



Executive

7 February 2022

Report of the Chief Finance Officer
Portfolio of the Executive Member for Finance and Performance

Capital Budget 2022/23 to 2026/27

Summary

1. This report sets out the capital programme for 2022/23 to 2026/27, and in particular sets out proposals to continue the Council's approach to prioritise investment in the economy, housing, transport and to invest to save including energy efficiency.
2. Schemes funded by borrowing have an associated revenue impact. In order to minimise the additional growth required in future years and, mindful of the Council's current financial position in light of both the ongoing pressures in social care and the uncertainty regarding the COVID-19 pandemic, the Council has reviewed the level of capital investment needed. The Council's main focus is to build back better from the pandemic. The schemes outlined in this report continue the transformational capital programme to drive regeneration and accelerate the city's economic recovery.
3. As part of this budget process over £70m of new capital funding will be added to the 5 year capital programme to continue to support the objectives outlined in the Council Plan, including a further £8.8m on highways schemes, £11.5m on fleet infrastructure and vehicles to deliver as many electric vehicles as possible and £16.3m on Haxby Station. A summary of this new funding can be found at Annex A, and specific examples of capital investment include:
 - **Good Health & Wellbeing** – additional capital investment of over £3m on a range of schemes employing the latest technology to enable people to live in their own homes for longer, including over £3m on assistance to older & disabled people schemes, disabled facilities grants, telecare equipment, and major items of disability equipment to support vulnerable residents.

- **Safe Communities and Culture for all** – capital investment of £1.3m to fund the Future libraries schemes.
- **A Greener and Cleaner City** – capital investment of over £12m to develop new initiatives to reduce carbon emissions, including £11m to support the Council’s Fleet replacement policy and £800k on Castle Mills Lock..
- **Getting around sustainably** - capital investment of over £29m including over £16m for Haxby Station, £8.8m for repairs and improvement to the highways network, and investment in the Bar Walls, Street Lighting and Drainage across the city.
- **Creating homes and world class infrastructure** – capital investment of nearly £10m, including over £9 million to increase the scale of modernisation works to Council housing stock.
- **An Open and effective Council** - capital investment of over £5m to support the Council’s digital programme and support change in a range of front line services.
- **Well Paid Jobs and an Inclusive economy** – capital investment of over £5m in Schools Maintenance and Devolved Capital, and improving Schools accessibility.

4. Further details on the schemes referred to above can be found in the body of this report.

5. As set out within this report and the Financial Strategy report also on this agenda, the budget reflects significant investment in a number of critical areas, with a focus on meeting the continuing pressures on adult social care and children’s services and to support the Council’s response to the Covid-19 pandemic and maintain progress on the objectives outlined in the Council Plan. This report sets out **£70.176m of new investment over the 5 year period**, of which £22.475m is externally funded, £10.090m is met from the Housing Revenue Account, with **£37.611m** to be funded by Council borrowing.

6. 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 York Central, Castle Gateway, York Station frontage and York outer ring road and dualling as set out at paragraphs 73 – 82.

Recommendations

7. The Executive is requested to recommend that Council:
- Agree to the revised capital programme of **£459.625m** that reflects a net overall increase of **£70.176m** (as set out in table 2 and in Annex A). Key elements of this include:
 - New schemes funded by prudential borrowing totalling £1.9m as set out in tables 3;
 - New schemes funded by a combination of both prudential borrowing and external funds of £16.300m as set out in table 4
 - Extension of prudential borrowing funded Rolling Programme schemes totalling £31.411m as set out in table 5 and summarised in table 5;
 - Extension of externally funded Rolling Programme schemes totalling £10.475m as set out in table 8;
 - An increase in HRA funded schemes totalling £10.090m funded from a combination HRA balances/Right to Buy receipts as set out in table 9;
 - Note the total increase in Council borrowing as a result of new schemes being recommended for approval is £37.611m the details of which are considered within this report and the financial strategy report
 - Approve the full restated programme as summarised in Annex B totalling **£459.625m** covering financial years 2022/23 to 2026/27 as set out in table 13 and Annex B

Background

8. The current 2021/22 – 2025/26 capital programme was approved by Council on 25 February 2021. Since then a number of amendments have taken place as reported to the Executive up to and including the 2021/22 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 2021/22 – 2025/26 of £517.033m, financed by £169.984m of external funding and Council controlled resources of £347.049m. Table 1 illustrates the current approved capital programme profile from 2021/22 – 2025/26 as of capital monitor 3 2021/22.

	21/22	22/23	23/24	24/25	25/26	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	127.584	118.322	140.068	80.340	50.719	517.033
Funded by:						
External Funding	41.946	37.010	47.339	34.584	9.105	169.984
Council Controlled Resources	85.638	81.312	92.729	45.756	41.614	347.049
Total Funding	127.584	118.322	140.068	80.340	50.719	517.033

Table 1 – Funding Position of approved 2021/22 – 2025/26 Capital programme per Monitor 3

9. The majority of external funding is comprised of Government Grants, including those from the Department for Transport and Department for Education and Skills. Council controlled resources comprise of Housing Revenue Account (HRA) funds, prudential borrowing and capital receipts. There are some specific earmarked receipts that are critical, in particular in relation to the older persons programme.

Options

10. This report sets out the new capital investment proposals for the 5 year period covering 2022/23 to 2026/27. 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 per Local Government Act 2003 (revised).

Summary of Proposed Capital Investment

11. The capital budget process invited proposals from the departments asking to submit requests for the Councils main capital priorities. Of the 26 proposals going forward 20 are asking for direct council funding, this is comprised of 16 proposals for extensions to existing schemes and 4 proposals for new schemes.

12. In total, proposals have been made that would increase the existing 2022/23 – 26/27 Capital Programme by **£70.176m**. The proposals are comprised as follows:

- General Fund schemes requiring financing by Council borrowing **£37.611m**
- General Fund Schemes financed by external funds **£22.475m**
- Housing Revenue Account schemes financed by HRA funds **£10.090m**

Key scheme proposals

13. The table below summarises the key proposals that result in an increase to the capital programme of £67.176m split 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	
New Schemes – Prudentially Borrowed	1.900	Table 3
New Schemes – Match Funded (Element of both External & CYC funding)	16.300	Table 5
Rolling Programme – Prudentially Borrowed	31.411	Table 7
Rolling Programme – Externally Funded	10.475	Table 9
Housing Revenue Account (HRA) Schemes – Funded by HRA resources	10.090	Table 10
Total Increase in Capital Programme	70.176	

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

14. Overall this report proposes new capital schemes totalling **£61.176m** 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 13.

Detailed Consideration of Proposed Investment and Financial Implications

New Schemes – Prudential Borrowing

15. 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 3** below.

Scheme Type / Description	Total Value	Financial Year
	£m	
Explore – self issue ticket machines (Departmental Pru borrowing)	0.100	22/23
Future Libraries	1.000	23/24
Castle Mills Lock	0.800	22/23 & 23/24
New Proposals Requiring Prudential Borrowing	1.900	

Table 3 – Summary of New Proposals Requiring Prudential Borrowing Funding

16. An overview of each new scheme being proposed is set out in the following paragraphs:
17. **Explore – self issue ticket machines (£100k in 22/23)** – York Explore intend to purchase self-issue machines for all remaining libraries that currently do not have such facilities. The overall cost to purchase these machines is approximately £150k. York Explore are able to fund the first £50k from reserves and are requesting that the council finance the remaining £100k via a capital grant. The intention is that this be funded by departmental

prudential borrowing, the cost of which will be charged to Explore, probably over a 5 year period via a deduction from the annual contract sum

18. **Future Libraries (£1.000m in 22/23)** – The future library investment programme is seeking additional capital borrowing to deliver a new Clifton Library on the former Clifton Without Junior School site, deliver a gateway library for Haxby & Wiggington and further improve the Acomb Library Learning Centre. Development of the Clifton site will provide greater community benefits than just a community library, including the provision of affordable homes and an opportunity for co-location of third sector community partners as well as learning providers

19. **Castle Mills Lock (Total £800k, £600k in 22/23 & £200k in 23/24)** – When our canals and rivers were built there was no standard template for lock gates. They were constructed using a variety of techniques and designed to navigate the local landscapes. As a result our lock gates are bespoke so when we're building new lock gates, each one has to be sized up and built to the exact specifications for each lock. An average lock gate lasts for about 25 years. Castle Mills Lock were last renewed in 1986 making them 35 years old and 10 years exceedance of their expected serviceable life. Further to the lock gates is the access bridge to the site which is nearing the serviceable life. the bridge requires replacing with an indicative cost circa 200k
 - The purpose for the gates – To maintain the River Foss water level and allow boat access to the Foss from the Foss Basin.
 - The legal obligation for the gates – To allow Public Navigation under the Foss Navigation Act
 - The benefit for having lock gates – To allow Public access to the Foss Navigation
 - The requirement for new gates and the infrastructure benefits which can be realised by this investment – To replace existing deteriorating gates and to continue Public access to the Foss Navigation and prevent sudden loss of the River Foss water level.
 - The lead in time and programme installation duration (earliest programme start date and duration of works) – Earliest start April 2022 with approx duration of 3/5 months depending on weather and manufacturing availability.

A recent event highlighted the importance of the lock gates which provide essential sustainability to life within the River Foss the river levels on the Foss are dependent on the performance of the lock gates creating a seal.

Low River levels have a direct impact on the oxygen levels in the river and the mortality levels of the fish which live in the river.

New Schemes – Match Funded

20. The table below sets out proposals which would be funded both externally and with a Council contribution.

Scheme Type / Description	Total External element	Total CYC element	Financial Year
	£m	£m	
Haxby Station	12.000	4.300	22/23 – 25/26
Total New Match Funded Proposals	12.000	4.300	

Table 4 – Summary of new proposals funded by both external and CYC funding

21. **Haxby Station** (£16.300m Total - £4.300m CYC funding, £12.000m externally funded) – Haxby Station is a proposed new unmanned (two-platform) station located in the town of Haxby (on the York-Scarborough line), to serve the nearby suburban and semi-rural areas. A station at Haxby would be an extra stop between the existing railway stations at York and Malton (and indeed, there was a station at Haxby until 1930). A new station here has a potentially large catchment which includes residents from the town, neighbouring villages and suburban areas to the north and east of York. There are over 20,000 residents within 3km of the proposed station location.
22. Following submission of a New Stations Fund bid in 2020, confirmation was received at the end of that year that a provisional £400k award from DfT would be made to develop the scheme further, with a view to being able to confirm full funding award in the short-term (subject to meeting certain criteria i.e. line speed certainties; construction costs). Work on honing these items is underway with Network Rail. DfT timescales are that a station needs to be complete/operational by March 2024. The DfT requests 25% local match funding.

Rolling Programme Schemes – Prudential Borrowing

23. The 2021/22 – 2025/26 capital programme contained a number of rolling programme schemes that require funding on an ongoing basis. This report extends the rolling capital programme to 2026/27 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
	£m	
Highways Schemes	6.570	24/25 & 26/27
Access Barrier Review	0.100	26/27
Improving School Accessibility - Extension	0.600	22/23 & 23/24
Bar Walls	0.300	24/25
Drainage	0.900	26/27
Street Lighting	1.118	24/25 - 26/27
Fleet Replacement – CPB	7.751	22/23 – 26/27
Fleet Replacement - DPB	3.799	22/23 – 26/27
Asset Maintenance	0.250	26/27
Disabled Facilities Grant	0.475	26/27
Disability Support Budget	0.280	26/27
Major Items of Disability Equipment	0.157	26/27
Telecare Equipment	0.291	26/27
ICT Rolling Programme	5.420	22/23 – 26/27
Project Support Fund	0.200	26/27
Contingency	3.200	22/23

Total Rolling Programme Schemes	31.411	
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Table 5 – Summary of Rolling Programme Proposals Requiring Prudential Borrowing Funding

24. All of the £31.411m of rolling programme scheme bids will require revenue growth to fund (to support the prudential borrowing), the revenue implications are contained in the Financial Strategy 2022/23 – 2026/27 report also on this agenda.
25. An overview of each scheme being proposed is set out in the following paragraphs:
26. **Highways Schemes (£1.500m in 24/25, £5.070m in 26/27- Total £6.570m 25/26)** – The total annual rolling budget requirement for an optimum structural maintenance regime is circa £10m representing current costing. Outputs from the Councils highway inspection and deterioration data (Gaist) will be used to target additional highways R&R funding to address emerging highway asset defects, proactive works will slow the deterioration of the cities highway network across footways and carriageways. The current rate of highway depreciation is greater than the funding the service is receiving annually, the highways asset management team are therefore requesting capital funding required to slow the rate of depreciation across the network. This additional funding will reduce the rate of depreciation across the highway network.
27. **Access Barrier Review (£100k 2022/23)** – This scheme which is reviewing the design and placement of access barriers across the Councils walking and cycling networks has an existing budget of £100k in 21/22. Further funds are required in 22/23 to complete the work. The value is estimated at this stage as the first stage of work is not yet complete
28. **Improving School Accessibility - Extension (£300k 2022/23 & £300k 23/24. Total £600k)** – The scheme is designed to further address accessibility issues in York maintained schools that are operating in historic buildings and are unable to meet their responsibilities under the Equality Act, 2010. If left unaddressed the local authority is likely to be subject to discrimination claims from the families of children with special educational needs and/or disabilities who may be unable to access the school of their choice. This funding is to expand the scheme already in the programme.

29. The scheme ensures that children and young people with SEND are able to access their choice of mainstream school unrestricted by accessibility issues presented by some school buildings. This will help to reduce requests for out of area specialist placements.
30. **Bar Walls (£300k 2026/27)** - The monitoring programme continues to identify locations where urgent repair and restoration works are required. The team have been working with structural engineers, employed to monitor the extent of the risk the direction and movement of the Bar Walls and Bar's in various locations across the monument. With the rolling programme approach we have taken we are now on an evidence-based programme for managing repair and restoration on York City Walls. Urgent repair and restoration works continue to be monitored and inspected to target identified structural failures within the Bar Walls and Tower Buildings. It includes schemes which have continuing monitoring to assess the level of movement.
31. York City Walls are a key symbol of the City and protecting the integrity of this asset for users and for the image of the City is a critical objective. Monitoring and inspections have identified the priority locations on York City Walls where there is a clear and urgent need for restoration works. These schemes will address service and Council Plan objectives of creating jobs and protecting the Environment. All schemes will require scheduled monument consent from Historic England
32. **Drainage (£900k 26/27)** – 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
33. **Street Lighting (Total £1.118m, £512k 24/25, £28k 25/26, £578k 26/27)** – Street lighting columns all have manufacturer's recommended serviceable life in years at date of manufacture both concrete and steel.
34. City of York council have approx 19,000 street lights of various heights and construction of which approx 14,000 are steel and 1700 Concrete. The majority of the steel are age expired and all concrete are expired. Some of the steel have previously been repaired, which makes them unable to be structurally tested at points of the column which are prone to deteriorate.(i.e underground) Steel sign posts as per street lighting columns all have

manufacturers recommended serviceable life in years at date of manufacture.

35. This additional funding will continue to reduce energy costs, improve the carbon footprint and upgrade the older technology lighting to achieve energy savings on an annual basis through installation of new steel columns with a 35 year life expectancy and fitted with an energy efficient LED lantern.
36. **Fleet Replacement (Total £11.550m)**

	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	Total £000
New request for CYC Borrowing	1,548	1,135	1,835	102	3,131	7,751
New request for Dep Borrowing	1,231	1,548	946	59	15	3,799
Total	2,779	2,683	2,781	161	3,146	11,550

Table 6 – Fleet Replacement

37. A Vehicle policy has been developed and agreed by members to manage the replacement of vehicle and plant assets. The main purpose of this policy is to deliver electric vehicles to council’s light commercial fleet and a select few HGV fleet assets with the aim to be carbon neutral by 2030 and to ensure that the investment made into the fleet (electric and fossil fuelled) and the charging infrastructure achieves an environmentally friendly fleet that is utilised and applied in the most effective way.
38. The purpose of this funding is to highlight the need for renewal of the expired CYC fleet within all services areas ensuring that all services have vehicles that maximises value for money and remains environmentally and energy efficient using electric vehicles where possible with the end goal to have a full electrified fleet and be carbon neutral by 2030 that will maintain service delivery for the council. This bid will allow the fleet replacements become part of the overall councils capital programme and ensure a continuous cycle of vehicles fit for purpose
39. **Asset Maintenance (£250k 2026/27)** –There is currently a rolling programme capital scheme for health and safety repairs of £250k per annum with 4 years left to run. The previous year’s allocations have been spent and the Council has a number of properties which have been identified as being retained for service delivery and/or delivering Council objectives, either

directly or indirectly, through the Corporate and Community Asset Strategies and also individual service reviews.

40. A significant number of these properties have urgent health and safety repairs which will need to be carried out in the coming years to make them sustainable for future service delivery. The budget will also be used to cover the council's responsibility for closed churchyards.
41. There will also need to be substantial other work required to a proportion of these properties to refurbish or improve them to meet the service requirements but these works will be the subject of separate bids as and when necessary. This bid therefore is to extend the approved annual rolling programme for a further year to help fund these critical repairs to the retained buildings.
42. **Disabled Facilities Grant (£475k 2026/27)** – This funding is to continue to allow the payment of mandatory disabled facilities grants (DFGs) in line with statutory requirements (The Housing Grants, Regeneration and Construction Act 1996) and the Councils policies last reviewed in July 2017. The DFG rolling programme enables older and disabled persons to remain safely in their own home and maximise their independence. The funding also ensures the delivery of the falls prevention service aimed at providing early intervention in the residents home looking to reduce the risk of falling by assessing the home, the environment and the person. Both programmes directly contribute towards the Better Care Fund objectives by preventing, reducing and delaying the need for NHS and Adult Social Care Services.
43. **Disability Support budget (£280k 2026/27)** – This funding is to continue to provide assistance for disabled vulnerable customers who need financial help. The help comes through the form of grants and top up loans to help disabled vulnerable adults and parents with disabled children to provide cost effective adaptations in their homes to ensure that they continue to live and maintain their independence. The help covers the shortfall between the cost of the eligible work and the mandatory disabled facilities grant, or to purchase a more suitable home where it is more cost effective than to adapt the current home and the relocation expenses. Given the increasing number of older people and the increasing life expectancy of children with complex needs there is a need to increase funding year on year.

44. The funding directly contributes the priorities of the Better Care Fund and the Council by preventing, reducing and delaying the need for NHS and Adult Social Care Services.
45. **Major Items of Disability Equipment (£157k 2026/27)** – This funding is to extend the current scheme whereby equipment is provided to vulnerable individuals which enables them to remain in their own homes and live in the community. Timely supply of equipment is an essential component of prevention and enabling people to continue to live safely in their own homes. It also contributes to successful community re-ablement and is a key component of hospital discharge packages.
46. Keeping people at home, in their communities is crucial for the individual's long term wellbeing but also the financial sustainability of the authority as long term formal care is significantly more expensive than the one off investment in equipment
47. **Telecare equipment (£291k 2026/27)** – This scheme is to extend the current scheme funding Telecare equipment into 26/27. Keeping people at home, in their communities is crucial for the individual's long-term wellbeing but also the financial sustainability of the authority as long term formal care is significantly more expensive than the one off investment in equipment.
48. Under this scheme sensors will continue to be installed in vulnerable customers' homes to deal with specific assessed risks. The sensors will be linked to our Community Alarm system and trigger alerts automatically given a programmed set of circumstances, ensuring speedy response from the warden service. These pieces of equipment provide customers with peace of mind and 24 hour monitoring of their circumstances. In some cases, the provision of telecare equipment can prevent a move to residential care and can provide monitoring so that smaller care packages can be commissioned. Telecare allows more people to be looked after at a lower cost and several studies have shown its cost effectiveness.
49. **ICT Rolling Programme (Total £5.420m)**

	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	Total £000
Capital Budget Process Request	850	750	750	250	2,820	5,420
<i>Existing Budget in Capital Programme</i>	2,070	2,070	2,070	2,920	-	9,130

<i>New Scheme Total</i>	<i>2,920</i>	<i>2,820</i>	<i>2,820</i>	<i>3,170</i>	<i>2,820</i>	<i>14,550</i>
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Table 7 – ICT Rolling Programme

50. This scheme funds the design, development, procurement and deployment of evolving digital customer centric technologies to help improve and personalise the customer experience by supporting the delivery of the organisational transformation, the evolving Digital Service Programme and CYC's continual improvement programme. The scheme also supports the customer strategy and enables the delivery of accessible and effective council services for its residents, businesses and the city.
51. It also funds the maintenance, development and compliancy requirements of the key corporate enabling and supporting ICT infrastructure and application estate that is required to underpin the delivery, sustainability and security of these programme supporting technologies whilst also maintaining the organisations business as usual critical ICT services to staff and citizens.
52. In addition, each of the years in the bid has an allocation to fund technology refreshes required as part of the new Network Managed Service Agreement (MSA) and to provide for a centralised Laptop refresh programme supporting new hybrid ways of working and the Working as One programme /return to work post covid to identify both the connectivity and supporting technology platforms to enable and sustain the mobilisation of a flexible workforce and flexible building estate across CYC. Years 25/26 and 26/27 identify the minimum capital requirements necessary to continue these services.
53. **Project Support Fund (£200k 2026/27)** – To extend the existing funding into 2026/27 to allow the continuation of the capacity to provide professional advice (primarily legal but also including finance and asset management) to support the Capital programme, and in particular major complex regeneration/building schemes including York Central, Castle Gateway, York Outer ring road to support the successful delivery of bringing new assets into operation.
54. **Contingency Funds (£3.200m 2022/23)** – Included within the capital programme is a contingency of £800k which is available to reallocate to other capital schemes if there are unexpected cost increases which cannot be managed within the programme. The pandemic has led to a number of projects that have either suffered delays such as the Guildhall or been put on

hold as the council reprioritised resources to support the pandemic response such as some of the Transport capital programme. The higher level of inflation that is currently being experienced is also leading to cost pressures as schemes cost more than originally assumed when bids were completed. The current capital programme for 2022/23 totals £126m of which £87m is funded from council resources. In order to increase resilience to the programme it is proposed that the capital contingency is merged with the £1m Covid Contingency and increased by £3.2m. The use of the contingency will need to be approved by Executive

Rolling programme - Externally Funded + HRA Funded

55. In addition to part funded rolling programme schemes, 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
	£m	
<u>Existing General Fund Schemes</u> <u>New External Funding</u>		
Highways schemes	2.210	26/27
Local Transport Plan - Integrated Transport	1.570	26/27
Disabled Facilities Grant	2.090	26/27
Schools/ Education - Maintenance	3.500	22/23 – 26/27
Schools/ Education - Devolved Capital	1.105	22/23 – 26/27

<u>Total Existing General Fund Schemes New External Funding</u>	10.475	
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Table 8 – Summary of New External Funding

56. The funding for the schemes set out above have been updated to reflect the indicative funding settlements in 2026/27.
57. The latest Housing Revenue Account (HRA) Business plan 2021 to 2051 contained 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.
58. Table 9 updates the capital investment strategy and shows the overall movement (growth) against the existing approved expenditure plans

Scheme Type / Description	Total Scheme Value HRA Funded	Financial Year
	£m	
<u>New Investment for the HRA</u>		
Major Repairs & Modernisation of Local Authority Homes	9.270	26/27
Assistance to Older and Disabled People	0.650	26/27
Housing Environmental Improvement Programme	0.170	26/27
<u>New Investment for the HRA Total</u>	10.090	

Table 9 – Summary of HRA investment

59. The key investment areas are shown in table 8 and show new investment of £10.090m that will see key schemes delivered including:

60. Major Repairs & Modernisation of LA Homes (£9,270k growth in 26/27) -

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 ways (eg: having modern facilities, improved safety and security, reduced energy costs etc) whilst ensuring the Council meets the Decent Homes standard. The repairs and modernisation budget for 2022/23 is £9,915k and a breakdown of the type and value of works are provided below

	2022/23 budget £m	Description of works 2022/23
Tenants Choice	2.660	Replacement kitchen, bathroom and rewire to 380 properties.
Modernisation of Void properties	1.216	Major repairs and modernisation of 70 void properties
Heating/Boilers	1.003	Replacement heating systems to 443 domestic properties per year.
Roof Replacements	0.340	Replacement roofs and removal of asbestos-containing fascias / soffits to 45 properties
External Doors	0.155	Replacement of 250 external & lobby doors
Window Replacements	1.231	Replacement of windows in 367 properties
Standing Water Project	1.500	Sub-floor standing water remediation works to 60 properties, with a further 120 properties requiring treatment over the life of the 5 year proposal
Structural and external works	0.265	Various programmes of repair to the external structure of dwellings, guttering & down pipes, soffits & fascias to 45 properties
Fire Remedial Works	0.500	Remedial works arising from Fire Risk Assessments
Asbestos Removal	0.110	Remedial works following asbestos surveys
Other	0.935	Various projects including one- off kitchen and bathroom refurbishments, soundproofing, upgrading communal corridor lighting and entry door access, remedial work following electrical testing programme,

		security upgrades, electric storage heater replacements.
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Table 10 – Breakdown of Major Repairs & Modernisation of LA Homes 2022/23 Budget

61. 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.
62. **Assistance to Older and Disabled People (£650k 26/27)** – 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
63. **Housing Environmental Improvement Programme (£170k 26/27)** - The Housing Environment Improvement Programme gives the opportunity to link with other funding streams to deliver schemes which have an impact for all residents and realise economies of scale. Improvements include providing solutions for car parking, secure external storage facilities for tenants of flats, improving security by providing fencing and /or gates with keypads, improving external environments through landscaping. Tenants can suggest improvements through their Ward Councillor, Residents Association, Housing Management Officer or Community Involvement Officer, all suggestions are discussed and agreed through the Ward Team
64. **Local Authority Homes – New Build Project Phase 2 - (No budget change - £120,484k 22/23- 26/27)**
65. The Housing Delivery Programme has continued to make significant progress throughout 2021. Lowfield Green has seen the completion of 49 homes along with over an acre of green space and a new children’s play area. All homes for market sales were reserved prior to completion and new residents have commented on the fantastic quality of their new homes. The majority of the homes completed in 2021 were either bungalows or flats for over 55’s, therefore many of Lowfield Green’s new residents have moved from larger family housing which did not fit their changing needs, to new level access accommodation meaning they can live more independently in their homes.

66. Duncombe Barracks and Burnholme both successfully received planning approval in 2021. These sites will deliver the next 118 homes in the programme. These homes will be built with the aspiration to reflect the standard set out in the Housing Delivery Design Manual of Passivhaus certified and net zero carbon. A minimum of 40% of these homes will be affordable housing. The procurement of a contractor for these two projects is underway and a start on site in late Spring 2022 is anticipated.
67. Ordnance Lane was submitted to planning in December 2021 after a thorough process of community engagement. This ground-breaking project will also aspire to deliver Passivhaus certified, zero carbon homes, as well as incorporating intergenerational living and commercial spaces to create a balanced and sustainable community. This site was successful in receiving over £2m in One Public Estate funding in October 2021 and this will be used to progress enabling works in 2022.
68. Community engagement work has been ongoing at Willow House with an aim to review how the redevelopment of the site could be incorporated into wider regeneration and benefits for the Walmgate community. Early design work has also started on York Central to look at the possibilities for the development of this site.

Funding Position – Council Prudential Borrowing

69. The budget proposals in terms of Council prudential borrowing adds to existing rolling programme schemes totalling £31.411m and adds new schemes totalling £6.200m. This results in a total increase in the level of debt (the underlying need to borrow for capital investment purposes only) of £37.611m over the 5 year programme. Table 9 shows the financial impact on a year by year basis and over the 5 year period.

	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	Total £000
Rolling Programme	7.229	3.733	5.843	0.439	14.167	31.411
New Schemes	1.300	4.300	0.600	-	-	6.200
Net Increase in PB	8.529	8.033	6.443	0.439	14.167	37.611

Table 11 – Net Funding Position of Prudential Borrowing Schemes

70. The revenue costs of the new schemes funded by prudential borrowing is estimated at £2.633m over the 5 year budget period, assuming borrowing of £37.611m. Actual borrowing may be taken during 2022/23, although the costs are not incurred in revenue until the year following any capital expenditure. The Financial strategy report elsewhere on the agenda includes the revenue growth for previous year's capital investment.

Summary of Analysis

71. 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 **£70.176m** of which £38.886m relates to the extension of the programme to future years

	22/23 £m	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
1) New CYC Schemes Funded by CYC PB (table 3)	0.700	1.200	-	-	-	1.900
2) New Match funded CYC Schemes Part funded by CYC part funded by External sources (table 4)	2.100	12.100	2.100	-	-	16.300
4) Rolling Programme Schemes Funded by CYC Pru Borrow (table 6)	7.229	3.733	5.843	0.439	14.167	31.411
5) Existing Schemes Funded Externally by External Grant (table 7)	0.925	0.920	0.920	0.920	6.790	10.475
6) HRA Schemes (table 8) Funded by HRA	-	-	-	-	10.090	10.090
Total Net Increase to Capital Programme	10.954	17.953	8.863	1.359	31.047	70.176

Table 12 – Summary of new expenditure by funding type 22/23 – 26/27

72. 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	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
People – Children’s services	21.124	6.220	0.920	0.920	0.920	30.104
People – Adult Social Care	0.738	0.750	0.682	0.705	0.448	3.603
Place – Housing & Community Safety	48.694	42.318	33.544	32.104	12.655	169.315
Place – Transport, Highways and Environment	44.558	61.864	49.811	14.479	13.474	184.186
Place – Property Services	4.830	38.749	0.250	0.250	0.250	44.329
Public Health	-	-	-	-	-	-
Chief Operating Officer – Stadium & other major projects	-	-	-	-	-	-
Chief Operating Officer – FM & Buildings	0.665	-	-	-	-	0.665
Chief Operating Officer – ICT	1.917	2.820	2.820	3.170	2.820	13.547
Chief Operating Officer – Customer & Corporate Services	3.600	0.200	0.200	0.200	0.200	4.400
Chief Operating Officer – Communities & Neighbourhoods	2.050	4.700	0.726	-	-	7.476
Climate Change	1.100	0.400	0.250	0.250	-	2.000

Total Capital Programme	129.276	158.021	89.203	52.078	31.047	459.625
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Table 13 – Proposed Capital Programme 2022/23 – 2026/27

Other Major Capital Projects

73. There are a range of other major schemes either already within the Capital programme, or which may come forward in the future, 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 2022.
74. **York Central** – The project has now transitioned from the planning stages into delivery following the agreement of the reserved matters planning application for the first phase of infrastructure works in November 2020. This followed the agreement of £77.1m of funding from the Ministry of Housing Communities and Local Government (MHCLG) which was awarded directly to Homes England and Network Rail.
75. The decision by government to award this funding directly to the landowning bodies was a significant change and has reshaped the delivery arrangements for the infrastructure and the governance arrangements. CYC have recently completed the enabling works contract for the site including; site clearance, demolitions and further ground investigations for which the Council is being reimbursed. The landowning partners have confirmed their intention for Homes England to lead the delivery of the main Infrastructure Package IP2 and to enter into a construction contract with John Sisk Ltd, subject to ongoing due diligence. A decision is currently being ratified through the Homes England governance arrangements
76. **Guildhall** – Updates on the Guildhall project are included in the Capital Monitor 3 report elsewhere on the agenda. The scheme is due to complete in the coming months when the University /York Science Park Ltd will operate the serviced office and business club / events venue. The council will also be able to return to the Council Chamber for Council meetings.
77. **Castle Gateway** – Work has continued to progress the delivery of the Castle Gateway project. Following extensive consultation with the public and

stakeholders the design for the new public realm and event space to replace Castle Car Park and the Eye of York is complete and a planning application will be submitted in January 2022. This will enable a shovel ready project and will be prioritised for central government funding opportunities. Wates have been appointed as the contractor for Castle Mills to undertake the detailed design of the new apartments, bridge and riverside park, and to provide a fixed price for the construction phase. This is now due in spring 2022 resulting from delays in pricing due to the current volatility in the construction market. A review of council car parking was approved by Executive in November 2021 which reaffirmed the strategic importance of St George's Field as a parking location, and a full business case review of the proposed multi-storey car park will be brought back to the Executive in Spring 2022 to assess if it remains the best option to replace the lost parking that will result from the closure of Castle Car Park.

78. **York Outer Ring Road and Dualling** – During 2021/22, one of the main tasks which the project team have undertaken is to evaluate the public engagement process which took place in late 2020. There was a good response to this process and it demonstrated 79% support for the scheme proposals. However there were concerns from a range of groups and residents about the lack of pedestrian and cycle facilities at some locations. The project team worked on a series of revisions to address these concerns, conscious of maintaining the balance of the scope and the available budget. The evaluation of the public engagement process and accompanying scheme revisions were presented to Executive in September 2021. This report was accepted by Executive with the proviso that some minor adjustments be considered to address some further representations by members of the public. This iterative process would be commonly expected of a scheme of this magnitude.
79. Those final revisions have now been completed and subject to some specialist environmental work, the project team will be in a position to submit a planning application in early 2022. There has also been significant activity in other areas. Concurrent work has taken place attempting to purchase land for the scheme, detailed design and preparations for the final business case. 2022 will be a key year to achieve planning approval, land acquisition and submission of a Compulsory Purchase Order if it is required. Commencement of construction is still anticipated for mid 2023

80. **York Station Frontage Scheme** – In November 2020, Council Executive approval was received allowing authority to begin the delivery of a package of enabling works, purchase land and proceed to detailed scheme design. Executive approval of the five-phase project Delivery and Procurement Strategy produced together with project partners Network Rail and LNER was also received. In November 2021 the Executive approved CYC entering into a Development Agreement with LNER to deliver Package 3 – the station works
81. Land negotiations are currently progressing and the finalisation of deal with Canada Life for an area of land in front of George Stephenson House is expected in early 2022. Meanwhile orders have been placed with utility companies to deliver a scheme of diversionary works for services in Queen Street Bridge and the station frontage area to allow demolition of the bridge. This enabling package is valued at c£2m and is expected to begin on site in January 2022
82. Detailed design of the scheme is a detail design stage and a delivery contractor will be sought with an appointment expected in spring 2022. The second package of highway works will then follow the enabling works package in autumn 2022. The station works package (expected to be delivered by LNER under a development agreement with CYC) will begin in autumn 2022

Council Plan

83. 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

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

Human Resources Implications

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

Equalities Implications

86. An Equalities Impact Assessment (EIA) 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 EIA 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

87. 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. In addition schemes within the capital programme will themselves will be in receipt of legal advice where necessary throughout the year.

Crime and Disorder

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

Information Technology

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

Property

90. 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

91. 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 Major Projects all have regular monthly Board meetings to plan, monitor and review their capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised.
92. 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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	Report Approved	√	Date 27/1/22
Wards Affected: All	√		

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 – Growth Summary 2022/23 – 2026/27

Annex B – Capital Programme 2022/23 – 2026/27