

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

## **Capital Budget 2023/24 to 2027/28**

### **Summary**

1. This report sets out the capital programme for 2023/24 to 2027/28, and in particular sets out proposals to continue the Council's approach to prioritise investment in the economy, housing, transport and to invest to save including energy efficiency.
2. Schemes funded by borrowing have an associated revenue impact. In order to minimise the additional growth required in future years, and mindful of the Council's current financial position in light of both the ongoing pressures in social care and the current economic uncertainty, it is proposed that any new borrowing is minimised as much as possible by reprioritising elements of the existing approved programme. Whilst it is recommended that the overall level of borrowing is not increased from that currently approved it is also recognised that there is a need to continue to invest to ensure a strong recovery

### **Proposed Reductions to the Capital Programme**

3. The current capital programme totals £560m of which £177m is funded from prudential borrowing. In order to reduce the need for additional revenue budget to support the cost of borrowing the current capital programme has been reviewed to consider whether the funding available reflects the latest delivery.
4. As a part of this review a number of project lines are proposed to be reduced / removed which has resulted in the reduction of £2,650k from the proposed programme. A review of existing assets will also be carried out with a view to dispose of sites to the value of approx. £9m in order to support the council's financial position.

### **Integrated Transport (£1,570k)/ Bishophill Traffic Reduction (£230k)**

5. The council has been very successful in receiving external funding for its Highways and Transport programmes. Major schemes at Tadcaster Road, Station Gateway and York Central are programmed for delivery during 2023/24 and further funding has been received for Active Travel Schemes and Bus Service Improvement Plan. In order to prioritise the delivery of schemes already approved it is proposed to remove £1.57m of CYC borrowing from the Integrated Transport line. Due to ongoing work on design options the Bishophill Traffic Reduction Scheme will be delivered from the Integrated Transport block.

### **Guildhall (£500k)**

6. Following agreement of the final account with the Principal Contractor at the Guildhall it has been possible to reduce the reported cost by £500k which had been released from capital contingency.

### **York Central Holgate Park (£397k)**

7. A budget of £1.55m was agreed to purchase two plots of land at York Central in 2011. The budget included the purchase of land as well as site clearance and remediation. The purchase price of £1.15m was agreed and £397k has been retained for demolition of buildings on site. The first plot of land was sold back to Network Rail and the remaining site is in negotiation for a sale. The remaining budget is no longer required and can be removed from the programme.

### **Public Realm and Waste Operational Equipment (£100k)**

8. This budget (£268k) is a combination of the residual budget of £525k which was set aside for replacing litter bins and the Wheeled Bins in Terraced areas budget. The litter bin replacement scheme has primarily been completed and there is scope to reduce the budget by £100k and still undertake the outstanding commitments for “bags to bins”.
9. As part of this budget process over £51m of new capital funding will be added to the 5 year capital programme to continue to support the objectives outlined in the Council Plan, including a further £9m on highways schemes, £7.9m on fleet infrastructure and vehicles to deliver as many electric vehicles as possible,

£17.815m on major repairs and modernisation of local authority homes. A summary of this new funding can be found at Annex A, and specific examples of capital investment include:

- **Good Health & Wellbeing** – additional capital investment of over £3m on a range of schemes employing the latest technology to enable people to live in their own homes for longer, including over £3m on assistance to older & disabled people schemes, disabled facilities grants, telecare equipment, and major items of disability equipment to support vulnerable residents.
  - **Safe Communities and Culture for all** – capital investment of over £2m to fund schemes supporting the maintenance of council assets and structures.
  - **A Greener and Cleaner City** – capital investment of over £9m to develop new initiatives to reduce carbon emissions, including £9m to support the Council's Fleet replacement policy and £1.2m to replace lighting at Hazel Court and West Offices with more efficient LED lighting.
  - **Getting around sustainably** - capital investment of over £11m including and improvements to the highways network, and investment in Drainage across the city.
  - **Creating homes and world class infrastructure** – capital investment of over £18m, including over £17 million to increase the scale of modernisation works to Council housing stock.
  - **An Open and effective Council** - capital investment of over £3.2m to support the Council's digital programme and support change in a range of front line services.
10. Further details on the schemes referred to above can be found in the body of this report.
11. As set out within this report and the Financial Strategy report also on this agenda, the budget reflects significant investment in a number of critical areas, with a focus on meeting the continuing pressures on adult social care and children's services and to maintain progress on the objectives outlined in the Council Plan. This report sets out **£51.158m of new investment over the 5 year period**, of which £8.998m is externally funded, £18.645m is met from the Housing Revenue Account, with **£23.515m** to be funded by Council borrowing.

## Recommendations

12. The Executive is requested to recommend that Council:
- Agree to the revised capital programme of **£481.980m** that reflects a net overall increase of **£51.158m** (as set out in table 2 and in Annex A). Key elements of this include:
    - New schemes funded by prudential borrowing totalling £1.229m as set out in tables 3;
    - Extension of prudential borrowing funded Rolling Programme schemes totalling £22.286m as set out in table 4;
    - Extension of externally funded Rolling Programme schemes totalling £8.998m as set out in table 6;
    - An increase in HRA funded schemes totalling £18.645m funded from a combination HRA balances/Right to Buy receipts as set out in table 7;
  - Note the total increase in Council borrowing as a result of new schemes being recommended for approval is £23.515m the details of which are considered within this report and the financial strategy report
  - Approve the full restated programme as summarised in Annex B totalling **£481.980m** covering financial years 2023/24 to 2027/28 as set out in table 11 and Annex B

## Background

13. The current 2022/23 – 2026/27 capital programme was approved by Council on 7 February 2022. Since then a number of amendments have taken place as reported to the Executive up to and including the 2022/23 Capital Monitor 3 report also on this agenda. The changes made as a result of the above reports have resulted in a current approved capital programme for 2022/23 – 2026/27 of £558.215m, financed by £216.098m of external funding and Council controlled resources of £342.117m. Table 1 illustrates the current approved capital programme profile from 2021/22 – 2025/26 as of capital monitor 3 2021/22.

	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Gross Capital Programme</b>	<b>127.393</b>	<b>228.871</b>	<b>102.430</b>	<b>55.498</b>	<b>44.023</b>	<b>558.362</b>
Funded by:						
External Funding	58.436	91.391	44.969	12.575	8.727	<b>216.098</b>
Council Controlled Resources	68.957	137.480	57.461	42.923	35.296	<b>342.117</b>
<b>Total Funding</b>	<b>127.393</b>	<b>228.871</b>	<b>102.430</b>	<b>55.498</b>	<b>44.023</b>	<b>558.215</b>

*Table 1 – Funding Position of approved 2022/23 – 2026/27 Capital programme per Monitor 3*

14. The majority of external funding is comprised of Government Grants, including those from the Department for Transport and Department for Education and Skills. Council controlled resources comprise of Housing Revenue Account (HRA) funds, prudential borrowing and capital receipts.

## Options

15. This report sets out the new capital investment proposals for the 5 year period covering 2023/24 to 2027/28. Members can choose to approve or reject the recommendations made to Council as a result of the amendments contained in this report. It should be noted that it is a statutory requirement for the council to set a capital budget for the forthcoming year per Local Government Act 2003 (revised).

## Summary of Proposed Capital Investment

16. The capital budget process invited proposals from the departments asking to submit requests for the Councils main capital priorities. Of the 22 proposals going forward 16 are asking for direct council funding, this is comprised of 14 proposals for extensions to existing schemes and 2 proposals for new schemes.
17. In total, proposals have been made that would increase the existing 2023/24 – 27/28 Capital Programme by **£51.158m**. The proposals are comprised as follows:

- General Fund schemes requiring financing by Council borrowing **£23.515m**
- General Fund Schemes financed by external funds **£8.998m**
- Housing Revenue Account schemes financed by HRA funds **£18.645m**

## Key scheme proposals

18. The table below summarises the key proposals that result in an increase to the capital programme of £51.158m split by type. Further details of the individual schemes can be found later in the report at the following references:

Type	Total Value	Further Details
	£m	
<b>New Schemes – Prudentially Borrowed</b>	1.229	Table 3
<b>Rolling Programme – Prudentially Borrowed</b>	22.286	Table 4
<b>Rolling Programme – Externally Funded</b>	8.998	Table 6
<b>Housing Revenue Account (HRA) Schemes – Funded by HRA resources</b>	18.645	Table 7
<b>Total Increase in Capital Programme</b>	<b>51.158</b>	

*Table 2 – Summary of New Proposals and Increase in Capital Programme*

19. Overall this report proposes new capital schemes totalling **£51.158m** which result in a net increase to the Capital Programme of the same amount. Details of all schemes can be seen in the accompanying annex that sets out the purpose of each scheme and is summarised on table 13.

## Detailed Consideration of Proposed Investment and Financial Implications

### New Schemes – Prudential Borrowing

20. As part of this year’s capital budget process a number of proposals have been received that require discretionary prudential borrowing. These are set out in **table 3** below.

<b>Scheme Type / Description</b>	<b>Total Value</b>	<b>Financial Year</b>
	<b>£m</b>	
Hazel Court LED lighting	0.304	23/24
West Office LED lighting	0.925	23/24
<b>New Proposals Requiring Prudential Borrowing</b>	<b>1.229</b>	

*Table 3 – Summary of New Proposals Requiring Prudential Borrowing Funding*

21. An overview of each new scheme being proposed is set out in the following paragraphs:
22. **Hazel Court LED Lighting (£304k in 23/24)** - Hazel Court was refurbished in constructed in 2006. The lighting system installed was a tradition fluorescent system and is now 16 years old. According to the Life Cycle Plan, we should expect to start replacing the internal lighting installation in circa 2 years’ time. This project intends to replace the fluorescent light fittings and controls with LED fittings. but more importantly reduce the building's electrical consumption at a time when the price of electricity has increased by 228%. The payback period is approx. 7.5 years, and we estimate an electricity usage saving in excess of 62,000 KWH per year.
23. **West Offices LED Lighting (£925k in 23/24)** - West Offices was refurbished in 2011 /12 and became operational in January 2013. The lighting system installed was a tradition fluorescent system and is now ten years old. According to the Life Cycle Plan, we should expect to start replacing the internal lighting installation in circa seven to eight years’ time. However, repairs and maintenance to existing fluorescent light fittings has become very challenging over the last 2-3 years as some parts are no longer available due

to obsolescence. Further, LED fittings have become cheaper to purchase, and with the benefit of a low energy consumption rate in comparison to fluorescent fittings, they are now the standard sales product for internal lightings systems with fluorescent fittings being considered as ‘old fashioned’ and not efficient.

24. This project intends to replace the fluorescent light fittings and controls with LED fittings. This will mitigate the risk of obsolete parts, but more importantly reduce the building's electrical consumption at a time when the price of electricity has increased by 228%. The payback period is approx. 7.5 years, and we estimate an electricity usage saving in excess of 350,000 KWH per year.
25. For both the schemes at West Offices and Hazel Court the energy savings from the LED replacement will fund the borrowing costs. The reduction in energy usage also reduces future exposure to increased electricity prices.

#### Rolling Programme Schemes – Prudential Borrowing

26. The 2022/23 – 2026/27 capital programme contained a number of rolling programme schemes that require funding on an ongoing basis. This report extends the rolling capital programme to 2027/28 and also proposals have been received to increase the level of currently approved rolling programme schemes by adding additional years across a number of financial years, these schemes are set out in the table below:

<b>Scheme Type / Description</b>	<b>Total Value</b>	<b>Financial Year</b>
	<b>£m</b>	
Lendal Bridge (Essential Bridge Maintenance)	1.000	23/24 & 24/25
Structures (Special Bridge Maintenance)	0.750	23/24
Drainage	0.900	27/28
Highways	6.820	26/27 - 27/28
Fleet Replacement – CPB	6.277	23/24 – 27/28
Fleet Replacement - DPB	1.642	23/24 – 27/28



Asset Maintenance	0.450	23/24 – 27/28
Disabled Facilities Grant	0.475	27/28
Disability Support Budget	0.290	27/28
Major Items of Disability Equipment	0.162	27/28
Telecare Equipment	0.300	27/28
ICT Rolling Programme	2.820	23/24 – 27/28
Project Support Fund	0.200	27/28
Contingency	0.200	23/24
<b>Total Rolling Programme Schemes</b>	<b>22.286</b>	

*Table 4 – Summary of Rolling Programme Proposals Requiring Prudential Borrowing Funding*

27. All of the £22.286m of rolling programme scheme bids will require revenue growth to fund (to support the prudential borrowing), the revenue implications are contained in the Financial Strategy 2023/24 – 2027/28 report also on this agenda.
28. An overview of each scheme being proposed is set out in the following paragraphs:
29. **Lendal Bridge (Essential Bridge Maintenance) (£500k 2023/24 & £500k 24/25)** – The Highways Structure Manager has commissioned a consultant to provide an options study into waterproofing, deck resurfacing and general re-painting of the metallic elements of Lendal Bridge.
30. This essential maintenance work will maximise the bridge service life and prevent recurring carriageway surfacing failures. On completion of the proposed works the bridge is required to have a functional waterproofing system which will protect the main structure from the corrosive effects of water, a high specification surfacing that will help prevent ingress of water into the bridge structure and prevent recurrence of the surfacing failures, a fully functional protective coating on all metal parts of the structure with a maintenance life of at least 30 years (including Dame Judi Dench Walk

elevated section and access steps). Additional works to be carried out are to provide future-proofing of the bridge to relocate telecommunication ducts out of the bridge deck footway, additional drainage at either end of Span 3 and to provide lighting to the Dame Judi Dench access steps

31. **Structures (Special Bridge Maintenance) (£500k 2023/24 & £500k 24/25)**  
– The Highways Structure Manager has commissioned a consultant to undertake CYC's Principal, General and Special Inspection packages, structural reviews, investigation into anti-graffiti coatings for at risk structures and maintenance packages for high priority bridge works (as identified through the CYC's routine inspection programme).
32. The inspections will build-up a picture of each bridge and identify the condition of our structures. Recommendations from the inspections will also identify future bridge maintenance works. The structural reviews are necessary in accordance with the Code of Practice for Well-Managed Highways Infrastructure. They will be used to establish or confirm the validity of the latest assessment (or its original design if there has been no subsequent assessment) and will identify structures which need a detailed assessment to current standards. The high priority bridge maintenance work is essential to maximise the bridge service lives and ensure that the structures are safe for use and fit for purpose
33. **Drainage (£900k 27/28)** – To continue funding the restoration of the Council's drainage infrastructure supporting the findings of the Surface Water Management Plan. This funding reflects the amount of work that can realistically be done using the available resources within the Council where there is extensive local knowledge
34. **Highways Schemes (£1.750m in 26/27, £5.070m in 27/28- Total £6.820m)**  
– Outputs from the Council's highway inspection and deterioration data (Gaist) will be used to target additional highways R&R funding to address emerging highway asset defects, proactive works will slow the deterioration of the city's highway network across footways and carriageways. The current rate of highway depreciation is greater than the funding the service is receiving annually, the highways asset management team are therefore requesting capital funding required to slow the rate of depreciation across the network. This additional funding will reduce the rate of depreciation across the highway network.

35. **Fleet Replacement (Total £7.919m)**

	23/24 £000	24/25 £000	25/26 £000	26/27 £000	27/28 £000	Total £000
<b>New request for CYC Borrowing</b>	0.089	0.086	0.005	0.244	5.853	6.277
<b>New request for Dep Borrowing</b>	0.122	0.045	0.003	0.002	1.470	1.642
<b>Total</b>	<b>0.211</b>	<b>0.131</b>	<b>0.008</b>	<b>0.246</b>	<b>7.323</b>	<b>7.919</b>

*Table 5 – Fleet Replacement*

36. A Vehicle policy has been developed and agreed by members to manage the replacement of vehicle and plant assets. The main purpose of this policy is to deliver electric vehicles to council’s light commercial fleet and a select few HGV fleet assets with the aim to be carbon neutral by 2030 and to ensure that the investment made into the fleet (electric and fossil fuelled) and the charging infrastructure achieves an environmentally friendly fleet that is utilised and applied in the most effective way.
37. The purpose of this funding is to highlight the need for renewal of the expired CYC fleet within all services areas ensuring that all services have vehicles that maximises value for money and remains environmentally and energy efficient using electric vehicles where possible with the end goal to have a full electrified fleet and be carbon neutral by 2030 that will maintain service delivery for the council. This bid will allow the fleet replacements become part of the overall councils capital programme and ensure a continuous cycle of vehicles fit for purpose. The existing Fleet replacement bid has been revised to take into account inflationary pressures.
38. **Asset Maintenance (£450k 2027/28)** –There is currently a rolling programme capital scheme for health and safety repairs of £250k per annum with 4 years left to run. The previous year’s allocations have been spent and the Council has a number of properties which have been identified as being retained for service delivery and/or delivering Council objectives, either directly or indirectly, through the Corporate and Community Asset Strategies and also individual service reviews.
39. A significant number of these properties have urgent health and safety repairs which will need to be carried out in the coming years to make them

sustainable for future service delivery. The budget will also be used to cover the council's responsibility for closed churchyards.

40. There will also need to be substantial other work required to a proportion of these properties to refurbish or improve them to meet the service requirements but these works will be the subject of separate bids as and when necessary. This bid therefore is to extend the approved annual rolling programme for a further year to help fund these critical repairs to the retained buildings.
41. **Disabled Facilities Grant (£475k 2027/28)** – This funding is to continue to allow the payment of mandatory disabled facilities grants (DFGs ) in line with statutory requirements (The Housing Grants, Regeneration and Construction Act 1996) and the Councils policies last reviewed in July 2017. The DFG rolling programme enables older and disabled persons to remain safely in their own home and maximise their independence. The funding also ensures the delivery of the falls prevention service aimed at providing early intervention in the residents home looking to reduce the risk of falling by assessing the home, the environment and the person. Both programmes directly contribute towards the Better Care Fund objectives by preventing, reducing and delaying the need for NHS and Adult Social Care Services.
42. **Disability Support budget (£290k 2027/28)** – This funding is to continue to provide assistance for disabled vulnerable customers who need financial help. The help comes through the form of grants and top up loans to help disabled vulnerable adults and parents with disabled children to provide cost effective adaptations in their homes to ensure that they continue to live and maintain their independence. The help covers the shortfall between the cost of the eligible work and the mandatory disabled facilities grant, or to purchase a more suitable home where it is more cost effective than to adapt the current home and the relocation expenses. Given the increasing number of older people and the increasing life expectancy of children with complex needs there is a need to increase funding year on year.
43. The funding directly contributes the priorities of the Better Care Fund and the Council by preventing, reducing and delaying the need for NHS and Adult Social Care Services.
44. **Major Items of Disability Equipment (£162k 202/28)** – This funding is to extend the current scheme whereby equipment is provided to vulnerable individuals which enables them to remain in their own homes and live in the

community. Timely supply of equipment is an essential component of prevention and enabling people to continue to live safely in their own homes. It also contributes to successful community re-ablement and is a key component of hospital discharge packages.

45. Keeping people at home, in their communities is crucial for the individual's long term wellbeing but also the financial sustainability of the authority as long term formal care is significantly more expensive than the one off investment in equipment
46. **Telecare equipment (£300k 2027/28)** – This scheme is to extend the current scheme funding Telecare equipment into 27/28. Keeping people at home, in their communities is crucial for the individual's long-term wellbeing but also the financial sustainability of the authority as long term formal care is significantly more expensive than the one off investment in equipment.
47. Under this scheme sensors will continue to be installed in vulnerable customers' homes to deal with specific assessed risks. The sensors will be linked to our Community Alarm system and trigger alerts automatically given a programmed set of circumstances, ensuring speedy response from the warden service. These pieces of equipment provide customers with peace of mind and 24 hour monitoring of their circumstances. In some cases, the provision of telecare equipment can prevent a move to residential care and can provide monitoring so that smaller care packages can be commissioned. Telecare allows more people to be looked after at a lower cost and several studies have shown its cost effectiveness.
48. **ICT Rolling Programme (Total £2.820m)** - This funding is to extend the existing scheme into 2027/28. The scheme funds the design, development, procurement and deployment of evolving digital customer centric technologies to help improve and personalise the customer experience by supporting the delivery of the organisational transformation, the evolving Digital Service Programme and CYC's continual improvement programme. The scheme also supports the customer strategy and enables the delivery of accessible and effective council services for its residents, businesses and the city.
49. It also funds the maintenance, development and compliancy requirements of the key corporate enabling and supporting ICT infrastructure and application estate that is required to underpin the delivery, sustainability and security of

these programme supporting technologies whilst also maintaining the organisations business as usual critical ICT services to staff and citizens.

50. **Project Support Fund (£200k 2027/28)** – To extend the existing funding into 2027/28 to allow the continuation of the capacity to provide professional advice (primarily legal but also including finance and asset management) to support the Capital programme, and in particular major complex regeneration/building schemes including York Central, Castle Gateway, York Outer ring road to support the successful delivery of bringing new assets into operation.
51. **Contingency Funds (£200k 2023/24)** – Included within the capital programme is a contingency of £976k which is available to reallocate to other capital schemes if there are unexpected cost increases which cannot be managed within the programme. The use of the contingency will need to be approved by Executive

Rolling programme - Externally Funded + HRA Funded

52. In addition to part funded rolling programme schemes, Schemes that are fully externally funded are proposed as part of this budget process. This table shows the level of external funding that is increasing existing schemes and which year the change takes effect in:

<b>Scheme Type / Description</b>	<b>External Funding Value</b>	<b>Financial Year</b>
	<b>£m</b>	
<b><u>Existing General Fund Schemes New External Funding</u></b>		
Highways schemes	5.338	23/24 - 27/28
Local Transport Plan - Integrated Transport	1.570	27/28
Disabled Facilities Grant	2.090	27/28

<b><u>Total Existing General Fund Schemes</u></b>	<b>5.870</b>	
<b><u>New External Funding</u></b>		

*Table 6 – Summary of New External Funding*

53. The funding for the schemes set out above have been updated to reflect the indicative funding settlements in 2027/28.
54. The latest **Housing Revenue Account (HRA)** Business plan 2022 to 2052 contained an overview of the HRA Business plan for the next 30 years and provides detail of the key priorities for the next five years, including the use of the investment fund to support the delivery of more affordable new homes.
55. Table 7 updates the capital investment strategy and shows the overall movement (growth) against the existing approved expenditure plans, and will allow the Council to deliver the Housing Investment and Energy Retrofit Plan 2023-2028, approved by Executive Committee in December 2022.

<b>Scheme Type / Description</b>	<b>Total Scheme Value HRA Funded</b>	<b>Financial Year</b>
	<b>£000</b>	
<b><u>New Investment for the HRA</u></b>		
Major Repairs & Modernisation of Local Authority Homes	17,815	2023/24 to 2026/27
Assistance to Older and Disabled People	660	2027/28
Housing Environmental Improvement Programme	170	2027/28
<b><u>New Investment for the HRA Total</u></b>	<b>18,645</b>	

*Table 7 – Summary of HRA investment*

**56. Major Repairs & Modernisation of LA Homes (£17,825k growth 2023/24 to 2027/28)** – This is the first year of delivering the Housing Investment and Energy Retrofit Plan 2023-2028 to allow achievement of key objective that all homes will meet and retain the government’s Decent Homes Standard (DHS). DHS is the minimum standard and all homes will retain this standard within the planned programmes ensuring that failing components are updated ahead of their failure date. Works will ensure that homes reach the “City of York Standard”, focusing upon matters of interest for tenants such as:

- Improving the energy efficiency of homes, seeking to bring the Energy Performance rating of homes up from D to C.
- Working to complete the upgrading of older uPVC windows, installing high performance and thermal efficient new windows.
- Continuing the programme of work to provide effective protection in walls and floors to prevent damp penetration and measures to manage or eradicate water below suspended floors, where problems have been identified.
- When we modernise homes, ensure that there are extract fans in both the kitchen and bathroom which are humidistat controlled, helping to control the moisture which can give rise to mould.
- Installing secure, ideally composite, external doors, replacing soft-wood doors as a priority.

The major repairs and modernisation budget for 2023/24 is £9,580k and a breakdown of the type and value of works are provided below:

	<b>2023/24 budget £'000</b>	<b>Description of works 2023/24</b>
Home Modernisation (formerly known as Tenants Choice)	1,510	Periodic modernisation of homes, providing new kitchens, bathrooms and electrical wiring. At the same time, and where the energy efficiency of the home is currently rated D, seek to carry out insulation and other works to improve its thermal efficiency. Homes will benefit from an upgrade to their bathroom and kitchen ventilation when new, humidistat controlled, extract fans are installed, helping to control the moisture which can give



		rise to mould. An estimated 125 homes will be modernised.
Modernisation of Void properties	2,900	Essential repairs to void properties including the upgrading of the kitchen, bathroom and electrical wiring if the out-going tenant had previously refused this. We will also carry out works to improve the energy efficiency of the home. An estimated 125 homes are expected to be improved.
Heating/Boilers	1,033	Regular replacement of Heating Systems to ensure that gas boilers are safe and efficient, replacing each on a 15-year cycle, and they are energy efficient. An estimated 440 homes will be updated.
Roof Replacements	240	Roof Replacement Works, guided by pre-programme intrusive surveys to determine the scope of works. An estimated 40 homes will be updated.
External Doors	320	With an increase in investment over previous years, we will deliver an enhanced programme of External Door Replacements to approximately 400 homes in order to provide high quality composite doors and deliver Decent Homes "safe and secure". Where possible these works will be delivered in advance of or part of the revenue funded external painting programme.
Window Replacements	610	Window Replacements in the Bell Farm area will progress and some homes in the Tang Hall area will benefit, addressing difficulties with 1st generation uPVC double glazed windows. 166 homes will get new, high performance, windows, helping to keep homes secure and draught free.
Tackling damp	1,436	Addressing rising and penetrating damp issues in homes, tackling the worst first and working to deliver our commitment to tackling damp and mould in response to recommendations made in a recent national report published by the Housing Ombudsman. This will include a review and reform our approach, helping to make best use of these resources, and expect to carry out works to between 50 and 150 homes, dependent upon the extent of works needed.

Structural and external works	275	These funds will be used to deal with Structural Issues as and when they occur. Incidents are sometimes caused by subsidence and vary, year on year. This is likely to involve work on approximately 55 homes.
Fire Remedial Works	250	Remedial works arising from Fire Risk Assessments.
Asbestos Removal	110	Remedial works following asbestos surveys.
Other	896	Various projects including one-off kitchen and bathroom refurbishments, soundproofing, upgrading communal corridor lighting and entry door access, remedial work following electrical testing programme, security upgrades.

***Table 8 – Breakdown of Major Repairs & Modernisation of LA Homes 2023/24 Budget***

57. The intention of these projects are to ensure the Council invest in and plan for the future, ensuring we support safe, sustainable, affordable and good quality homes.
58. **Assistance to Older and Disabled People (£650k 2026/27)** – This will see continued investment in undertaking adaptations to properties following needs assessment of tenants and their dependants who have some sort of disability, ensuring they can remain in their property and lead as near normal life as possible.
59. **Housing Environmental Improvement Programme (£170k 2026/27)** - The Housing Environment Improvement Programme gives the opportunity to link with other funding streams to deliver schemes which have an impact for all residents and realise economies of scale. Improvements include providing solutions for car parking, secure external storage facilities for tenants of flats, improving security by providing fencing and /or gates with keypads, improving external environments through landscaping. Tenants can suggest improvements through their Ward Councillor, Residents Association, Housing Management Officer or Community Involvement Officer, all suggestions are discussed and agreed through the Ward Team.
60. **Local Authority Homes – New Build Project Phase 2 including named development sites and project team (No budget change - £97,661k**

**2023/24- 2027/28)** - Lowfield Green has made significant progress throughout 2022 and is due to complete by Spring 2023 with all 140 homes, along two new areas of public open space for new and existing residents. During Summer 2022 a thorough post-occupancy consultation was carried out with new residents at Lowfield Green. The feedback was overwhelmingly positive with praise for the size and accessibility of new homes at Lowfield Green which promote independent living and adaptability throughout all stages of life. Residents were also impressed by the quality of green space and local amenities which had drastically reduced their reliance on car travel since moving to the development. The site won Best Residential and the Lord Mayor's Award at the York Design Awards in recognition of the high-quality, mixed tenure community. Sales across the latter phases of the development have remained strong with the majority of homes sold off-plan. The 6 self-build plots are due to complete by March 2023 and the community build has now been purchased by Yorspace with work due to start in early 2023.

61. The next phase of the HDP is underway with Duncombe Barracks and Burnholme both now onsite with Caddick Construction. Duncombe Barracks started on site in July 2022 and works are progressing well to deliver 34 new Passivhaus net zero carbon homes. Burnholme started on site in November 2022 and will deliver a further 78 Passivhaus net zero carbon homes along with 5 self build plots. A successful funding bid to Homes England has meant that the sites will now deliver 60% affordable housing, 40% higher than planning policy requirements for brownfield sites.
62. Ordnance Lane achieved planning approval in July 2022 following 6 rounds of public engagement which were attended by over 200 local residents and other stakeholders. The development will create 85 new homes including 25 intergenerational apartments, as well as 8 commercial spaces and 2 community spaces and 2 new areas of public open space. All new homes on Ordnance Lane will respond to the climate emergency by being built to certified Passivhaus standard. The project received over £2.4m in OPE funding which will be utilised to commence enabling works.
63. The Housing Delivery Programme has delivered 65 homes to date as part of the Second-Hand Shared Ownership scheme with Homes England. This programme has been hugely successful, with demand outstripping supply. Through funding applications, the programme has been extended to provide a further 40 second hand shared ownership homes; 15 with support from Homes England and 25 as part of the Devolution deal for the city. The

programme supported by the devolution deal includes funds to enable energy efficiency retrofit of the homes to reduce the bills and improve the thermal comfort of the homes. This innovative approach is thought to be unique and actively tackles both the need for affordable housing and the climate emergency. Alongside this, the HDP has delivered a further 6 homes through the Rough Sleepers Accommodation Programme. Supported by Homes England grant, this programme has provided homes for residents at risk of homelessness in the city

### **Funding Position – Council Prudential Borrowing**

64. The budget proposals in terms of Council prudential borrowing adds to existing rolling programme schemes totalling £23.515m and adds new schemes totalling £1.229m. This results in a total increase in the level of debt (the underlying need to borrow for capital investment purposes only) of £23.515m over the 5 year programme. Table 9 shows the financial impact on a year by year basis and over the 5 year period.

	<b>23/24 £000</b>	<b>24/25 £000</b>	<b>25/26 £000</b>	<b>26/27 £000</b>	<b>27/28 £000</b>	<b>Total £000</b>
Rolling Programme	1.761	0.656	0.033	2.021	17.815	<b>22.286</b>
New Schemes	1.229	-	-	-	-	<b>1.229</b>
<b>Net Increase in PB</b>	<b>2.990</b>	<b>0.656</b>	<b>0.033</b>	<b>2.021</b>	<b>17.815</b>	<b>23.515</b>

*Table 9 – Net Funding Position of Prudential Borrowing Schemes*

65. The revenue costs of the new schemes funded by prudential borrowing is estimated at £1.646m over the 5 year budget period, assuming borrowing of £23.515m. Actual borrowing may be taken during 2023/24, although the costs are not incurred in revenue until the year following any capital expenditure. Given the reductions to the programme outlined in paragraph x reduce the revenue cost of borrowing by £1.6m, the Financial strategy report elsewhere on the agenda therefore doesn't include any revenue growth for capital investment.

## Summary of Analysis

66. This table summarises the additions and amendments made as part of this report (outside of re-profiling) split by rolling programme schemes and new schemes (by funding type) showing an overall increase in the capital programme of **£51.158m** of which £28.156m relates to the extension of the programme to future years

	<b>23/24 £m</b>	<b>24/25 £m</b>	<b>25/26 £m</b>	<b>26/27 £m</b>	<b>27/28 £m</b>	<b>Total £m</b>
<b>1) New CYC Schemes</b> Funded by CYC PB <b>(table 3)</b>	1.229	-	-	-	-	<b>1.229</b>
<b>4) Rolling Programme Schemes</b> Funded by CYC Pru Brow <b>(table 6)</b>	1.761	0.656	0.033	2.021	17.815	<b>22.286</b>
<b>5) Existing Schemes</b> Funded Externally by External Grant <b>(table 7)</b>	0.628	0.625	0.625	0.625	6.495	<b>8.998</b>
<b>6) HRA Schemes</b> <b>(table 8)</b> Funded by HRA	1.118	1.570	2.127	1.757	12.073	<b>18.645</b>
<b>Total Net Increase to Capital Programme</b>	<b>4.736</b>	<b>2.851</b>	<b>2.785</b>	<b>4.403</b>	<b>36.383</b>	<b>51.158</b>

*Table 10 – Summary of new expenditure by funding type 23/24 – 27/28*

67. The outcome of the proposals outlined above if accepted are illustrated in the next table which sets out the proposed capital budget for each directorate over the next 5 years and in detail in Annex A.

<b>Gross Capital Programme</b>	<b>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	22.924	2.520	1.900	0.920	-	<b>28.264</b>
Adult Social Care	0.750	0.682	0.705	0.728	0.752	<b>3.617</b>
Housing & Community Safety	55.077	40.576	35.181	27.201	14.638	<b>172.673</b>
Transport, Highways and Environment	98.706	56.257	16.602	16.282	17.698	<b>205.545</b>
Property Services	45.201	1.250	0.275	0.275	0.275	<b>47.276</b>
ICT	2.557	2.820	3.170	2.820	2.820	<b>14.187</b>
Customer & Corporate Services	0.927	0.200	0.200	0.200	0.200	<b>1.727</b>
Communities & Culture	5.981	0.726	-	-	-	<b>6.707</b>
Climate Change	1.484	0.250	0.250	-	-	<b>1.984</b>
<b>Total Capital Programme</b>	<b>233.607</b>	<b>105.281</b>	<b>58.283</b>	<b>48.426</b>	<b>36.383</b>	<b>481.980</b>

*Table 11 – Proposed Capital Programme 2023/24 – 2027/28*

### **Other Major Capital Projects**

68. **York Outer Ring Road Dualling** - During 2022/23, the main focus of activity for the project team has been the preparation of documentation for the planning application for the scheme. The scale and likely effect of the scheme has meant that an Environmental Impact Assessment is a mandatory requirement, this in itself is a significant piece of work which identifies how the scheme will affect the landscape in which it sits and how it is proposed to mitigate negative impacts. As such the magnitude and complexity of the project has meant the planning application was not submitted until September 2022, some months after the target date.
69. The application is now in the determination period and a decision is anticipated in early 2023. Meanwhile concurrent workstreams have continued in other areas. Work continues to take place to attempt to purchase land for the scheme. This is slow as many landowners appear to

be waiting to see what happens with the planning application. In parallel documentation is being prepared for submission of a Compulsory Purchase Order if it is required. Other concurrent work includes completion of the detailed design and preparations for the final business case. 2023 will be a key year to achieve planning approval, land acquisition and prepare for commencement of construction in late 2023.

70. The submission of the planning application effectively created a design fix and the project team are now seeking to establish an updated cost estimate which will take into account the impact of recent financial pressures and inflation on the scheme
71. **York Station Gateway** - In January 2022, a complex package of enabling works began involving the diversion of key statutory utilities from the Queen Street Bridge to enable its demolition. This package of work is valued at £1.8m (excluding risk, contingency, etc) and is expected to be complete by June 2023.
72. In spring 2022, a procurement was carried out to identify a delivery contractor for the Package 2 (Highway Works) and Package 4 (Loop Road Works). Three tenders were received in June 2022 and a preferred contractor was identified whose bid was within the forecasted budget of c£10m. The project team, with support from CYC Procurement and Legal are engaging with this contractor with a view to going into contract in January 2023. Contractor preconstruction activities are expected to commence in February 2023, and construction of the scheme is expected to begin in May 2023.
73. The scheme requires the acquisition of two areas of land: an area of the station long stay car park owned by Network Rail; and an area of land to the front of George Stephenson House owned by Canada Life. Negotiations for both parcels of land are in an advanced state and contracts have been drafted and agreed. The land deals are programmed to complete following the West Yorkshire Combined Authority (WYCA) funding approval to proceed which was anticipated in late January 2023.
74. **Haxby Station** - During 22/23 the Towthorpe Road site (now in CYC ownership) has been the single option being developed further by CYC and their delivery partners Network Rail. Full public consultation was undertaken in April/May 22, to inform the outline design and mitigate local concerns, prior to planning stage. A series of public exhibitions / parish council meetings

were attended. Headline results were that 1,200 responses were received, 74% of which were from residents of Haxby or the immediate surrounding villages. 81% were supportive of the station proposal (67% strongly supportive). Only 14% opposed the scheme.

75. In summer 2022, the Government awarded the project a further £1.1m of Restoring Your Railway funding towards development, for Network Rail to progress with the station's design. CYC also took the opportunity to prepare and submit a Transport-related bid to the Government's (round 2) Levelling Up Fund to augment the proposed Station project by improving active travel to neighbouring communities, improving accessibility to and from the local vicinity. An announcement from Government is still pending and expected shortly.
76. In October 2022, Executive approval was received granting authority to proceed to the next stage of the project by commissioning Network Rail to ultimately deliver the new station, and also - to help prevent any delays - gave a number of in-principle approvals to engage with CYC Planners and submit a planning application when practicable. Pre-application discussions are currently taking place in advance of submitting a planning application in spring 23. Outline station design has now been completed and a cost estimate worked-up in advance of returning to Government imminently with a revised Business Case, to request funding in full for Haxby Station (with CYC contributing an agreed fixed £4m).
77. **York Central** - The project is now in delivery. Following the agreement of the reserved matters planning application for the first phase of infrastructure works in November 2020, an enabling works contract was let by CYC in late 2021, which included; demolitions, site clearance, and further ground investigations. This work completed in spring 2022 and was followed by further enabling work, archaeology and ground investigations by Sisk under contract to Homes England where the £77.1m of HIG funding from the Ministry of Housing Communities and Local Government (MHCLG) was awarded directly to Homes England and Network Rail. The costs of the CYC contract were re-imbursed.
78. The decision by government to award this funding directly to the landowning bodies was a significant change and has reshaped both the delivery arrangements for the infrastructure and the governance arrangements. The resulting programme slippage and unprecedented construction cost inflation over the period as a result of, Brexit, the pandemic and wider global



uncertainties required the council to approve funding support of £35m in April to enable Homes England to commit to the delivery of the main access Infrastructure Package IP2 and to enter into a construction contract with John Sisk Ltd. In August 2022. Further site wide enabling works are now in progress to facilitate this construction.

79. **Castle Gateway** - The delivery of the Castle Gateway project has been impacted by a number of factors – specifically construction cost inflation and delays to the announcement of potential Levelling up Funding by government.
80. Wates were appointed as the contractor for Castle Mills to undertake the detailed design of the new apartments, bridge and riverside park, and to provide a fixed price for the construction phase. Unfortunately it was necessary to terminate this contract as reported in June as a result of delays in pricing due to volatility in the construction market. The design outcomes are being reviewed a re-procurement is pending.
81. Following extensive consultation with the public and stakeholders the design for the new public realm and event space to replace Castle Car Park and the Eye of York submitted for planning in 2022. The determination of the application is pending and some minor amendments will be made to address consultation comments as required.
82. The intention is to have a delivery ready project to transform this part of the City as funding becomes available.
83. The strategic importance of St George's Field as a parking location was confirmed by a review of council car parking approved by Executive in November 2021. Proposals for improving parking provision here and as replacement car parking for the Castle Eye of York are being further reviewed

## **Council Plan**

84. The Capital Budget process ensures that all bids received for capital funding address the aspirations of the Council Plan with each proposal addressing at least one corporate priority. The capital schemes put forward for consideration are derived from the service and area asset management plans which look at the capital needs and requirements of the service. All schemes that have progressed through for further consideration in this report

have demonstrated through the Capital budget process that they directly contribute toward the achievement of the Council Plan, as referred to in paragraph 2.

## **Implications**

### **Financial Implications**

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

### **Human Resources Implications**

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

### **Equalities Implications**

87. An Equalities Impact Assessment (EIA) has been completed on the overall impact of the budget proposals and this is available as an annex to the Financial Strategy report elsewhere on this agenda. This assessment has been developed as a result of individual impact assessments for services which are undergoing changes. The impact assessment examines the benefits of recommended growth and capital investment alongside the risks associated with any savings proposals to ensure any negative impact for a particular group, sector or community is eliminated or counterbalanced. Where a screening of the potential implications has identified it appropriate, a full EIA will be completed for individual proposals. In addition, all capital schemes have considered any potential equalities implications prior to being included in this report.

### **Legal Implications**

88. The Council is legally required to set a balanced 3 year capital programme but to assist with Medium Term Financial Planning sets a 5 year programme. In addition schemes within the capital programme will themselves will be in receipt of legal advice where necessary throughout the year.

### **Crime and Disorder**

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

## **Information Technology**

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

## **Property**

91. The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from the disposal of Council assets.

## **Risk Management**

92. 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 Major Projects all have regular monthly Board meetings to plan, monitor and review their capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised.
93. Additional risk exists in relation to existing schemes in the Capital programme whereby costs are incurred in developing a project, however no asset is achieved. Such costs may then need to be written off to the revenue account. The risks in relation to this are referred to separately in the Revenue Budget Report also on this Agenda.

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	<b>Report Approved</b>	√	<b>Date</b> 31/1/23
<b>Wards Affected: All</b>			
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Specialist Implications:
<b>Legal – Not Applicable</b>
<b>Property – Not Applicable</b>
<b>Information Technology – Not Applicable</b>

**Wards Affected:**

**All**

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

Annexes

Annex A – Growth Summary 2023/24 – 2027/28

Annex B – Capital Programme 2023/24 – 2027/28