

**Report of the Director of Customer and Business Support Services  
(Portfolio of the Leader of the Council)**

**CAPITAL STRATEGY 2015/16 to 2019/20**

**Summary**

1. This report set out the Capital Strategy for 2015/16 to 2019/20, and in particular sets out new capital schemes.

**Recommendations**

2. The Cabinet is requested to recommend that Council:
  - Agree to the revised capital programme of **£187.019m** that reflects a net overall increase of **£44.107m** (as set out in paragraph 55 table 7 and in Annex B). Key elements of this include
    - Extension of prudential borrowing funded Rolling Programme schemes totalling £5.970m as set out in table 2 and summarised in table 7;
    - New schemes totalling £8.763m including an increase in prudential borrowing of £5.538m as set out in table 3 and summarised in table 7;
    - New externally funded schemes totalling £15.140m as set out in table 4 and summarised in table 7;
    - An increase in HRA funded schemes totalling £14.234m funded from a combination HRA balances/Right to Buy receipts of £14.234m as set out in table 5 and summarised in table 7 subject to the approval of the Director of CBSS in relation to the IT investment (£1.810m)
  - Approve the full restated programme as summarised in Annex A totalling **£187.019m** cover financial years 2015/16 to 2019/20 as set out in table 8 and Annex A.

Reason: To set a balanced capital programme as required by the Local Government Act 2003

## Background

3. The current 2014/15 –2019/20 capital programme was approved by Council on 27 February 2014. Since then a number of amendments have taken place as reported to the Cabinet up to and including the 2014/15 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 2014/15 – 2018/19 of £209.117m, financed by £118.741m of external funding and Council controlled resources of £90.376m. Table 1 illustrates the current approved capital programme profile from 2014/15 – 2018/19 as of capital monitor 3 2014/15.

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>66.205</b>	<b>71.148</b>	<b>34.060</b>	<b>22.361</b>	<b>15.343</b>	<b>209.117</b>
Funded by:						
<b>External Funding</b>	29.510	44.348	22.246	14.278	8.359	<b>118.741</b>
<b>Council Controlled Resources</b>	36.695	26.800	11.814	8.083	6.984	<b>90.376</b>
<b>Total Funding</b>	<b>66.205</b>	<b>71.148</b>	<b>34.060</b>	<b>22.361</b>	<b>15.343</b>	<b>209.117</b>

***Table 1 – Capital Programme Funding and Receipts Position***

## Funding Position of approved 2014/15 – 2018/19 programme

4. The current economic environment continues to place pressure on the funding of the programme over the 5 year cycle based on current projections. The capital programme continues to place reliance on the achievement of a small number of high value asset disposals which

have been affected by the economic downturn, although overall the level of receipts does support the expenditure.

## Options

5. This report sets out the new capital investment requests for the 5 year period covering 2015/16 to 2019/20. Members can consider the requests to make additions and amendments to the existing capital programme and choose to approve or reject the proposals contained within the report. 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 (2015/16) per Local Government Act 2003 (revised).

## Summary of Proposed Capital Investment

6. The Capital Resource Allocation (CRAM) process invited bids from the departments asking to submit requests for the Councils main capital priorities. Of the requests going forward 24 are asking for direct Council funding, this is comprised of 14 requests for extensions to existing rolling programme schemes and 10 requests for new schemes 3 of which attract match funding.
7. In total, requests that would increase the existing 15/16 – 19/20 Capital Programme by **£44.107m** have been made. The **£44.107m** is comprised as follows:
  - General Fund schemes requiring financing either in part or a wholly by Council borrowing **£14.733m** (£11.508m of borrowing of which **£294k** is self financing)
  - General Fund Schemes financed entirely by external funds **£15.140m** (**£15.140m** Government grant)
  - Housing Revenue Account schemes financed by HRA funds **£14.234m** (**£14.234m** HRA funds)
8. Tables 2, 3, 4, 5 and 6 show the proposals that result in a net increase of **£44.107m**. In particular the following key schemes are included in this report:-

## Key scheme proposals

Extension of funding for rolling programme/currently approved schemes for additional years (**£5.970m**) including:

- **Highways R&R (£750k 19/20)** – The continuation of the programme for the resurfacing and reconstruction of the City's roads and footways established to maintain the asset in the best condition possible with the anticipated level of capital available.
- **Information and Communication Technology (IT) Development Fund (£1.970m 19/20)** - The ICT development plan investment will continue to fund the essential technology refresh programme for the replacement of systems, storage and ICT hardware – servers and desktop devices. This will ensure that the Council and its Partners will have continued access to their enabling and service supporting systems/information via highly available, agile and robust ICT systems and infrastructure, and will mitigate against high profile reputation damaging system failures. In addition the investment continues to play a critical role in the delivery of savings required in future years, and to provide services in the most effective way for customers.
- A number of extensions to smaller rolling programmes including:
  - **Carbon Reduction in Street Lighting** (£200k 19/20)
  - **City Walls Restoration** (£90k 19/20)
  - **Highways Drainage Works** (£200k 19/20)
  - **Local Transport Plan - Road Safety Scheme Programme** (£300k 15/16)
  - **Disabled Facilities Grant** (£475k 19/20)
  - **Disability Support Budget** (£330k 19/20)
- **Project Support Fund (£100k per annum, total £500k 15/16 – 19/20)** - A fund to create the financial capacity to allow professional advice (primarily legal but also including finance and asset management) to be provided to support the successful delivery of

bringing new assets into operation. The creation of such an internal project fund will significantly reduce the need to procure and pay for external professional services to external organisations. All such directly attributable costs incurred will be charged out to each individual scheme at year end.

### **New schemes (£8.763m) including:**

- **Enhanced Resource Provision - Special Educational Needs (£175k 15/16, 16/17, 17/18 total £525k)** - The Children's and Family Act 2014 requires all local authorities to publish a local offer for children with disabilities and / or Special Educational Needs. York's approach pre-dates the new legislation and guidance and has over 7 years demonstrated excellent outcomes for children and young people whilst achieving excellent value for money. In summary York's strategy seeks to meet the education, health and care needs of all disabled children and young people locally and wherever possible within mainstream settings. To achieve this the City, in partnership with the wider school community has employed a model of enhanced resource provision. This model supports children and young people across a wide spectrum of needs through the use of specialist site hubs located on school sites. These hubs allow schools to meet the specific needs of children and young people and to integrate their learning with the mainstream provision. It is possible to predict a significant incremental growth in the number of children requiring such provision in York over the next 5 years. To accommodate this growing demographic it will be necessary to increase the capacity of our local provision by at least three additional hubs. The costs requirements reflect the actual costs of the most recently developed ERP provision and may be an underestimate in terms of any future developments. However, these costs relative to alternative out of city provision for this cohort of young people represents excellent value for money. A business case for each of the proposed scheme will be presented separately.
- **Highways Improvements (£2.220m 15/16) – Funding for a programme of works to enhance the highways comprised of:**
  - £500k for highway maintenance
  - £570k for lighting (£500k match funding for Govt money to rollout LED lighting, £70k for the bar walls/heritage lighting)

- £50k salt bin refurb
  - £300k drainage improvements (inc. £100k for network survey and IT upgrade)
  - £250k for flood prevention work (includes upgrading and increasing flood signage)
  - £250k investment in network management (£200k for traffic signals, £50k for Vehicle Activated Signs)
  - £100k upgrade of school crossings
  - £200k for bus network pinch point improvements
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- **Scarborough Bridge (£3.037m total, CYC £1.000m 15/16, 16/17, 17/18)** - Scarborough Bridge currently consists of a rail bridge with a separate narrow footbridge parallel to it accessed by steep steps. Network Rail will shortly be replacing their rail bridge which should be completed by March 2015 however this work does not cater for any alterations to the existing footbridge. There has been a long outstanding desire to make improvements to the footbridge so that it can: Improve river crossing for cyclists, pedestrians and wheel chair users, Improve links between the riverside paths and the river crossing, provide a more direct connection to the station from the river crossing, and be made wide enough to enable two way cycle and pedestrian flow. The layout would reduce conflicts between pedestrian and cyclist movements. Steps would be provided close to the existing locations to minimise any diversion from pedestrian desire lines. Ramps would be provided to allow wheelchair users access to the crossing for the first time and significantly improve the crossing for cyclists.
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- **Mansion House 'Opening Doors' Restoration (£1.824m total, CYC £736k 15/16, 16/17)** - The scheme is to restore the Mansion House and make the building a major cultural attraction in the city while ensuring its continued mayoral usage. The 'Opening Doors' project will increase and enhance public access and community involvement in the Mansion House, develop greater educational provision for adult and children groups, improve conservation and maintenance of the house and its collections and achieve long term financial sustainability

- **Family Drug & Alcohol Assessment and Recovery Facility at Howe Hill (£100k 15/16)** - This project would see the further development and adaptation of a unit at Howe Hill to create some sleeping-in facilities for supervising staff. Over the next two years the Council is expected to review its approach to assessing and supporting those parents where there are concerns for drug and alcohol misuse and where these issues impact on the safe and effective care of children or young people. Current assessments undertaken as part of a public law application by the local authority are commissioned by external providers. A new Family Drug and Alcohol Court [FDAC] approach is currently being trialled in several areas across the country. The local courts, whilst keen to pursue such an approach, recognise that for York a purist application of such arrangements may not be sustainable. However, it is possible to identify a local approach which could reduce or eliminate the need for external out of City providers. This local approach can be achieved through the collaboration of Children's Social Care, Housing and Local Substance Misuse services. Working together, these services can provide locally the relevant assessment, treatment and support arrangements. Such an approach would meet the local court's expectations in terms of developing an FDAC model, reduce significantly the costs associated with undertaking such assessments and improve the likelihood of sustained parental recovery.

**Housing Revenue Account (HRA) funded schemes (£14.234m) including:**

- **Major Repairs Allowance (£3.528m)** – including improvement schemes such as Decent Homes Works.
- **IT Infrastructure (£1.810m)** - This will include investment and improvements in the following areas:
  - Customer self service
  - Diagnostic software
  - Interfacing with the Council's Customer Relationship Management (CRM) system
  - Integrated financial modules
  - Roll out of mobile working across the department
  - Upgrading systems to the latest version

- Integration of Staff Warning Notices automatically into systems
- Implementation of recharge module in Servitor
- Purchase and integration of Jewson module to interface with Servitor
- **Local Authority Homes Phase 1 (£6.345m)** – reflecting the reports on this agenda
- **Modernisation of Local Authority Homes (£3.158m)** – investment in improvement schemes such as damp remediation works, communal area improvements and health and safety works at sheltered schemes.

#### **Externally Funded Schemes (£15.140m) including:**

- **DfE Maintenance (£4.800m – 18/19 & 19/20)** – indicative funding settlement
  - **Highways Resurfacing & Reconstruction (£4.680m 18/19 & 19/20 extension years)** – grant element of the resurfacing and reconstruction works for the City's roads and footways to maintain the asset in the best condition possible with the anticipated level of capital available.
9. Overall this report proposes increases in the value of capital schemes by **£44.107m**. Details of all schemes can be seen in the accompanying annex that sets out the purpose of each scheme and is summarised on table 9.

### **Detailed Consideration of Proposed Investment, and Financial Implications**

#### **Rolling Programme Schemes – Prudential Borrowing**

10. The 2014/15 – 2018/19 capital programme contained a number of rolling programme schemes that require funding on an ongoing basis. This report extends the rolling capital programme to 2019/20 and also requests 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:

<b>Scheme Type / Description</b>	<b>Total Value</b>	<b>Financial Year</b>
	<b>£000</b>	
<b>Capital Contingency</b>	300	15/16
<b>LTP Integrated Transport</b>	300	15/16
<b>Bridge Maintenance</b>	200	19/20
<b>LED Lighting Replacement</b>	200	15/16
<b>City Walls Rolling Repairs</b>	90	19/20
<b>Highways Drainage Works</b>	200	19/20
<b>Highways Resurfacing &amp; Reconstruction</b>	750	19/20
<b>Disabled Facilities Grant</b>	475	19/20
<b>Disability Support Budget</b>	330	16/17 – 19/20
<b>Major Equipment for Disabled Customers</b>	105	19/20
<b>Telecare Equipment</b>	250	19/20
<b>Asset Maintenance &amp; Critical Repairs</b>	300	18/19 & 19/20

<b>IT Development Plan</b>	1,970	19/20
<b>Project Support Fund</b>	500	15/16 – 19/20
<b>Total Rolling Programme Schemes</b>	<b>5,970</b>	

**Table 2 – Summary of Rolling Programme Bids Requesting Prudential Borrowing Funding**

11. All of the £5.970m of rolling programme schemes will require revenue growth to fund (to support the prudential borrowing), the revenue implications are contained in the Financial Strategy 15 – 20 report on this agenda.
12. An overview of each scheme being proposed is set out in the following paragraphs:
13. **Capital Contingency (£300k 15/16)** – The continuation of a prudent single year capital contingency to address any unexpected capital pressures in year.
14. **LTP Integrated Transport (£300k 15/16)** - Additional one year top up to improve public transport infrastructure, address local safety and traffic management issues, and improve facilities for pedestrians and cyclists.
15. **Bridge Maintenance (£200k 19/20)** – To allow the continuation of the programme of maintenance to maintain the structures in a serviceable and safe condition.
16. **Carbon Reduction in Street Lighting (£200k 15/16)** – To continue the investment in street lighting on an ongoing basis but be allocated to 15/16 to create the £1.223m LED Lighting replacement programme.
17. **City Walls Rolling Repair Programme (£90k 19/20)** - Ensuring that continuing essential repairs and restoration are undertaken on York City Walls.

18. **Highways Drainage Works (£200k 19/20)** – 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.
19. **Highways R&R (£750k 19/20)** – The continuation of the programme for the resurfacing and reconstruction of the City's roads and footways established to maintain the asset in the best condition possible with the anticipated level of capital available.
20. **Disabled Facilities Grant (£475k 19/20)** - To allow payment of mandatory disabled facilities grants (DFGs) in line with statutory requirements (The Housing Grants, Regeneration and Construction Act 1996). The funding enables older and disabled persons to remain safely in their home and maximises their independence.
21. **Disability Support Budget (£330k 16/17 – 19/20)** – To continue to provide discretionary assistance for disabled customers who need financial help. The assistance (loans and grants) given helps disabled people and parents with disabled children to adapt their homes to continue living there and maintain their independence.
22. **Major Equipment for Disabled Customers (£105k 19/20)** - Allows the continuation of the funding for specialist equipment to stock the loans store. The equipment will be purchased by the new Be Independent but CYC will retain ownership of the assets.
23. **Telecare Equipment (£250k 19/20)** – Allowing the continuation of the installation of sensors in vulnerable customers homes to deal with specific assessed risks. The equipment will be purchased by the new Be Independent but CYC will retain ownership of the assets.
24. **Asset Maintenance & Critical Repairs (£100k 18/19 & £200k 19/20)**  
– Extension of the £200k rolling programme scheme of works. The fund is not sufficient to deal with the entire repairs backlog but is intended to be directed to specific buildings that warrant investment on a business case consideration basis and that the Council will look to retain in the long term.

25. **IT Development Plan (£1.970m 19/20)** – The continuation of the rolling programme IT development plan for an additional year. The funding will support a strong and coordinated approach to the change programme and the fundamental review and redesign of processes and systems to ensure that its services meet the needs of its customers.
26. The programme will continue to personalise the customer experience, support the transformation programme, customer strategy and enable the delivery of the council services into homes and businesses for the convenience of customers.
27. **Project Support Fund (£500k 15/16 – 19/20)** – A fund to create the financial capacity to allow professional advice (primarily legal but also including finance and asset management) to be provided to support the successful delivery of bringing new assets into operation.

**New Schemes – Prudential Borrowing (including match funding)**

28. As part of this year’s capital budget process a number of bids have been received that require discretionary prudential borrowing to be added. Some of this funding is used to help attract external sources of finances as is shown in table 3:

<b>Scheme Type / Description</b>	<b>Total Scheme Value</b>	<b>CYC Funded Value</b>	<b>Financial Year</b>
	<b>£000</b>	<b>£000</b>	
<b>Schools Electrical Supply Upgrades</b>	457	357	15/16 & 16/17
<b>Mansion House Restoration</b>	1,824	736	15/16 & 16/17
<b>Family Drug &amp; Alcohol Assessment Facility</b>	100	100	15/16

<b>Enhanced Resource Provision Special Educational Needs</b>	525	525	15/16 – 17/18
<b>Highways Investment</b>	2,220	2,220	15/16
<b>Scarborough Bridge</b>	3,037	1,000	15/16 – 17/18
<b>Litter Bin Upgrade</b>	120	120	15/16
<b>Wheeled Bins in Back Lane and Terraced Areas</b>	106	106	15/16
<b>Knivesmire Culverts</b>	200	200	15/16
<b>Burton Stone Specialist Activity Base</b>	174	174	15/16
<b>Total New Schemes</b>	<b>8,763</b>	<b>5,538</b>	

**Table 3 – Summary of New Bids Requesting Prudential Borrowing Funding**

29. An overview of each new scheme being proposed is set out in the following paragraphs:
30. **Schools Electrical Supply Upgrades (£457k total, CYC £357k, External Funding £100k, 15/16 & 16/17)** – A scheme that will commission utilities infrastructure providers to upgrade electricity supplies in 10 high priority primary schools. The supplies currently serving these schools are those that were provided when the schools were originally built and are operating well in excess of the capacity for which they were designed to safely operate. The power consumption required of modern technology in schools is high, in part due to the increased power demands of school's kitchens following the introduction of the Universal Infant Free School Meals (UIFSM) scheme in September 2014.

31. **Mansion House Restoration (£1.824m total, CYC £736k, External Funding £1.088m, 15/16 & 16/17)** – the scheme proposal is to restore the Mansion House and make the building a major cultural attraction in the city while ensuring its continued mayoral usage. The scheme aims to: Increase and enhance public access and community Involvement in the Mansion House, develop greater educational provision for adult and children groups, improve interpretation of the history of the house and York, improve conservation and maintenance of the house and its collections, reduce the carbon footprint, achieve long term financial sustainability by enhancing its income generating potential and establish the Mansion House in the cultural evolution of the city
32. **Family Drug & Alcohol Assessment Facility (£100k CYC 15/16)** - This project would see the further development and adaptation of a unit at Howe Hill to create some sleeping in facilities at an assessment centre for supervising staff assessing and supporting those parents where there are concerns for drug and alcohol misuse and where these issues impact on the safe and effective care of children or young people.
33. **Enhanced Resource Provision Special Educational Needs (£525k CYC 15/16 – 17/18)** – These hubs allow schools to meet the specific needs of children and young people to integrate their learning with the mainstream provision. Modelling predicts a significant incremental growth in the number of children requiring such provision in York over the next 5 years and to accommodate this growing demographic it will be necessary to increase the capacity of our local provision by at least three additional hubs.
34. **Highways Investment (£2.220m CYC 15/16)** – a programme of works to include highway maintenance, LED lighting, flood prevention work and investment in network management.
35. **Scarborough Bridge (£3.037m total, £1.000m CYC 15/16 – 17/18)** – Footbridge/cycle bridge replacement to improve the river crossing for cyclists, pedestrians and wheel chair users. It will also improve links between the riverside paths and the river crossing, provide a more direct connection to the station from the river crossing, and be made wide enough to enable two way cycle and pedestrian flow.

36. **Litter Bin Upgrade (£120k 15/16 – self financing)** – As part of the review of Place Based Services the Council are looking to further reduce the total number of litter bins (currently 900) in the outer areas of the city. To enable this to take place with as little detriment as possible to cleanliness standards it is proposed to locate 20 solar powered litter bins at highlighted hot spots. These bins will require emptying less frequently. This scheme will be self financing as the revenue savings generated will cover the associated cost of borrowing.
37. **Wheeled Bins in Back Lane and Terraced Areas (£106k CYC) -** There are nearly 10,000 homes in York still having their waste collected via the black bag system. In around half of these properties, black bags are the only option. However, in the remainder wheeled bins can be used without detrimental effect on the Councils collection service. Wheeled bins are safer and more hygienic for the Councils crews to deal with and they help prevent spillages, litter and fly tipping than can be associated with black bag collections. They are also easier for households to use. Waste Services are also looking at a number of options for efficiencies in city wide waste collections in 2015/16 and moving as many properties onto wheeled bins will help facilitate implementation of the options.
38. **Knavesmire Culverts (£200k 15/16)** – a proposal to complete the repair of the culverts for the Knavesmire and surrounding land completing the work last undertaken in the summer of 2013.
39. **Burton Stone Specialist Activity Base (£174k CYC 15/16 – self financing)** – this proposal reflects the capital implications of the 16th December Cabinet report ‘Development of a Specialist Activity Base for Adults with a Learning Disability and/or Autism alongside a Community Hub at Burton Stone Community Centre’. To summarise the capital funding would allow adaptations to be made to the existing building for a 5 year period and can be funded from the savings generated from the procurement of a new operator.

#### **Additional Schemes - Externally Funded + HRA Funded**

40. In addition to those schemes set out in tables 2 and 3, schemes that are fully externally funded are proposed as part of this budget process. Table 4 shows the level of external funding that is increasing existing schemes and which year the change takes effect in:

<b>Scheme Type / Description</b>	<b>External Funding Value</b>	<b>Financial Year</b>
	<b>£000</b>	
<b><u>Existing General Fund Schemes New External Funding</u></b>		
Highways Resurfacing & Reconstruction	4,680	15/16 – 19/20
LED Lighting replacement programme	223	15/16
Local Transport Plan - Integrated Transport	881	15/16 – 19/20
Disabled Facilities Grant	1,394	15/16 – 19/20
NDS Devolved Capital	912	18/19 & 19/20
DfE Maintenance	4,800	18/19 & 19/20
Basic Need	2,250	19/20
<b><u>Total Existing General Fund Schemes New External Funding</u></b>	<b>15,140</b>	

**Table 4 – Summary of New External Funding**

41. An overview of the new schemes being proposed is set out in the following paragraphs:
42. **Highways Resurfacing & Reconstruction (£4.680m)** – indicative funding settlement covering a 4 year period.



43. **LED Lighting replacement programme (£223k creating a £1.223m fund)** – this proposal looks to utilise monies from the LTP Highways Maintenance budget (£223k) and combine with the existing approved Carbon Reduction Programme budgets of £200k per annum to create a fund that will allow the replacement of over 5600 conventional lights with the latest LEDs (Son 250's, Sox 55's and Son 70's). Taken with the extension of the carbon reduction £200k as set out above the funds will be re-profiled to 15/16 to create an in year capital budget of £1.223m.
44. The fund will allow the 15/16 electricity revenue reduction target of £200k to be achieved on an ongoing basis.
45. **Local Transport Plan – Integrated Transport (£281k)** – a combination of programme value revisions downwards in 15/16 – 17/18 and indicative funding in 18/19 & 19/20.
46. **Disabled Facilities Grant (£1.394m)** - indicative funding settlement.
47. **New Deals for Schools Devolved Capital (£912k)** – projected funding settlement covering 18/19 and 19/20.
48. **DfE Maintenance (£4.800m)** - projected funding settlement covering 18/19 and 19/20
49. **Basic Need (£2.250m)** - projected funding settlement covering 19/20.
50. The approved **Housing Revenue Account** Business plan 2013 to 2043 report as reported to Cabinet 9<sup>th</sup> September 2014 contains an overview of the Housing Revenue Account (HRA) Business plan for the next 30 years and provides detail of the key priorities for the next five years, including the investment fund to support the delivery of more affordable new homes. As part of the report capital investment plans of the HRA are set out over the forthcoming years. Table 5 updates the capital investment strategy and shows the overall movement (growth) against the existing approved expenditure plans. In addition, on this Cabinet agenda plans for the Council House Phase 2 proposals are presented, the capital implications and necessary request for approvals are contained in this report.

Scheme Type / Description	Total Scheme Value	HRA/ Reserve Funding Value	Financial Year
	£000	£000	
<b><u>New Investment for the HRA</u></b>			
Major Repairs Allowance Schemes	3,528	3,528	15/16 – 19/20
Modernisation of Local Authority Homes	3,158	3,158	15/16 – 19/20
Local Authority New Build	6,345	6,345	15/16 – 16/17
IT Infrastructure	1,810	1,810	15/16 – 19/20
Miscellaneous Adjustments	-606	-606	15/16 - 18/19
<b><u>New Investment for the HRA Total</u></b>	<b>14,234</b>	<b>14,234</b>	

**Table 5 – Summary of HRA investment**

51. The key investment areas are shown in table 5 and shows new investment of over £14.234m that will see key schemes delivered including:
- **Major Repairs Allowance (£3.527m)** – This continued investment in improvement schemes such as Decent Homes Works will ensure the housing stock continues to meet modern facilities and standards including legislative requirements that provide homes that exceed customer expectations.
  - **Modernisation of Local Authority Homes (£3.158m)** – This will see investment in improvement schemes such as communal area improvements and health and safety works at

sheltered schemes that will ensure the housing stock continues to meet modern facilities and standards including legislative requirements that provide homes that exceed customer expectations.

- **Local Authority New Build (£6.345m)** – investment to provide new local authority homes at the locations as follows:

Site	Number of units	Growth for Capital Strategy (£)	Total Budget (£)
Beckfield Lane	27*	-	3,645,000
Chaloners Road	8	180,000	1,000,000
Fenwick Street	8	165,588	985,588
Hewley Avenue	8	105,662	925,662
Newbury Avenue	9	312,000	1,125,000
Pottery Lane	6	830,000	830,000
York Road (Haxby)	0	(485,000)	-
Pack of Cards	14	1,677,000	1,677,000
Ordnance Lane Hostel	39	3,560,000	3,560,000
	<b>119</b>	<b>6,345,250</b>	<b>13,748,250</b>

\*includes 9 for market sale

The £6.345m expenditure will be funded from a mix of HRA investment reserve and Right to Buy receipts. Additional sources of funding including HCA grants and commuted sums will continue to be identified and applied where possible in order to reduce the requirement to use the investment reserve.

- **IT Infrastructure (£1.810m)** – the investment will deliver:
  - Better, more responsive customer service
  - Improved flexibility with access to services via self service (customers and staff)
  - Efficiencies by customers raising their own repairs/enquiries
  - Improved accuracy for reporting purposes, particularly financial
  - Efficiencies gained by automating inputting into different systems
  - Removal of unsupported access databases and replacement with modules that are suitable for the task needed
  - Transparent recharge process that further supports debt recovery but using minimal staff input into different systems and spreadsheets
  - Automated billing of materials to individual jobs and consolidated invoices, less duplication and more accuracy and interrogation.

All IT investment plans will subject to the approval of the Director of CBSS.

52. None of the schemes in table 5 have an impact on prudential borrowing.

### **Funding Position – CYC Prudential Borrowing**

53. The budget proposals in terms of CYC prudential borrowing adds to existing rolling programme schemes totalling £5.970m (of which £5.970m impacts Council Tax) and adds new schemes totalling £5.538m (of which £5.244m impacts on Council Tax). Table 6 shows the financial impact on a year by year basis and over the 5 year period.

	15/16 £m	16/17 £m	17/18 £m	18/19 £m	19/20 £m	Total £m
Rolling Programme	1.500	(0.070)	(0.060)	0.050	4.550	<b>5.970</b>
New Schemes	4.053	0.976	0.509	0	0	<b>5.538</b>
<b>Gross Total Increase – PB only</b>	<b>5.553</b>	<b>0.906</b>	<b>0.449</b>	<b>0.050</b>	<b>4.550</b>	<b>11.508</b>

**Table 6 – Net Funding Position of Prudential Borrowing Schemes**

54. The impact of the general capital budget proposals in respect of Prudential Borrowing schemes is an increase in the level of debt (the underlying need to borrow for capital investment purpose only) of £11.508m over the 5 year programme, with schemes to the value of £11.214m impacting on Council Tax. The revenue costs of the schemes funded by prudential borrowing total c £1.009m over the 5 year budget period set out and will be reflected through the Treasury Management budget.

### Summary of Analysis

55. Table 7 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 £44.107m.

	<b>15/16 £m</b>	<b>16/17 £m</b>	<b>17/18 £m</b>	<b>18/19 £m</b>	<b>19/20 £m</b>	<b>Total £m</b>
<b>1) Rolling Programme (table 2)</b>	<b>1.500</b>	<b>(0.070)</b>	<b>(0.060)</b>	<b>0.050</b>	<b>4.550</b>	<b>5.970</b>
Funded by:						
CYC Pru Brrw	1.500	(0.070)	(0.060)	0.050	4.550	5.970
<b>2) New CYC Schemes (table 3)</b>	<b>4.597</b>	<b>1.620</b>	<b>2.546</b>	<b>0</b>	<b>0</b>	<b>8.763</b>
Funded by:						
CYC Pru Brrw	4.053	0.976	0.509	0	0	5.538
External Funding	0.544	0.644	2.037	0	0	3.225
<b>3) Existing Schemes Externally Funded (table 4)</b>	<b>(0.686)</b>	<b>(0.306)</b>	<b>(0.224)</b>	<b>7.053</b>	<b>9.303</b>	<b>15.140</b>
Funded by:						
External Grant	(0.686)	(0.306)	(0.224)	7.053	9.303	15.140

Other						
<b>4) HRA Schemes (table 5)</b>	<b>3.847</b>	<b>2.124</b>	<b>1.078</b>	<b>(1.351)</b>	<b>8.537</b>	<b>14.234</b>
Funded by:						
HRA	3.847	2.124	1.078	(1.351)	8.537	14.234
<b>Total Proposed Expenditure Increase</b>	<b>9.258</b>	<b>3.368</b>	<b>3.340</b>	<b>5.752</b>	<b>22.390</b>	<b>44.107</b>

**Table 7 – Summary of Expenditure and Funding Movements 15/16  
– 19/20**

56. The overall funding position will continue to be reviewed on an annual basis and the capital receipts will continue to be tightly monitored to update the latest position to ensure the programme remains affordable. The proposal to use prudential borrowing to fund the new schemes is made on the assumption that over the medium term the current level of required receipts are achieved. Clearly if the projected level of receipts is not achieved action will be required to overcome the resulting funding shortfall. This action could take the form of either increasing revenue contributions or increasing the level of prudential borrowing whilst ensuring affordability to meet any capital receipts shortfall, or reducing the capital programme schemes funded by capital receipts. The ability to contribute revenue funds to support prudential borrowing over and above the level currently being proposed as part of this report would have a significant impact on revenue budgets and would potentially place pressure on other Council service areas.
57. Although not anticipated, any short term shortfall in funding will be met from prudential borrowing. The revenue implications of any in year shortfall due to timing differences will be borne by the treasury management budget.
58. The outcome of the proposals outlined above if accepted are illustrated in Table 8 which sets out the proposed capital budget for each directorate over the next 5 years and in detail in Annex A.

<b>Gross Capital Programme</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's Serv. Education&Skills	15.815	10.337	5.281	5.106	5.106	<b>41.465</b>
Adult Services & Public Hth	1.077	0.535	0.545	0.555	0.565	<b>3.277</b>
Communities. Culture. Public Realm	2.010	0	0	0	0	<b>2.010</b>
Highways and Waste	4.910	3.231	3.168	2.977	2.977	<b>17.263</b>
Housing and Community Safety	15.681	12.099	9.831	8.472	9.812	<b>55.895</b>
Transport	6.412	2.293	4.331	1.660	1.660	<b>16.356</b>
Community Stadium	20.271	0	0	0	0	<b>20.271</b>
Asset Management	2.484	1.212	0.300	0.300	0.300	<b>4.596</b>
IT development plan	2.227	1.920	2.245	2.025	1.970	<b>10.387</b>
Capital Contingency	0.300	0	0	0	0	<b>0.300</b>
Economic Infrastructure Fund	9.161	5.800	0	0	0	<b>14.961</b>
<b>Total Capital Programme</b>	<b>80.406</b>	<b>37.427</b>	<b>25.701</b>	<b>21.095</b>	<b>22.390</b>	<b>187.019</b>

**Table 8 – Proposed Capital Programme 2015 – 2020**

### **Future Considerations**

59. **Community Open Space Management** - As part of the review of Place Based Services the Council are looking to transfer the management of open space to local communities. Such a transfer would reduce both day to day and long term costs and enable the

Council to achieve savings. In order to transfer land to the community investment is required in land and buildings to reduce running costs and make them more attractive to take on. To support this work, section 106 funds could be added to CYC funding to create a fund that will allow the necessary investment in the assets to take place pre transfer. Although the specific business case is not yet fully developed a more detailed report will be brought to Members during 2015 to approve specific proposals.

## **Council Plan**

60. The CRAM 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 CRAM process that they directly contribute toward the achievement of the Corporate Strategy.

## **Implications**

### **Financial Implications**

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

### **Human Resources Implications**

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

### **Equalities Implications**

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



shared with the relevant Cabinet member prior to the budget recommendations being finalised. Where a screening of the potential implications has identified it appropriate, a full CIA will be completed for individual proposals. In addition, all capital schemes have considered any potential equalities implications prior to being included in this report.

### **Legal Implications**

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

### **Crime and Disorder**

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

### **Information Technology**

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

### **Property**

67. 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**

68. The risks associated with both the existing and proposed capital programme has been discussed extensively throughout this report.
69. This report highlights the challenge presented by the proposed capital programme, which includes a significant level of Council driven schemes. Despite the proposed schemes being funded from revenue contributions the existing approved capital programme still places significant reliance on a small number of high value capital receipts. In addition the recent increase in the size of the programme has meant the Council has to ensure that the key skills are in place to allow the programme to be successfully delivered.
70. To mitigate the risks the capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital Asset Board (CAB – the Chief Executive, Director of CBSS, Service

Directors and Assistant Directors) meet monthly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised. The development of the revised CRAM process and capital strategy has put in place gate keeping controls to ensure that only projects that can be delivered are put forward for approval by the Council.

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Debbie Mitchell Corporate Finance Manager	<b>Report Approved</b>	√	<b>Date</b> 27/01/15
<b>Wards Affected: All</b>			
<b>For further information please contact the author of the report</b>			

Specialist Implications:
<b>Legal – Not Applicable</b>
<b>Property – Not Applicable</b>
<b>Information Technology – Not Applicable</b>

**Wards Affected:**

**All**

**For further information please contact the author of the report**

Annexes

Annex A – Capital Programme 2015/16 - 2019/20

Annex B – Growth Summary 2015/16 - 2019/20

List of Abbreviations used in the report:

CAB - Capital Asset Board  
CANS – Community and Neighbourhood Services  
CBSS – Customer and Business Support Services  
CES – City and Environmental Services  
CRAM - Capital Resource Allocation Model  
CRM - Customer Relationship Management  
CSES - Children Services, Education and Skills  
DfE – Department for Education  
DfES – Department for Education and Skills  
DFG's -disabled facilities grants  
DfT – Department for Transport  
EIF – Economic Infrastructure Fund  
EPH's – Elderly Persons Homes  
FDAC - Family Drug and Alcohol Court  
GFund – General Fund  
H&S – Health and Safety  
H&WB – Health and Wellbeing  
HCA – Homes and Communities Agency  
HRA – Housing Revenue Account  
ICT - Information and Communications Technology  
LED's - light-emitting diode  
LTP – Local Transport Plan  
PB – Prudential Borrowing  
R & R – Resurfacing & Reconstruction  
SEN – Special Educational Needs  
TdF – Tour de France  
UIFSM -Universal Infant Free School Meals