
Executive

9 February 2022

Report of the Chief Finance Officer
Portfolio of the Executive Member for Finance & Major Projects

Capital Programme - Monitor 2022/23

Summary

- 1 The purpose of this report is to set out the projected outturn position for 2022/23 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
- 2 The 2022/23 capital programme approved by Council on 7 February 2022 and updated for amendments reported to Executive in the 2021/22 outturn report resulted in an approved capital budget of £193.550m.

Recommendations

- 3 Executive is asked to:
 - Recommend to Full Council the adjustments resulting in a decrease in the 2022/23 budget of £27.164m as detailed in the report and contained in Annex A.
 - Note the 2022/23 revised budget of £127.393m as set out in paragraph 6 and Table 1.
 - Note the restated capital programme for 2022/23 – 2026/27 as set out at paragraph 60 table 2. Reason: to enable the effective management and monitoring of the Council's capital programme.
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Consultation

- 4 The capital programme was developed under the capital budget process and agreed by Council on 7 February 2022. 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 £27.164m is detailed in this monitor resulting in a revised capital programme for 2022/23 of £127.393m. There is an increase of £5.305m and a re-profiling of budgets to future years totalling £32.469m. This is mainly due to Local Authority homes new build expenditure, Fleet replacement, Haxby Station, Flood Alleviation Schemes including Germany Beck being delayed until 2023/24.
- 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's services	16.990	14.956	0.466	(2.500)	(2.034)	7 - 16
Adult Social Care	1.166	1.166	-	-	-	-
Housing Services	51.752	49.064	3.312	(6.000)	(2.688)	17 - 23
Transport, Highways & Environment	68.175	49.620	2.275	(20.830)	(18.555)	24 - 34
Regen, Economy & Property Services	7.749	6.185	(0.750)	(0.814)	(1.564)	35 -38
Community Stadium	0.777	0.777	-	-	-	-
ICT	3.152	2.985	-	(0.167)	(0.167)	39 - 42
Customer & Corporate Services	1.714	1.489	0.002	(0.227)	(0.225)	-
Communities & Culture	2.382	1.101	-	(1.281)	(1.281)	43 - 44
Climate Change	0.700	0.050	-	(0.650)	(0.650)	45 - 46
Total	154.557	127.393	5.305	(32.469)	(27.164)	

Table 1 Capital Programme Forecast Outturn 2022/23

Analysis

Children and Education Services

- 7 The total approved budget within the Children's Services and Education Capital Programme for 2022/23 is currently £16.990m
- 8 The current approved budget for the main Basic Need scheme in the programme is £720k. As no further new work is expected to commence in 2022/23 from Basic Need it is now proposed to re-profile a further £500k of this into 2023/24. This leaves an amount of £220k in the main Basic Need budget for the remainder of this financial year, to deal with any additional urgent requirements before the year-end.
- 9 The new build at Fulford School continues to progress on schedule.
- 10 The schemes at Manor and Millthorpe are almost complete with the majority of the expenditure in this financial year apart from retentions on the main contracts. A small amount of budget on each scheme has been reprofiled into 2023/24 for these payments.
- 11 The major scheme at Danesgate to make significant adaptations and re-modelling to improve the layout of the buildings for young people with Social, Emotional and Mental Health (SEMH) has been completed. A small amount of funding has been reprofiled into 2023/24 to fund retentions. The works at Danesgate included: at the Pupil Support Unit (the main building on site) significant alterations to classroom areas to allow for smaller group teaching, the creation of more intervention areas, infill works to add additional teaching space, the creation of an indoor exercise room and a sensory room; at the Skills Centre a proper kitchen was installed to provide school meals in-house to all age groups, a mezzanine floor above the dining area was walled to provide SEN teaching space and external decking was replaced. Other external works carried out were to install a new metal fence round the playing fields, install a small animal house, and demolish a derelict coach house on the site.
- 12 The schemes within the School Condition and Maintenance programme that were still in progress at the time of monitor 2 have now been successfully completed.

- 13 As most schemes are now complete there is a further minor underspend on the overall maintenance programme. In addition, provision is required in 2023/24 for retention payments. It is therefore proposed to re-profile a further £700k into 2023/24 across the Condition and Maintenance scheme and the two LA funded Maintenance schemes in the programme.
- 14 The Department for Education announced additional one-off capital funding for schools totalling £447m at the beginning of December for capital improvements to buildings and facilities, prioritising works to improved energy efficiency. City of York maintained schools will receive an additional £466k and this requires adding into the programme under the Devolved Formula Capital (DFC) scheme.
- 15 The scheme to provide local residential accommodation for children unable to live at home has so far funded refurbishment works at Wenlock Terrace at a cost of approximately £400k. Further plans are being developed, however at this stage it is expected that further expenditure will not be incurred until 2023/24 so it is proposed to reprofile £900k into this year.
- 16 The changes outlined above result in a revised Children's Services and Education capital programme of £14.956m for 2022/23

Housing & Community Safety

- 17 The total approved budget within Housing & Community Safety Capital Programme for 2022/23 is currently £49.064m.
- 18 There is significant pressure of c£200k on the funding for the adaptations programme for council tenants. Comparisons with the same period last year show that :
 - there has been a 33% increase in rate of referrals from tenants requiring the work to their home to enable them to live independently and safely.
 - the work is being approved and carried out more rapidly following a streamlining of the process to reduce the number of unnecessary visits
 - the cost of work has on average increased in line with general inflation to around 11.1%.
- 19 The expected outturn for the full year is now forecasted to be around £836k an increase of £200k. Without this additional expenditure, tenant's safety and independence will be put at risk and there will be knock on effects to both already stretched NHS and Adult Social Care services. Funding of such pressure is to come from within the housing resources.

- 20 Caddick Construction have now taken possession of the site at Burnholme and site stripping works are underway. This is to deliver 78 Passivhaus homes including 60% of affordable housing, set out in a high quality public realm and all together designed to be inclusive and support low carbon lifestyles. The project also includes the preparation of 5 self-build plots. The construction is expected to last approximately two years with a completion anticipated in Winter 2024. Budget of £6m has been reprofiled to 2023/24 to reflect the contract expenditure.
- 21 Lowfield Green is nearing completion with 109 homes complete. All 140 homes being delivered by the Council will be complete by Spring 2023 along with two new areas of public realm for new and existing residents in the community. The contract has been extended due to delayed work to divert a mains sewer along with severe delays related to material and labour shortages caused by the Covid 19 pandemic. As a result of this delay the capital costs will increase by £3.362m from the previously approved budget which will be offset by increased sales revenue. It is anticipated that the long-term investment requirement from the Housing Revenue Account will not exceed the approved net budget of £4.5m as agreed in the original Executive approval from 12th July 2018. This presents a significant achievement given the extremely high levels of inflation in building materials and labour over the last two years.
- 22 Following start on site in the summer, construction works at Duncombe Barracks are progressing well with the drainage, foundations and substructure blockworks underway. This is to deliver 34 Passivhaus homes including 60% of affordable housing, and one commercial unit, set out in a high quality public realm and all together designed to be inclusive and support low carbon lifestyles. The construction will continue throughout 2023 and completion is expected in Spring 2024.
- 23 The Housing ICT project new system is now live with further modules being added to the new open Housing system. Budget of £193k to be adjusted by £50k to reflect the fact that the business change and analytical work is to be met by the revenue budget.

Transport, Highways & Environment

- 24 There has been a total reduction of £18.555m to Transport, Highways & Environment schemes in 2022/23 as set out below, leaving a projected outturn of £49.620m.

- 25 A number of schemes within Highways, mainly carriageways, will now be completed in 2023/24 including Hull Road, Kent Street and Boroughbridge Road.
- 26 The contract for the installation of the Hostile Vehicle Mitigation measures in the city centre has now been awarded, and the main works are programmed to start in March 2023, with completion in summer 2023, depending on the timescales for utility diversion works. The reprofiled expenditure reflects the expected delivery timescale.
- 27 The Replacement Vehicles and Plant expenditure has been reprofiled to reflect the latest delivery timescales for vehicle and plant. Although a significant amount of vehicle and plant has been ordered and committed delivery timescales are such that it will not arrive until 2023/24. Of the vehicles that have been delivered there are some that have been in storage as their use is dependent on the Hazel Court charging infrastructure which was due to be complete by November 2022, but due to unforeseen issues with historic cabling and ducting this has been delayed and is now due to be completed by the end of February 2023. Vehicles are being phased into use from the end of January onwards until the full charging infrastructure is available
- 28 There is slippage in the Integrated Transport Schemes primarily relating to the Active travel programme covering various schemes, a detailed update on active travel schemes was provided to Executive in November 2022. There is also slippage on the TSAR scheme as it will not be possible to implement the Pavement/Piccadilly/Coppergate scheme in 22/23.
- 29 A number of City Walls schemes are in design stage and will now be delivered in 23/24 including Bootham Bar and Bootham to Robin Hoods Tower.
- 30 The funding for the National Cycle Network Route 65 (NCN65) scheme was allocated to develop a programme of planned improvements along the section of the route that runs through York. Feasibility and design work has been carried out on the proposed improvements to the approaches to Millennium Bridge to ensure the route is still accessible during flood events, but as it is not possible to construct the scheme in the winter period the expenditure is reprofiled to reflect the expected delivery timescale.
- 31 The council made a successful bid to the government for funding for York's Bus Service Improvement Plan (BSIP) and an allocation has been awarded

for a three-year programme of improvements to bus services and bus infrastructure. The initial focus will be on bus priority schemes, Park & Ride interchanges, bus stop upgrades, and real-time screen upgrades.

- 32 Work has been carried out to develop the proposed new Flood Sign Renewal scheme, the signs will be installed during 2023/24.
- 33 A planning application for dualling the York Outer Ring Road is proceeding through the determination period, and the target date for a decision is February 2023. In parallel, the project team are working on the other key elements in the scheme such as acquiring land, preparation of a Compulsory Purchase Order, developing the business case, and completing the detailed design for the scheme. Commencement of works on site is programmed for autumn 2023 and the reprofiled expenditure reflects the latest forecast position.
- 34 Work is continuing to progress the design work and develop a revised business case for the new rail station at Haxby following the approval of a preferred site for the station by Executive in December 2021. Additionally, further approvals were given at Executive in October 2022 to progress the scheme to the next stages and submit a planning application when practicable. The reprofiled expenditure reflects the latest scheme timescales.

Regeneration, Economy & Property Services

- 35 The Guildhall redevelopment and refurbishment project achieved Practical Completion under the Construction Contract on 25 April 2022. The property was handed over to University of York Science Park on 29 April 2022 under the terms of the lease agreed by Executive in Nov 2020.
- 36 The first business tenants moved in in early May and the building was formally re-opened in mid-May. The Café opened to the public in June and the Guildhall has hosted a number of high profile events both for business and Civic ceremonies including – Annual Council, Remembrance Day and more recently Fashion Week shows, a series of Business Month events and a Christmas Fair. The feedback from the University and business tenants is very positive. The project has also been shortlisted for and won a number of Awards.
- 37 The additional costs associated with the project, due to the significant contract delays and associated additional works have been reported

previously. Over the period since completion the project team have worked with the contractor to ensure rectification of any defects and snags and the process of carefully scrutinising the final account claim and has seen the overall project costs reduced by c£0.5m from the previously reported position

38 Within the Commercial property acquisition scheme there are works to be delivered at Union Terrace and Robinson Court but the review of requirements is still being undertaken so this expenditure will not be delivered in 23/24

ICT

39 The revised capital budget for ICT is £3.152k in 2022/23. At Monitor 3 the forecast is that £167k will be slipped back into 23/24. As identified at Monitor 2, the main area of spend is the refresh in infrastructure technology as part of the new Managed Service contract with North.

40 Key elements that are being replaced or developed with North are:

1. The Council Wifi
2. The Wide area Network edge equipment
3. Network Datacentre Switches
4. The integration of Mitel Telephony with Microsoft Teams

41 Industry wide supply chain issues have led to significant delays in the planned delivery of some of this new technology, particularly items 2, 3 and 4 listed above. Schemes that have been or are on target to be delivered in 2022/23 are:

- Continued roll out of Microsoft 365 and associated back up technology
- Replacement of Infrastructure cyber security systems
- Replacement of the current remote connectivity platform relating to hybrid working
- Extension of the Financial Management System, Authority Financials.
- Replacement of the corporate print solution from Gandlake to PresConnect
- YOTTA Highways Asset Management system procurement
- The annual laptop refresh programme
- Increased capacity for Nutanix to improve performance. This is the core of the entire infrastructure holding all virtual servers, all stored data and applications.

- York Stadium Fibre connectivity

42 At monitor 2 it was anticipated that the Electronic Data and Records Management System replacement would be completed this financial year however this is now due for completion in 23/24 resulting in an underspend this financial year on this project

Communities & Culture

43 Haxby & Wigginton Library construction is complete and due to open 3 Jan 2023. Clifton Library has secured planning and is currently out to tender but with some minor enabling works due to start on site in January 2023, £1,023k to be slipped in 23/24.

44 Surveys undertaken at the York Acorn and Social Club have indicated that funds in excess of the capital budget are required for the Westfield Multi-Use Games Area. To allow time for alterations to the plans to be made and additional grants secured covering the full cost of the project, the budget and works have been slipped into 23/24

Climate Change

45 The York Community Woodland project team has been able to minimise call on the council's Northern Forest capital budget by securing Forestry England as the woodland delivery partner, who will access confirmed DEFRA funding to fully support and 100% fund the capital costs of woodland creation in line with the agreed Woodland Creation Plan (which forms part of the council's lease agreement with FE).

46 The additional Land Purchase planned this year for the Northern Forest needs to be slipped into the next financial year following assessment by the Highways Agency as the car park in the aspirational masterplan does not provide a safe means of access / egress for all the vehicle movements. This necessitated an options appraisal of alternative parking solutions. Within the considered options, there is the potential requirement for additional land purchase to accommodate the proposed solutions. We are still working with stakeholders to identify the preferred solution. Once the likely cost of any additional land acquisition is known, remaining budget will be utilised based of the recommendations of the Heat Decarbonisation Plans and to provide match-funding contributions for external grants

Summary

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

Gross Capital Programme	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Children's services	14.956	22.924	2.520	1.900	0.920	43.220
Adult Social Care	1.166	0.750	0.682	0.705	0.728	4.031
Housing Services	49.064	53.959	39.006	33.054	25.444	200.527
Transport, Highways & Environment	49.620	96.617	55.001	15.969	13.661	230.868
Property Services	6.185	43.872	1.225	0.250	0.250	51.782
Community Stadium	0.777	-	-	-	-	0.777
ICT	2.985	2.557	2.820	3.170	2.820	14.352
Customer & Corporate Services	1.489	0.727	0.200	0.200	0.200	2.816
Communities & Culture	1.101	5.981	0.726	-	-	7.808
Climate Change	0.050	1.484	0.250	0.250	-	2.034
Revised Programme	127.393	228.871	102.430	55.498	44.023	558.215

**Table 2 Revised 5 Year Capital Programme
Funding the 2022/23 – 2026/27 Capital Programme**

48 The revised 2022/23 capital programme of £558.215m is funded from £216.098m of external funding and £342.117m of internal funding. Table 3 shows the projected call on resources going forward.

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	127.393	228.871	102.430	55.498	44.023	558.215
Funded by:						
External Funding	58.436	91.391	44.969	12.575	8.727	216.098
Council Controlled Resources	68.957	137.480	57.461	42.923	35.296	342.117
Total Funding	127.393	228.871	102.430	55.498	44.023	558.215

Table 3 – 2022/23 –2026/27 Capital Programme Financing

49 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

50 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

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

Implications

52 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

53 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 31/1/23
Wards Affected: All			
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Specialist Implications:
Legal – Not Applicable
Property – Not Applicable
Information Technology – Not Applicable

Annexes

Annex A – Capital Programme 2022/23 to 2026/27