

**TITLE OF REPORT: Capital Programme and Prudential Indicators 2023/24 –  
Year End Outturn.****REPORT OF: Darren Collins, Strategic Director, Resources and Digital**

---

**Purpose of the Report**

1. This report requests Cabinet to recommend that Council notes the 2023/24 Capital Programme Outturn and approves the financing of the programme. The report assesses the reasons for variances from the third quarter review; considers the impact of the CIPFA's Prudential Code on the capital programme and monitors the performance against the statutory Prudential Indicators.

**Background**

2. The original budget for the capital programme for 2023/24, as agreed by Council on 23 February 2023, totalled £112.1m. This was reduced to £78.0m at the third quarter review, £52.8m General Fund and £25.2m HRA.

The Capital Programme outturn for 2023/24 was £68.9m, £44.6m General Fund and £24.3m HRA. This is £9.1m lower than the third quarter review. The main variances are summarised in Appendix 2 and the full detail is provided in Appendix 4.

The reduction in the capital programme at the third quarter comprised of the following movements:

	<b>£m</b>
Accelerated Spend from 2024/25	1.174
Other movements to planned expenditure	0.341
Re-profiling of capital expenditure to future years	(10.631)
<b>Total Variance</b>	<b>(9.116)</b>

A number of schemes underspent in 2023/24. Where it is certain that these projects will spend in 2024/25 an allocation has to be carried forward into the 2024/25 Capital Programme these projects are shown in Appendix 6.

The schemes where underspends were greater than £0.500m include:

- £1.983m Schools Basic Need Funding schools are coming forward with works required to increase capacity.
- £1.709m Loan to Gateshead Energy Company. Energy company did not require the full loan allocation in year.
- £1.138m Quays Development. Delays in project due to fluctuating market conditions.

- £0.706m West Askew Road. Due to delays in appointing a preferred developer.
- £0.658m Local Authority Housing Fund. Delays resulting from purchasing houses on the open market, such as finding suitable properties and the conveyancing process.
- £0.544m Streetlighting Column replacement. Due to rephasing of works.
- £0.511m UK Shared Prosperity Fund. Delays in commencement of various projects.

The use of available external capital resources and capital receipts to fund the 2023/24 Capital Programme has been maximised, which means that the Council will not lose any of the external funding that it has been awarded

## Proposal

3. The report identifies a capital outturn of £68.9m for the 2023/24 financial year. The resources required to fund the Capital Programme were as follows:

	<b>£m</b>
Prudential Borrowing	20.465
Projected Capital Receipts	0.713
Capital Grants and Contributions	23.517
Major Repairs Reserve (HRA)	19.782
Capital Grants and Contributions (HRA)	1.621
Right to Buy Receipts (HRA)	2.788
<b>Total Capital Programme</b>	<b><u>68.886</u></b>

CIPFA's Prudential Code advises the regular monitoring of performance against the prudential indicators which regulate borrowing and investment. Targets and limits for the prudential indicators for 2023/24 were agreed at Council on 23 February 2023 and borrowing and investment levels have remained within these limits. Performance against the indicators for 2023/24 is set out in Appendix 5.

## Recommendations

4. It is recommended that
- (i) Cabinet recommends to Council to note the Capital Programme outturn for 2023/24.
  - (ii) Cabinet recommends to Council the financing of the Capital Programme.
  - (iii) Cabinet confirms to Council that none of the approved Prudential Indicators set for 2023/24 have been breached.

for the following reason(s)

- (i) To ensure performance has been assessed against approved Prudential Limits.

**CONTACT: Clare Tait**

extension: 3417

## APPENDIX 1

### Policy Context

1. The proposals within this report are consistent with the objectives contained within the Council's corporate Capital Strategy and will contribute to achieving the objectives set out by the Council's Thrive Agenda.

### Background

2. The original budget for the capital programme for 2023/24, as agreed by Council on 23 February 2023, totalled £112.1m. This was increase to £113.5m at the first quarter but reduced to £106.8m at the second quarter and further reduced to £78.0m at the third quarter review.
3. The actual capital programme expenditure for 2023/24 was £68.9m. This is a reduction of £9.1m from the third quarter.
4. All variations contributing to the £9.1m reduction since the quarter three review are detailed in Appendix 2.
5. Appendix 3 summarises the original budget and various forecasted year end positions by Corporate Priority. The budget, projected year end positions, the final outturn, and the reasons for the variances of each scheme are detailed in Appendix 4.
6. The prudential code sets out a range of Prudential Indicators that were agreed by Council on the 23 February 2023. Performance against the indicators for 2023/24 is set out in Appendix 5.
7. Capital expenditure of £68.9m represents a significant contribution to supporting Council assets and the wider thrive agenda and includes investment of:
  - £24.3m in the Council's Housing stock, including £3.2m investment in aids and adaptations to enable person to stay in their homes for longer and £5.8m to maintain decent standards.
  - £9.0m in Transport Infrastructure within Gateshead, including highway maintenance, street lighting column replacement and sustainable transport improvements.
  - £8.9m to support the development of Gateshead Quays.
  - £8.4m investment in adult social care to support independent living and to complete the new Sister Winifred Laver Centre.
  - £5.5m of improvement to the Council's Schools.
  - £2.7m in improvements to the Council's ICT infrastructure including the development of the Council's new ways of working.
  - £1.5m investment in Council property as part of strategic maintenance
  - £1.3m of investment targeted at bringing forward housing development.

## **Consultation**

8. The Leader of the Council has been consulted on this report.

## **Alternative Options**

9. The proposed financing arrangements are the best available in order to ensure the optimum use of the Council's capital resources in 2023/24.

## **Implications of Recommended Option**

### **10. Resources:**

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that the financial implications are as set out in the report.
- b) **Human Resources Implications** – There are no human resources implications arising from this report.
- c) **Property Implications** - There are no direct property implications arising from this report. Capital investment optimises the use of property assets to support the delivery of corporate priorities. The property implications of individual schemes will be considered and reported separately.

11. **Risk Management Implication** - Risks are assessed as part of the process of monitoring the programme and in respect of treasury management. The Cabinet will continue to receive quarterly reports for recommendation of any issues to Council, together with any necessary action to ensure expenditure is managed within available resources.

12. **Equality and Diversity Implications** - There are no equality and diversity implications arising from this report.

13. **Crime and Disorder Implications** – There are no direct crime and disorder implications arising from this report.

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

15. **Climate Emergency and Sustainability Implications** - The sustainability implications are considered as part of developing and implementing individual capital projects. Planned investment within the capital programme is expected to result in improvements throughout the Borough.

16. **Human Rights Implications** - There are no direct human rights implications arising from this report.

17. **Ward Implications** - Capital scheme investment will improve wards across the borough.

## **Background Information**

**18.** Report for Cabinet, 21 February 2023 (Council 23 February 2023) – Capital Programme 2023/24 to 2027/28.

Report for Cabinet 18 July 2023 (Council 20 July 2023) – Capital Programme and Prudential Indicators 2023/24 First Quarter Review.

Report for Cabinet 21 November 2023 (Council 23 November 2023) – Capital Programme and Prudential Indicators 2023/24 Second Quarter Review.

Report for Cabinet 23 January 2024 (Council 25 January 2024) – Capital Programme and Prudential Indicators 2023/24 Third Quarter Review