

TITLE OF REPORT: Capital Programme 2016/17 to 2020/21

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 provide significant levels of strategic investment to deliver priority outcomes within the Council Plan.

Background

2. In line with good practice, the Council continues to set a rolling capital programme with an annual review. The capital programme has been prepared for the next five years to ensure that the financial implications can be incorporated within the Council's Medium Term Financial Strategy (MTFS) and is aligned to the delivery of the outcomes within the Council Plan. Each annual review therefore builds on existing commitments.
3. The Council's existing MTFS, approved by Council in July 2015, maintained a provision to fund sufficient prudential borrowing to support the proposed capital programme. Prudential borrowing remains the only available source of funding for a number of schemes as the opportunity to secure external funding or generate capital receipts continues to be limited.
4. Local authorities are free to invest in General Fund capital schemes so long as their capital spending plans are affordable, prudent, and sustainable. There is an increasingly important link with the revenue budget, especially in the light of the significant reductions in available capital and revenue resources.
5. On 9 February 2016 Cabinet agreed to recommend to Council the Housing Revenue Account (HRA) budget for 2016/17 and a proposed 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 proposed level of capital investment can be supported. Investment within the housing capital programme remains a significant part of the Council's wider capital investment plans.

Proposal

6. The 2016/17 programme totals £71.1m, with £48.8m being funded from the General Fund and this is proposed to be recommended to Council for approval. Over the five years to 2020/21, the level of capital investment is forecasted to be £250.6m, of which £155.7m relates to General Fund schemes. Despite the current pressure on resources this represents a significant level of strategic investment in the Council's assets to deliver Vision 2030.
7. Capital investment has a significant impact on the local economy within Gateshead. The investment in schemes to encourage economic and housing growth in particular are estimated to attract almost £1bn of private investment to Gateshead over the lifetime of

the schemes, helping to facilitate the development of up to 5,500 new homes and 250,000m² of commercial floor space with the potential to generate Business Rates and Council Tax of around £40m per annum when the schemes are fully developed.

8. The programme includes projects that are key to delivering Vision 2030 and comprises:
 - Projects that enable wider regeneration and generate economic and housing growth within Gateshead;
 - Projects that are considered to be essential from a health and safety or statutory perspective;
 - Projects where the Council has made a previous commitment to fund and the planned investment remains a high priority;
 - Projects that improve the sustainability of the Council's assets and which help to improve energy efficiency and reduce carbon emissions;
 - Projects that attract significant amounts of external funding; and
 - Projects that are essential to deliver revenue savings and facilitate changes to the way that the Council delivers its key services.
9. The capital programme provides a framework for strategic investment and detailed business cases are required for a number of key schemes prior to the commencement of projects. This will ensure that the investments will contribute towards the achievement of budget savings and will not increase pressure on the Council's revenue budget.
10. There may be opportunities to include additional schemes in the capital programme should a business case demonstrate that capital investment will achieve savings to at least meet the associated borrowing costs to satisfy the prudential framework, or in the event that additional external resources, such as capital grants or developer contributions, or capital receipts become available to support capital investment.
11. The proposed capital programme includes all commitments and schemes identified as high priority. The proposed capital programme is included in Appendix 2 and the provisional capital financing is set out in Appendix 3.

Recommendations

12. Cabinet is asked to recommend that Council:
 - (i) Approve the capital programme for 2016/17, and the provisional programmes for 2017/18 to 2020/21, as set out in Appendix 2, subject to external funding approvals being received.
 - (ii) Note the provisional capital financing for the programme, as set out in Appendix 3, and delegate authority to the Strategic Director, Corporate Resources to enter into prudential borrowing which is consistent with the requirements of the capital programme and the Council's Treasury Management Strategy.
 - (iii) Note the position in relation to the additional flexibility regarding the application of capital receipts to fund the revenue costs of transformational projects outlined in Appendix 4 and agree to receive further updates to confirm specific investment plans as part of the capital programme monitoring reports during the year.

for the following reasons:

- (i) To provide significant strategic investment to deliver priority outcomes within the Council Plan.
- (ii) To realise the Council's policies and objectives in relation to maximising resources available within its capital programme.
- (iii) To assist with the medium and longer term financial sustainability of the Council.

CONTACT: David Mason extension 3686

PLAN REF: 281

APPENDIX 1

Policy Context

1. All Council capital expenditure is consistent with delivery of Vision 2030. The approach, agreed by Cabinet, ensures schemes that make up the capital programme can demonstrate delivery of priority outcomes within the Council Plan.

Background

2. Details of potential future capital schemes for the 2016/17 to 2020/21 capital programme were collated and considered alongside the schemes within the existing three-year capital programme. The capital and revenue implications of each proposed scheme were considered to ensure that they were affordable and could be accommodated within the level of revenue support available within the MTFS and HRA.
3. The basic principle of the prudential system is that local authorities are free to borrow so long as their capital spending plans are affordable, prudent and sustainable. There is, therefore, an explicit link with the Council's revenue spending plans which have been considered as part of the MTFS process and setting the 2016/17 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 2016/17. The five year capital programme was updated to cover the period 2016/17 to 2020/21 and was agreed by Cabinet to be recommended to Council on 9 February 2016.

Capital Programme 2016/17 to 2020/21 Scheme Selection

5. The basis for considering the programme for 2016/17 was the current system for prioritising capital investment that gives priority to schemes which:
 - are consistent with the corporate priorities to deliver Vision 2030;
 - generate economic and housing growth within Gateshead;
 - are essential from a health and safety perspective;
 - meet mandatory and/or statutory requirements, including those set out in the Equality Act (2010);
 - relate to commitments from previous years which remain to be high priority;
 - address strategic maintenance needs of existing assets identified within the Council's Asset Management Plan;
 - assist the maintenance of existing service provision;
 - maximise the availability of external funding for priority issues to enhance value for money; and
 - achieve efficiencies to assist the Council in meeting the required budget savings.
6. A number of schemes have been identified where delivery is considered to be essential to ensure the sustainability of key services. These have been included within the proposed capital programme and include the following schemes:
 - Delivery of the Council's Technology Plan;
 - Health and Safety schemes;
 - Strategic Maintenance of Council buildings and transport infrastructure; and
 - The replacement of fleet vehicles, including refuse collection vehicles.

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

Investment of £26m has been identified over the next five years within the Accelerated Development Zone to encourage Economic Growth within Gateshead, helping to facilitate development and generate additional income for the Council in the form of retained business rates. The Council is currently working with Ask Real Estate, our development partner, to identify specific projects at Gateshead Quays with the development value expected to exceed £200m upon its completion. In addition potential investment proposals are being developed at Baltic Business Quarter including a proposal for an Office development and the creation of a Northern Centre for Emerging Technologies which is seeking £3.2m of ERDF funding as part of a potential £6.5m project with the funding award decision expected early in the 2016/17 financial year following a review of the detailed business case.
 - **Investing in Decent Homes Improvements**

Investment of over £59m has been set aside within the HRA over the five year period to undertake a rolling programme of improvements to the Council's housing stock in accordance with the decent homes standard. A further £17m of investment is also included over the same period aimed at undertaking general improvements to the housing stock, continuing to invest in heating upgrades, insulation measures and external improvement works. Exceptional extensive works have been identified amounting to over £14m which are seeking to address sustainability issues, which includes a contribution towards a potential £11m scheme seeking ERDF funding to implement energy efficiency works to some of the Council's tower blocks.
 - **Housing Regeneration**

The Council continues to invest in assembling and preparing sites for future redevelopment. This includes planned investment of £0.7m as part of the Council's Joint Venture Vehicle, with works now underway as part of the first phase of major housing developments in Birtley, Bensham and Saltwell. A further £2.1m has also been identified to complete the site preparation works as part of the existing estate regeneration programme within the HRA which will help to facilitate the redevelopment of a number of former estates. An allocation of £1.7m has been included to support interventions to facilitate additional development of potential sites identified by the Council's Land Development Group as part of the Development Site Preparation allocation. Finally, the programme also includes £2.25m of loans to Keelman Homes to facilitate the development of additional affordable housing at West Park within Gateshead which will benefit from the application of grant funding from the Homes and Communities Agency (HCA).
 - **Carbon Management and Sustainability**

A total of £9.6m has been included within the capital programme relating to the Gateshead Town Centre Energy Network, which will provide low carbon energy within the Town Centre, Quays and Baltic Business Quarter and encourage redevelopment. The scheme is expected to be operational in 2016. In addition, £0.5m of resources have also been included to complete the Council's existing

Street Lighting upgrade programme, replacing existing lanterns in residential areas with energy efficient LED lanterns.

9. All commitments identified as being high priority and a limited number of new schemes have been included in the proposed capital programme in Appendix 2.
10. The proposed capital programme allows for investment of £71.1m in 2016/17 and £250.6m over the five year programme.

Capital Resources Available

11. The provisional local government finance settlement for 2016/17 continued to outline significant reductions to local government funding which has significant implications on the resources available to support capital investment.
12. The Council continues to maximise the use of external funding where possible and a number of capital grants have been included within the capital programme including:
 - Over £20m of investment over the next five years in improving the Council's transport infrastructure in accordance with the principles set out in the Council's Highways Asset Management Plan;
 - An estimated £10m of externally funded investment in the Council's Schools, helping to address both condition and capacity issues as part of the Capital Maintenance, Basic Need and Targeted Basic Need programmes;
 - Outline applications are currently being considered seeking over £4m of European Regional Development Funding to support proposed investment in extensions to the District Energy Network along with the potential development of a Northern Centre for Emerging Technologies.
13. The Council has the ability to fund schemes through prudential borrowing. This allows the Council more flexibility to fund capital projects, however in practice this is limited by pressures on revenue budgets and the need to generate budget savings. An allowance has been made in the revenue budget for the costs associated with the level of prudential borrowing required to support the capital programme set out in Appendix 2.
14. The development of detailed business cases to support capital investment helps to ensure that the proposed capital schemes do not add to the existing funding gap. It is important to identify a guaranteed income stream or sufficient revenue savings to support the costs associated with prudential borrowing.
15. Capital investment within the Accelerated Development Zone area can be supported from the retention of all business rates arising as a result of the generation of economic growth. Work is ongoing with our development partner, Ask Real Estate, to help develop schemes to ensure that the Council can maximise the revenue income stream resulting from the planned capital investment in Gateshead Quays.
16. The final source of funding currently available to support the capital programme is through the use of capital receipts received from the sale of Council land and buildings. The Council has a five year rolling programme of disposals which is used to identify the level of receipts available however a degree of uncertainty remains over when the receipts can be realised and on the final amounts that will be received. The difficulty in disposing of properties for their full market value and the reduced demand for development land is likely to continue in the medium term. In order to mitigate the volatility of capital receipts, the full amount of the projected capital receipt income is not included as an available capital resource at this stage. Upon confirmation of the

amounts and timing of receipts, these will then be included within the capital programme, displacing planned borrowing or enabling the introduction of additional capital projects.

17. Following the November 2015 Spending Review, the Government announced that it would introduce additional flexibility for the period of the Spending Review to enable Local Authorities to use capital receipts from the sale of non-housing assets to fund the up-front revenue costs of service reform and transformation provided there is a clear link to the generation of future ongoing revenue savings. Further information regarding the Council's ability to utilise this flexibility is set out in Appendix 4. In developing the Council's capital programme and setting the revenue budget, potential schemes that may benefit from this flexibility have been considered to determine whether they are likely to include qualifying expenditure. At this stage this includes the revenue costs associated with the proposed investment in the Digital Gateshead project, which is subject to the development of the detailed business case, and additional schemes may emerge for consideration during the financial year.

Proposed Capital Programme 2016/17 – 2020/21

18. In addition to supporting existing commitments, which account for around 90% 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:

- **Extensions of the District Energy Network**

Almost £3m has been identified to invest in infrastructure to extend the Council's District Energy Network with proposals being developed to connect to the Trinity Square development, also helping to provide the opportunity for further connections within the urban core to encourage redevelopment, as well as a separate extension to reach the Gateshead Leisure Centre and neighbouring public sector buildings, subject to the award of ERDF funding.

- **Street Lighting LED Upgrade**

An additional £4.3m scheme has been developed to upgrade existing street lighting lanterns with the latest LED technology. This investment will install long-life LED lanterns, helping to avoid future maintenance costs, and reduce carbon emissions by a further 40%. The project is expected to generate revenue savings in excess of £0.25m per annum upon its completion and is projected to have a net revenue benefit of over £1m over the lifetime of the project after meeting the associated capital financing costs.

- **Cemetery Extensions**

Investment of £2.3m has been identified to fund the expansion of cemeteries in Birtley and Saltwell. This investment will enable the necessary site preparation works to be undertaken to ensure that there is additional burial capacity available when the existing cemeteries reach their capacity over the next 10-15 years.

- **Digital Gateshead**

Proposed investment of £0.6m in the infrastructure required to deliver the Council's Digital Strategy and improve the delivery of digital services within Gateshead. This is expected to generate significant savings for the Council's revenue budget and each investment proposal will be subject to the development of a detailed business case which confirms the revenue benefit associated with the investment. This approach will also enable the Council to determine whether any of the initial revenue costs

associated with the implementation of the project are able to benefit from the additional flexibility regarding the application of capital receipts that are generated during the financial year.

- **Flood Defence Infrastructure**

Investment in the creation of sustainable surface water management schemes to reduce the risk of flooding within Gateshead as part of the Environment Agency's Flood Defence Grant in Aid scheme which could benefit from over £1.3m of external funding over the medium term.

19. The proposed capital programme is shown in Appendix 2 and the proposed financing of programme is detailed in Appendix 3.
20. Additional schemes may be added to the programme throughout the year if business cases can be made to justify invest to save schemes or if additional resources become available through external funding opportunities. The ability to fund any additional schemes will also be considered in light of any in-year slippage of expenditure and an assessment of the Council's ability to generate additional capital receipts. The availability of additional resources will be reviewed throughout 2016/17 as part of the capital monitoring process.

Conclusion

21. There continues to be significant pressure on the resources available to support capital projects. The planned investment of £71.1m in 2016/17 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 budget and HRA. This level of capital programme represents a significant investment in the local economy and forms a key part of the delivery of Vision 2030.
22. 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 £1bn of private investment to Gateshead over the lifetime of the schemes, helping to facilitate the development of up to 5,500 new homes and 250,000m² of commercial floor space with the potential to generate Business Rates and Council Tax of around £40m per annum when the schemes are fully developed.
23. The benefits associated with investment in capital projects are ultimately reflected in individual service budgets. Over the medium term the benefits are expected to include:
 - Projected additional revenue income of £0.6m in 2016/17 relating to investment in energy infrastructure, which is expected to increase by a further £0.5m by 2020/21 as a result of the additional planned investment;
 - Additional revenue savings rising to £0.25m per annum as a result of the continued investment in upgrading street lighting, which have already seen the annual running costs reduce by £0.5m;
 - Projected business rate income of over £1.5m per annum by 2020/21 as a result of the planned investment in the Accelerated Development Zone;
 - Additional Council Tax income of £0.5m per annum by 2020/21 as a result of additional investment in preparing sites for housing development as part of the Council's Housing Joint Venture; and
 - Potential revenue savings of £0.5m relating to the investment in delivering the Council's Digital Strategy.

24. 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.
25. 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

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

Alternative Options

27. No alternative options were considered.

Implications of Recommended Option

28. **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, with an expected reduction in the associated capital financing costs of £2m in 2016/17 and £8m over the medium term.
- 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 Council Plan priority outcomes. The property implications of individual schemes will be considered and reported separately.

29. **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.

30. **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;
- The Local Government Improvement and Development Equalities Framework;
- The Council Plan.

The Equality and Diversity implications will be considered for each individual scheme within the capital programme. In addition, a total allocation of £0.6m has been incorporated into the proposed three year capital programme to carry out necessary works to ensure that the Council complies with the Equality Act 2010.

31. **Crime and Disorder Implications** - There are no direct crime and disorder implications arising directly from this report.
32. **Health Implications** - There are no health implications arising directly from this report.
33. **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.
34. **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.
35. **Area and Ward Implications** - The proposals will have implications for all areas and wards in Gateshead.
36. **Background Information** - The following background papers have been used in preparing this report:
 - (i) Report for Cabinet, 19 January 2016 – Capital Programme 2014/15 – Third Quarter Review
 - (ii) Report for Cabinet, 9 February 2016 – Housing Revenue Account and Housing Capital Programme
 - (iii) Report for Cabinet, 14 July 2015 – Medium Term Financial Strategy
 - (iv) Report for Cabinet, 24 February 2015 – Capital Programme 2015/16 to 2017/18

Appendix 2 – Capital Programme 2016/17 TO 2020/21

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
GENERAL FUND CAPITAL PROGRAMME						
Mandatory/Health and Safety Schemes						
All Round Camera System for Collection Vehicles	Implementation of a 360 degree camera system on refuse and recycling vehicles.	65	-	-	-	-
Disabled Facilities Grants	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
Equality Act	Ongoing improvement programme to ensure Council buildings comply with the Equality Act.	200	150	150	150	150
Falls Prevention	Extending the existing programme of works to undertake improvements to prevent falls in and around the home.	100	100	100	-	-
Health & Safety	Works to address health and safety related issues in Council land/buildings.	500	500	500	500	500
Street Lighting Column Replacement	Phased replacement of the Council's concrete lighting columns with galvanised steel columns.	2,000	1,950	250	250	250
Telecare Equipment	Provision of telecare equipment to clients over 75 helping to preserve their independence.	75	75	75	75	75
Total Mandatory/Health and Safety Schemes		4,690	4,525	2,825	2,725	2,725
Strategic Transport Investment						
Bus Based Major Transport Scheme	Provision of a proposed park and ride scheme at Eighton Lodge to support growth in the urban core.	90	3,150	4,860	-	-
City Boulevard	The scheme will complete the design of the City Boulevard, which aims to create a gateway into Gateshead to act as a positive stimulus for development and regeneration.	50	-	-	-	-
Flood Defence	Investment to create sustainable surface water management schemes to reduce the risk of flooding in Gateshead.	210	530	115	45	785
Great North Cycleway	Sustainable transport improvements as part of an externally funded scheme to develop the Great North Cycleway.	70	630	-	-	-

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Highway Infrastructure Strategic Maintenance	Investment to support the delivery of the Council's Highways Asset Management Plan (HAMP).	750	750	750	500	500
Local Transport Plan	Externally funded investment in improving the Borough's transport network, including highway maintenance and improvement, sustainable transport infrastructure, traffic management and road safety.	4,900	3,790	3,550	3,550	3,550
Team Valley Flood Alleviation	Contribution to a proposed £3m EA scheme to develop flood infrastructure and reduce the risk of flooding at Team Valley as part of their regional investment programme.	40	60	20	-	-
Total Strategic Transport Investment		6,110	8,910	9,295	4,095	4,835
Core Service Delivery						
Agresso Development	Investment in developing additional modules to enhance the functionality of the Council's financial system.	100	-	-	-	-
Birtley Cemetery Extension	Investment to provide additional burial space in the Birtley area.	140	240	400	400	400
Civic Centre Workspace Strategy	Completion of the Civic Centre workspace scheme by refurbishing the public areas, helping to improve service delivery and accessibility.	800	700	-	-	-
Digital Gateshead	Investment in the development of the Council's Digital Platform to improve the delivery of Digital services in Gateshead.	450	110	65	-	-
Gateshead Millennium Bridge Strategic Maintenance	Replacement of key components within the bridge in accordance with lifecycle requirements.	150	-	-	-	-
Replacement of Fleet and Horticultural Equipment	Continuation of the ongoing replacement programme for the Council's vehicle assets and horticultural equipment according to their expected life and operational requirements.	2,600	2,750	2,500	1,350	1,750
Saltwell Cemetery Extension	Investment to extend the existing cemetery to provide additional burial space in Saltwell.	-	130	100	275	200
Strategic Maintenance	Planned improvement works to the Council's operational buildings.	1,250	750	750	750	750

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Technology Plan – Infrastructure	Ongoing replacement of desktop equipment, network infrastructure and the refresh of desktop software and multi-year licence arrangements.	2,785	1,400	3,500	1,300	1,450
Technology Plan - Transformation Programme	Investing in the increased use of mobile devices and the associated infrastructure to increase efficiency within the Council.	1,500	500	500	275	300
Total Core Service Delivery		9,775	6,580	7,815	4,350	4,850
Energy & Sustainability						
Energy Network Extension - Gateshead Leisure Centre	Extension of the Council's District Energy Network to serve the Leisure Centre and surrounding Council buildings.	-	2,160	-	-	-
Energy Network Extension - Trinity Square	Extensions of the Council's Energy Network to encourage potential regeneration, support existing businesses and reduce carbon emissions.	400	410	-	-	-
Gateshead Town Centre District Energy Network	Investment in the development of a district heating scheme to support the Council's objectives around regeneration, the environment, health and fuel poverty.	9,200	450	-	-	-
Salix Energy Efficiency Works	Ongoing energy improvement works to deliver revenue savings with each demonstrating up to a 5 year payback period.	200	250	250	250	250
Street Lighting Phase 3 LED Lanterns	Completes the existing £9m investment programme to replace street lighting in residential areas.	250	250	-	-	-
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.	600	2,320	1,380	-	-
Tower Block Energy Scheme	A proposed scheme seeking ERDF funding to install a district energy system to serve 6 tower blocks at Harlow Green and a ground source heating system at Bensham Court.	-	1,000	1,800	-	-
Waste Infrastructure	Ongoing externally funded investment in waste management infrastructure.	125	-	-	-	-
Total Energy & Sustainability		10,775	6,840	3,430	250	250

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Investment in Schools						
Additional Childcare Provision	Funding to develop additional capacity for childcare provision within the borough.	280	-	-	-	-
Ravensworth Terrace Primary	Construction of a new 2 form entry Primary School at Birtley to address capacity issues.	4,845	693	98	-	-
School Basic Need Investment	External funding awarded to address capacity issues within Gateshead Schools.	-	845	-	-	-
School Condition Investment	External funding awarded to address condition issues within the Council's Schools.	1,529	1,529	1,500	1,500	1,500
Total Investment in Schools		6,654	3,067	1,598	1,500	1,500
Regeneration and Economic Growth						
ADZ Investment – BBQ	Proposed investment in Office development within BBQ to encourage economic growth and generate additional business rate income for the Council.	5,500	8,100	1,500	-	-
ADZ Investment - Gateshead Quays	Investment within the Council's ADZ area to provide infrastructure to support the proposed mixed use development and generate additional business rate income for the Council.	650	5,150	5,200	-	-
Bensham & Saltwell Site Assembly (Housing JV)	This relates to the required costs to complete the land acquisition and necessary site preparations to deliver cleared sites for development as part of the Housing Joint Venture.	300	50	-	-	-
Brandling Site Assembly (Housing JV)	The completion of the final site assembly to facilitate future redevelopment by the Housing Joint Venture.	350	-	-	-	-
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.	85	385	200	20	-
Chase Park Restoration	Investment in the restoration of Chase Park as part of a £1m Heritage Lottery Funded project.	490	17	-	-	-

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Coatsworth Road Redevelopment	This relates to a Townscape Heritage Initiative scheme, now in progress, which will improve the public realm and restore architectural features along Coatsworth Road. The project is primarily externally funded by Heritage Lottery Funding.	580	590	-	-	-
Development Site Preparation Works	Works to facilitate future redevelopments within Gateshead	520	300	300	300	300
Empty Property Refurbishment	Investment in bringing long term privately owned empty properties back into use, utilising grant funding from the HCA.	145	145	-	-	-
Keelman Homes - Affordable Housing Development	A loan facility to support the development of affordable housing within Gateshead as part of the HCA 2015-18 Affordable Homes Programme.	500	1,750	-	-	-
Land of Oak and Iron	A £3m HLF Landscape Partnership to develop a range of natural, cultural and Heritage projects in the Derwent Valley.	195	-	-	-	-
Metrogreen	Development of Delivery Strategy and Action Plan for Metrogreen.	200	130	100	-	-
New Build Housing	Construction of a house for commercial sale as a pilot scheme to inform future development activity.	210	-	-	-	-
Public Realm Improvement	A rolling programme to improve street furniture such as public seating, fencing, signage, bins and recycling banks.	80	60	60	50	50
Urban Core - Creative Quarter	Undertaking technical studies to inform the future mixed use development of the area surrounding Gateshead Old Town Hall.	50	-	-	-	-
Urban Core - Exemplar Neighbourhood	Continuing the property acquisitions programme within High St South and undertaking technical studies to facilitate the future redevelopment.	350	-	-	-	-
Urban Core - Retail Quarter	Undertaking technical studies to inform the future mixed use development of the area surrounding the Council owned land at Jackson St and Bewick Way.	90	-	-	-	-
Crawcrook Quarry Restoration	Contribution towards the potential restoration of the disused quarry to create a local wildlife site, offsetting the potential loss of biodiversity arising from proposed development.	100	-	-	-	-

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Non Operational Portfolio - Strategic Investment Plan	Ongoing investment targeted specifically towards the Council's tenanted non-operational portfolio, seeking to enhance the performance of the existing portfolio and address urgent building condition and energy efficiency needs.	400	200	-	-	-
Total Regeneration and Economic Growth		10,795	16,877	7,360	370	350
TOTAL GENERAL FUND CAPITAL INVESTMENT		48,799	46,799	32,323	13,290	14,510
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME						
Improvement Works						
Lift Replacement/Refurbishment	This scheme will carry out essential works to replace lifts within the Council's housing stock in accordance with their lifecycle requirements.	700	500	500	500	500
Replacement of Communal Electrics	This scheme will carry out essential works to upgrade communal electrics circuits and services in accordance with stock condition needs.	250	250	250	250	250
Boiler Plant Renewal	Planned replacement of communal boiler plant with modern efficient boilers.	200	200	200	300	300
External Wall Insulation Works to Non-Traditional Properties	A programme of investment in improving the fabric of the Council's housing stock to improve energy efficiency, including enveloping works and insulation measures.	455	210	-	400	-
T-fall Insulation	Targeted insulation works to reduce the risk of condensation.	150	150	120	-	-
Warden Call Renewal	The replacement of equipment to utilise Gateshead Council's Care Call scheme, an emergency service which supports older, disabled and vulnerable people allowing them to live safely and independently in their home.	250	250	250	250	250
Door Entry System Upgrades	Investment in upgrading door entry systems in low rise properties.	250	250	250	250	250
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
Total Improvement Works		3,755	3,310	3,070	3,450	3,050

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Exceptional Extensive Works						
Equality Act Works - Multi Storey Flats	Includes improvements to ensure the Councils Multi Storey Flats comply with the provisions in the Equality Act 2010.	250	250	250	250	250
Equality Act Works - Communal Lounges	Includes improvements to ensure the Councils communal areas comply with the Equality Act 2010.	50	50	50	50	50
Fire Safety Works - General	Works to address required fire safety improvements in response to ongoing risk assessments.	100	100	100	100	100
Tower Block Energy Efficiency Improvements	A proposed scheme seeking ERDF funding to install a district energy system to serve 6 tower blocks at Harlow Green along with window replacement as well as a ground source heating system at Bensham Court.	2,000	285	3,265	-	-
Regent Court	Investment to replace the existing façade at Regent Court.	1,500	1,500	1,500	-	-
Risers (Services)	Refurbishment and renewal of communal services such as risers, ventilation and water hygiene in tower blocks.	400	400	400	400	400
Total Exceptional Extensive Works		4,300	2,585	5,565	800	800
Catch Up Works and Major Future Works						
Decent Homes - Investment Programme	The project continues the planned improvement work to the Council's housing stock in accordance with the Decent Homes standard and prioritised in line with stock condition data.	6,500	6,500	6,750	7,000	7,500
Decent Homes – Backlog/Ad-hoc Works	Investment to address improvement works in the Council's housing stock to specific properties in accordance with the Decent Homes standard.	300	300	300	350	350
Back Boiler Renewal	The project funds the replacement of back boilers in a phased manner following the change in legislation.	1,000	1,000	1,000	1,000	500
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.	1,000	1,000	1,000	1,000	1,000
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

CAPITAL INVESTMENT	BRIEF DESCRIPTION	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Window Replacement	This project continues the window replacement programme to replace existing single glazed windows with double glazing	750	750	750	750	750
Total Catch Up Works and Major Future Works		11,550	11,550	11,800	12,100	12,100
Contingent Major Works						
One-off Heating Replacement	The project funds the replacement of failed and obsolete boilers, upgrading them with more efficient solutions to help address fuel poverty issues	450	475	475	500	600
Timber Replacements	Planned timber renewals/replacement identified through the prior to painting programme.	100	100	100	100	100
Total Contingent Major Works		550	575	575	600	700
Estate Works						
Estate Regeneration	Completion of the decommissioning, demolition and site preparation works as part of the regeneration of Bleach Green, Chandless, Clasper and Dunston	2,115	-	-	-	-
Total Estate Works		2,115	-	-	-	-
TOTAL HOUSING REVENUE ACCOUNT CAPITAL INVESTMENT		22,270	18,020	21,010	16,950	16,650
TOTAL PLANNED COUNCIL CAPITAL INVESTMENT		71,069	64,819	53,333	30,240	31,160

Appendix 3 – Capital Programme Financing 2016/17 TO 2020/21

CAPITAL RESOURCE	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Confirmed Capital Grants					
Department for Transport	4,970	4,420	3,550	3,550	3,550
Disabled Facilities Grant Funding (Better Care Fund)	1,480	-	-	-	-
Heritage Lottery Funding	1,085	472	-	-	-
School Capital Maintenance	1,529	1,529	-	-	-
Other Capital Grants/Contributions	290	145	-	-	-
Total Confirmed Capital Grants	9,354	6,566	3,550	3,550	3,550
Anticipated Capital Grants					
Department for Transport	50	500	75	35	660
Disabled Facilities Grant Funding (Better Care Fund)	-	1,000	1,000	1,000	1,000
ERDF	2,250	1,860	-	-	-
North East Combined Authority	-	2,320	2,670	-	-
School Basic Need	312	1,538	98	-	-
School Capital Maintenance	-	-	1,500	1,500	1,500
Other Capital Grants/Contributions	280	-	-	-	-
Total Anticipated Capital Grants	2,892	7,218	5,343	2,535	3,160
General Fund Prudential Borrowing	32,723	32,015	18,430	7,205	6,300
Total Prudential Borrowing	32,723	32,015	18,430	7,205	6,300
Capital Receipts	3,830	1,000	5,000	-	1,500
Total Capital Receipts	3,830	1,000	5,000	-	1,500
Major Repairs Reserve (Housing Revenue Account)	22,270	18,020	21,010	16,950	16,650
Total HRA Resources	22,270	18,020	21,010	16,950	16,650
TOTAL CAPITAL FINANCING	71,069	64,819	53,333	30,240	31,160

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. 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.

2016/17 Investment

4. At this stage it is envisaged that this additional flexibility may be useful to support the Council's investment in delivering the Digital Gateshead Strategy which is seeking to:
 - Transform how, where and when services are delivered;
 - Change the way that our councillors and employees work; and
 - Facilitate new ways of working with partners.
5. In addition to the proposed investment in the Digital Gateshead capital project, initially geared towards the implementation of a new digital platform, there are estimated to be revenue costs associated with redesigning business processes as part of the delivery of the scheme which include staff resources, marketing and content development.
6. The detailed business case and specific investment plans are currently being developed following an initial review of existing processes and this will confirm the potential future revenue savings (estimated to be in the region of £1m within the 2016-2018 budget options) as well as the initial resource requirement. The aim is to develop Digital services as the preferred way to request information and services, with a target of 80% of transactions being carried out online via a digital service by 2020, which can be up to 50 times cheaper than existing arrangements.

7. The investment plans and use of the additional flexibility will be confirmed during the financial year as part of the ongoing monitoring of the capital programme and revenue budget and will be subject to the availability of resources.
8. The ongoing monitoring process will also include any amendments to the Council's Prudential Indicators that may arise as a result of an investment decision. The Council must balance the availability of receipts for this purpose with the assumptions that have already made around their application to support existing capital investment within the Medium Term Financial Strategy to ensure the capital investment plans remain affordable and that the benefit arising from the available resources is maximised for the Council.
9. The Council's Change Programme may also identify further investment proposals to help deliver transformational projects and this may result in additional invest to save opportunities being considered throughout the year, provided they can satisfy the required criteria to benefit from using this additional flexibility and that sufficient eligible capital receipts are generated.