making Cuts and Efficiencies
6. In addition, all Capital investment must make clear reference to the wider Council policy of Thrive and support the Councils key priority areas:
  - Economy
  - Health & Housing
  - Poverty & Inequality
  - Climate Change; and
  - Transport

**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 2020/21 – 2024/25. These schemes include:

- Gateshead Quays where the Council is currently working with our development partner to bring forward a mixed-use development;
- Infrastructure works to support Baltic Quarter and the Quays development;
- A second speculative office development at Baltic Quarter to encourage economic growth; and
- The development of a new intermediate care facility which will support users transition from hospital to a permanent place of residence.

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 86% of the planned investment, a number of additional projects have been proposed which are high priority. The following additional projects are recommended for inclusion within the capital programme:

- Investment of c.£8m has been included to support further development to support the climate change priority area. Including installation of solar PV systems on Council buildings and the extension of the District Energy Network to Gateshead Quays;
- Investment amounting to £3m has been included to expand the offer of care we can provide too looked after children, ensuring more children can receive the level of care they need within the borough;
- £20.6m has been included within the programme to develop a 1,000 space multi storey car park, which will support the development at Gateshead Quays and Baltic Quarter; and
- £5.5m investment has been included within the programme to support improvements to the infrastructure in the borough, with £2.5m being invested to resurface unclassified roads with Micro Asphalt;

10. The proposed capital programme allows for total investment in General Fund schemes of £87.3m in 2020/21 and £282.4m over the five-year programme allocated across the following key priority areas:

<b>General Fund 2020/21 – 2024/25</b>	<b>Existing Schemes (£m)</b>	<b>Potential Additions (£m)</b>	<b>Total (£m)</b>
Climate Change	9.7	8.2	17.8
Economy	102.0	21.0	123.0
Health & Housing	71.0	1.4	72.4
Poverty & Equality	17.4	3.1	20.5
Transport	43.1	5.5	48.5
<b>Total Investment</b>	<b>243.2</b>	<b>39.2</b>	<b>282.4</b>

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:
- £19.3m 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 £15.1m 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 £5.3m of Homes England funding to support housing developments across Gateshead, including Clasper Village and various Joint Venture sites including 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 from 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. For 2020/21 capital receipts totalling £1m have been included within 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 as the actual level of capital receipts due becomes more certain.
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 £110.4m in 2020/21 has been set at a level which is 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, Resources and Digital 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 and Revenue budget.
  - 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. **Ward Implications** - The proposals will have implications for all wards in Gateshead.
32. **Background Information** - The following background papers have been used in preparing this report:
- (i) Report for Cabinet, 25 February 2020 – Housing Revenue Account (HRA) and Housing Capital Programme
  - (ii) Report for Cabinet, 21 January 2020 – Capital Programme 2019/20 – Third Quarter Review
  - (iii) Report for Cabinet, 19 November 2019 – Capital Strategy 2020/21 to 2024/25
  - (iv) Report for Cabinet, 15 October 2019 – Medium Term Financial Strategy 2020/21 to 2024/25
  - (v) Report for Cabinet, 19 February 2019 – Capital Programme 2019/20 to 2023/24



## Appendix 2 – Capital Programme 2020/21 to 2024/25

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>GENERAL FUND CAPITAL PROGRAMME</b>						
<b>Climate Change</b>						
Gateshead DES - Solar PV	Installation of 2MW of solar PV systems on Council buildings, Council car parks and major development sites in Gateshead Town Centre.	1,600	1,550	0	0	0
Gateshead Quays - DES Connection	Extension of the District Energy Network to supply energy to Gateshead Quays, and extend the private wire network to increase capacity for future developments.	150	1,225	1,225	0	0
Salix Energy Efficiency Works	Ongoing energy improvement works to deliver revenue savings with schemes typically having up to a 5-year payback period.	1,201	500	500	250	250
Street Lighting Concrete Column Replacement	Phased replacement of the Council's concrete lighting columns with galvanised steel columns.	1,544	1,500	1,500	1,500	1,500
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.	1,436	0	0	0	0
Street Scene Environmental Works	Additional 1500 - 2000 trees planted per annum	150	150	150	0	0
<b>Total Climate Change</b>		<b>6,081</b>	<b>4,925</b>	<b>3,375</b>	<b>1,750</b>	<b>1,750</b>
<b>Economy</b>						
Business Centre Portfolio	Improvement of the Council's Business Centres	232	0	0	0	0
GRP Enabling Works	Investment to enable the delivery of housing sites using the GRP JV model.	48	0	0	0	0
ADZ Investment – Baltic Quarter Spec Build (Riga)	Proposed investment in Office development within BQ to encourage economic growth and generate additional business rate income for the Council.	320	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
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.	8,000	37,142	10,000	0	0
Baltic Quarter Enabling Infrastructure	Investment in infrastructure to support the provision of catering facilities within the wider BQ development	4,250	4,250	0	0	0
Development Site Preparation Works	Investment to facilitate and accelerate development activity within Gateshead.	1,000	750	0	0	0
Major Projects - Project Management Costs	Investment to support the delivery of strategic major capital projects within the Council.	240	240	240	0	0
Metrogreen	Development of the Delivery Strategy and Area Action Plan for Metrogreen.	120	78	0	0	0
Speculative Office Build 2 - Baltic Quarter	Proposed investment in Office development within BQ to encourage economic growth and generate additional business rate income for the Council.	3,000	14,000	3,000	0	0
Gateshead Quays Multi Storey Car Park	Construction of a new 1,000 multi storey car park to support the development at Gateshead Quays and Baltic Quarter.	1,663	11,988	6,994	0	0
AGRESSO Upgrade	Upgrade of the Council's financial system	150	0	0	0	0
Digital Gateshead	Investment in the development of the Council's Digital Platform to improve the delivery of Digital services in Gateshead.	593	612	0	0	0
Technology Plan: Infrastructure	Ongoing replacement of desktop equipment, network infrastructure and the refresh of desktop software and multi-year licence arrangements.	2,736	2,739	2,996	2,370	1,870

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'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	319	204	204
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	25	0
<b>Total Economy</b>		<b>22,752</b>	<b>72,028</b>	<b>23,574</b>	<b>2,599</b>	<b>2,074</b>
<b>Health &amp; Housing</b>						
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	0
River View Intermediate Care Facility	Investment in a new facility to provide interim accommodation to support rehabilitation and reablement from a social care and health care team	3,825	3,825	952	167	0
Telecare Equipment	Provision of telecare equipment to clients over 75 helping to preserve their independence.	75	75	75	75	0
GRP Public Art - Birtley	Contribution from GRP to provide public art in Birtley	5	0	0	0	0
High Street South Regeneration	Investment to facilitate the regeneration of the area	2,180	2,012	342	0	0
Housing JV - Brandling	The completion of the final site assembly to facilitate future redevelopment by the Housing Joint Venture.	1,680	0	0	0	0
Urban Core - Exemplar Neighbourhood	Investment to enable the delivery of housing sites within the Exemplar Neighbourhood Housing Zone.	4,000	1,365	0	0	0
Fixed Play Facility Renewals	To improve fixed play equipment and facilities.	350	350	350	350	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
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
Health & Safety	Works to address health and safety related issues in Council land/buildings.	540	500	500	500	500
Strategic Maintenance	Planned improvement works to the Council's operational buildings.	1,436	800	800	800	750
Replacement Bins	Investment in waste management infrastructure.	125	125	125	125	125
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	820	0	0	0	0
Cemetery Extensions	Investment to provide additional burial space in the borough	400	500	500	500	0
Birtley Crematorium Cremator Replacement	Investment in a new Cremator at Birtley Crematorium	2,000	0	0	0	0
Dunston Leisure Centre Improvements	Extension of the car park at the leisure centre	104	0	0	0	0
Gateshead International Stadium Investment	Structural improvements to the centre	50	175	68	230	0
Gateshead Leisure Centre Investment	Structural improvements to the leisure centre	645	0	0	0	0
Dunston Leisure Centre Improvements	Extension of the car park at the leisure centre	0	540	0	0	0
Sage Gateshead - Capital Development	Sage 'Seat Out' project to remove seating and improve the stage area.	13	0	0	0	0
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	0	0	0	0
Clasper House Building Development	Development of 191 homes in Gateshead inclusive of 29 affordable properties	8,548	11,430	5,470	0	0
Loan to Keelman Homes - Bleach Green Affordable Housing	A loan facility to support the development of affordable housing at Bleach Green.	1,000	500	500	0	0

<b>Total Health &amp; Housing</b>		<b>30,996</b>	<b>23,997</b>	<b>11,482</b>	<b>4,547</b>	<b>1,425</b>
<b>CAPITAL INVESTMENT</b>	<b>BRIEF DESCRIPTION</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Poverty &amp; Equality</b>						
Social Care System	Procurement of integrated Social Care IT System	1,056	0	0	0	0
Three Bed Residential Children's Home	Conversion of a property to a long-term three bedded 52-week residential children's home for Looked After Children with additional needs who are on the autism spectrum.	475	225	0	0	0
Children's Two Bed Residential Assessment Service in Gateshead	To provide a 2-bed assessment service for assessment of children entering looked after services. Aiding the child's transition into care and assessing their needs.	475	275	0	0	0
Extensions and Adaptations to the Homes of LA Foster Carers and Special Guardians	Enable foster carers or special guardians to enlarge their homes to accommodate looked after children and provide additional capacity to secure permanence for sibling groups. The project delivers 2 schemes per year.	160	160	160	160	160
Specialist Therapeutic Children's Home in Gateshead	To invest in a 2 bedded residential children's home in Gateshead designed to better meet therapeutic needs. The bid covers the cost of land and build.	325	425	0	0	0
Specialist equipment to improve inclusion for children and young people (CYP) high incidence needs team (HINT)	To provide specialist equipment to ensure CYP with special educational needs are able to access learning, communicate effectively and participate fully as a member of the school and wider community.	30	0	0	0	0

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Specialist IT equipment for CYP with low incidence needs (hearing and vision impairment)	The LA has a duty to provide and support educational settings to provide appropriate auxiliary aids and services as part of the reasonable adjustment duty.	37	0	0	0	0
School Capacity Improvements	<ul style="list-style-type: none"> <li>• External funding to facilitate the delivery of additional School places;</li> <li>• Allocations confirmed by the Government. Schemes TBC;</li> <li>• Significant Basic Need allocation &gt;£10m awarded in 18/19.</li> </ul>	9,364	538	0	0	0
School Condition Investment	• External funding awarded to address condition issues within the Council's Schools;	1,417	1,417	1,417	1,417	0
Schools Devolved Formula Funding	<ul style="list-style-type: none"> <li>• External funding awarded to schools to purchase equipment or contribute to larger capital schemes;</li> <li>• Allocations c.£0.4m per annum but schools have three years in which to spend the funding.</li> </ul>	250	250	250	0	0
Customer Experience Project - Improved Signage within Civic Centre	Signage throughout the Civic Centre's public areas.	40	0	0	0	0
<b>Total Poverty &amp; Equality</b>		<b>13,629</b>	<b>3,290</b>	<b>1,827</b>	<b>1,577</b>	<b>160</b>
<b>Transport</b>						
West Askew Road junction improvements	Introduction of a signalised all movements junction to facilitate housing development.	4,716	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.	1,750	1,750	1,250	1,250	1,250

Flood Alleviation Investment	Investment to create sustainable surface water management schemes to reduce the risk of flooding in Gateshead.	372	3,137	2,280	1,037	0
<b>CAPITAL INVESTMENT</b>	<b>BRIEF DESCRIPTION</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Local Transport Plan - Integrated Transport	Externally funded investment in improving sustainable transport infrastructure, traffic management and road safety.	2,037	1,233	1,233	1,233	1,233
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
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
Traffic Signal Renewal - Borough Wide	Investment to replace obsolete traffic signal equipment throughout Gateshead.	500	500	0	0	0
Flagged Footways	Structural work to footways throughout the borough.	333	333	333	333	333
Traffic Sign Replacement	Traffic sign replacement throughout the borough.	250	256	263	269	276
Unclassified Road Resurfacing - Micro Asphalt	Unclassified road micro asphalt resurfacing throughout the borough.	500	500	500	500	500
<b>Total Transport</b>		<b>13,796</b>	<b>10,947</b>	<b>9,097</b>	<b>7,860</b>	<b>6,830</b>
<b>TOTAL GENERAL FUND CAPITAL INVESTMENT</b>		<b>87,254</b>	<b>115,187</b>	<b>49,355</b>	<b>18,333</b>	<b>12,239</b>

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>HOUSING REVENUE ACCOUNT</b>						
<b>Improvement Works</b>						
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.	450	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.	60	200	379	379	379
T-Fall Insulation & ventilation	Targeted insulation and ventilation work 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.	200	2,450	2,450	2,450	2,450



CAPITAL INVESTMENT	BRIEF DESCRIPTION	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'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.	160	240	240	240	240
Neighbourhood Improvements	Improvements to neighbourhoods that reduce risk and asset liability, while having a positive estate impact.	170	200	200	200	200
<b>Total Improvement Works</b>		<b>3,390</b>	<b>5,700</b>	<b>5,879</b>	<b>5,879</b>	<b>5,879</b>
<b>Exceptional Extensive Works</b>						
Fire Safety Work / Compliance	Works to address required fire safety improvements in response to ongoing risk assessments.	5,581	380	100	100	100
<b>Total Exceptional Extensive Works</b>		<b>5,581</b>	<b>380</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Major Future Works</b>						
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	8,000	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.	450	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.	800	750	750	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

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
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. Focused on medium rise blocks, but also picking up 'one off' replacements for properties with timber windows.	500	500	500	400	400
<b>Major Future Works</b>		<b>11,300</b>	<b>12,200</b>	<b>12,200</b>	<b>12,100</b>	<b>12,100</b>
<b>Housing Developments</b>						
Property conversions feasibility	Feasibility study for the conversion of garage sites, conversion of lofts on roof replacements and provision of extensions using MMC.	500	0	0	0	0
New Build - Various	New build housing throughout the Borough	1,950	6,000	1,950	1,800	0
Estate Regeneration	Bleach Green acquisition, demolition & clearance costs	500	0	0	0	0
<b>Total Housing Developments</b>		<b>2,950</b>	<b>6,000</b>	<b>1,950</b>	<b>1,800</b>	<b>0</b>
<b>TOTAL HRA CAPITAL INVESTMENT</b>		<b>23,221</b>	<b>24,280</b>	<b>20,129</b>	<b>19,879</b>	<b>18,079</b>

### Appendix 3 – Capital Programme Financing 2020/21 TO 2024/25

PROJECTED CAPITAL FUNDING	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>Council Resources</b>					
Prudential Borrowing	62,099	103,495	39,082	9,601	7,393
Capital Receipts	1,000	1,000	1,000	1,000	1,000
<b>Confirmed Capital Grant Funding</b>					
DFT Local Transport Plan	3,896	3,896	3,846	3,846	3,846
DEF School Capital Grant Funding	9,831	2,205	1,667	1,417	
Environment Agency Funding	263	3,091	2,260	969	
LEP Local Growth Fund	2,500				
Better Care Fund	1,500	1,500	1,500	1,500	
<b>Anticipated Capital Grant Funding</b>					
Homes England	5,346				
<b>Anticipated Contributions</b>					
Section 106 Contributions	804				
Developer Contributions	5				
Revenue Contributions to Capital	10				
<b>TOTAL GENERAL FUND CAPITAL FUNDING</b>	<b>87,254</b>	<b>115,187</b>	<b>49,355</b>	<b>18,333</b>	<b>12,239</b>
<b>Housing Revenue Account Resources</b>					
Major Repairs Reserve Contribution (HRA)	20,721	21,780	17,629	17,379	15,579
HRA Capital Receipts	2,500	2,500	2,500	2,500	2,500
<b>TOTAL HRA CAPITAL FUNDING</b>	<b>23,221</b>	<b>24,280</b>	<b>20,129</b>	<b>19,879</b>	<b>18,079</b>
<b>TOTAL CAPITAL FUNDING</b>	<b>110,475</b>	<b>139,467</b>	<b>69,484</b>	<b>38,212</b>	<b>30,318</b>

## **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 are 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 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.