
Executive

26 November 2020

Report of the Corporate Finance & Commercial Procurement Manager
(Interim S151 officer)
Portfolio of the Executive Member for Finance and Performance

Capital Programme – Monitor 2 2020/21

Summary

- 1 The purpose of this report is to set out the projected outturn position for 2020/21 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
- 2 The 2020/21 capital programme approved by Council on 27 February 2020 and updated for amendments reported to Executive in the 2019/20 outturn report resulted in an approved capital budget of £181.221m.
- 3 Whilst the content of this report focuses on reporting amendments to budgets in year and re-profiling to future years, as reported previously to Executive, there has been a significant impact on the Council's financial position as a result of the COVID-19 pandemic.
- 4 The Monitor 1 report resented to Executive on 1st October outlined the work that has been done to review the capital programme in light of the pandemic to ensure that planned capital investment is consistent with the recovery plan, that it delivers the required outcomes and that, where necessary, ongoing schemes are reviewed to ensure they are compliant with any new regulations relating to COVID-19. The Council is facing a significant financial challenge as a result of the pandemic and therefore any expenditure that doesn't clearly contribute to the delivery of the Council Plan needs to be challenged so that resources can be directed at areas where they will have the most impact.
- 5 Careful and close monitoring of the financial assumptions will continue for all schemes included in the programme. In most cases schemes are already

subject to the agreement of detailed business cases so will progress as planned. These detailed business cases will take account of the current climate and therefore will incorporate any specific financial or COVID-19 issues.

- 6 Whilst capital investment has been disrupted due to the pandemic, progress has still been made in a number of areas including:
- Purchase of land for the Northern Forest
 - Effective rollout of ICT to enable continued remote working
 - Continued delivery of shared ownership homes
 - Lowfield Green new build site has had reservations for 20 of the 24 properties that are available for market sale or shared ownership. These properties are due to be completed in March 2021
- 7 It should be noted that the Asset Strategy Review report also on this Agenda contains information on capital schemes which are not reflected in this report. If approved by Members any changes agreed will be incorporated into the capital programme at Monitor 3.

Recommendations

- 8 Executive is asked to:
- Recommend to Full Council the adjustments resulting in a decrease in the 2020/21 budget of £36.538m as detailed in the report and contained in Annex A.
 - Note the 2020/21 revised budget of £144.683m as set out in paragraph 6 and Table 1.
 - Note the restated capital programme for 2020/21 – 2024/25 as set Reason: to enable the effective management and monitoring of the Council's capital programme.

Consultation

- 9 The capital programme was developed under the capital budget process and agreed by Council on 27 February 2020. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

Summary of Key Issues

- 10 A decrease of £36.538m is detailed in this monitor resulting in a revised capital programme for 2020/21 of £144.683m. There is an increase of £1.141m in 2020/21 and a re-profiling of budgets to future years totalling £37.679m. The majority of this re-profiling is due to delays in schemes such as York Central, The Guildhall and WYTF Station Frontage.
- 11 Table 1 outlines the variances reported against each portfolio area and a summary of the key exceptions and implications on the capital programme are highlighted in the paragraphs that follow.

Department	Current Approved Budget £m	Projected Outturn £m	Increase (decrease) £m	Reprofile £m	Total Variance £m	Paragraph Ref
Children, Education & Communities	15.667	15.667	-	-	-	13 - 17
Health, Housing & Adult Social Care – Adult Social Care	3.262	3.366	0.217	(0.113)	0.104	18 – 19
Health, Housing & Adult Social Care – Housing & Community Safety	48.754	44.095	0.624	(5.283)	(4.659)	20 – 26
Economy & Place – Transport, Highways & Environment	61.379	56.545	-	(4.834)	(4.834)	27 – 30
Economy & Place – Regeneration & Asset Management	45.109	18.150	0.300	(27.259)	(26.949)	31 - 41
Community Stadium	1.865	1.865	-	-	-	-
Customer & Corporate services	2.448	2.358	-	(0.090)	(0.090)	-
IT Development Plan	2.737	2.637	-	(0.100)	(0.100)	42
Total	181.221	144.683	1.141	(37.679)	(36.538)	

Table 1 Capital Programme Forecast Outturn 2020/21

Analysis

Children, Education & Communities

- 12 No amendments have been made to this area of the capital programme at monitor 1.
- 13 The Basic Need scheme has a total budget of £1.236m and is being retained in case of additional requirements during the remainder of the year, particularly if additional resources are required to supplement the SEND expansion of Facilities scheme as the Inclusion Review begins to reach conclusions on the shape of future provision in York. It is possible that not all of this remaining budget will be required in 2020/21. An update and any slippage will be reported at Monitor 3
- 14 Within the Southbank Expansion scheme, the All Weather Pitch is now being installed with work progressing well and nearing completion.
- 15 The Archbishop Holgate Academy expansion scheme has a total budget of £4.308m and is progressing well with the construction phase underway.
- 16 The School condition and maintenance programme has a total budget of £2.431m. The schemes being carried out in this financial year are at Dringhouses Primary (toilet improvements), Ralph Butterfield Primary (roofing works) and Westfield Primary (playground and roof works). All three schemes are currently progressing well. An amount of funding is being retained in the 2020/21 programme to fund any urgent works that may be required over the winter. The 2021/22 programme is currently being planned and will incorporate those schemes which were delayed from this financial year, together with any urgent new schemes which have been identified.
- 17 The Centre of Excellence (the Beehive) is now scheduled for handover at the end of October, with the facility open for overnight stays by mid-November. This is slightly delayed from the previous expected position. As a result of this, there may be a small cost increase and budget overspend. An update will be provided at Monitor 3

Adult Social Care

- 18 Amendments made as part of this report have resulted in a net increase in the capital programme of £104k in 2020/21.

19 Work at the Lowfields site has been delayed due to the Covid 19 pandemic and is now not expected to be complete within 20/21 therefore the budget has been re-profiled accordingly.

Housing & Community Safety

20 Amendments to this area of the capital programme have resulted in a reduction of £4.659m in 2020/21. Further details on variance schemes can be found below.

Scheme	Amendment	Amount 20/21 £m	Amount 21/22 £m	Amount 22/23 £m	Amount 23/24 £m	Further Details – Paragraph ref
LA Homes Phase 2	Re-profile	(1.103)	-	1.103	-	21 - 24
LA Homes – New Build project	Re-profile	-	(8.450)	(16.500)	(5.307)	21 - 24
LA Homes – Project Team	Re-profile	-	(0.550)	-	-	21 - 24
LA Homes Burnholme	Adjustment	-	7.000	11.000	3.945	21 - 24
Lowfield Housing	Re-profile	(3.062)	3.062	-	-	22
Duncombe Barracks	Adjustment	-	2.000	5.500	1.362	21 - 24
IT Infrastructure	Adjustment	(0.150)	-	-	-	25
IT Infrastructure	Re-profile	(0.478)	0.478	-	-	25
Shared Ownership Scheme	Adjustment	0.774	-	-	-	-
Extension to Marjorie Waite Court	Re-profile	(0.500)	0.500	-	-	-

21 The next phase of the Housing Delivery Project was agreed by Executive on 22nd October 2020, to create budgets for the build phase at Duncombe Barracks & Burnholme, with budget allocated from the LA Homes Project budgets already agreed within the capital programme.

- 22 The Lowfield Green build site is progressing well, over half the homes have now been started and the show village comprising of 3 properties will be the first to be completed in November 20. The show homes will be furnished and open to prospective purchasers in December 2020. The first phase of 31 homes which is made up of 7 social rent properties, 6 shared ownership properties and 18 market sale properties, are due to be completed by March 21. So far the first phase of development has taken 20 reservations for the 24 properties available for market sale or shared ownership. This first phase included 20 bungalows, 15 of which were for market sale or shared ownership, all of these have been reserved. Progress to a part of the site has seen a slight delay due to the impact of COVID, weather and highway construction, however at this stage the programme of works is within budget. £3.062m to be slipped to 2021/22 in line with the projected works
- 23 Numerous properties in the Bell Farm area have been identified as having damp when being surveyed for the Tenants Choice (TC) programme, as such this means that for this work to be completed, tenants will have to move in to temporary accommodation. Whilst this process is not new to the Building Services team it takes time to arrange temporary accommodation and to prepare the customer for such an upheaval. The contractor has been given other properties to complete on the TC programme to ensure a constant workflow. The target remains to fully modernise 260 properties through the TC & standing water project
- 24 During quarter 2 forty new heating systems have been completed with a total of 550 expected to be completed by the end of the year. The contractor working on void properties is now back working at full capacity with 25 major voids in the pipeline. The number of days to turn around the works is now reducing which will contribute to a reduction in rent loss. The replacement window contract for the Bell Farm and Chapelfields areas has now been awarded and the contractor is expected to be on site later in the year. The fire remedials contractor will be back on site by the end of October 2020 as all surveying work is now completed.
- 25 The budget for the Housing ICT Project has been reduced by £150k to reflect the fact that the discovery and analytical work is to be met by the revenue budget and £478k has been re-profiled to reflect the delay in the project.
- 26 Within the Shared Ownership Scheme, the budget has been revised upwards by £774k in 20/21 to reflect the equity sales of 6 properties in Q2.

The budget for this scheme is modelled on 50% of each home being funded by the HRA and resources from Homes England funding. The matched funding is received as a capital receipt when the purchaser buys an equity share of the property, as such the receipts from the sale of the 6 shared ownership homes are required to be reinvested back in to the programme. The portfolio now totals 41 properties with a further 13 in the process of being purchased. The Homes England shared ownership schemes to purchase 65 properties is on track to be completed by March 2021.

Transport, Highways & Environment

27 There have been a number of amendments to this area as part of this report resulting in a reduction to the capital programme in 20/21 of £4.834m. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 20/21 £m	Amount 21/22 £m	Further Details – Paragraph ref
WYTF Station Frontage	Re-profile	(4.834)	4.834	-
WYTF Station Frontage	Adjustment	-	5.000	-

28 Progress on schemes in the Transport Capital Programme was delayed at the start of 2020/21 due to the impact of the lockdown measures introduced in March due to the COVID-19 pandemic but schemes are now progressing. The trial road closures in The Groves area were put in place at the start of September, and the impact of the scheme is being monitored. Work on the programme of CCTV Upgrades has been completed (with further work planned for 2021/22), and the works at the Blue Bridge have also been completed.

29 Contractors have now been appointed for the Hyper Hubs scheme and the Electric Vehicle Charging Asset Renewal programme, and these schemes will be progressed and implemented later in the year.

30 The funding added to the programme is to reflect the funding award from the West Yorkshire Transforming Cities Fund. A report elsewhere on the agenda for the York Railway Station Gateway outlines the scheme details.

Regeneration & Asset Management

31 A number of amendments have been made as part of this report resulting in a net decrease to the capital programme of £26.959m in 2020/21. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 20/21 £m	Amount 21/22 £m	Amount 23/24 £m	Amount 24/25 £m	Further Details – Paragraph ref
York Central Infrastructure	Re-profile	(20.538)	(59.462)	28.880	51.120	32
Asset Maintenance & Critical H&S repairs	Adjustment	(0.175)	(0.050)	-	-	--
Guildhall	Adjustment	0.749	0.050	-	-	38 – 41
Guildhall	Re-profile	(4.000)	4.000	-	-	38 - 41
Critical reports & Contingency	Adjustment	(0.274)	-	-	-	
Shambles Modernisation - Power	Re-profile	(0.180)	0.180	-	-	34
Castle Gateway (Picadilly Regeneration)	Re-profile	(2.541)	2.541	-	-	35

32 The Budget for the York Central Infrastructure scheme has been re-profiled to reflect latest expectations of timescales for the project over the next 5 years.

33 Following approval 1st October Executive land has been purchased under the Northern Forest scheme and officers are considering implementing immediate environmental initiatives on part of the land.

34 The Shambles modernisation power project has been put on hold during the focus whilst Make it York focus on income recovery. The full budget of £180k has therefore been transferred into 21/22.

35 On the 1st October the council's Executive a report setting out a full review of the business case for the regeneration of the Castle Gateway. Having considered a full range of options, from abandoning the project through to

continuing as previously agreed, they reiterated their commitment to the masterplan but with the following amendments to the delivery strategy:

- **Design and secure planning** for high quality public realm on Castle Car Park and Eye of York before deciding how to proceed next summer (cost of c.£300k from existing allocated budget)
- **Proceed** with existing approvals to procure a construction partner for Castle Mills, design to RIBA 4, and return to Executive with an actual tender price next summer (cost of c.£1m from existing allocated budget)
- Take the decision to procure a contractor for St George's Field multi-storey car park in the summer of 2021
- **Delay** the decision as to whether to develop or dispose of 17-21 Piccadilly until the summer of 2021

36 This approach will deliver all of the key public benefits of the project but with a staged process to decision making, and pausing the elements that have any uncertainty relating to the impact of Covid-19 until there is greater clarity. All of the above will be delivered from existing project budgets.

37 The One Planet budget has been created to support other council projects to incorporate green initiatives into their schemes. The Guildhall Project has installed a Green Energy River Water Source Heat pump and secondary glazing in the Guildhall. A budget of £375k has been earmarked to cover the cost

38 Delivery of the Guildhall project was approved by Executive in February 2019 with Full Council confirming the budget at their March 2019 meeting. The project will deliver a once in a generation renewal of the Guildhall complex to make it fit for community, business and council use in the 21st century. Sensitive refurbishment, structural stabilisation and redevelopment, with complete renewal of services and the installation of a Green Energy River Water Source Heat pump are key to securing its future, with a riverside restaurant unit alongside.

39 The Guildhall project continues to make good progress on site following the issues encountered in in late 2019 and the first part of 2020 with; structural unknowns, high river levels and archaeological discoveries in late 2019 and the first part of 2020. The re-design of the underpinning, further piling and the additional excavation associated with this and the high river levels / archaeological discoveries resulted in programme delay and incurred significant additional costs. However, the critical underpinning work is now complete with the tower structure is stabilised. The pile foundations to the

new north annex are complete and the archaeological discoveries have been evaluated and preserved in situ with protective measures in place.

- 40 These issues were reported in the Q1 monitor and have required mitigating action to be taken to address the potential budget shortfall arising. The contractor has been awarded a 21 week extension of time under the contract and the costs associated with this, and the additional works required, are now factored in the revised project budget. The latest forecast is that the project will cost £21.7m, an overspend of £1.5m. There are other budgets within the capital programme that can be used to support the Guildhall Project. The council has also been successful with obtaining £300k funding towards fitting out the office space from York & N Yorkshire.
- 41 Work continues on site through a further winter period and the risks of further delay because of high river levels and the potential impact of Covid 19 on site operations remain. Officers will continue to work closely with contractors to ensure the project is delivered by summer 2021

Customer & Corporate Services - IT

- 42 Within ICT significant work has been carried out in response to Covid-19 that has seen personnel being rapidly redeployed away from other planned work into the enabling of flexible and homeworking over the first 6 months, including:
- The quick roll out of Skype for Business to over 2400 users enabling video and audio communication and collaboration tools such as screen sharing etc.
 - Purchased, configured, set up and deployed Zoom for use where Skype was not able to meet needs, for example large public facing council meetings.
 - Made use of relationships with service areas and schools, sourced, built, tested and issued hundreds of extra laptops to increase home and remote working capacity at a time when usual supply routes were not available and we know other councils struggled.
 - Millions of potentially harmful scam emails were blocked and dealt with over the last 6 months

- Worked with colleagues to provide the ICT services required for a number of different projects including but not limited to:
 - connecting the hub sites within the City
 - commissioning Peppermill Court which provides Covid19 Patients a step down location between hospital and home to recuperate safely.
 - identifying and commissioning a waste booking system to enable the reopening of the waste recycling centres. This was provided via the website where we took the precaution to provide additional capacity to ensure the system was not overwhelmed by requests as we know has happened at other authorities.
 - helping Age UK to identify grants and secure equipment to digitally support their customers.
 - providing wireless connectivity coverage at the coronavirus testing facility at Poppleton Bar Park & Ride as part of the government's UK-wide testing drive.
 - provided devices and internet connectivity to residents within our assisted living communities enabling them to have contact with the outside world, from careworkers, doctors, friends & family to giving them the ability to order online food shopping and video calling. This supports our existing work in advancing digital inclusion.
 - supported the commissioning of the Nightingale hospital in the Harrogate Convention Centre
 - continued to focus on projects that are priority such as Housing, the Total Mobile SaaS transition, CRM (Lagan switch off), Waste, Parking, 365, Telecare replacement (UMO), the DMS replacement, launched the new Health & Safety product and completed work with Elections.

Summary

43 As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 2.

Gross Capital Programme	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Children, Education & Communities	15.667	21.809	3.000	-	-	40.476
Health, Housing & Adult Social Care – Adult Social Care	3.366	1.129	0.638	0.660	0.682	6.475
Health, Housing & Adult Social Care – Housing & Community Safety	44.095	65.480	41.302	36.790	10.716	198.383
Economy & Place – Transport, Highways & Environment	56.545	42.526	36.792	27.385	9.536	172.784
Economy & Place – Regeneration & Asset Management	18.150	28.643	81.100	51.770	0.500	180.163
Community Stadium	1.865	-	-	-	-	1.865
Customer & Corporate Services	2.358	0.664	0.200	0.200	0.200	3.622
IT Development Plan	2.637	2.540	2.420	2.420	2.420	12.437
Revised Programme	144.683	162.791	165.452	119.225	24.054	616.205

**Table 2 Revised 5 Year Capital Programme
Funding the 2020/21 – 2024/25 Capital Programme**

44 The revised 2020/21 capital programme of £144.683m is funded from £38.613m of external funding and £106.070m of internal funding. Table 3 shows the projected call on resources going forward.

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	144.683	162.791	165.452	119.225	24.054	616.205
Funded by:						
External Funding	38.613	55.239	102.071	59.899	5.300	261.122
Council Controlled Resources	106.070	107.552	63.381	59.326	18.754	355.083
Total Funding	144.683	162.791	165.452	119.225	24.054	616.205

Table 3 – 2020/21 –2024/25 Capital Programme Financing

- 45 The Council controlled figure is comprised of a number of resources that the Council has ultimate control over. These include Right to Buy receipts, revenue contributions, supported (government awarded) borrowing, prudential (Council funded) borrowing, reserves (including Venture Fund) and capital receipts
- 46 During Executive meetings in October 2016 and July 2017, Members decided to ultimately finance the purchase of property at Hospital Fields Road and Swinegate from Capital receipts. Therefore it should be noted that all future capital receipts are assumed to be used for this purpose in the medium term. This strategy will deliver significant revenue savings, and reduce the need for savings within the revenue budget.

Council Plan

- 47 The information contained in this report demonstrates progress in achieving the priorities set out in the Council Plan.

Implications

- 48 This report has the following implications:
- **Financial** - are contained throughout the main body of the report
 - **Human Resources (HR)** – There are no HR implications as a result of this report
 - **One Planet Council/ Equalities** – The capital programme seeks to address key equalities issues that affect the Council and the public. Schemes that address equalities include the Disabilities Support Grant, the Schools Access Initiative, the Community Equipment Loans Store (CELS) and the Disabilities Discrimination Act (DDA) Access Improvements. All individual schemes will be subject to Equalities Impact Assessments
 - **Legal Implications** - Whilst this report itself does not have any legal implications, the schemes within the capital programme will themselves will be in receipt of legal advice where necessary
 - **Crime and Disorder** - There are no crime and disorder implications as a result of this report.
 - **Information Technology** – The information technology implications are contained within the main body of the report,
 - **Property** - The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from capital receipts.
 - **Other** – There are no other implications

Risk Management

49 There are a number of risks inherent in the delivery of a large scale capital programme. To mitigate against these risks the capital programme is regularly monitored as part of the corporate monitoring process, and the project management framework. This is supplemented by internal and external audit reviews of major projects. In addition, the Capital Asset Board meet monthly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised

Contact Details

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	Report Approved	√	Date 13/11/20
Wards Affected: All			
<i>For further information please contact the author of the report</i>			

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

Annexes

Annex A – Capital Programme 2020/21 to 2024/25