



Executive

8 February 2018

Report of the Deputy Chief Executive/ Director of Customer and Corporate Services (Portfolio of the Leader of the Council and Deputy Leader of the Council)

CAPITAL STRATEGY 2018/19 to 2022/23

Summary

1. This report set out the Capital Strategy for 2018/19 to 2022/23, and in particular sets out new capital schemes.
2. The Council Plan for 2015-19 was formally approved by Full Council on Thursday 8 October 2015 following consultation with residents, businesses and staff, based on our statutory responsibilities and the priorities of our administration. The plan is built around three key priorities:
 - **a prosperous city for all** - where local businesses can thrive and residents have good quality jobs, housing and opportunities
 - **a focus on frontline services** - to ensure all residents, particularly the least advantaged, can access reliable services and community facilities
 - **a council that listens to residents** - to ensure it delivers the services they want and works in partnership with local communities
3. As set out within this report and the Revenue Strategy report also on this agenda, the budget reflects significant investment in a number of critical areas, with a focus on frontline services such as highways, housing, drainage and street lighting, alongside making affordable investment in the developing the economy of York through major regeneration schemes. This report sets out £54.767m of new investment over the 5 year period, of which £11.530m is externally funded, and £32.611m met

from the Housing Revenue Account, with £10.626m to be funded by the Council Key priority areas of investment include:

- Transport schemes – Increased investment of £7.977m over the next 5 years including areas such as an electric bus scheme, Smarter travel evolution programme and Local transport plan road safety scheme.
 - Highways - Increased investment of £4.407m over the next 5 years
 - Housing - new investment of £32.611m over the next 5 years
 - Information Technology Development – Increased investment of £3.020m
 - Disabled Facilities Grants – Increased investment of £2.458m
4. It should be noted that a number of other major schemes not considered in detail within this report will be brought forward as individual reports to Members, including the Guildhall, York Castle Gateway, and York Central, York Outer Ring road and Housing Delivery as set out at paragraphs 90 - 102)

Recommendations

5. The Executive is requested to recommend that Council:
- Agree to the revised capital programme of **£314.611m** that reflects a net overall increase of **£54.767m** (as set out in paragraph 81 table 10 and in Annex B). Key elements of this include
 - Extension of prudential borrowing funded Rolling Programme schemes totalling £8.270m as set out in table 3 and summarised in table 10;
 - New schemes totalling £8.506m including an increase in prudential borrowing of £2.356m as set out in table 4 and summarised in table 10;
 - Extension of externally funded Rolling Programme schemes totalling £5.380m as set out in table 5 and summarised in table 10;
 - An increase in HRA funded schemes totalling £32.611m funded from a combination HRA balances/Right to Buy receipts as set out in table 6 and summarised in table 10

- Approve the full restated programme as summarised in Annex A totalling **£314.611m** covering financial years 2018/19 to 2022/23 as set out in table 11 and Annex A

Background

6. The current 2017/18 –2021/22 capital programme was approved by Council on 23 February 2017. Since then a number of amendments have taken place as reported to the Executive up to and including the 2017/18 Capital Monitor 3 report also on this agenda. The changes made as a result of the above reports have resulted in a current approved capital programme for 2017/18 – 2021/22 of £348.430m, financed by £211.551m of external funding and Council controlled resources of £136.879m. Table 1 illustrates the current approved capital programme profile from 2017/18 – 2021/22 as of capital monitor 3 2017/18.

	2017/18	2018/19	2019/20	2020/21	21/22	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	95,543	119,897	58,302	43,513	38,132	348,430
Funded by:						
External Funding	44,324	61,947	45,446	35,449	29,723	211,551
Council Controlled Resources	51,219	57,950	12,856	8,064	8,49	136,879
Total Funding	95,543	119,897	58,302	43,513	38,132	348,430

Table 1 – Capital Programme Funding and Receipts Position

Funding Position of approved 2017/18 – 2021/22 programme

7. There are some specific earmarked receipts that are critical, in particular in relation to the older persons programme. Additionally Members decided to ultimately finance the purchase of property at Hospital Fields Road and Swinegate from Capital receipts. Therefore all future capital receipts are assumed to be used for this purpose in the medium term. This strategy will deliver significant revenue savings, and reduce the need for savings within the revenue budget.

Options

8. This report sets out the new capital investment proposals for the 5 year period covering 2018/19 to 2022/23. Members can consider the proposals to make additions and amendments to the existing capital programme contained within the report and choose to approve or reject them.. Members can choose to approve or reject the recommendations made to Council as a result of the amendments contained in this report. It should be noted that it is a statutory requirement for the Council to set a capital budget for the forthcoming year (2018/19) per Local Government Act 2003 (revised).

Summary of Proposed Capital Investment

9. The Capital Budget Process invited proposals from the departments asking to submit requests for the Councils main capital priorities. Of the 38 proposals going forward 26 are asking for direct Council funding, this is comprised of 15 proposals for extensions to existing rolling programme schemes and 11 proposals for new schemes.
10. In total, proposals have been made that would increase the existing 18/19 – 22/23 Capital Programme by **£54.767m**. The proposals are comprised as follows:
 - General Fund schemes requiring financing by Council borrowing **£10.626m**
 - General Fund Schemes financed entirely by external funds **£11.530m** (**£11.530m** Government grant)
 - Housing Revenue Account schemes financed by HRA funds **£32.611m** (**£32.611m** HRA funds)

Key scheme proposals

11. The table below summarises the key proposals that result in a new increase of **£54.767m** by type. Further details of the individual schemes can be found later in the report at the following references:

Type	Total Value	Further Details
	£m	
Rolling Programme – Prudentially Borrowed	8,270	Table 3
New Schemes – Prudentially Borrowed	2,356	Table 4
New Schemes – Externally Funded	6,150	Table 5
Existing Schemes – Externally Funded	5,380	Table 6
Housing Revenue Account (HRA) Schemes – Funded by HRA balances	32,611	Table 7
Total Increase in Capital Programme	54,767	

Table 2 – Summary of New Proposals and Increase in Capital Programme

12. Overall this report proposes new capital schemes totalling **£54.767m** which result in a net increase to the Capital Programme of the same amount. Details of all schemes can be seen in the accompanying annex that sets out the purpose of each scheme and is summarised on table 9.

Detailed Consideration of Proposed Investment, and Financial Implications

Rolling Programme Schemes – Prudential Borrowing

13. The 2017/18 – 2021/22 capital programme contained a number of rolling programme schemes that require funding on an ongoing basis. This report extends the rolling capital programme to 2022/23 and also proposals have been received to increase the level of currently approved rolling programme schemes by adding additional years across a number of financial years, these schemes are set out in the table below:

Scheme Type / Description	Total Value	Financial Year
	£000	
Contingency	250	18/19
Asset Maintenance & Critical Repairs	220	22/23
Concrete Street Lighting Column replacement	578	22/23
Project Support Fund	200	22/23
City Fibre Network	200	18/19 – 21/22
Highways Drainage Works	200	22/23
Disability Support Budget	270	20/21 – 22/23
Major Equipment for Disabled Customers	156	18/19 – 22/23
Telecare Equipment	301	19/20 – 22/23
Disabled Facilities Grant	475	22/23
IT Development Plan	3,020	18/19 – 22/23
York City Walls – Repair & Renewal	300	22/23
Highways Resurfacing & Reconstruction	750	22/23

Highway, Footway & Cycleway Improvement Acceleration	1,000	22/23
Drainage Investigation & Renewal	350	18/19 – 20/21
Total Rolling Programme Schemes	8,270	

Table 3 – Summary of Rolling Programme Proposals Requiring Prudential Borrowing Funding

14. All of the £8.270m of rolling programme schemes will require revenue growth to fund (to support the prudential borrowing), the revenue implications are contained in the Financial Strategy 18/19 – 22/23 report on this agenda.
15. An overview of each scheme being proposed is set out in the following paragraphs:
16. **Capital Contingency (£250k 18/19)** – The continuation of a prudent single year capital contingency to address any unexpected capital pressures in year. The current balance remaining in the capital contingency fund for 2017/18 as detailed in the Capital Monitor 3 report also on this Agenda is 385k.
17. **Asset Maintenance & Critical Repairs (£220k 22/23)** – Extend existing rolling programme in 22/23 to fund the rolling programme scheme of works to retained buildings. The fund is intended to be directed to fund Maintenance and critical repairs on specific properties which have been identified as being retained for service delivery and/ or delivering Council objectives through the Asset Management Strategy and individual service reviews
18. **Concrete Street Lighting Column Replacement Programme (£578k 22/23)** - To extend the existing rolling programme into 22/23 to fund an ongoing concrete column replacement programme to accelerate the upgrading of age expired street City of York street lighting concrete column stock to tubular steel street lighting columns following an ongoing upgrade programme based on inspections condition data.

19. **Project Support Fund (£200k 22/23)** – To extend the existing Rolling Programme into 22/23 to allow the continuation of the capacity to provide professional advice to support the Capital programme, and in particular major complex regeneration/building schemes including York Central, Castle Gateway, and the Older Persons Accommodation Programme. The fund will also continue to be used to provide ongoing funding for corporate project management assurance further strengthen assurance around project management and delivery.
20. **City Fibre Network (£200k 22/23)** – To continue to support the city wide roll out of the Dark Fibre network. It was previously anticipated the scheme would take 3 years to install the required infrastructure, however a further provider has now commenced installation of their infrastructure along the cities footway assets. The provider ensures the footpath assets are restored to their current condition, however where the assets are close to the end of their life the Council is requesting they are improved, This budget will fund the material cost of the upgraded assets while the provider will carry out the work.
21. **Highways Drainage Works (£200k 22/23)** – to continue funding the restoration of the Council’s drainage infrastructure supporting the findings of the Surface Water Management Plan. This funding reflects the amount of work that can realistically be done using the available resources within the Council where there is extensive local knowledge.
22. **Disability Support Budget (£10k increase 20/21, £20k increase 21/22, £240k 22/23)** – To continue to provide discretionary assistance for disabled customers who need financial help. The assistance (loans and grants) given helps disabled people and parents with disabled children to adapt their homes to continue living there and maintain their independence
23. **Major Equipment for Disabled Customers (£17k 18/19 – 21/22, £139k 22/23)** - Allows the continuation of the funding for specialist equipment to stock the loans store. The equipment will be purchased by Be Independent but CYC will retain ownership of the assets.
24. **Telecare Equipment (£42k 18/19 – 21/22, £259k 22/23)** – Allowing the continuation of the installation of sensors in vulnerable customers homes

to deal with specific assessed risks. The equipment will be purchased by the new Be Independent but CYC will retain ownership of the assets

25. **Disabled Facilities Grant (£475k 22/23)** - To allow payment of mandatory disabled facilities grants (DFGs) in line with statutory requirements (The Housing Grants, Regeneration and Construction Act 1996). The funding enables older and disabled persons to remain safely in their home and maximises their independence

26. **IT Development Plan (£1.050m 18/19 – 20/21, £1.970m 22/23)** – The continuation of the rolling programme IT development plan for an additional year. The funding will support a strong and coordinated approach to the change programme and the fundamental review and redesign of processes and systems to ensure that its services meet the needs of its customers. The increase to budget in early years will cover additional costs in relation to the digital programme as well as the provision to fund additional upgrades where deemed appropriate, including a new parking management system; a new Waste services ICT system; and Highways & fleet IT systems including:
 - **Exor** – This system is used to store and evaluate key highways asset data. It is used to manage data used in the delivery of highways inspection and maintenance.
 - **Tranman** – This software is used to manage our operational fleet and needs upgrading.
 - **Gaist** – This system is used to provide remote asset data collection across all footways and carriageways. The outputs from this system drive the annual maintenance programme.

27. **York City Walls Rolling Repair Programme £300k 22/23)** - Ensuring that continuing essential repairs and restoration are undertaken on York City Walls.

28. **Highways R&R (£750k 22/23)** – The continuation of the programme for the resurfacing and reconstruction of the City's roads and footways established to maintain the asset in the best condition possible with the anticipated level of capital available.

29. **Highway, Footway & Cycleway Improvement Acceleration (£1m 22/23)** – To continue to deliver a range of Highway, Footway & cycleway schemes informed by the outputs of the 2016 GAIST work in order to prevent any further deterioration.
30. **Drainage Investigation & Renewal (£100k 18/19-19/20, £250k 20/21)** – To continue the investigation work which began in 2015/16 to address the current state of the 42,000 known gulley assets in the City of York Council area and deliver any renewal works identified as part of the survey.

New Schemes – Prudential Borrowing

31. As part of this year’s capital budget process a number of proposals have been received that require discretionary prudential borrowing. These are set out in **table 4** below.

Scheme Type / Description	Total Value	Financial Year
	£000	
Fleet & Workshop Operational Equipment	86	18/19
Fordlands Road Flood defences	500	18/19 – 19/20
Highways materials specialist storage	80	18/19
National Cycle Network 65 Targeted repairs	500	18/19-19/20
Non Illuminated structural asset renewal	100	18/19
Hazel Court – Conversion of storage area to Operational hub	100	18/19

CCTV Asset Renewal	290	18/19-19/20
Public Realms footpaths	50	18/19
Shambles Health & Safety	150	18/19
Energise Roof	250	18/19
One Planet Council - Energy Efficiency	250	18/19
New Proposals Requiring Prudential Borrowing	2,356	

Table 4 – Summary of New Proposals Requiring Prudential Borrowing Funding

32. An overview of each new scheme being proposed is set out in the following paragraphs:

33. **Fleet & Workshop Operational Equipment (£86k in 18/19)** – This scheme would fund equipment and tools required to meet the standards and compliance of the operator licence. These are required to provide information and intelligence specifically for vehicle engineers to carry out component testing which is required to meet the standards required for the vehicle service and MOT tests. This equipment includes Mid tronics, Air leak detection and air flow detection, along with equipment to provide accurate driver information on the payload/ gross weight of the vehicle

34. **Fordlands Road Flood defences (£200k in 18/19, £300k in 19/20)** - High level designs have identified three potential solutions to ensure Fordlands Road bridge is resilient to future flood events.

35. The proposals mirror the existing works on the A19 to ensure this main arterail road remains accessible during future flood events and the works were presented to the Executive Member for the Environment in July 2017, with recommendations were made to identify funding opportunities and to develop the Fordlands Road proposals further.
36. The most likely approach would be a similar scheme to that being developed on the A19 where bunds and walls would be used to ensure the road surface is kept dry when levels in Germany Beck rise. Indicative funding is shown as £500k including an element for further investigation and appraisal. Further work would be required to refine the works and costs.
37. Additional measures are being considered as part of the Environment Agency 5 Year Flood Plan to mitigate flood risks to people and property in the Fordlands Road area, funding would therefore need to be targeted to these outcomes but co-design of works may lead to the delivery of a scheme that increases the flood resilience of the Fordlands Road bridge. The requested funding may therefore be considered to contribute to a wider flood alleviation scheme delivering multiple benefits and outcomes.
38. **Highways materials specialist storage (£80k 18/19)** – This bid would fund a project to replace the age expired ‘hot boxes’ (currently 10 years old) situated at Hazel Court Eco depot. The hot boxes provide a storage vessel for the daily delivered hot material – large boxes that hold up to 20 tons of hot material at the correct temperature, allowing the front line teams to let the material maintain the correct consistency and temperature
39. **National Cycle Network 65 (NCN65) Targeted Repairs (£250k 18/19, £250k 19/20)** – The National Cycle Network 65 (NCN65) passes through 7 of the City’s 21 Wards and links villages on the outskirts of the city (Skelton and Bishopthorpe) through the suburban areas to the city centre. Many sections of the route are now between 20 and 30 years old and are deteriorating due to wear and tear, floods or damage by adjacent vegetation discouraging some cyclists from using them. Damage has now reached a level where intervention is required to restore to a good working level.

40. This scheme would fund a developed list of works and measures on the Network addressing the worst areas of disrepair
41. **Non Illuminated structural asset renewal (£100k 18/19)** –This project would fund a scheme to identify and log street furniture assets on the authority’s asset database and ensure all are structurally tested as per TR22 maintaining a vital asset. Structural issues with un-illuminated sign posts can carrying significant weight making them potentially dangerous on major traffic routes if suitable maintenance is not carried out. As these assets have been introduced to the network without a custodian to monitor or record the asset, the asset team are unaware of the total number but are estimating @ 13,000 units. This includes signage of all types and sizes being supported by 1,2 or 3 tubular steel posts for mounting purposes..
42. **Hazel Court – Conversion of storage area to Operational Hub (£100k 18/19)** – The rationale behind this project is to centralise the front line service intelligence through creating a centralised operational hub.
43. This will require the rationalisation of hazel court available space, the construction of a intelligence hub providing IT equipment and provision for 8 desks and reception area to issue work daily for frontline teams. The available space identified is located within the stores area currently being occupied by Highways services. The construction work would require the Ancient Monuments store to be converted from a storage area into operational office space by:
- removing the garage door and replacing with glass fronted doors
 - provision of It intelligent systems for Waste , Highways, Public Realm.
 - A monitor wall and general office systems and furniture.
44. Bringing the services together will allow the application of business intelligence into operational systems bringing front facing teams together under appropriate management structures for each function so that the council can share and deploy services more efficiently, eg procurement and administration. Bringing together similar work will mean that

duplication can be removed, processes can be streamlined, best practices can be adopted, allow more control over resources, help to focus on our priorities, and create more efficient back-office and front-line services

45. **CCTV Asset Renewal (££180k 18/19, £110k 19/20)** – The public space surveillance asset consists of approximately 200 CCTV cameras on street around York, as well as associated control equipment, columns and software. A portion of this asset is life expired and in need of replacement. As of November 2017, the life expired assets are unlikely to be maintainable and any faults that appear will result in the equipment remaining out of action until a solution is found. This solution is likely to be removal of the equipment if no funding can be acquired to replace the asset.
46. The Data Protection Act states that such equipment must be fully functional if it is to be used. It is for this reason, and to prevent reputational damage, that faulty equipment must be removed if there is no immediate solution available.
47. To prevent the gradual removal of CCTV cameras around York, this project aims to replace that portion of the public space CCTV asset that is life-expired. This will involved replacing cameras, columns, power and comms links, instation software and hardware. A process has already been carried out to review the need and efficacy of each camera location, and those few sites that are no longer required will be removed rather than replaced as part of this project (after appropriate consultation and decision if required).
48. Such equipment would be purchased as capital expenditure through the existing corporate security contract, that being the approved method to purchase all new CCTV equipment within the Authority
49. **Public Realms Footpaths (£50k 18/19)** – Across the public realm estate there are a number of non adopted surfaced footpaths outside of the main parks which, if they were adopted highway would merit intervention. Using a Risk Based Asset Management approach these paths need

bringing up to adopted path stand in order to reduce the likely of future claims.

50. The majority of the parks path network is in good order as a result of lottery and 106 investment. This scheme is to fund paths that have already been identified as requiring works:
 - The diagonal path across Scarcroft Green
 - From Racecourse Bridge south towards Bustardthorpe changing room (Not the responsibility of the racecourse)
 - From Bustardthorpe changing room towards the Racecourse Coach park (Not the responsibility of the racecourse)

51. **Shambles Health & Safety (£150k 18/19)** – The purpose of this scheme is to fund costs associated with carrying out surveys to identify compartmentation issues (structure of rooms to prevent fire spreading) and estimated costs associated with a fire alarm replacement.

52. The fire alarm system is circa 25 years old and consequently may need to be upgraded due to age and faults. Consideration will also be given to the inclusion of all properties on the shambles not just those that are CYC owned, which the current system purely serves. This is to ensure suitable awareness of early warnings of fire for the whole street, a fire in any part could mean losing all of the Shambles. It should be noted that additional funds may be required should significant issues with compartmentation be identified by the surveys.

53. The Council currently owns approximately 70% of the properties in the area therefore it is proposed that the work will also consider fire alarm systems across the non CYC properties to ensure the whole area has adequate up to date fire protection

54. **Energise Roof (£250k 18/19)** – Temporary repairs to the Energise swimming pool roof over the past 12 months have been unsuccessful and leaks are now becoming worse. The Council are now under contract with GLL to operate Energise and the leaks are now at risk of impacting GLL's day to day operation. The Council's property team have advised that a replacement roof covering is the only long term solution. It is currently

anticipated that the centre can remain operational during the period of works

55. **One Planet Council - Energy Efficiency (£250k 18/19)** – The purpose of these funds is to seek to compliment existing/new capital schemes, to enable the schemes deliver higher environmental benefits than may otherwise be the case in other projects such as the building of homes, or within some of other projects such as the Guildhall or York Central. Specific allocations will be recommended for approval to the Executive as part of the ongoing monitoring processes

New Schemes – Externally Funded

56. As part of this year’s capital budget process proposals have been received that will be funded by external sources. These are set out in **table 5** below:

Scheme Type / Description	External Funding Value	Financial Year
	£000	
<u>New General Fund Schemes External Funding</u>		
Smarter Travel Evolution Programme	2,850	18/19-19/20
Electric Bus Scheme	3,300	18/19
<u>Total New General Fund Schemes External Funding</u>	6,150	

Table 5 – Summary of New Proposals Funded by External sources

57. **Smarter Travel (£1.425m 18/19, £1.425m 19/20)** – This DfT funded programme will run for 2 years from April 2018 and will deliver a complete revolution in the way York collects travel data, monitors roads and traffic,

stores and manipulates data and undertakes transport modelling, traveller information and network management. It will see York develop into one of the most advanced cities in the country, in terms of transport data collection and technology, and build on the work we have already been doing

58. **Electric Bus Scheme (£3.3m £18/19)** – The £3.3m from DfT is a contribution towards 24 low emission buses (£2.7m) and funding towards the cost of the charging infrastructure associated with the operation of the vehicles (£600k). Increasing the number of low emission buses will reduce air pollution from buses and reduce reliance on fossil fuels for transport. This is in line with a report taken to Executive on 25th January 2018 setting out proposals for a local bus based Clean Air Zone which would see improvements to bus emissions in the York area.

Additional Schemes - Externally Funded + HRA Funded

59. In addition to those schemes set out in tables 2 and 3, schemes that are fully externally funded are proposed as part of this budget process. This table shows the level of external funding that is increasing existing schemes and which year the change takes effect in:

Scheme Type / Description	External Funding Value	Financial Year
	£000	
<u>Existing General Fund Schemes</u> <u>New External Funding</u>		
Highways Resurfacing & Reconstruction	1,827	22/23
Local Transport Plan - Integrated Transport	1,570	22/23
Disabled Facilities Grant	1,983	18/19 - 22/23
<u>Total Existing General Fund Schemes</u> <u>New External Funding</u>	5,380	

Table 6 – Summary of New External Funding

60. An overview of the new schemes being proposed is set out in the following paragraphs:
61. **Highways Resurfacing & Reconstruction (£1.827m)** – indicative funding settlement 2018/19 to 22/23
62. **Local Transport Plan – Integrated Transport (£1.570m)** –indicative funding in 22/23
63. **Disabled Facilities Grant (£196k 18/19- 21/22, £1.199m in 22/23)** - indicative funding settlement.
64. The latest **Housing Revenue Account (HRA)** Business plan 2017 to 2047 report contains an overview of the HRA Business plan for the next 30 years and provides detail of the key priorities for the next five years, including the use of the investment fund to support the delivery of more affordable new homes. Table 8 updates the capital investment strategy and shows the overall movement (growth) against the existing approved expenditure plans.

Scheme Type / Description	Total Scheme Value	HRA/ Reserve Funding Value	Financial Year
	£000	£000	
<u>New Investment for the HRA</u>			
Major Repairs Allowance Schemes	8,515	8,515	18/19 – 22/23
Modernisation of Local Authority Homes	3,873	3,873	18/19 – 22/23
Assistance to Older and Disabled People	477	477	18/19 – 22/23

Water Mains Upgrades	(424)	(424)	18/19 – 22/23
Housing Environmental Improvement Programme	170	170	22/23
Local Authority Homes – New build project	20,000	20,000	19/20 – 22/23
<u>New Investment for the HRA Total</u>	32,611	32,611	

Table 7 – Summary of HRA investment

65. The key investment areas are shown in table 6 and shows new investment of over £12.611m that will see key schemes delivered including:
66. **Major Repairs Allowance (£8.515m in total 18/19 – 22/23)** - The focus of this area of investment is about ensuring the integrity external fabric of dwellings is maintained in terms of weather resistance, coupled with modernising key internal components of kitchens, bathrooms, heating and electrical wiring. This benefits tenants in a number of way (eg: having modern facilities, improved safety and security, reduced energy costs etc) whilst ensuring the Council meets the Decent Homes standard. A breakdown of the type and value of works for 18/19 is provided below
- 67.

	2018/19 budget £'000	Description of works 18/19
Tenants Choice (incl voids)	3,204	Replacement kitchen, bathroom and rewire to 325 properties per year
Heating/Boilers	1,436	Replacement heating systems to 611 domestic properties together with upgrades to the commercial heating installations at the Independent Living sites of Glen Lodge, Lincoln Court and Barstow House
Roof Replacements	385	Replacement roofs and removal of asbestos-containing fascias / soffits to c 78 properties

External Doors	441	Replacement of c530 external doors with high performance door sets
Window Replacements	60	Replacement of windows at Lincoln Court
Other	236	One- off kitchen or bathroom refurbishments, various programmes of repair to the external structure of dwellings and communal areas

Table 8 – Breakdown of MRA scheme types

68. **Modernisation of Local Authority Homes (£3.873m in total 18/19 – 22/23)** – This will see investment in a number of different projects, including:

- Structural damp remediation works to c110 properties in 18/19, with a further 100+ properties requiring treatment over the life of the 5 year proposal
- Soundproofing to eliminate sound nuisance between flats
- Renewal of door access systems
- Upgrading communal corridor lighting to flatted blocks
- Various external works to improve parking, boundary walls and fences and upgrading drying areas
- Energy Conservation projects, focusing on un-insulated vertical hung external wall facades
- Health and safety works such as remedial works arising from Fire Risk Assessments and Asbestos surveys and fixed electrical testing
- Adaptations to Council owned properties to assist existing tenants with physical disabilities to be able to more easily access the property and use the facilities within it, particularly the bathing facilities
- The programme also includes funding for the major project that concerns 5 blocks of 8 flats on the Bell Farm estate. These properties require major works to the existing defective pre-fabricated bathrooms that were added on in the 1970's. Current options include a demolish/rebuild of the bathroom, or conversion of 2 flats into one enlarged house.

69. The intention of these projects are to ensure the Council continues to upgrade the overall standard of the housing stock and in doing so

meet/exceed customer expectations whilst ensuring legislative requirements are satisfied

70. **Assistance to Older and Disabled People (£477k 18/19 – 22/23)** – This will see continued investment in undertaking adaptations to properties following needs assessment of tenants and their dependants who have some sort of disability, ensuring they can remain in their property and lead as near normal life as possible
71. **Water Mains Upgrade (Reduction of £424k in total 18/19 -22/23)** - Work is still ongoing to ascertain the likely costs associated with this complex project. Analysis shows that c75% of the properties affected by this project are owner occupiers who have bought under the RTB scheme, with responsibility for maintenance of the pipes remaining with the Council and owners being obliged to pay for any repairs. The total budget figure represents the Council's liability, as the assumption is that the vast majority of costs will be funded from owner occupiers financial contribution to the works however estimates will require further revision. It is intended that a small scale pilot project will be undertaken in 18/19 in an attempt to resolve a number of technical issues which we do not currently have solutions for, which will assist in the development of the fuller project.
72. Additional issues concern the Council's capacity to consult on and collect monies from owner occupiers and deal with issues arising from what will be a sensitive process, together with decisions on our approach to the laying of new pipe work ie: whether to use in house labour or to outsource. At this stage the budget has been taken out of the capital programme until a business case is developed with known costs and delivery timetable.
73. **Housing Environmental Improvement Programme (£170k 22/23)** – This scheme replaces an existing HRA revenue scheme and will take a more strategic approach to improvements. This new scheme will take a longer term view of works to improve areas for residents and has the potential to link in with other wider schemes to deliver for all residents to make a bigger impact and realise economies of scale. Improvements may include new parking areas, new security fencing or new storage areas in blocks of flats. Residents Associations can link into the ward decision

making processes on behalf of residents so that the voice of Council tenants is heard when allocating funding to individual schemes. The process has been running since April 2017 and a variety of schemes have been agreed.

74. **IT Infrastructure (No budget change – Total £600k 18/19 – 22/23)–**
The ICT infrastructure improvements programme totals £1.722m over the period 2017/18 to 2021/22. A major review of current systems has been undertaken and it is recommended the current Housing systems are replaced by an integrated Housing and Building Services management system which incorporates housing management, asset management and building repairs. The reduced overall capital budget proposed reflects the initial results of the review
75. The majority of the funding will be allocated to the acquisition of an integrated Housing and Building Services management system, which will enable the Council to exploit significant opportunities to improve performance and customer satisfaction whilst reducing costs. These include: delivering corporate and strategic objectives, transforming customer service, eliminating waste and duplication, increasing income and cash flow, better informed decision making and planning for the future, using scarce resources wisely, making sound investment choices, targeting people in most need, partnership working and supporting future initiatives.
76. The Housing ICT Programme is now in the Initiate phase and detailed business requirements and a technical specification are being developed, with a view to issuing an Invitation To Tender (ITT) for the new integrated ICT solution during Q2 2018. A comprehensive Benefits Realisation plan will be developed and some of the potential benefits should be realised as early as 2019/20.
77. **Local Authority Homes – New Build Project (£20m 19/20- 22/23) –**The latest Housing Revenue Account (HRA) Business plan 2017 to 2047 outlined an investment fund of £20m to spend on building new homes for rent and redevelopment of existing stock. These are to be funded from £10m HRA working balance, £9m housing capital receipts and £1m commuted sums. Details are being developed and reports will be brought to Executive to be agreed

78. None of the schemes detailed in table 7 have an impact on prudential borrowing.

Funding Position – Council Prudential Borrowing

79. The budget proposals in terms of CYC prudential borrowing adds to existing rolling programme schemes totalling £8.270m (of which £8.270m impacts Council Tax) and adds new schemes totalling £8.506m (of which the £2.356m, impact on Council Tax). This results in a total increase in the level of debt (the underlying need to borrow for capital investment purposes only) of £10.626m over the 5 year programme. Table 9 shows the financial impact on a year by year basis and over the 5 year period.

	18/19 £m	19/20 £m	20/21 £m	21/22 £m	22/23 £m	Total £m
Rolling Programme	699	459	680	101	6,331	8,270
New Schemes	1,696	660	-	-	-	2,356
Net Increase in PB	2,395	1,119	680	101	6,331	10,626

Table 9 – Net Funding Position of Prudential Borrowing Schemes

80. The revenue costs of the new schemes funded by prudential borrowing is estimated at £744k over the 5 year budget period, assuming borrowing of £10.626m. Actual borrowing is likely to not be taken during 2018/19 and therefore costs are unlikely to affect the revenue budget until at the earliest 19/20 therefore no Treasury Management growth is required for 18/19.

Summary of Analysis

81. This table summarises the additions and amendments made as part of this report (outside of re-profiling) split by rolling programme schemes and new schemes (by funding type) showing an overall increase in the capital programme **of £54.767m.**

	18/19 £m	19/20 £m	20/21 £m	21/22 £m	22/23 £m	Total £m
1) Rolling Programme Schemes Funded by CYC Pru Brrow (table 3)	699	459	680	101	6,331	8,270
2) Existing Schemes Funded Externally by External Grant (table 6)	196	196	196	196	4,596	5,380
3) New CYC Schemes Funded by CYC Pru Brrow (table 4)	1,696	660	-	-	-	2,356
4) New CYC Schemes Funded Externally by External Grant (table 5)	4,725	1,425	-	-	-	6,150
6) HRA Schemes (table 7) Funded by HRA	1,501	5,580	5,819	5,644	14,067	32,611
Total Net Increase to Capital Programme	8,817	8,320	6,695	5,941	24,994	54,767

**Table 10 – Summary of Expenditure and Funding Movements
18/19 – 22/23**

82. The outcome of the proposals outlined above if accepted are illustrated in the next table which sets out the proposed capital budget for each directorate over the next 5 years and in detail in Annex A.

Gross Capital Programme	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m	£m
Children, Education & Communities	10,388	8,988	9,142	8,500	-	37,018
Health, Housing & Adult Social Care – Adult Social Care	3,144	1,116	595	616	638	6,109
Health, Housing & Adult Social Care – Housing & Community Safety	25,361	17,984	15,903	15,652	15,741	70,641
Economy & Place – Transport, Highways and Environment	42,864	31,799	22,663	17,065	6,225	120,616
Economy & Place – Regeneration & Asset Management	14,944	860	220	220	220	16,464
Community Stadium	26,802	3,445	-	-	-	30,107
Corporate Schemes	1,321	250	250	250	200	2,271
IT development plan	3,890	2,320	1,435	1,770	1,970	11,385
Total Capital Programme	128,714	66,762	50,208	44,073	24,994	314,611

Table 11 – Proposed Capital Programme 2018/19 – 2022/23

Other Capital Issues

83. There are a range of other major schemes within the Capital programme which will come through as individual reports during the year. Some of the key issues are referred to below, to give members a full picture of the scale of the Capital programme and some of the issues that will need to be considered during 2018
84. **Built Environment Fund** - There remains a balance of £1.337m on the fund for 2017/18 as reported in the capital monitor 3 report elsewhere on this Agenda which is being carried forward into 2018/19. Members originally agreed in May 2017 that £1.187m of this fund was to be allocated to public realm investment for economic growth. It is proposed that this is to be reallocated to be considered for economic growth and city transport access measures, subject to a report to the Executive.
85. **Older Persons Accommodation Programme** – The programme continues to make good progress, with the 27 home extension to Glen Lodge completed. The Centre at Burnholme is halfway through construction and work on the new access road nearly complete. A contract to deliver a new care home on this same site has been awarded and an agreement to lease land for a new GP surgery will deliver improved health care facilities for Burnholme, Heworth & Tang Hall.
86. During 2017/18 a number of further schemes under this programme were agreed including investment of £6.7m in the extension of Marjorie Waite Court extra care scheme, and £0.4m in sports pitches and related facilities on land at Askham. Following consultation with residents, Executive have also secured the long term provision of care at Haxby Hall, with a commitment to deliver improved care facilities on the site
87. **Community Stadium** – In November 2017 all contracts relating to the build and operation of the new Community Stadium and leisure complex were signed. Alongside these contracts agreement for leases were formality entered into with local charity York Against Cancer and the NHS Trust to take units within the new facilities.
88. This marked a major milestone in the Community Stadium project, allowing Greenwich Leisure Ltd and their building contractor Buckingham Group to formally take possession of the Monks Cross site and start construction works in December 2017.

89. Once complete the new Community Stadium Leisure Complex will comprise of an 8,000 all-seat community sports stadium to host professional football and rugby league games. There will also be new leisure facilities incorporating a swimming pool, gym, dance studio, indoor and outdoor climbing facilities and a sports hall with spectator seating. A commercial development on the stadium site will also feature a cinema complex, including an IMAX screen, five restaurants and up to three retail units. On top of this, NHS outpatient services will be offered on site from a community hub and there will be a new Explore library and a York Against Cancer retail unit.
90. The new stadium, leisure facilities and the community hub will all open from June 2019 along with the new cinema and commercial units. Updates will be provided to Members as part of the ongoing monitoring regime

Other Major Projects under consideration

91. In addition to the schemes set out in this report, and existing capital projects, there are a number of other projects which will come forward as individual reports, and which contribute significantly to developing the Economic prosperity of the City. These include:-
92. **York Castle Gateway-** In January 2017 the Executive approved the vision for the regeneration of the Castle Gateway and a series of recommendations to allow the production of, and public consultation on, a preferred masterplan for the area. Having appointed BDP as masterplanning consultants and Deloitte as commercial advisors in spring 2017, a series of ideas for the area were tested with the public in November and December 2017 through the My Castle Gateway engagement project. The outcome of this consultation on these ideas, alongside further viability testing and technical appraisals, is currently being used by BDP to produce a preferred masterplan to be taken to the Executive in April 2018.
93. The report to Executive will also set out potential options to deliver the preferred masterplan. These will explore the risks and opportunities associated with different delivery models, and seek approval to progress the preferred masterplan to outline planning application stage, alongside

potential detailed planning applications for the first phase of development that is necessary to unlock the rest of masterplan.

94. As identified in the Executive report of January 2017 there will be further funding requirements to progress the Castle Gateway from preferred masterplan stage, and these will be identified in the April 2018 Executive report. The level of investment required will be dependent on the delivery model that is approved by members
95. **Guildhall** - Following Executive approval in March 2017 and a competitive (OJEU compliant) procurement, Interserve Construction Ltd were appointed as the construction contractor at the end of August. They formally commenced Early Contractor Involvement on 2 October (the second tender stage) to provide and agreed target cost, should be submitted by late February. The Guildhall complex will be refurbished and sensitively extended to provide: a serviced office and business club venue with 1350m² of office, meeting room and business lounge space wrapped around the existing historic core; the main hall with a new foyer space and toilets, and the council chamber, retained for council meetings and civic / community events. A new restaurant and riverside courtyard space is also being created. It is anticipated that construction will start in April 2018 completing in summer 2019. The scheme is being funded by a combination of CYC prudential borrowing and grants from West Yorkshire Combines Authority. Regular updates on the project will be provided back to Members as part of the regular capital monitoring regime
96. **York Central** - The York Central Project is progressing well achieving a major milestone in November 2017 with CYC Executive approval of the York Central Partnership's preferred access option following public consultation and technical evaluation undertaken by the YCP. This approval also released a further £1.9m of development funding. The YCP is now focussed on progressing the Master Planning work with further Public Engagement in early 2018 and detail design work on the agreed access option progressing, through further stages of consultation, towards the submission of planning applications (outline for the Masterplan and detail for the access) in August. Early pre-application engagement with the council's Planning / Highways teams is also underway. The consultancy fees for this work are forecast to meet the project spend targets enabling the drawdown of external grant / loan match funding. An exception report has been submitted to WYCA to advise on the revision to the proposed access option to safeguard the Transport Funding

committed to this project. Initial Design work on the preferred access option and site infrastructure is being progressed and a report will be prepared for March 2018 Executive to agree the procurement of a delivery partner

York Outer Ring Road (WYTF)

97. A report about the management and governance of the project was submitted to the Executive in July 2017. Executive endorsed that future decisions on the programme of improvements are taken by the Executive Member for Transport and Planning, for example over matters concerning the purchase of land, consultation and phasing of works.
98. Since then work has progressed on detailed design, land acquisition and progress through the WYCA programme management process. A consultation process is currently in progress for the upgrade of the Wetherby Road junction. Once this process has been completed, and any comments are incorporated into the design, it is intended to submit a report to the Executive Member Decision Session in March to gain approval to proceed.
99. Detailed design on the Haxby Road and Strensall Road junctions will commence in May 2018 and it is planned to submit planning applications for these in September 2018

Future Considerations

100. In addition, some longer term issues that Members should note include:-
Housing Delivery - On 7th December 2017, Executive approved two reports relating to the Housing Delivery Programme. The first report, **'Housing Delivery Programme – establishing a delivery model and the scope of the programme'**
101. This report agreed in principle to the creation of a Housing Delivery Company and that business plans for housing delivery be provided at a number of key sites across the city. The report also agreed to the appointment of an interim Managing Director to assist in the formation of the company. The report highlighted that the company developing sites would lead to a significant investment required by the council to fund upfront development costs and that this would need to be considered on a

site by site basis. On the same agenda Members agreed to further consider the Lowfields site as one suitable for initial development subject to a business case.

102. A further report will be brought before Executive in summer/autumn 2018 which will contain full details of the proposed development company including a five year business plan

Council Plan

103. The Capital Budget process ensures that all bids received for capital funding address the aspirations of the Council Plan with each proposal addressing at least one corporate priority. The capital schemes put forward for consideration are derived from the service and area asset management plans which look at the capital needs and requirements of the service. All schemes that have progressed through for further consideration in this report have demonstrated through the Capital budget process that they directly contribute toward the achievement of the Council Plan, as referred to in paragraph 2.

Implications

Financial Implications

104. The financial implications are considered in the main body of the report.

Human Resources Implications

105. There are no HR implications as a result of this report.

Equalities Implications

106. A Communities Impact Assessment (CIA) has been completed on the overall impact of the budget proposals and this is available as an annex to the Financial Strategy report elsewhere on this agenda. This assessment has been developed as a result of individual impact assessments for services which are undergoing changes. The impact assessment examines the benefits of recommended growth and capital investment alongside the risks associated with any savings proposals to ensure any negative impact for a particular group, sector or community is eliminated or counterbalanced. Where a screening of the potential implications has

identified it appropriate, a full CIA will be completed for individual proposals. In addition, all capital schemes have considered any potential equalities implications prior to being included in this report.

Legal Implications

107. The Council is legally required to set a balanced 3 year capital programme but to assist with Medium Term Financial Planning sets a 5 year programme.

Crime and Disorder

108. There are no crime and disorder implications as a result of this report.

Information Technology

109. The information technology implications are contained in the main body of this report.

Property

110. The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from the disposal of Council assets.

Risk Management

111. There are a number of risks inherent in the delivery of a large scale capital programme. To mitigate against these risks the capital programme is regularly monitored as part of the corporate monitoring process, and the project management framework. This is supplemented by internal and external audit reviews of major projects. In addition, the Capital Asset Board meet monthly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised.
112. Additional risk exists in relation to existing schemes in the Capital programme whereby costs are incurred in developing a project, however no asset is achieved. Such costs may then need to be written off to the

revenue account. The risks in relation to this are referred to separately in the Revenue Budget Report also on this Agenda.

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Wards Affected: <i>All</i>			
For further information please contact the author of the report			

Specialist Implications:
Legal – Not Applicable
Property – Not Applicable
Information Technology – Not Applicable

Wards Affected:

All

For further information please contact the author of the report

Annexes

Annex A – Capital Programme 2018/19 – 2022/23

Annex B – Growth Summary 2018/19 – 2022/23