

<b>Meeting:</b>	Executive
<b>Meeting date:</b>	16/11/2023
<b>Report of:</b>	Chief Finance Officer – Debbie Mitchell
<b>Portfolio of:</b>	Cllr Katie Lomas – Executive Member for Finance, Performance, Major Projects, Human Rights, Equalities and Inclusion

## **Decision Report: Capital Programme – Monitor 2 2023/24**

### **Subject of Report**

1. The purpose of this report is to set out the projected outturn position for 2023/24 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
2. A decrease of £13.009m is detailed in this monitor resulting in a revised capital programme for 2023/24 of £135.736m. There is an increase of £1.175m and a re-profiling of budgets to future years totalling £14.184m. This is mainly due to a thorough review of the phasing of the capital programme across Transport, Highways and Environment to reflect later timescales.
3. 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.

<b>Department</b>	<b>Current Approved Budget £m</b>	<b>Projected Outturn £m</b>	<b>Adjustment £m</b>	<b>Reprofile £m</b>	<b>Total Variance £m</b>	<b>Paragraph Ref</b>
Children's services	16.900	16.900	-	-	-	12 – 20
Adult Social Care	1.236	1.236	-	-	-	-
Housing Services	41.697	42.519	<b>1.530</b>	<b>(0.708)</b>	<b>0.822</b>	21 – 35
Transport, Highways & Environment	64.548	59.635	-	<b>(5.183)</b>	<b>(5.183)</b>	36 – 59
Regen, Economy & Property Services	12.909	4.995	<b>(0.355)</b>	<b>(7.559)</b>	<b>(7.914)</b>	60 - 62
Community Stadium	0.271	0.271	-	-	-	-
ICT	3.722	3.722	-	-	-	65 - 66
Customer & Corporate Services	2.063	2.063	-	-	-	63 – 64
Communities & Culture	4.338	4.338	-	-	-	67 – 71
Climate Change	1.061	1.061	-	<b>(0.734)</b>	<b>(0.734)</b>	72
<b>Total</b>	<b>148.745</b>	<b>135.736</b>	<b>(1.175)</b>	<b>(14.184)</b>	<b>(13.009)</b>	

**Table 1 Capital Programme Forecast Outturn 2023/24**

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

<b>Gross Capital Programme</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's services	16.900	6.020	5.400	0.920	-	<b>29.240</b>
Adult Social Care	1.236	0.682	0.705	0.728	0.752	<b>4.103</b>
Housing Services	42.519	54.897	35.181	45.044	14.638	<b>192.279</b>
Transport, Highways & Environment	59.365	74.520	41.296	27.564	17.698	<b>220.443</b>
Regen, Economy & Property Services	4.995	43.809	0.275	0.275	0.275	<b>49.629</b>
Community Stadium	0.271	-	-	-	-	<b>0.271</b>
ICT	3.722	2.820	3.170	2.820	2.820	<b>15.352</b>
Customer & Corporate Services	2.063	0.427	0.200	0.200	0.200	<b>3.090</b>
Communities & Culture	4.338	2.026	-	-	-	<b>6.364</b>
Climate Change	0.327	1.384	0.250	-	-	<b>1.961</b>
<b>Revised Programme</b>	<b>135.736</b>	<b>185.685</b>	<b>86.477</b>	<b>77.551</b>	<b>36.383</b>	<b>522.732</b>

**Table 2 Revised 5 Year Capital Programme  
Funding the 2023/24 – 2027/28 Capital Programme**

5. The revised 2023/24 capital programme of £522.732m is funded from £184.172m of external funding and £338.560m of internal funding. Table 3 shows the projected call on resources going forward.

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>135.736</b>	<b>186.585</b>	<b>86.477</b>	<b>77.551</b>	<b>36.383</b>	<b>522.732</b>
Funded by:						
External Funding	65.453	55.587	41.394	15.243	6.495	<b>184.172</b>
Council Controlled Resources	70.283	130.998	45.083	62.308	29.888	<b>338.560</b>
<b>Total Funding</b>	<b>135.736</b>	<b>186.585</b>	<b>86.477</b>	<b>77.551</b>	<b>36.383</b>	<b>522.732</b>

**Table 3 – 2023/24 –2027/28 Capital Programme Financing**

6. 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
7. In financing the overall capital programme the Chief Finance Officer will use the optimum mix of funding sources available to achieve the best financial position for the Council. Therefore an option for any new capital receipts would be to use these to replace assumed borrowing, thereby reducing the Councils' borrowing levels and associated revenue costs.

## **Financial Strategy Implications**

8. As outlined in the Monitor 1 report, the Finance and Performance Monitor report elsewhere on this agenda again outlines the council's serious financial position. As agreed at Executive in September, a review of the capital programme is underway. The outcome of this review will be reported to a future meeting.

## Recommendation and Reasons

9. Executive is asked to:
- Recommend to Full Council the adjustments resulting in a decrease in the 2023/24 budget of £13.009 as detailed in the report and contained in Annex A.
  - Note the 2023/24 revised budget of £135.736m as set out in paragraph 6 and Table 1
  - Note the restated capital programme for 2023/24 – 2027/28 as set Reason: to enable the effective management and monitoring of the Council's capital programme

## Background

10. The 2023/24 capital programme was approved by Council on 23 February 2023 and updated for amendments reported to Executive in the 2022/23 outturn report, which resulted in an approved capital budget of £284.648m.

## Consultation Analysis

11. The capital programme was developed under the capital budget process and agreed by Council on 23 February 2023. 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

## Options Analysis and Evidential Basis

### Children and Education Services

12. The total approved budget within the Children's Services and Education Capital Programme for 2023/24 is £16.9m.
13. There is one adjustment to the overall programme at this monitor, plus an update on the maintenance schemes being carried out in maintained schools in 2023/24.

14. A scheme was approved at the Executive on 16/03/2023 for major improvement works at Clifton Green Primary at a budgeted cost of £1.5m, funded from Basic Need capital grant. It is proposed to separate this scheme in the capital programme for monitoring purposes.
15. This scheme has progressed well over the summer with Phase 1 of the works expected to be completed in early October.
16. Several projects have been carried out over the summer at maintained schools in York, funded from the major maintenance schemes in the programme. Many are complete with a small number still in progress and due to be completed over the remainder of the financial year.
17. At Huntington School, the first phase of a roof replacement programme was completed over the summer. Roof works were also completed at Headlands and Westfield Primary Schools.
18. A significant programme of essential improvement work is in progress at Ralph Butterfield Primary where improvements to pipework and a hygiene suite have been completed, and an electrical supply upgrade is scheduled for completion by the end of March 2024.
19. At Yearsley Grove Primary works have included the first phase of pipework replacement, roof replacement and an electrical supply upgrade with much of this work already complete and the electrical work scheduled to be completed before the end of the financial year. An electrical supply upgrade at Wigginton Primary is in progress and expected to be completed by the end of October.
20. Window replacement projects have been completed at Elvington and Fishergate Primary Schools with some further work on LED lighting at Fishergate Primary also finished.

## Housing Services

### Major Repairs

21. Procurement of some activities has taken longer than anticipated and mobilisation periods for some contractors have been extended whilst we have experienced delays in uploading rates on to our Open Housing system. The coming weeks will see the contractors fully mobilised on the Home Improvements, Voids, Retrofit and Damp contract, the works on the windows replacement programme (197 properties) commences as well as one of the three strands of the painting programme (282 including flats, entrances, communal areas). One contract has been terminated and other is delayed as contract queries are being worked through. This workstream we expect a reduced outturn as we move towards the winter months with only one contractor on board. The fire remedial contract will commence in the coming weeks following the fire assessments undertaken by the contractor.
22. Great progress has been made on Void properties, the backlog of voids has almost been cleared. Works on home improvement properties (152 issued) and tenanted damp properties (48 issued) commence in the next period. We do expect an underspend in this area due to the programme being delivered over 6 months but the extent of this is yet to be confirmed. Funds are required in other areas though so it is likely not to result in an overall underspend at this stage. The roofing workstream this year has 22 on the programme with 2 properties complete. This is on track at this stage. 174 property entrance doors 22 fire doors have been completed out of the 288 doors handed to the contractor with this contract being on track too. The early kitchen and bathroom renewals have all been completed by the repairs team to date but some are likely to be completed by the capital investment team in Q3 and 4.

### Housing Delivery

23. Work is progressing well on new sites at Willow House, Tang Hall Library and Chaloner's Road.
24. On the Duncombe Barracks and Burnholme sites work is behind programme as a result of challenges faced by the contractor in achieving high quality standard demanded by the project and sourcing adequate labour however, these issues have improved in the period.

These delays are largely contractor risks and whilst this will impact the delivery timescales of the projects, it is not likely to impact the overall project budget.

25. A preferred bidder has been procured for the enabling works at Ordnance Lane which are due to start in Autumn 2023. The works were procured within the budget. The site has been hoarded in preparation for works starting.
26. There are currently two grant funded Second Hand Shared Ownership (SHSO) schemes being actively delivered by the Housing Delivery team; 25 SHSO with retrofit funded by Devolution funding and an additional 15 SHSO funded by Homes England. To date 25 homes are either progressing through the conveyancing process or complete and occupied by customers and it is anticipated that all the homes will complete within this financial year.
27. As part of the 15 Homes England funded homes, to date 10 homes have been identified and it is anticipated that all these homes will complete within this financial year.

#### Healthy and Sustainable Homes

28. A budget is used to undertake adaptations to privately owned properties in order to help owner occupiers and tenants living in the properties to be able to live independently within the property in the future. The budget is financed through monies allocated from the Better Care Fund and CYC's budget.
29. Monies for adaptations are provided through minor works grants, disabled adaptation grants (DAGs), and disabled facility grants (DFGs), to provide a range of adaptations to properties, including minor adaptations such as the installation of hand rails, steps and other equipment, to more major adaptations such as stairlifts, through floor lifts, level access showers (wet rooms) etc.
30. For 2023/2024 budget year it is predicted that the full budget will be spent once again in its entirety. An additional £128k, as a capital top up, has been awarded by DLUCH this financial year to increase funding and support for people to adapt or maintain their homes. It is anticipated that this additional funding will be spent too.



31. To support the Council's 2030 net zero carbon ambition, we are providing funding to undertake energy improvements and retrofit works within the private housing sector in York and some privately owned housing in adjoining local authorities areas.
32. Monies have been provided through bid submissions to the Department for Energy Security & Net Zero (formerly known as Department for Business, Energy & Industrial Strategy) via the Local Authority Delivery Phase 2 scheme, and the Sustainable Warmth Competition (SWC), involving the Home Upgrade Grant (HUG 1) for properties off the gas grid and the Local Authority Delivery Phase 3 (LAD 3) scheme for properties with a gas supply.
33. Proposed measures within the SWC programme include works to 255 homes, including 335 measures such as solar voltaic panels, air source heat pumps, hybrid air source heat pumps, loft insulation, external wall insulation, and underfloor insulation.
34. An underspend within the financial year is predicted due to the costs of works undertaken being less than previously anticipated costs and so providing better value for money. Several difficulties were encountered finding sufficient suitable properties to carry out works which met the requirements and conditions associated with the grant funding and other partner LAs, who were part of the partnership scheme, were only able to join the scheme later on resulting in fewer premises being involved than anticipated.
35. Engagement with the supplier, EON, to ensure maximum expenditure is being undertaken, to ensure works are completed by the end of September 2023.

### **Transport, Highways & Environment**

36. There has been a thorough review of the phasing of the capital programme across Transport, Highways and Environment to reflect latest timescales

### **Major Projects**

37. For the York Outer Ring Road the current focus of the project team is to get the planning application for the scheme proposals through the determination period and then to a planning committee. There have

been some challenges and clarifications involving statutory consultees and this has led to a series of delays. The expectation is that the application will be considered at an autumn planning committee. If this is achieved the project team will then be seeking to get approval to make a compulsory purchase order (CPO) in order to lodge an application with the Secretary of State for Transport. Preparation of the CPO documents is well under way.

38. In parallel, work is ongoing to acquire land, develop the business case and complete the detailed design for the scheme. The construction stage is expected to start in late 2024. As a result of this the expenditure projection has reduced to £3.5m in the year from £26.5m.
39. For the Station Gateway Scheme the latest programme indicates expenditure of £9.2m in 2023/24 resulting in slippage of £7m. The utility diversion and highways works have started on site, with completion currently programmed for autumn 2025.
40. The Castle Gateway Transport Improvements scheme aims to improve transport infrastructure in the area of the Castle Gateway development, and the timescales for any proposed schemes are dependent on the wider development proposals. This work is not expected to be delivered in 2023/24 therefore the majority of the funding (£3,423k) will be carried forward to 2024/25. There is a report elsewhere on the agenda updating Members on progress on the scheme.
41. Tadcaster Road Phase 1 project has a projected overspend due to the extent of shallow services, tree roots and the limitations on working times that have taken place to reduce impact on local residents. A formal approach to WYCA as one of the existing funding bodies to see if additional funding can be secured has been made. If additional funding cannot be found to support the project then decisions on value engineering to bring the project within budget and slip elements of the current project into consideration for future phases. These decisions are delegated to the Director of Environment, Transport and Planning. The cost of the scheme even with value engineering is expected to be in the order of £0.6m over budget which will need to be met from existing highways and transport budgets if additional external funding cannot be identified.

## Transport

42. The Hostile Vehicle Measures installations are currently progressing with the barriers at High Petergate, Lendal, Goodramgate, Spurriergate, Shambles, Coppergate Path, Minstergate all completed and the sites at Colliergate and Parliament Street sites in progress. Final completion of the scheme is anticipated by March 2024.
43. Within the Integrated Transport budgets a number of schemes have been completed including resurfacing at Rawcliffe Bar Park & Ride site, refurbishment of Malton Road / New Lane traffic signals, safety schemes at Askham Lane / Ridgeway and Wheldrake Lane / Elvington Rd junctions completed. We have also completed improvement to cycle facilities at the build outs along Skeldergate.
44. The Castle Gateway Transport Improvements scheme aims to improve transport infrastructure in the area of the Castle Gateway development, and the timescales for any proposed schemes are dependent on the wider development proposals. This work is not expected to be delivered in 2023/24 therefore the majority of the funding (£3,000k) will be carried forward to 2024/25

## Highways

45. The Capital Highway Programme is nearing completion with 3 schemes left to complete. A59 Roman Road near the Red Lion and Elvington Lane and Main Street, Elvington should be completed over the next 2 weeks. Corner Close will be completed this financial year.
46. Additional costs have been incurred at several of the resurfacing schemes, predominately down to the scope of the works increasing in order to improve the condition of the carriageway and supporting infrastructure, typically where further deterioration has occurred since the initial design.
47. The requirement to undertake works outside of normal working hours as directed by the Street Works not anticipated for prior to tender.
48. Carriageway Renewal schemes brought forward into the 2023/24 programme include:
  - Lords Moor Lane to York Lane (budget £100k) due to the need for urgent renewal.

- A1237 / A19 roundabout (budget £100k) due to the need for urgent renewal. This has now been completed.
49. The Large Patching programme is ongoing and making good progress. There's an additional £250,000 allocated budget, which was previously intended for Ward Schemes. This will be used to deliver further large patching works this financial year, including the addition of Yarborough Way, which has been identified as a high priority scheme.
  50. The Footway schemes at Manor Park Road, Forestgate, Coda Avenue and Heslington Lane have been successfully delivered within budget, Myrtle Avenue will soon be complete, and the remaining schemes are now programmed in for delivery within the financial year.
  51. The remaining programme is currently progressing well. However the planned works at Coppergate will be undertaken in the next financial year (24/25) with the full budget to be proactively carried forward into next year's programme. This is due to the amount of works planned in the City Centre.
  52. Due to issues with determining land ownership and highway extents at St Benedicts Road, it is proposed to bring forward Fifth Avenue (subject to Asset Management approval) to replace this scheme in the 23/24 programme and defer St Benedict's Road to 24/25.

#### Drainage

53. The scheme at Murton Village is complete and the works were delivered within budget.
54. A significant number of gully cover replacements have further been carried out at various locations across the city area, resulting in a marginal overspend on this scheme.
55. Hopgrove Lane South and Elvington Lane schemes were also delivered within budget in advance of resurfacing work.
56. Large drainage repair schemes on Hull Road and Kent Street have been procured through the City of York Council Minor Civils Framework. Hull Road has been substantially completed.

57. Kent Street has been delayed due to archaeology in the excavated areas. Unfortunately the dig has disturbed a burial site and many skeletons have needed to be carefully removed to be buried off site. This has caused long delay to the scheme, which will also lead to additional costs to the scheme.
58. At Castle Mills Lock, the EA Collaborative Delivery Framework (CDF) has been identified as an appropriate procurement model for the works. The scheme will be procured through this framework on a design and build basis. The Council's Procurement Team have now signed off the call-off contract to allow access to the framework. It's likely that the full scheme will be carried forward into the next financial year, although some spend (approximately £200k) on design and procurement of the materials could be incurred in this financial year.

#### Waste Fleet & Public Realm

59. Vehicle Replacement Programme – there is expected spend by the end of this financial year £1.3m. Due to a delay in some services finalising their orders and long delivery lead in times there is anticipated slippage of a further £2,215k into 2024/25

#### Regeneration, Economy & Property Services

60. There has been a review of all the budgets across Property Services to determine the need for continued budgetary support and likely value of spend in the year.
61. It is proposed to delete two schemes from the programme
  - a) Shambles Market Power (£180k) – this was to fund improved electricity supply into the market to benefit traders. Since the pandemic and new trader locations at the market this budget is no longer required at this time
  - b) Community Asset Transfer (£175k)– this is a budget available if we need to make improvements to assets in advance of transferring them to the community as part of an asset transfer. It has not been required for a number of years and the borrowing is funded from savings in operational costs from transferring assets. Should funding be required for such assets in the future they will be subject to individual business cases considered by Executive.

62. Elsewhere across the programme slippage has been identified totalling £500k where expenditure can be deferred into 2024/25 reducing the need for borrowing

## **Customer & Corporate Services**

### Crematorium Waiting Room

63. The scheme at the crematorium is currently being reviewed to ensure that works at the crematorium can be contained within the budget. The outcome of any such review will be reported to future monitoring reports.

### Registry Office Phase Two.

64. It is hoped that the refurbishment to the toilets will complete later this year.

## **Customer & Corporate Services - IT**

65. The ICT capital programme has a budget of £3,722k for 2023/24. At Monitor 2, whilst it is known there is over programming it is assumed it will be within budget this financial year and a nil variance is reported.
66. Key purchases completed or in hand to date include:
- Additional Citrix nodes to increase capacity and performance ordered via tender.
  - EDRMS Upgrade agreed and ordered with delivery scheduled for Oct 23.
  - Nutanix storage upgrade/replacement ordered via tender 23 with installation works to be completed by Oct 23, £100k under budget.
  - Significant progress is being made with the Network upgrade and associated telephony whereupon on successful acceptance and sign off invoices will be released for payment.

## **Communities & Culture**

### Future Libraries Investment Programme

67. The three library projects have been combined and are reported within a single FLIP (Future Libraries Investment Programme), under the corporate project management structure. The capital budget this year

is £5,378k which includes an education allocation of £255k for Clifton Library.

68. Works at Clifton are 6 months into a 13 month on-site build and are progressing very well. Old buildings have been demolished, improved local school footpath links completed, all underground works and the foundations for the new two storey building are complete. Work is currently focused on the block work construction of the main new two storey building. At Monitor 1 £1.3m was slipped to 24/25 aligning with building continuing until next summer and an anticipated opening date during Autumn 2024.
69. The new library at Haxby is open and design feasibility is ongoing following consultations with local residents for Acomb library.

#### Westfield Multi Use Games Area Provision

70. Following preliminary investigation works at the York Acorn Sports and Social Club discussions are continuing on the build of Westfield MUGA within the ward.

#### Changing Places Toilets

71. £244k has been awarded to provide two facilities, one at Oaken Grove, Haxby and the refurbishment of Silver Street in the city centre. Design sign-off has been approved by MDUK for Oaken Grove and the planning determination has now been approved. Tender for the completed design was launched in August and appointment is expected in October 2023. Silver street now has budget approval. Final design is ongoing. Delivery of both is by Feb/ March 2024.

#### Climate Change

72. The Climate Change programme has a budget of £1,461k for 2023/24, at Monitor 1 £400k of the Northern Forest Land Purchase budget was slipped to 24/25. At Monitor 2, it is requested that a further £734k be slipped to future years in line with match funding requirement of the Public Sector Decarbonisation Schemes.
73. Key achievements since M1 include:
  - Becoming a signatory to the Yorkshire & Humber Climate Commission's Climate Action Pledge

- Completed the Innovate UK funded project, Accelerating York's Net Zero Transition
- Submitted a £4m funding application to Innovate UK for a Retrofit One Stop Shop in York
- York Community Woodland receiving the John Boddy award for Community Forest of the Year at the Great Yorkshire Show and shortlisted for new woodland prize in the Royal Forestry Society awards.
- Launch of York Circular Network Group
- Initiating our Adaptation programme with internal and external workshops and participating in DEFRA's Adaptation Reporting Pilot

## Organisational Impact and Implications

74. The report has the following implications:

- **Financial** - are contained throughout the main body of the report. Given the forecast financial position of the Council and the need to reduce expenditure, there will be a review of the capital programme. This review will need to identify ways in which capital expenditure can also be reduced.
- **Human Resources (HR)** - There are no direct HR implications as a result of this report. Any variations to the capital programme that have staffing implications will follow appropriate consultation and HR policies and procedures.
- **Legal** - 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
- **Procurement** – Whilst this report itself does not have any procurement implications, schemes within the capital programme are all procured in accordance with the procurement legislation.
- **Health and Wellbeing**, reductions in spend in some areas could impact on the health and wellbeing of both our staff and residents. The impact of any reductions in the capital programme will be carefully monitored so that implications can be considered and mitigated where possible.
- **Environment and Climate action**, as this report is mainly for information to update on the progress of delivery of schemes within



the programme, there are no direct environment and climate action implications as a result of this report.

- **Affordability**, as this report is mainly for information to update on the progress of delivery of schemes within the programme, there are no direct affordability implications as a result of this report.
- **Equalities and Human Rights** — as this report is mainly for information to update on the progress of delivery of schemes within the programme, there are no direct equalities and human rights implications as a result of this report. All individual schemes will be subject to Impact Assessments in the usual way.
- **Data Protection and Privacy**, as this report is mainly for information to update on the progress of delivery of schemes within the programme, there are no direct data protection and privacy implications as a result of this report.
- **Communications**, the information set out in this report does not have any specific communications implications. The finance and performance monitor report elsewhere on this agenda includes details of the communications activity in relation to the overall council finances.
- **Economy**, there are no direct implications related to the recommendations.

## Risks and Mitigations

75. 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.

## Wards Impacted

76. All wards are impacted by the issues detailed in the report

## Contact details

For further information please contact the authors of this Decision Report.

## Author

<b>Name:</b>	Emma Audrain
<b>Job Title:</b>	Technical Accountant
<b>Service Area:</b>	Corporate Finance
<b>Telephone:</b>	01904 551170
<b>Report approved:</b>	Yes
<b>Date:</b>	

## Background papers

- Capital Budget Report – Full Council 23 February 2023
- Capital Programme Outturn 2022/23 and Revisions to the 2023/24-2027/28 Programme – Executive 15 June 2023

## Annexes

- Annex A – Capital Programme 2023/24 to 2027/28