
Executive

26 August 2021

Report of the Chief Finance Officer

Capital Programme – Monitor 1 2021/22

Summary

- 1 The purpose of this report is to set out the projected outturn position for 2021/22 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
- 2 The 2021/22 capital programme approved by Council on 25 February 2021 and updated for amendments reported to Executive in the 2020/21 outturn report resulted in an approved capital budget of £220.542m.

Recommendations

- 3 Executive is asked to:
 - Recommend to Full Council the adjustments resulting in a decrease in the 2021/22 budget of £62.138m as detailed in the report and contained in Annex A.
 - Note the 2021/22 revised budget of £158.404m as set out in paragraph 6 and Table 1.
 - Note the restated capital programme for 2021/22 – 2025/26 as set Reason: to enable the effective management and monitoring of the Council's capital programme.

Consultation

- 4 The capital programme was developed under the capital budget process and agreed by Council on 25 February 2021. 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

- 5 A decrease of £62.138m is detailed in this monitor resulting in a revised capital programme for 2021/22 of £158.404m. There is a decrease of £5.164 in 2021/22 and a re-profiling of budgets to future years totalling £56.974m. The majority of this re-profiling is due to delays in schemes such as the Local Authority Homes projects and re-profiling of schemes such as WYTF Station Frontage, YORR Dualling and York Central Infrastructure to match latest expected expenditure profiles.
- 6 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	Adjustment £m	Reprofile £m	Total Variance £m	Paragraph Ref
Children, Education & Communities	27.329	27.329	-	-	-	-
Health, Housing & Adult Social Care – Adult Social Care	2.297	2.297	-	-	-	-
Health, Housing & Adult Social Care – Housing & Community Safety	58.205	42.128	2.535	(18.612)	(16.077)	8 – 27
Economy & Place – Transport, Highways & Environment	88.113	60.879	(1.057)	(26.177)	(27.234)	28 – 30
Economy & Place – Regeneration & Asset Management	35.892	16.760	(7.667)	(11.465)	(19.132)	32 – 39
Community Stadium	2.066	2.066	-	-	-	40
Customer & Corporate services	3.445	4.320	1.025	(0.150)	0.875	41 – 44
IT Development Plan	3.195	2.625	-	(0.570)	(0.570)	45 - 48
Total	220.542	158.404	(5.164)	(56.974)	(62.138)	

Table 1 Capital Programme Forecast Outturn 2021/22

Analysis

Children, Education & Communities

- 7 The Education capital programme currently has no figures in the programme beyond 2022/23. This is due to the majority of Education and particularly school capital expenditure being dependent on grant allocations from the DfE which have not been announced beyond 2021/22. Although it is expected that grant allocations will continue, it is difficult to forecast the level of these allocations until the spending review results have been published

Housing & Community Safety

- 8 Amendments to this area of the capital programme have resulted in a reduction of £16.077m in 2021/22. Further details on variance schemes can be found below.

Scheme	Amendment	Amount 21/22 £m	Amount 22/23 £m	Amount 23/24 £m	Amount 25/26 £m	Further Details – Paragraph ref
Major Repairs & Modernisation of LA Homes	Re-profile	(1.152)	1.152	-	-	9-14
Major Repairs & Modernisation of LA Homes	Adjustment	0.107	-	-	-	13
LA Homes Phase 2	Re-profile	(2.400)	1.200	1.200	-	15
LA Homes Phase 2	Adjustment	0.469	-	-	-	15
LA Homes – New Build project	Re-profile	(8.250)	2.000	-	6.250	16
LA Homes – Burnholme	Re-profile	(4.000)	-	3.400	0.600	21
Lowfield Housing	Adjustment	(2.000)	1.300	0.700	-	20
Duncombe Barracks	Re-profile	(0.500)	-	0.500	-	21
Water Mains Upgrade	Re-profile	(0.060)	(0.240)	0.300	-	22
LA Homes Energy Efficiency	Adjustment	(0.107)	-	-	-	13
Home Upgrade Grant	Adjustment	2.124	-	-	-	23-24

IT Infrastructure	Adjustment	(0.470)	-	-	-	25
Shared Ownership Scheme	Adjustment	0.372	-	-	-	26
Extension to Marjorie Waite Court	Re-profile	(0.200)	0.200	-	-	27

- 9 Major Repairs & Modernisation of LA Homes – Capital works across the LA housing stock is going well with 51 kitchens, 59 bathrooms and 67 rewires completed in the Tenants Choice programme as well as 16 properties with standing water through the Damp programme and a further 8 properties fully modernised through the Void scheme.
- 10 64 properties have had a full heating system replaced and a further 120 properties have been surveyed with the target being 440 properties having new heating systems by the end of the financial year.
- 11 The new roofing contract has now been awarded with works expected to start in September 2021, in the meantime, two roofs have been replaced due to their state of repair.
- 12 Fire risk assessment works has commenced at Delwood and 16 blocks of flats have had the works completed. A tender process is being completed for a new contractor for the fire risk assessment remedial works.
- 13 The window replacement programme has commenced with 20 properties receiving new windows in the Chapelfields area. Bell Farm window replacement works will commence after Chapelfields, as such £160k budget from this programme will be slipped in to 2022/23. A further window and door replacement programme to improve energy efficiency in homes is to be moved from the Energy Efficiency capital works stream to the Building Services modernisation programme to streamline the workflow, budget of £107k relates to this piece of work.
- 14 Budget of £1,152k is to be reprofiled to future years to support the planned programmed including the £160k window programme budget.
- 15 Local Authority Homes – Phase 2. The Housing team have been successful in its capital bid for £469k from MHCLG’s Rough Sleeper Accommodation Programme, as a contribution to the purchase 6 supported living move-on properties from the open market. In addition, revenue budget has been secured to appoint a support worker for these 6 tenants, with a view that

these tenants do not return to the streets. CYC's contribution to this programme is £573k from the phase 2 programme. Budget of £2.4m is to be profiled in to future.

- 16 Local Authority Homes – Phase 2. The Housing team have been successful in its capital bid for £469k from MHCLG's Rough Sleeper Accommodation Programme (RSAP), as a contribution to the purchase of 6 supported living move-on properties from the open market.
- 17 The RSAP will provide additional accommodation options for those who are rough sleeping or placed in emergency and temporary accommodation. This flexibility on accommodation will allow for bespoke options, avoiding hostels where necessary. This will enable a safer managed accommodation option for those that do not meet the complexity of Housing First and are not able to engage in a hostel setting for the resettlement category process.
- 18 In terms of the support model it will provide a semi-permanent accommodation for rough sleepers who are complex, often with no credible outcome. It will provide an interim option as a step down from fully supported accommodation, offering a gradual introduction to independent living lasting 3 years. At the end of the three years we will look to permanently accommodate the person through the already established resettlement category process.
- 19 In addition, revenue budget has been secured to appoint a support worker who will intensively support these 6 tenants, working as part of the wider Resettlement Team. CYC's contribution to this programme is £573k capital from the phase 2 programme. Budget of £2.4m is to be profiled in to future.
- 20 Lowfield Green - All 31 homes in the first phase of construction completed on 17th June 2021. These homes are now occupied with the first residents providing positive feedback on their new homes. The next phase of the project comprises of 18 apartments and the large Village Green area and is expected to be ready in early September. This has been slightly delayed due to issues sourcing materials which is impacting the construction industry nationwide. The latter phases of the development are due to complete in late Autumn 2021 with the last phase completed in Summer 2022. Budget of £2m is to be reprofiled to 2022/23 to reflect the programme timings.
- 21 Duncombe & Burnholme Sites – Stage D design work, which provides design information for the procurement of a main contractor, has been completed for both sites. The project team has been developing the tender information and contracts for the design and build procurement and it is

expected that the tender will be published in the coming months, with works expected to start on site in 2022. Budget of £0.5m for Duncombe and £3m for Burnholme has been re-profiled to future years to reflect this timeline.

- 22 Water Mains Project – The proposed project to renew council owned mains pipework supplying water to 2379 tenants and residents, across 25 streets, in Tang Hall, Heworth and Clifton, will be a complex and highly disruptive piece of work. As such, significant planning and consultation with tenants and residents, and councillors will need to take place. Over the next year the Asset Management Team will development the necessary project design, project governance structures and approvals path. Given the scale of the work outlined, it is recommended that the provisional budget is re-profiled in to future years.
- 23 Home Upgrade Grant - £2.124m Green Homes Grant (LAD2) funding has been awarded to York as the lead council in a consortia (York, Harrogate, Selby and Craven) to support low-income households in the private sector to improve the energy performance of their homes, helping to reduce fuel poverty and delivering progress towards each of the council's commitment to net zero carbon. The grants take a fabric first approach by providing free insulation measures including cavity and loft insulation as well as room in roof insulation.
- 24 Within this funding that has been received there is which support for our own retrofit programme to council owned homes and to two partnering registered social providers and will contribute towards the following schemes:
 - a) To improve up to 60 council owned homes to a minimum EPC rating of a C and improve up to 50 council owned homes with solar PV panels.
 - b) To improve 10 homes owned by Yorkshire Housing which are EPC E which could be improved by the installation of external wall insulation.
 - c) Scheme to improve 6 homes occupied by fuel poor households identified by Joseph Rowntree Trust (JRHT).
- 25 Housing ICT Project continues to seek to deliver a single system replacing many legacy and outdated systems in use across housing and building services. Phase 1 of this new system is expected to go-live in autumn this year. Capital budget of £470k is to be adjusted to reflect the fact that the discovery, business change and analytical work is to be met by the revenue budget.

26 The Shared Ownership Programme is nearing completion with 60 of the 65 homes completed by quarter 1 of 2021/22. Sales of 4 further properties are in the pipeline with one final property is still to be found. Quarter 1 saw the second tenant staircasing, increasing their share of the property. 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 3 shared ownership homes in quarter 1 are required to be reinvested back in to the programme and will increase the budget by £372k.

27 Marjorie Waite Court is now completed with tenants starting to move in within the next two months. Positive feedback has been received regarding the design of apartments and the ability to support those living with dementia and the high quality communal areas. Budget of £200k to be reprofiled to 2022/23 following the conclusion of the 12 months defect period.

Transport, Highways & Environment

28 Amendments to this area of the capital programme have resulted in a reduction of £27.234m in 2021/22. Within this, a number of schemes have been re-profiled to future years to reflect the latest expenditure profiles including York Outer Ring Road Dualling (£18.483m) and WYTF Station Frontage (£7.694)

Scheme	Amendment	21/22 £m	22/23 £m	23/24 £m	25/26 £m	26/27 £m	Further Details – Paragraph ref
WYTF – Castle Gateway Developmet	Adjustment	0.355	-	-	-	-	29
TCF – Tadcaster Road Improvements	Adjustment	0.100	1.330	-	-	-	30
WYTF – Station Frontage	Re-profile	(7.694)	5.863	1.831	-	-	28
WYTF – Station Frontage	Adjustment	(1.512)	-	-	-	-	28

York /Outer Ring Road - Dualling	Re-profile	(18.483)	(20.633)	6.392	29.084	3.640	28
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- 29 A new scheme called WYTF Castle Gateway has been added to the capital programme. This scheme contributes to the redevelopment of the Castle Gateway area. It will support delivery of the Castle Gateway Masterplan improving accessibility for pedestrians and cyclists and increasing active mode travel. It is funded through the West Yorkshire Transport Fund
- 30 There is an allocation of £1.43m from the Transforming Cities Fund managed by the West Yorkshire Combined Authority to provide improved sustainable transport links to the Rail Station along Tadcaster Road. The focus is improved facilities for cyclists and pedestrians, as well as some additional bus priorities to make it more attractive for people to park at Askham Bar park and ride and access the Rail Station using the bus. This project will be delivered alongside the Tadcaster Road highways scheme to reduce costs and minimise disruption. Further detail on the proposed works will be provided in a report to the Executive Member following consultation on the scheme over the summer.
- 31 There remains £127k within the budget to complete carriageway works at Stonegate. The carriageway scheme carried out in 2019/20 financial year included the existing York Stone to be lifted and stored for maintenance elsewhere in the City. The road was reconstructed with the finish surface being of new York Stone paving, with a granite drainage channel linking to larger capacity road gullies. The rebuilding of the carriageway plans for the impact on pedestrian movements disrupting businesses residents and visitors while considering long term maintenance demands. The project has identified the extents of the carriageway infrastructure and planned only to carry out localised repairs to the footways on Stonegate replacing York stone only where damages were beyond repair. The reasoning behind this approach was based on the available budget and lessons learned when undertaking the works to Kings Square, maintaining the footway access while segregating the works allows the service to deliver the works safely and maintain footfall into the businesses. It is anticipated that the work will be completed in the final quarter of the year to minimise impact on businesses

Regeneration & Asset Management

- 32 The York Central Infrastructure scheme has been re-profiled to reflect the latest expected expenditure profiles, with £11.414m from 21/22 and £12.562m from 22/23 being transferred into 23/24.

- 33 An adjustment has also been made to take into account decisions made by Executive in the update “York Central and York Station Gateway Update” 22nd April 2021. This report updated Members on the revised delivery arrangements for the infrastructure on the site and funding being allocated to Homes England / Network Rail. This reduced the council’s capital programme by £112.2m primarily due to the removal of Housing Infrastructure Funding £77m and West Yorkshire Transport Funding £23.5m which will go direct to the developers
- 34 Within the Castle Gateway scheme planning permission was granted for Castle Mills in December 2020 and St George's Field multi-storey car park (MSCP) in January 2021, forming the first phase of the Castle Gateway regeneration. Castle Mills will provide new apartments, a riverside park and pedestrian cycle bridge in addition to a commercial return to help cross fund the wider public benefits of the masterplan. The procurement of a contractor to undertake the RIBA stage 4 design and to provide a tender price for construction is underway, with an Executive decision to proceed based on the tender price due in November 2021. This would allow a start on site in early 2022.
- 35 A decision on whether to proceed with the St George’s Field MSCP will also take place in November 2021 based on the outcome of the ongoing strategic review of city centre access and parking which will conclude in October. St George’s Field would consolidate two large surface level car parks in to a new modern land efficient MSCP, and allow the closure of Castle Car Park to be transformed in to new public realm for the city and to enhance the historic setting of Clifford’s Tower and the Castle complex. The planning application for this new public realm will be submitted in the autumn of 2021. In addition the project formed part of the council’s round one Levelling Up Fund bid, to provide the capital budget for delivery. The outcome of this funding bid is due in the autumn.
- 36 Strong progress on the delivery of the Guildhall project has continued from Q4 20/21 into Q1 21/22. The construction contract has achieved a number of significant milestones, with re-roofing and external repairs to the historic buildings almost complete and the external envelop of the new north annex well progressed. Internal works and new building services are progressing in parallel. The new ‘Slype space’ glazed link between the Guildhall and the south range is in place and the underfloor heating to this space and the main hall linked to the Green Energy River Water Source heat pump is being installed.

- 37 The contract duration has been formally extended by a further 11.6 week period in response to the previously reported project delays which has created further budget pressure. Further value engineering options have also been instructed. The project remains on track to deliver the agreed outcomes and the lease with the University will be signed in July. The construction contract has delivered significant local business benefits and the premises will offer a high quality venue for local businesses on completion
- 38 The Climate Change Schemes including Northern Forest project totalling £2.465m across the 5 year period 21/22 – 25/26 (£965k in 21/22), has been transferred from the Regeneration and Asset Management to Customer and Corporate Services directorate. This has had a net nil effect on the overall capital programme total.
- 39 Officers have considered whether to replace the current gas boiler at 29 Castlegate. The capital costs of an air source heat pump were significant and not financially justifiable whilst the current boiler is still working efficiently. This decision will be reviewed should decarbonisation funding become available in the future.

Community Stadium

- 40 York Community Stadium, in line with COVID guidelines, is now fully open to residents. The only exception being the implementation of the approved outdoor play park and outdoor gym space under the last capital report, this is being progressed and timescales for opening to be advised in due course. A small capital budget for 21/22 remains to conclude project matters, with spend currently in line with forecasts. All capital income expected for the project has now been received, the only exception being the monies from York City Football Club which are due upon the legal sale of their existing ground Bootham Crescent, this anticipated later this financial year

Customer & Corporate Services

- 41 The CDFM team continues to work in conjunction with the Health & Safety partner, to inform a programme of asbestos removal works. At present no new schemes have been identified against this budget and therefore a request to slip £100k is made at monitor 1

- 42 Phase 2 of the refurbishment works at the Registry Office was delayed in 20/21 largely due to the pandemic. Design work is being finalised and work is expected to be completed in 21/22
- 43 Work on the Crematorium waiting room refurbishment was delayed in 20/21 due to the pandemic. A modular building solution has been identified and installation is expected to be completed before the end of March 2022.
- 44 The Climate Change Schemes including Northern Forest project totalling £2.465m across the 5 year period 21/22 – 25/26 (£965k in 21/22), has been transferred from the Regeneration and Asset Management to Customer and Corporate Services directorate. This has had a net nil effect on the overall capital programme total.

Customer & Corporate Services - IT

- 45 The ICT capital programme has a budget of £2,625k for 2021/22. At Monitor 1 there are plans to spend all of this allocation during the year and a nil variance is reported.
- 46 Work continues on the drive to support all staff working flexibly and at home due to the pandemic and this will be further developed by the cross Directorate project, Working as One, which will support new ways of working over the coming months.
- 47 The procurement process to secure a new Managed Service provider continues to progress and once the contract starts later in the year, a significant technology refresh is planned, including the phased upgrade to our WIFI platform across all sites that is essential to enable and support the Working as One programme.
- 48 Work continues to further develop and expand the cities digital connectivity landscape that is providing the city's residents, communities and businesses access to enhanced broadband services both within our more rural communities and suburban areas through the multiple programmes that the service is working within

Summary

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

Gross Capital Programme	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
Children, Education & Communities	27.329	3.000	-	-	-	30.329
Health, Housing & Adult Social Care – Adult Social Care	2.297	0.638	0.660	0.682	0.705	4.982
Health, Housing & Adult Social Care – Housing & Community Safety	42.128	48.694	42.318	33.544	32.104	198.788
Economy & Place – Transport, Highways & Environment	60.879	33.282	35.988	37.400	14.240	181.789
Economy & Place – Regeneration & Asset Management	34.876	80.278	51.393	0.250	0.250	167.047
Community Stadium	2.066	-	-	-	-	2.066
Customer & Corporate Services	4.320	0.950	0.600	0.450	0.450	6.770
IT Development Plan	2.625	2.190	2.070	2.070	2.920	11.875
Revised Programme	158.404	89.332	120.385	74.396	10.640	493.186

**Table 2 Revised 5 Year Capital Programme
Funding the 2021/22 – 2025/26 Capital Programme**

50 The revised 2021/22 capital programme of £203.754m is funded from £76.913m of external funding and £126.841m of internal funding. Table 3 shows the projected call on resources going forward.

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	158.404	89.332	120.385	74.396	10.640	493.186
Funded by:						
External Funding	49.745	30.789	31.446	29.366	3.375	150.401
Council Controlled Resources	108.659	58.543	88.939	45.030	7.265	342.785
Total Funding	158.404	89.332	120.385	74.396	10.640	493.186

Table 3 – 2021/22 –2025/26 Capital Programme Financing

- 51 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
- 52 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.

Council Plan

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

Implications

- 54 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

55 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.

Contact Details

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	Report Approved	√	Date 16/8/21
Wards Affected: All			
For further information please contact the author of the report			

Specialist Implications:
Legal – Not Applicable
Property – Not Applicable
Information Technology – Not Applicable

Annexes

Annex A – Capital Programme 2021/22 to 2025/26