

**TITLE OF REPORT:** Capital Programme 2021/22 to 2025/26**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 2020, 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. Under new rules introduced in November 2020 the Council cannot borrow primarily for yield. There is an increasingly important link with the revenue budget, especially considering 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 2021/22 Capital Programme totals £142.9m, with £117.3m relating to the General Fund and £25.6m investment within the Housing Revenue Account and this is proposed to be recommended to Council for approval. Over the five years to 2025/26, the level of capital investment is forecasted to be £398.0m, of which £293.7m 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 a positive impact on the local economy and will support the economic recovery within Gateshead post Covid, with an estimated creation of over 2,400 new jobs and 39 apprenticeships. 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. Investment also addresses the climate emergency, reducing carbon emissions by circa 1,850 tonnes of Co2 per annum.
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 and 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 the development of sustainable homes 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 at 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) Approves the capital programme for 2021/22, and the provisional programmes for 2022/23 to 2025/26, 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, Resources & 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.
- (iv) To assist the Councils response and recovery following the global pandemic.

## 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 2021/22 to 2025/26 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. Councils are prohibited to borrow to fund commercial investment. 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 2021/22 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 2021/22. The five-year capital programme was updated to cover the period 2021/22 to 2025/26 and is set out within the Housing Revenue Account (HRA) and Housing Capital Programme report.

## Proposed Capital Programme 2021/22 to 2025/26

5. The basis for considering the programme for 2021/22 – 2025/26, 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
  - Supports the principles set out within the Councils MTFS;
    - The overall financial strategy will be to ensure that the Council's resources are directed to the Thrive agenda framework. Financial sustainability will be achieved and maintained through targeted investment, reducing costs and more efficient ways of working.
    - The Council will consider a range of delivery mechanisms and funding sources to support capital investment to deliver thrive priorities, including the use of prudential borrowing, and will ensure that the full costs associated with financing the investment are taken into account when investment decisions are taken.
    - The Council will aim to promote and stimulate strong and sustainable economic growth leading to wellbeing and prosperity for residents and communities and this will be supported by a planned approach to strategic investment managed through the Council's capital programme.

## Existing Scheme Review

6. 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 2021/22 – 2025/26. These schemes include:
- Health & Housing – investment of £43.8m to support housing within the Borough, including £35.0m investment in the housing development at Clasper, delivering 191 sustainable homes of which 29 will be affordable, contributing to the local economic recovery with the creation of an estimated 592 new jobs, 6 apprenticeships and supporting local suppliers;
  - Climate Change – investment of £15.8m to address climate change, including £5.6m for the development of a mine water energy centre at Shearlegs Road Depot;
  - Economic Growth, Employment & Community Wealth Building – investment of £100.3m to encourage economic recovery and growth within the Borough, including £23.0m for the construction of a 1,000 space multi storey car park at Baltic Quarter to support existing and future development in the area, including the Gateshead Quays scheme;
  - Poverty & Equality – investment of £34.2m included within the programme to address poverty and inequality, including £7.6m to purchase an intermediate care facility which is being developed by a third party, this will replace the three intermediate care facilities currently being operated by the Council leading to efficiencies and revenue savings;
  - Transformation – investment of £19.1m in transformational schemes such as £2.0m to support new ways of working; and
  - Transport – investment totalling £51.3m to improve transport within the Borough, including £16.4m planned maintenance and investment in highways infrastructure, facilitating sustainable transport and improving air quality.
7. 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

8. Along with existing schemes, which account for around 82% 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 £6m has been included to deliver a replacement one form entry Blaydon West Primary School on land within the school's existing catchment area;
  - Investment of £5.9m in enabling works and site infrastructure to facilitate the proposed Clasper housing development;
  - Investment of £14.7m has been included to improve public and sustainable modes of transport through the Transforming Cities initiative, this would primarily be financed through grant funding with around £3.8m required as match funding to be funded via Council resources.
  - Investment of £0.1m to improve access roads and car parks (Urban and Countryside Parks) across the Borough;
  - Investment of £1.8m in parks and open spaces; and

- Investment of £0.7m to aid the implementation of the IT Strategic Action Plan.

9. The proposed capital programme allows for total investment in General Fund schemes of £117.3m in 2021/22 and £293.7m over the five-year programme allocated across the following key priority areas:

<b>General Fund 2021/22 – 2025/26</b>	<b>Existing Schemes (£m)</b>	<b>Potential Additions (£m)</b>	<b>Total (£m)</b>
Climate Change	15.8	-	15.8
Economy	100.3	-	100.3
Health & Housing	43.8	5.9	49.7
Poverty & Equality	34.2	7.9	42.1
Transformation	19.1	0.7	19.8
Transport	51.3	14.7	66.0
<b>Total Investment</b>	<b>264.5</b>	<b>29.2</b>	<b>293.7</b>

10. 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**

11. The Council continues to maximise the use of external funding where possible, including the following grants:
- £20.0m 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 £9.4m 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 £7.1m Public Sector Decarbonisation funding to help address climate change in the Borough;
  - £6.3m Homes England funding, to support the development of new homes across the Borough.
  - £5.5m of LEP Get Building funding to support regeneration at Gateshead Quays and Baltic Business Quarter; and
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. 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 2021/22 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. In addition to this it is anticipated that the Council will receive £31.4m housing sales receipts over the five-year period, this will be monitored closely, and any anticipated changes reported through the Councils capital monitoring.
16. 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.
17. The proposed capital programme is shown in Appendix 2 and the proposed financing of programme is detailed in Appendix 3.

### **Conclusion**

18. There continues to be significant pressure on the resources available to support capital projects. The planned investment of £142.9m in 2021/22 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'.
19. 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.
20. 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**

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

### **Alternative Options**

22. No alternative options were considered.

## Implications of Recommended Option

### 23. Resources:

- a) **Financial Implications** -The Strategic Director, Resources & 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.

24. **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.

25. **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.

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

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

28. **Climate Emergency and 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.

29. **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.

30. **Ward Implications** - The proposals will have implications for all wards in Gateshead.

31. **Background Information** - The following background papers have been used in preparing this report:
- (i) Report for Cabinet, 23 February 2021 – Housing Revenue Account (HRA) and Housing Capital Programme
  - (ii) Report for Cabinet, 19 January 2021 – Capital Programme 2019/20 – Third Quarter Review
  - (iii) Report for Cabinet, 17 November 2020 – Capital Strategy 2021/22 to 2025/26
  - (iv) Report for Cabinet, 20 October 2020 – Medium Term Financial Strategy 2021/22 to 2025/26
  - (v) Report for Cabinet, 25 February 2020 – Capital Programme 2020/21 to 2024/25

## Appendix 2 – Capital Programme 2021/22 – 2025/26

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>GENERAL FUND CAPITAL PROGRAMME</b>						
<b>Climate Change</b>						
Street Lighting LED Replacement - Phase 4	Completion of lighting replacement programme, installing LED lanterns to improve efficiency and reduce maintenance costs and energy consumption.	939	0	0	0	0
Gateshead DES - Solar PV	To install up to 2MW of solar PV systems on Council buildings, Council car parks, and major development sites in Gateshead Town Centre, which are connected to Gateshead DES.	4,265		0	0	0
DH and PW connection	Extension of the heat and power network to Shearlegs Rd, Park Rd and Gateshead International Stadium	4,268				
Salix Energy Efficiency Works	Ongoing investment in energy efficiency improvements in Council buildings, delivering revenue savings.	150	150	150	150	150
Loan to GEC Co. District Energy extension HNIP	Loan to Gateshead Energy Company to fund the development of a mine water energy centre, reducing carbon emissions in pursuit of the Council's net zero target by 2030.	4,678	902	0	0	0
<b>Total Climate Change</b>		<b>14,300</b>	<b>1,052</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Economic Growth, Employment &amp; Community Wealth Building</b>						
Quays Pedestrian Improvements	Pedestrian improvements around the Gateshead Quays area, including wider footpaths and crowd control measures, to support the Gateshead Quays development.	1,000	1,050	0	0	0

ADZ Investment - Gateshead Quays	Investment within the Council's ADZ area to provide infrastructure to facilitate the Gateshead Quays development, helping to generate significant economic growth.	14,529	27,652	19,004	1,059	0
Baltic Quarter Enabling Infrastructure	Creation of a road and sustainable drainage infrastructure at Baltic Quarter to facilitate future development.	8,250	4,020	0	0	0
Gateshead Quays Multi Storey Car Park	The development of a multi storey car park on Baltic Quarter to support existing and future development in the area, including the Gateshead Quays scheme.	15,764	6,994	0	0	0
Major Projects - Project Management Costs	Capitalisation of dedicated Project Managers to co-ordinate the delivery of major strategic capital projects.	290	290	290	0	0
Metrogreen	Development of delivery strategy and action plan for Metrogreen to help progress future development.	78	0	0	0	0
<b>Total Economic Growth, Employment &amp; Community Wealth Building</b>		<b>39,911</b>	<b>40,006</b>	<b>19,294</b>	<b>1,059</b>	<b>0</b>
<b>Housing</b>						
Loan to Keelman Homes - Bleach Green Affordable Housing	Loan to facilitate the provision of affordable housing at Bleach Green.	600	0	0	0	0
Loan to Keelman Homes to support Empty Homes 2016-21	Loan to support the acquisition and refurbishment of empty homes to increase the supply of affordable housing within the Borough and bring long-term empty properties back in to use.	700	0	0	0	0
Development Site Preparation Works	Works to facilitate housing development on Council owned sites, addressing site constraints and viability issues.	500	500	0	0	0
High Street South Regeneration	Investment to maintain project momentum; continued assembly of development areas through acquisition and demolition of properties, enabling private investment.	583	583	583		

Clasper Housing Development	Proposed Council led development of 191 homes as part of a regeneration scheme, funded through projected sales revenue.	4,996	9,905	8,305	7,565	4,207
Capital Contribution to Clasper	Investment in enabling works and site infrastructure to facilitate the proposed Clasper development which will deliver 191 sustainable homes.	5,281	181	175	155	100
GRP Urban Core - Exemplar Neighbourhood	Investment in enabling works to facilitate the development of 300 homes by Gateshead Regeneration Partnership at the Freight Depot site.	3,700	1,100	0	0	0
<b>Total Housing</b>		<b>16,360</b>	<b>12,269</b>	<b>9,063</b>	<b>7,720</b>	<b>4,307</b>
<b>Poverty &amp; Equality (Core Services)</b>						
Gibside New School Provision	Completion of the replacement for Gibside School to provide additional capacity within the Borough.	251	0	0	0	0
Additional Budget Requirement - Blaydon West Primary School New Build	Delivery of a new, replacement one form entry Blaydon West Primary School on land within the school's existing catchment area	2,600	3,400	0	0	0
School Condition Investment	Externally funded investment programme to address condition issues within the Council's Schools.	2,147	1,417	1,417	1,417	1,417
Schools Devolved Formula Funding	External funding awarded directly to Schools to purchase equipment or contribute to larger capital schemes.	250	250	250	250	250
Disabled Facilities Grants (DFGs)	Grants to private individuals to facilitate adaptations to their homes to ensure people can continue to live independently, typically helping over 350 residents per annum.	1,950	1,950	1,950	1,950	1,950
Improvements to Access Roads and Car Parks	Improvements to access roads, car parks and parks and open spaces to encourage their use.	100				
Parks and Open Spaces	Investment in parks and open spaces, promoting health and wellbeing	340	370	370	360	360

Fixed Play Facility Renewals	Programme of renewal and replacement of fixed play equipment throughout the Borough.	350	350	350	0	0
Replacement Bins	Annual procurement of refuse and recycling bins for new developments and existing households	100	100	100	100	100
River View Intermediate Care Facility	Purchase of a 50-60 bed purpose-built care facility to consolidate the provision of intermediate care to enable recovery, rehabilitation and reablement.	3,817	2,754	952	167	0
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	878	0	0	0	0
Children's Two Bed Residential Assessment Service in Gateshead	To provide a 2 to 4 bed assessment service for assessment of children entering looked after services, aiding the child's transition into care and understanding their specific needs.	740	0	0	0	0
Children's Three bed Residential Home	Acquisition and conversion of a property to provide a 3 bed residential children's home for looked after children.	690	0	0	0	0
Specialist Therapeutic Children's Home in Gateshead	Development of a 2 bed residential children's home designed to meet therapeutic needs.	520	0	0	0	0
Extensions and adaptations to the homes of foster carers	Funding to 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.	160	160	160	160	0
Gateshead Leisure Centre Investment	Upgrade to the kitchen and café area, creating a social area for people visiting the leisure centre.	652	0	0	0	0
Gateshead International Stadium Investment	Investment in replacing and improving the lighting and the track at Gateshead Int Stadium.	1,476	68	230	0	0
Library Service Review	Completion of the library's activity vehicle	20	0	0	0	0
<b>Total Poverty &amp; Equality Transformation</b>		<b>17,041</b>	<b>10,819</b>	<b>5,779</b>	<b>4,404</b>	<b>4,077</b>

Digital Gateshead	Ongoing investment in the Council's Digital Platform to improve the delivery of Digital services, generating efficiencies and revenue savings.	699	0	0	0	0
ICT Strategic Plan	Investment in capital improvements and service transformation as part of the implementation of the ICT strategic plan.	241	241	241	0	0
Health & Safety	Programme of works to address health and safety related issues in the Council's property assets.	500	500	500	500	500
Strategic Maintenance	Programme of preventative maintenance works to address condition issues within the Council's operational buildings.	1,336	500	500	500	500
Technology Plan: Infrastructure	Ongoing investment in ICT infrastructure to ensure the effective delivery of Council services and the provision of a reliable, robust and secure network.	2,739	2,996	2,370	1,870	0
Technology Plan: Transformation Through Technology & New Ways of Working	Additional investment in mobile devices and technology improvements to ensure effective service delivery.	1,160	401	286	204	0
Telecare Equipment	Provision of telecare equipment to residents over 75, helping to preserve their independence.	75	75	75	75	75
Broadband Delivery UK	Ongoing investment relating to the provision of broadband infrastructure to rural areas of the Borough as part of the Broadband Delivery UK Project, which has helped provide high-speed broadband access to over 14,000 properties in the Borough to date.	80	80	0	0	0
Occupational Health Management Software	The system is required to support the Occupational Health Service in its aims to provide an effective offer to services across the Council, schools and TGHC.	18	0	0	0	0

<b>Total Transformation</b>		<b>6,848</b>	<b>4,793</b>	<b>3,972</b>	<b>3,149</b>	<b>1,075</b>
<b>Transport</b>						
Flood Alleviation Investment	Strategic investment to create sustainable surface water management schemes to reduce the risk of flooding in Gateshead using Environment Agency funding.	3,137	2,280	1,037	0	0
Replacement of Fleet and Horticultural Equipment	Rolling improvement programme to replace the Council's fleet, primarily high value Refuse Collection Vehicles.	1,750	1,250	1,250	1,250	1,250
Street Lighting Column Replacement and CMS Removal	Rolling investment programme to replace street lighting columns throughout the Borough.	1,000	1,000	1,698	1,698	1,698
Local Transport Plan - Integrated Transport	Externally funded investment in improving sustainable transport infrastructure, traffic management and road safety.	1,233	1,233	1,233	1,233	1,233
Local Transport Plan - Planned Maintenance	Externally funded investment in undertaking planned maintenance to improve highways infrastructure.	3,238	3,288	3,288	3,288	3,288
Additional Budget Requirement - Transforming Cities (Tranche 2)	External funding to support the delivery of major, strategic transport improvement schemes, seeking to improve public transport and encourage sustainable travel, delivering schemes such as Gateshead Interchange bus lane, Hill Street / Gateshead Quays sustainable access and improvements to the Birtley to Low Fell cycle route.	7,350	7,350	0	0	0
West Askew Road junction improvements	Introduction of a signalised all movements junction to facilitate residential development on Council owned land to the north side of Askew Road.	3,508	0	0	0	0
Flagged Footways	Structural work to footways throughout the borough.	333	333	333	333	0
Traffic Sign Replacement	Programme of traffic sign replacement and improvements throughout the borough.	256	263	269	276	0

Unclassified Road Resurfacing - Micro Asphalt	Unclassified road micro asphalt resurfacing throughout the borough.	500	500	500	500	0
Traffic Signal Renewal - Borough Wide	Programme of investment in replacing traffic signals throughout the borough.	500	0	0	0	0
<b>Total Transport</b>		<b>22,805</b>	<b>17,497</b>	<b>9,608</b>	<b>8,578</b>	<b>7,469</b>
<b>TOTAL GENERAL FUND CAPITAL INVESTMENT</b>		<b>117,265</b>	<b>86,436</b>	<b>47,866</b>	<b>25,060</b>	<b>17,078</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>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, building safety & compliance requirements.	500	500	500	500	500
Replacement of Communal Electrics	Essential works to upgrade communal electrical circuits and services in accordance with stock condition, building safety & compliance needs.	696	300	300	300	300
T-Fall insulation	Targeted insulation and ventilation work to reduce the risk of condensation and disrepair.	90	40	30	20	20
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.	240	200	200	200	200
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
Neighbourhood Improvements	Improvements to neighbourhoods and public realm to provide a positive impact on helping communities thrive.	170	100	100	100	100

<b>Total Improvement Works</b>		<b>3,196</b>	<b>2,640</b>	<b>2,630</b>	<b>2,620</b>	<b>2,620</b>
<b>Building Safety Works</b>						
Fire Safety Work / Compliance	Works to address required fire safety improvements in response to ongoing risk assessments.	1,134	500	400	400	400
Equality Act Works	Improvements to ensure that residents and visitors can safely access, use and move around buildings and blocks.	54	100	100	100	100
Basement Improvements	Targeted work upgrade and improve basement areas to ensure they are free from disrepair and meet our requirements for building safety.	100	150	150	100	50
Building Sustainability Improvements	Targeted budget to tackle structural voids and interventions linked to the Housing Health & Safety Rating System.	0	240	240	240	240
<b>Total Building Safety Works</b>		<b>1,288</b>	<b>990</b>	<b>890</b>	<b>840</b>	<b>790</b>
<b>Major Future Works</b>						
Decent Homes - Investment Programme	Continuation of planned estate-based improvement work to the Council's housing stock in accordance with decent homes and building safety principles, prioritised using stock condition data.	9,844	9,575	10,175	9,615	9,715
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 & Door Entry Replacements	Continuation of the window replacement and door entry system replacement programme. Focused on medium rise blocks, but also picking up 'one off' whole house replacements	751	500	500	500	500
Option Appraisal Recommendations	The undertaking of recommendations that have been approved following the completion of an asset options appraisal. This could involve work to invest, improve, convert, repurpose or divest in property(s).	0	150	500	1,000	1,200
<b>Major Future Works</b>		<b>13,145</b>	<b>12,775</b>	<b>13,725</b>	<b>13,665</b>	<b>13,965</b>
<b>Contingent Major Works</b>						
Timber Replacements	Planned timber renewals/replacement identified through the prior to painting programme.	100	100	100	100	100
Back Boiler Renewal and Replacements	Replacement of failed and obsolete boilers, upgrading them with more efficient solutions to help address fuel poverty issues.	750	750	750	750	750
Stock Condition Surveys and Scheme Design	Continuation of the rolling programme of condition surveys to enable effective asset management, options appraisals and the development of future investment schemes.	550	550	550	550	550
<b>Total Contingent Works</b>		<b>1,400</b>	<b>1,400</b>	<b>1,400</b>	<b>1,400</b>	<b>1,400</b>
<b>Housing Developments</b>						
Estate Regeneration	The acquisition, demolition and clearance costs associated with the Felling regeneration project.	1,000	1,500	1,800	200	0
New Build/Acquisition - Various	Investment to provide additional dwellings within the Council's HRA.	5,574	1,415	0	0	0
<b>Total Housing Developments</b>		<b>6,574</b>	<b>2,915</b>	<b>1,800</b>	<b>200</b>	<b>0</b>
<b>TOTAL HRA CAPITAL INVESTMENT</b>		<b>25,603</b>	<b>20,720</b>	<b>20,445</b>	<b>18,725</b>	<b>18,775</b>

### Appendix 3 – Capital Financing

<b>PROJECTED CAPITAL FUNDING</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<b>Council Resources</b>					
Prudential Borrowing	81,534	65,773	29,000	6,887	700
Capital Receipts	1,000	1,000	1,000	1,000	1,000
Sales Receipts – Housing Developments	-	4,190	9,484	9,760	7,965
<b>Confirmed Capital Grant Funding</b>					
DFT Local Transport Plan	4,146	4,146	3,896	3,896	3,896
DEF School Capital Grant Funding	2,648	1,667	1,667	1,667	1,667
Environment Agency Funding	3,091	2,260	969	-	-
LEP Get Building Fund	5,500	-	-	-	-
Public Sector Decarbonisation Scheme	7,132	-	-	-	-
Better Care Fund	1,850	1,850	1,850	1,850	1,850
<b>Anticipated Capital Grant Funding</b>					
Transforming Cities Tranche 2	5,550	5,550	-	-	-
Homes England	6,246	402	-	-	-
<b>TOTAL GENERAL FUND CAPITAL FUNDING</b>	<b>117,265</b>	<b>86,436</b>	<b>47,866</b>	<b>25,060</b>	<b>17,078</b>
<b>Housing Revenue Account Resources</b>					
Major Repairs Reserve Contribution (HRA)	21,671	17,818	17,945	16,225	16,275
Homes England	1,432	402	-	-	-
HRA Capital Receipts	2,500	2,500	2,500	2,500	2,500
<b>TOTAL HRA CAPITAL FUNDING</b>	<b>25,603</b>	<b>20,720</b>	<b>20,445</b>	<b>18,725</b>	<b>18,775</b>
<b>TOTAL CAPITAL FUNDING</b>	<b>142,868</b>	<b>107,156</b>	<b>68,311</b>	<b>43,785</b>	<b>35,853</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.