



Notice of a public meeting of

Corporate Scrutiny Committee

To: Councillors Fenton (Chair), Merrett (Vice-Chair), Ayre, Baxter, Coles, K Taylor, Watson, Wells and Widdowson

Date: Monday, 9 June 2025

Time: 5.30 pm

Venue: West Offices - Station Rise, York YO1 6GA

AGENDA

1. Apologies for Absence

To receive and note apologies for absence.

2. Declarations of Interest (Pages 5 - 6)

At this point in the meeting, Members and co-opted members are asked to declare any disclosable pecuniary interest, or other registerable interest, they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

[Please see the attached sheet for further guidance for Members.]

3. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

Please note that our registration deadlines are set as 2 working days before the meeting, in order to facilitate the management of public participation at our meetings. The deadline for registering at this meeting is **5:00pm on Thursday 5 June 2025.**

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill in an online registration form. If you have any questions about the registration form or the meeting, please contact Democratic Services. Contact details can be found at the foot of this agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this meeting will be webcast including any registered public speakers who have given their permission. The meeting can be viewed live and on demand at www.york.gov.uk/webcasts.

4. Major Projects - York Station Gateway and York Outer Ring Road (Pages 7 - 24)

The purpose of this report is to provide Scrutiny with an update on the design and delivery of York Station Gateway and York Outer Ring Road and provide an update on the current progress on each of these schemes including their funding status.

5. Budget Setting Process (Pages 25 - 30)

This report outlines the Council's approach to budget setting and some suggestions as to how the Committee could carry out budget scrutiny.

6. Work Plan (Pages 31 - 36)

To consider the Committee's work plan of the Scrutiny Overview work plan.

7. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

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For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

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এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (ہولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

Declarations of Interest – guidance for Members

- (1) Members must consider their interests, and act according to the following:

Type of Interest	You must
Disclosable Pecuniary Interests	Disclose the interest, not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Directly Related) OR Non-Registrable Interests (Directly Related)	Disclose the interest; speak on the item <u>only if</u> the public are also allowed to speak, but otherwise not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Affects) OR Non-Registrable Interests (Affects)	Disclose the interest; remain in the meeting, participate and vote <u>unless</u> the matter affects the financial interest or well-being: (a) to a greater extent than it affects the financial interest or well-being of a majority of inhabitants of the affected ward; and (b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest. In which case, speak on the item <u>only if</u> the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.

- (2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.
- (3) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations,

and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.



Corporate Scrutiny Committee
Decision Making Body: Executive

9th June 2025

TITLE OF REPORT: Major Projects – York Station Gateway and York Outer Ring Road

Summary

1. The purpose of this report is to provide Scrutiny with an update on the design and delivery of York Station Gateway and York Outer Ring Road and provide an update on the current progress on each of these schemes including their funding status.
2. The report asks Scrutiny to consider and support the Executive in the next steps for the delivery of each of the schemes as follows:
 - a) York Station Gateway (YSG) - to complete the approved scheme that is currently delivering on site and agree to an additional funding allocation, made-up of reallocated funding from external grant providers.
 - b) York Outer Ring Road (YORR) - to agree to deliver the scheme in four phases, prioritising available funding to the local plan infrastructure requirements, unlocking key development sites and providing much needed new homes.
 - c) To delegate relevant provision to make and accept funding bids against the outline programme to the Director of City Development in consultation with the Director of Governance and the Director of Finance.

Background

3. The YSG and YORR schemes represent two of the City of York Council's most significant infrastructure and regeneration projects, each delivering long-term benefits to connectivity, active travel, sustainable transport, housing growth, and place-making across the city. Both schemes need to be considered now as they are at key decision points.

4. YSG requires additional investment to complete the programme in full following revised cost estimates and tender returns.
5. YORR requires formal approval for phased delivery and associated procurement to secure continued momentum, unlock development land, and align with available funding.
6. This report has been brought forward to provide a full update on the status of both projects, to seek approval for the proposed funding, delivery, and governance approach, and to secure the next steps required to deliver both programmes effectively and within an appropriate financial framework.

Previous Executive decisions

York Station Gateway

7. On 26th November 2020, Executive approved the project Delivery and Procurement Strategy and enabled arrangements to be put in place to purchase land, place orders with utility companies and to proceed with the detailed design and procurement of Packages 1, 2 and 4 of the Scheme.

At the same meeting, the Executive also approved a revised budget of £25,723k which was funded from West Yorkshire Transport Fund (WYTF) to a value of £12,873k, West Yorkshire Transforming Cities (TCF) to a value of £12,250k and LNER contribution of £600k. The council were also granted £5,005k development funding to pursue land purchase negotiations, place orders with statutory utility providers and proceed with the scheme detailed design of Packages 1, 2 and 4. Following this approval, the drawing down of funds was agreed with West Yorkshire Combined Authority (WYCA) and the project team enacted the Executive approval accordingly.

8. Members were updated by a further report (on the 18th of November 2021) which showed an updated budget and associated funding as follows:
 - i) Package 1 was £3.876m (Including £620k plus fees for land)
 - ii) Package 2 was £6.109m
 - iii) Package 3 was £7.319m
 - iv) Package 4 was £9.186m.

- v) Package 5 was to be paid by LNER.
9. In August 2024, an Officer Decision was published. This was in response to concerns raised by the York Access Forum (YAF) regarding accessibility and materials used in the YSG design. These changes resulted in increased delivery costs which were necessary to meet equalities obligations and public expectations.
10. The Executive were advised on the 21 January 2025 of the following:
- a) The YSG scheme was to be delivered in five works packages. The first package of enabling works involving the diversion of key statutory utilities from in and around Queen Street Bridge to enable its demolition this was completed in October 2023. This package of work was delivered by CYC and completed on budget.
 - b) Following a procurement exercise, John Sisk and Son were appointed, in August 2023 as the main delivery contractor for Package 2 Highway Works. At the time (21 January 2025) estimated completion of the Package 2 works was February 2026, a one-year delay.
 - c) Package 2 of the scheme required the acquisition of two areas of land: an area of the station long stay car park owned by Network Rail; and an area of land to the front of George Stephenson House owned by Canada Life. Both parcels of land have been acquired at a total cost of £2.8m (including fees).
 - d) A further parcel of land currently in the station car park is required for the delivery of Packages 3 and 4 of the YSG scheme, and negotiations are taking place. At the time of the report dated 21 January 2025 the Package 2 works were forecasting a £7m funding gap to complete delivery.
11. This report builds upon the above decisions and sets out the updated financial, delivery, and strategic case for continuing both programmes.
- a) YSG – as advised above owing to further design development, the works package boundaries were redefined, and at the time of going into contract for Package 2, the values of P2 and P4 had been reset as £12.647m and £1.664m respectively. These values were agreed by the project cost planners Turner and Townsend and were subsequently agreed by the West Yorkshire Combine Authority (WYCA) in the approval of the Final Business Case with costs

(FBC+). Approval to Proceed on Package 2 was subsequently given by WYCA and the contract with Sisk was signed.

- b) It should be noted that if the Works Agreement dated 21 July 2022 had not been entered into CYC would potentially have lost £13.117m from DFT funding for transforming cities.
- c) The full value of P2, including project development and land costs is currently estimated as £26.139m (rounded to £26m above). If the project is paused after the delivery of P2, then accounting for land and project development costs across all packages, the overall spend forecasted is £31m (rounded).
- d) The value of Package 3 station Works (P3) increased by £2.671m following tender returns in January 2025. This tender was non-compliant and was therefore rejected by LNER. CYC and LNER are currently working to deliver a variation to the contract mentioned above dated July 2022, to provide a fixed price to CYC for the package 3 works. The value of P3 is currently estimated as £23m (rounded), this includes land cost and fees for package 3 and CYC Direct costs.

York Outer Ring Road

12. Executive in March 2021 were advised as follows;

- a) The YORR Improvement programme comprises two main elements which have become a single scheme of delivery. Members were reminded that in 2016, a scheme to upgrade seven junctions between Wetherby Road and Monks Cross secured funding through the West Yorkshire Plus Transport Fund administered by West Yorkshire Combined Authority.
- b) In late 2019, the Department for Transport (DfT) gave endorsement to a Major Roads Network grant for dualling a 7.5km length of the A1237 between A19 Rawcliffe and A1036 Little Hopgrove. This element has now been merged with the junction upgrades, for planning and legal reasons, and this was approved by Members at the Executive Meeting in February 2020.
- c) For the York Outer Ring Road, Executive has previously endorsed the principle of phased delivery, most recently in November 2023, aligning the scheme with Local Plan infrastructure priorities and housing site unlocks.

13. The Executive in January 2025 were advised as follows;

- a) During 2024/25, the focus of activity for the project team was gaining planning approval for the scheme. The scheme was approved by the City of York's planning committee on Tuesday 19 March 2024, and referred to the Secretary of State, and the York Outer Ring Road planning application was approved on the 12 April 2024.
- b) After the granting of planning approval, a cost review was undertaken with the aim of updating all the key areas of the project such as the latest anticipated cost, programme, risk and land acquisition against the original business case and funding. The review will help inform the required update to the business case for funders and the best way for the project to progress forward through to delivery.
- c) The cost review report which was issued in October has confirmed that there is a significant funding gap to deliver the whole of the dualling scheme. Due to the funding gap, CYC is looking to reduce the scope of the works to accord with the available funding. This involves optioneering and value engineering to establish what elements of the scheme, in economic terms, are best value for money. Given the nature of the works, the likely reduction in scope will involve sections of the dualling scheme being omitted and focus being turned to upgrade roundabouts and improvements to active travel measures. The outcome of this cost review has generated a number of queries and issues to address prior to determining a way forward and has thus impacted on the programme. The previous programme was to present a report to Executive Committee by November 2024; this has now slipped to July 2025.

Consultation

14. Both schemes have been developed through extensive consultation with residents, businesses and community groups over several years. In addition, consultation took place throughout the planning process

Options

15. Station Gateway:

Option 1 - Station Gateway – Do nothing and stop after package 2.

Option 2 – Station Gateway – Deliver a compromised scheme with no demolition of the train operator's accommodation (TOC) and

Cycle heaven with a different taxi solution. It should be noted that City of York Council do not own the land.

Option 3 – Station Gateway - Continue to deliver the full scheme and agree to the funding allocation requested by the Rail Industry.

16. York Outer Ring Road:

Option 1 – York Outer Ring Road – Do nothing. Shelve the project and do not take the works forward.

Option 2 – York Outer Ring Road - Do minimum. Complete the work to the existing roundabouts and do not complete the dualling of the highway between A19 and Little Hopgrove.

Option 3 – York Outer Ring Road – Phase the scheme. Establish a phased approach to the scheme using housing as a criterion to determine the delivery order.

Analysis

17. Station Gateway:

- a) Option 1 - significant cost overruns risk will be eliminated; however, the benefits of the scheme will not be achieved the relationship with the Rail Industry, Government office will be severely damaged bearing in mind we are currently in contracts with LNER. This option would risk a breach of the existing contract. This option is not recommended.
- b) Option 2 - will deliver completed cycle lanes, the bus interchange, portico and semi-permanent taxi / drop off arrangements. This will require circa £3m in expenditure and this will not be supported by the rail industry, this option also puts the bus loop at risk. This option would risk a breach of the existing contract. This option is not recommended.
- c) Option 3 - this option will deliver most of the benefits of the scheme, however, officers will need to confirm that the rail industry will be delivering Package 5. This option will also remove the cost overrun risk on package 3. This would require circa £18.5m additional funding to complete the project. This option is recommended.

18. York Outer Ring Road

- a) Option 1 – The regeneration ambitions for this area would not be achieved. Additional housing could not be delivered for the wider York area. The benefits set out in the section above would not be deliverable. There have been costs to date associated with the achievement of the confirmed design and the planning process these would become abortive costs.

The recent planning application (April 24), that took 18 months to achieve, would lapse within the 3-year period (April 27) requiring a new planning application should the works become viable in the future. In addition, the existing grant funding could be at risk. The further funding opportunities would be lost due to the scheme being abandoned. This option is not recommended.

- b) Option 2 – Limited scheme without the dualling element to the highway between A19 and Little Hopgrove. Whilst some of the housing could be achieved most of the listed benefits (see above) would be compromised or not realised. This would require a new planning application which could take in the region of two years to achieve including the stakeholder engagement and the revised designs required, plus the additional costs associated with a planning application. This option is not recommended.
- c) Option 3 – Deliver existing scheme but through a carefully phased approach. Unlocking the regeneration of the YORR has always presented significant challenges to overcome. The previously agreed delivery approach could be phased and can be achieved. This would allow the current planning permission (April 24) to be utilised and the delay to starting the works therefore minimised. Phasing would allow time to enable further funding streams to be explored and achieved. This option is recommended.

Council Plan

- 19. Delivering York Station Gateway and the Outer Ring Road are key actions within the Council Plan 2023-2027. Both schemes contribute to the council plan vision and will establish the conditions that would make York a healthier, fairer, more affordable, more sustainable and more accessible place, creating more regional opportunities to help today's residents and benefit future generations. The connection of rail and outer ring road to the region will enable economic growth aligned to the emerging MCA Local Growth Plan.
- 20. The York Station Gateway and Outer Ring Road directly contributes to the Climate Change Strategy 2022-2032 and subsequent Local Transport Strategy 2024-2040, which seeks to reduce carbon emissions

from transport by 71%. Prompting more day trippers to choose rail and use the sustainable travel infrastructure will directly contribute to the reduction in carbon emissions. The Outer Ring Road includes complementary active travel infrastructure, and will reduce congestion in the city, to enable residents to make modal choices that would also reduce emissions.

21. The Outer Ring Road is also critical to delivering the strategic sites identified in the recently adopted Local Plan, with the phasing focused on delivering the junctions to unlock additional housing growth.
22. These projects will also help deliver the 'Our City Centre' Vision, approved by Executive in October 2023, as set out below:
 - Theme 1 – Family friendly and affordable city centre
 - Theme 2 – An attractive, active, and healthy city centre
 - Theme 3 – A sustainable city fit for the future
 - Theme 4 – Embracing our riversides
 - Theme 5 – A safe city centre, which is welcoming and accessible to all
 - Theme 6 – Celebrating heritage and making modern history

Implications

Financial

York Outer Ring Road

23. Current spend on YORR is £14m, with further phases to be funded through a mix of grant funding, future borrowing, and developer contributions aligned with housing delivery. The whole approved scheme was estimated to cost £66.4m, however recent estimates from our cost consultants indicate a total cost of £164m this has been driven by:
 - a) Increased inflationary pressure due to national fiscal events giving industry wide cost increases of over 35%.
 - b) The impact of guidance and legislation such as LTN/1/20 in expanding the needs and requirements for cycling and pedestrian infrastructure, which includes ecology, archaeology and noise restrictions.
 - c) To ensure any changes satisfy the 25 planning conditions.
 - d) Other factors include £10m estimate for structures to incorporate underpasses and new bridges relating to the dualling.

- e) Estimated utility costs of £7.4m.
- f) Landscape and Archaeological costs £2.75m.

York Station Gateway

24. Executive approved the budget for York Station Gateway of £26.49m at its meeting 18 November 2021.
25. Executive agreed to an increase of the budget in January 2025 of £5.908m (subject to approval of West Yorkshire Combined Authority) transferring £5m from the York Outer Ring Road Scheme and utilising £908k from the unallocated West Yorkshire Transport Fund Budget. There has also been a £3.8m contribution from Capital Bus Grants to deliver the improved bus infrastructure and loop road at the station. £2.8m is to come from Bus Service Improvement Plan (BSIP) through reprofiling of the current programme and £1m from the 25/26 Mayoral Bus Grant.
26. This leads to the current budget for the scheme

Funding	Nov 2021 £'m	Jan 2025 £'m
WYTF	12.873	18.781
WYCA Transforming Cities	13.117	13.117
LNER Contribution*	0.500	0.500
Contribution from Capital Bus Grants		3.800
Total Funding	26.490	36.198

27. The recommendations of the report add a further £18.5m to the scheme which is proposed to be funded from a reallocation from the West Yorkshire Transport Fund allocation £13.5m and additional funding from the York and North Yorkshire Combined Authority £5m.

Funding	Jan 2025 £'m	Proposed £'m	Change £'m
WYTF	18.781	32.281	+13.5
WYCA Transforming Cities	13.117	13.117	0.0

Contribution from Capital Bus Grants	3.800	3.800	0.0
YNYCA	-	5.000	+5.0
LNER Contribution	0.500	0.500	0.0
Total Funding	36.198	54.698	+18.5

York Outer Ring Road

28. The recommendations of the report transfer funding from the YORR Scheme to support the completion of the YSG scheme. The impact on the YORR scheme is shown below.

Funding	Remaining Budget at 31/3/2025 £'m	Proposed £'m	Change £'m
WYTF	23.834	10.334	-13.5
DfT Grant	25.093	25.093	
CYC	3.474	3.474	-
Developer Contributions	-	5.000	+5.0
Total Funding	52.401	43.901	-8.5

29. The additional funding from developer contributions (anticipated from the Clifton Moor roundabout) will mitigate the reduction in the scheme and allow the next phase to progress.
30. **Human Resources (HR)** There are no HR implications contained within this report. Should any additional resource be required by the Council to deliver these schemes these would be established and resourced in accordance with Council policy.

Legal

31. In respect of the grant funding arrangements for both projects, consideration will need to be given to the impact of varying the schemes for which grant funding has been awarded. Any changes to the schemes

may need to be captured in a variation of the relevant funding agreements to ensure the Council remains compliant with the terms of those agreements.

32. For the purposes of the Subsidy Control Act 2022, as most grant funding in relation to both the YSG and YORR Schemes will be used to commission civil engineering and/or construction works packages, or to commission specialist consultancy services in relation to the works, it is anticipated that such funding would not be treated as controlled subsidies under the 2022 Act as:
 - I. Any grant funding used by the Council to fund any works, goods and/or services related to these Schemes, will not be seen as giving any contractor, consultant and/or supplier any economic advantage or benefit confer an economic advantage if the relevant works, goods and/or services could reasonably be considered to have been given on the same terms and price as they could have been obtained on the market. This is known as the ‘commercial market operator’ (CMO) principle. Public authorities will generally be acting in accordance with the CMO principle when they engage in a compliant competitive public procurement for works, goods or services. Payment for the works, goods or services purchased will, therefore, not generally be considered to confer an economic advantage, as the public authority will be purchasing such goods or services at a market rate.
 - II. In addition to (i) above, if a public authority has commissioned works, goods and/or services using grant funding following a compliant competitive public procurement, this will not be seen to have any relevant effect on competition or investment in the UK or international trade or investment.
 - III. If there is any change to how the works, goods and/or services are to be procured Legal Services must be consulted, in order to make a full and proper detailed assessment under the 2022 Act at the start of any grant funding application process that the Council decides to take part in. The Council’s collaborative partners may also need to be consulted and take part in any such applications for additional funding.
33. In respect of the YORR scheme, should option 3 be chosen as the preferred option, consideration will need to be given to the legal opinion previously obtained in respect of phasing to ensure any such phased scheme remains consistent with the advised approach given in that

opinion. Officers should take note of previously obtained legal advice from a barrister in relation to potential CPO requirements.

34. The Council's Legal Services team have been and will continue to be consulted on all matters relevant to the YSG and YORR schemes and where appropriate external legal advice may need to be commissioned.

Procurement

35. Any proposed works or services on all schemes will need to be commissioned via a compliant procurement route under the Council's Contract Procedure Rules and where applicable, Procurement Act 2023. All tenders will need to be conducted in an open, fair, and transparent way to capture the key principles of procurement. Further advice regarding the procurement routes, strategies and markets must be sought from the Commercial Procurement team.

Health and Wellbeing

36. Transport schemes and the built environment have a major impact on health. Liveable and accessible schemes which prioritise walking, wheeling and cycling and which consider and mitigate poor air quality and noise are shown to be linked to reduced rates of obesity-linked diseases such as cardiovascular disease, and diseases such as asthma, Chronic Obstructive Pulmonary Disease COPD and poorer mental health.
37. The integration of active travel options into both schemes covered by this report will be an important part of mitigating these risks, and members will need to be mindful when taking these decisions of the health evidence showing that reducing the number of car journeys people take positively affects health and for example mitigates air and noise pollution, a fact reflected in the Local Transport Strategy aspiration to reduce the number of miles travelled on York's roads by at least 20% by 2030. When the YORR schemes are brought forward, Health Impact Assessments should be considered using the guidance and resources forthcoming in the Healthy Places Supplementary Planning Document.

Environment and Climate action

38. The carbon assessment undertaken for YORR shows that the scheme would lead to reductions in operational GHG emissions of 147 tCO₂e and 935 tCO₂e in the opening year (2025) and future year (2040) respectively. However, the assessment also shows that scheme would

have an overall net adverse impact upon carbon (net of +50,638 tCO₂e) due to emissions during the construction phase.

39. The scheme proposes a Carbon Reduction Plan to reduce construction carbon emissions, and this will be built into tender documentation and be an important part of any early contractor engagement. Mitigation measures associated with the build phase to reduce the construction emissions will be secured and could include working with contractors to use recovered/recycled/low carbon materials, introducing measures for green site compounds, minimising site vehicle miles and using low emissions/electric site vehicles where possible.
40. The construction element of the scheme will contribute 51,573 tCO₂e to the UK's fourth carbon budget. This represents only 0.0026% of the budget and therefore within national context is considered to have negligible magnitude. In the local York context, 51,573tCO₂e represents 5% of the current annual emissions in the city (2022) and could be considered non-negligible. The assessment follows relevant industry procedure and national guidance in this respect, as contained within the Climate Change Act (as amended) and the Carbon Budget Order 2021.
41. YSG should undertake a Carbon Impact Assessment of the available options to provide an understanding of the likely impact on the city's emissions, allow an informed comparison and identify mitigation measures.
42. **Affordability** - York Station Gateway will attract tourism, potentially grow and maintain new and existing businesses and support the creation of new jobs.
43. **Equalities and Human Rights** - A full Equalities Impact Assessment has been completed. It highlights the need for ongoing dialogue with groups who may be impacted by the schemes and there have already been some changes made to designs as a result of this engagement taking place.
44. **Data Protection and Privacy** - The data protection impact assessment (DPIAs) screening questions were completed for the recommendations and options in this report and as there is no personal, special categories or criminal offence data being processed to set these out, there is no requirement to complete a DPIA at this time. However, this will be reviewed following the approved recommendations and options from this report and a DPIA completed if required.

45. **Communications** - As significant projects for the city they require communications support throughout the planning and construction phases, supported by a communications strategy to support and inform residents and businesses. The communications team already work closely with partners on communications for both projects and will continue to do so.
46. **Economy** - The full delivery of YSG and YORR projects is vital for driving economic growth, attracting inward investment and the delivery the agreed objectives of CYC's economic strategy. The YSG project will modernise the city's main transport hub which will in turn improving connectivity and create a more attractive gateway for businesses and visitors.
47. YORR will unlock over 3,557 homes and key development land, supporting housing delivery and the Local Plan which again will be a key enabler in generating direct and indirect economic growth. These projects enhance access to jobs, services, and regional transport links for our residents and businesses making York more competitive and resilient business location. Not progressing these schemes risks losing external funding, delaying housing delivery, and damaging relationships with key partners.
48. **Crime and Disorder** – The Planning permission will be followed to ensure that all secure by Design elements are implemented.
49. **Information Technology (IT)** – There are no IT implications in this report.
50. **Property** – Property implications are covered within this report. Land acquisitions needed for the delivery of the schemes will involve property and legal work requiring internal resources, who will work with the Project Team.

Risk Management

51. The principal risks associated with the York Station Gateway and YORR projects at this stage are reputational, non-delivery and impact loss of revenue. This is why phasing the projects as proposed in this report is necessary, so that the regeneration of this area can progress and is not further stalled.
52. There is a risk that having engaged extensively and raised expectations amongst the public, the change of approach will not fully deliver initial

expectations. However, the bigger risk to the city is not to delivery anything and see the regeneration of the area continue to stall.

53. There is a risk of further cost overruns for both schemes in the future. To mitigate this risk improved project management arrangements need to be in place. Regular reviews of the progress and the funding need to be shared with senior managers and any issues acted upon in a timely manner.
54. There is a risk that future funding bids may be unsuccessful, or funding/ grant streams may reduce due to economic conditions. CYC needs to be more proactive in seeking out and achieving additional funding. In addition, future borrowing may be considered.

Recommendations

55. Scrutiny are asked to consider the recommendations to the Executive, which are as follows:
 - a) Note the status and funding position of the YSG and YORR programmes.
 - b) Approve the continuation and completion of the YSG scheme – (YSG Option 3), including the allocation of an additional sum of £18.5million, to be funded through a reprioritisation of a combination of external grants and contributions from the rail industry.
 - c) Approve the review and renegotiation of any existing grant funding arrangements in relation to the YSG and YORR schemes and delegate authority to the Director of City Development, in consultation with the Director of Governance and the Director of Finance, to conduct that review and renegotiation and to take such steps as are necessary to enter into the resulting agreements.
 - d) Approve £2.8m of CYC BSIP1 funding be allocated to the YSG scheme and delegate authority to the Director of City Development, in consultation with the Director of Governance and the Director of Finance, to take such steps as are necessary to enter into any resulting agreements.
 - e) Approve the procurement of contractors and specialist support services to enable timely completion of the YSG project and delegate authority to the Director of City Development, in consultation with the Director of Governance and the Director of Finance, to procure such contractors and/or consultants and to take

such steps as are necessary to award and enter into the resulting contracts (including any and all planning agreements and/or highways/land agreements as required; however for the sake of clarity this delegation is not for any requirements of either the Local Planning and/or Highways Authority).

- f) Approve the proposed phased approach to delivering the YORR scheme – (YORR Option 3), prioritising infrastructure that unlocks housing and supports the Local Plan objectives.
- g) Approve the procurement of contractors and specialist support services to enable timely delivery of future phases of the YORR programme and delegate authority to the Director of City Development, in consultation with the Director of Governance and the Director of Finance, to procure such contractors and/or consultants and to take such steps as are necessary to award and enter into the resulting contracts (including any and all planning agreements and/or highways / land agreements as required; however for the sake of clarity this delegation is not for any requirements of either the Local Planning and/or Highways Authority).
- h) Approve the application to and acceptance of funding bids necessary to deliver the YSG and YORR schemes and delegate authority to the Director of City Development, in consultation with the Director of Governance and the Director of Finance, to apply for and accept such funding bids, and to take such steps as are necessary to enter into the resulting agreements and any subsequent modifications and/or extensions thereto.
- i) Note the financial and delivery risks associated with both schemes and the mitigation measures proposed.

56. The agreement of the above recommendations will enable the following outcomes:

- a) The completion of key strategic transport and regeneration infrastructure projects that are central to the delivery of the Council Plan 2023–27, the Local Plan, and ‘Our City Centre’ vision.
- b) To secure the regeneration benefits of YSG, including improved active travel links, a transformed public realm, and an enhanced modal interchange at York Station.

- c) To unlock the delivery of over 3,557 homes (based on local plan allocations) and critical infrastructure through a phased YORR programme, while managing financial risk and maintaining delivery momentum.
- d) To ensure appropriate governance and delegation for the pursuit of funding opportunities that will enable both schemes to be delivered within an affordable and sustainable framework.

Wards Affected: *List wards or tick box to indicate all*

All ☐ *tick*

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Abbreviations

BSIP – Bus Services Improvement Plan
 FBC – Full (final) Business Case
 TCF – Transforming Cities Fund
 WYCA – West Yorkshire Combined Authority
 WYTF – West Yorkshire Transport Fund
 YAF – York Access Forum
 YORR – York Outer Ring Road
 YSG – York Station Gateway

Background papers

Local Transport Strategy www.york.gov.uk/LocalTransportStrategy
 Climate Change Strategy www.york.gov.uk/ClimateChange10YearStrategy
 Economic Strategy www.york.gov.uk/StrategiesPoliciesPlans
 Council Plan www.york.gov.uk/CouncilPlan

Executive February 2020

York Outer Ring Road Improvements February 2021

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=11116&Ver=4> item 94

Executive November 2020

York Station Gateway Funding and Delivery

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=12407&Ver=4> item 60

Executive March 2021

York Outer Ring Road Phase 1 Dualling

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=12509&Ver=4> item 113

Executive November 2021

York Station Gateway project update

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=12797&Ver=4> item 56

Executive October 2023

Delivering the Vision for the City Centre

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=13931&Ver=4> item 37

Executive November 2023

Capital Programme Monitor

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=13932&Ver=4> item 61

Officer Decision August 2024

<https://democracy.york.gov.uk/ieDecisionDetails.aspx?ID=7189>) Decision ID: 7189

Executive January 2025

Budget report

<https://modgov.york.gov.uk/documents/s181116/Capital%20Budget%20Jan%202025.pdf>



Corporate Scrutiny Committee**9th June 2025****Report of the Director of Finance****BUDGET SETTING PROCESS AND SCRUTINY****Summary**

1. This report outlines the Council's approach to budget setting and some suggestions as to how the Committee could carry out budget scrutiny.

Background

2. Members will be aware of the current state of Local Government finance nationally with rising demand and inflationary pressures creating significant challenges in many Councils. A Spending Review is currently underway, with 3 year departmental spending plans expected to be announced on 11th June 2025. This announcement will be followed by a comprehensive consultation paper with a response from Government in early Autumn. Individual Council allocations are expected in late November / early December.
3. It is expected that the 3 year settlement will also encompass the fair funding review, updating allocations for the most up to date indicators or need and latest population figures. Whilst this certainty for local government finances is welcomed, the Government has been clear that their intention is to redistribute funding towards areas with higher deprivation. It is against this backdrop of continuing uncertainty and increasing costs that the Council will need to begin the process of setting its 2026/27 budget.

Annual Budget Setting Process

4. Every council must have a balanced and robust budget for the forthcoming financial year and also a Medium Term Financial Strategy (MTFS) which projects forward likely income and expenditure over the next 3 years. Due to income constraints and the pressure on service

expenditure through increased demand and inflation, projected expenditure is usually higher than projected income.

5. Whilst such budget gaps are common in years two and three of the MTFS, the requirement to approve a balanced and robust budget for the immediate forthcoming year means that efforts need to be made to ensure that any budget gap in the next financial year is closed. This is achieved by making proposals to reduce expenditure and/or increase income. Clearly all stakeholders will be concerned with any potential effect that these financial decisions have on service delivery.
6. The annual budget report outlines the proposals that will be taken forward and includes an overarching Equalities Impact Assessment that attempts to look at the cumulative impact of the budget. A number of the individual proposals will also require their own assessments and consultation with service users which will be undertaken separately at the appropriate time.
7. There is a significant amount of legislation around local authority financial planning and budgeting.
8. The Local Government Act 2000 states that it is the responsibility of the full council, on the recommendation of the Executive, to approve the budget and related council tax demand.
9. The Local Government Act 2003, section 25 requires the council's Section 151 officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations.
10. The Local Government Finance Act 1988, section 114 requires the Section 151 officer to report to all of the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. The council must meet within 21 days to consider the report and during that period the authority is prohibited from entering into new arrangements that will cause money to be spent.
11. Failure to set a legal budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999.
12. In relation specifically to scrutiny, Statutory Guidance on Overview and Scrutiny (2024) was issued by the Department for Levelling Up, Housing

and Communities which provides updated guidance on how councils should conduct scrutiny, including financial scrutiny.

13. There is also Best Practice Guidance issued by the Local Government Association (LGA) and Centre for Governance and Scrutiny (CfGS) and this emphasises the importance of early and ongoing involvement in the budget cycle and the need for clear lines of enquiry, public engagement, and cross-party collaboration.
14. The following paragraphs outline the annual budget setting process.

April to July

Estimate revenue income and expenditure over at the next 3 years, updating for previous years outturn position and any other information available.

July to September

Identify any new budget pressures

Calculate forecast budget gap (difference between forecast expenditure and forecast income)

Chief Officers and Heads of Service start detailed work to identify new efficiencies and savings proposals

Consider any capital projects needed

Begin discussions with Executive Members as to the level and type of savings required

October to December

Budget consultation with residents, partners and community groups, including reports to scrutiny

Finalise budget proposals with the Executive, including potential impacts and risks

Review budget in light of Local Government Provisional Settlement and update budget assumptions for any Government announcements

January

Revenue and capital budgets considered by Executive

February

Revenue and capital budgets debated at Full Council. Council Tax is set.

Analysis and Options

15. There are a number of reasons why financial scrutiny is important.
 - i. To ensure there are clear links between budget setting and strategic plans
 - ii. To identify evidence based options for reducing costs, generating income or introducing new models of delivery
 - iii. To challenge how resources are allocated, used and their impact
 - iv. To provide an additional and transparent challenge to the Executive's management of Council's finances
16. The Centre for Governance and Scrutiny publication "Finance scrutiny: a guide for members" provides advice on financial scrutiny and in particular makes the point that scrutiny of the Council's budget isn't about analysing data or querying individual budget lines on a spreadsheet. Scrutiny adds value from reviewing and challenging the assumptions and choices that sit behind the figures.
17. This can include reviewing how resources are allocated, monitoring how they are used and examining their impact. This is about following through from budget development and planning to delivering of a budget and oversight of that budget in-year. Usually, Scrutiny will be able to do this by exception, looking at financial information throughout the year which will also cover ensuring savings are being delivered once the budget is approved.
18. Another area would be to check how the budget is allocated to achieve strategic and operational objectives and service planning. Targets on performance should be aligned with the budget available to deliver them. This allows scrutiny to understand the council's financial choices in the context of its overall goals.
19. One proposal could therefore be for the Committee to form a smaller task & finish style group to hold informal meetings to scrutinise the budget at 3 points, which could be:
 - i. Reviewing the MTFS and the budget process
 - ii. Before public consultation, helping to shape the proposals being consulted on

- iii. After public consultation, reviewing the outcomes and making suggestions to Executive about how to proceed
- 20. This would result in a summary report that would be published and presented to Executive by the Chair of the Committee.
- 21. The working group would be supported by the Director of Finance and the Assistant Director, with other officers contributing as required.
- 22. Corporate Scrutiny Committee could also scrutinise the quarterly Finance & Performance reports presented to Executive throughout the year. This would allow the Committee to follow the budget through from development to delivery as outlined in paragraph 17 above.
- 23. Alternatively, members of the committee could consider the contents of this report and determine other options to deliver budget scrutiny.

Council Plan

- 24. The Medium Term Financial Strategy aims to ensure that, as far as possible, resources are aligned to the Council's priorities.

Recommendations

- 25. Members are asked to consider the contents of this report and agree how they want to proceed with budget scrutiny for the 2026/27 budget process.

Reason: To provide assurance that the Council is managing its budget effectively.

Contact Details

Author and Chief Officer responsible for the report:			
Debbie Mitchell Director of Finance 01904 554161			
Report Approved	<input checked="" type="checkbox"/>	Date	23/05/2025
Wards Affected: List wards or tick box to indicate all			All <input checked="" type="checkbox"/>

For further information please contact the author of the report	

Background Papers:

Centre for Governance & Scrutiny - Financial Scrutiny: a guide for members
<https://www.cfgs.org.uk/wp-content/uploads/2023-12-11-Finance-Scrutiny-guide.pdf>

Annexes

None

Abbreviations

MTFS Medium Term Financial Strategy

**Corporate Scrutiny Committee
Work Plan 2025/26**

Theme	Item	Lead Officer / Exec Member	Scope
9 June 2025			
	YORR, Castle Gateway and Station Gateway	Garry Taylor Julie Burns Cllr Lomas	Pre-decision Scrutiny
	2026/27 outline budget process	Debbie Mitchell	
7 July 2025			
	Harewood Whin Green Energy Park Business Case	Neil Fletcher, Cllr Kent	Pre-decision Scrutiny
	Medium Term Financial Strategy	Debbie Mitchell	
	F&P Outturn (TBC)	Debbie Mitchell, Ian Cunningham Cllr Lomas	
8 September 2025			
10 November 2025			
19 January 2026			
2 March 2026			

Theme	Item	Lead Officer / Exec Member	Scope
11 May 2026			

Unallocated items

Item	Origin	Lead Officer and Exec Member	Notes
Community Woodland update from Forestry England	Cllr Kent	Shaun Gibbons Cllr Kent	July or October?
Digital Switchover		Roy Grant / Helen Whiting	
York's pipeline of investible projects	To return in 12 mths (June 2024)	Sam Blyth Cllr Douglas	
Customer Services		Pauline Stuchfield, Eilidh Carricker	September?
York Central		Garry Taylor Julie Burns Cllr Lomas	September?
Emissions Reporting Climate Change Action Plan		Shaun Gibbons Cllr Kent	October?
F&P Q1	Regular Report	Debbie Mitchell, Ian Cunningham Cllr Lomas	October
Petitions Schedule Council Motions	Regular Report	Bryn Roberts Lindsay Tomlinson	November / May

Item	Origin	Lead Officer and Exec Member	Notes
F&P Q2	Regular Report	Debbie Mitchell, Ian Cunningham Cllr Lomas	December
F&P Q3	Regular Report	Debbie Mitchell, Ian Cunningham Cllr Lomas	March

Possible Task & Finish Groups

Topic	Aims and objectives	Membership
Procurement		
Community Infrastructure Levy	Better understand the approach to implementation of the CIL in parished and unparished areas, and in particular, what advantages parished areas might have.	
Council Communications with Residents		

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Scrutiny Overview Work Plan

Meeting Date	Committee	Agenda Item
09/06/25	Corporate	<ul style="list-style-type: none"> • York Outer Ring Road, Castle Gateway and Station Gateway • 2026/27 outline budget process
11/06/25	People	<ul style="list-style-type: none"> • Neighbourhood Model Update (tbc)
24/06/25	Place	
03/07/25	All Member Briefing	
07/07/25	Corporate	<ul style="list-style-type: none"> • Harewood Whin Green Energy Park Business Case • Medium Term Financial Strategy • Finance and Performance Outturn (TBC)

The Forward Plan can be found [here](#).

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