
Executive

21 January 2020

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

Capital Programme – Monitor 2 2019/20

Summary

- 1 The purpose of this report is to set out the projected outturn position for 2019/20 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
- 2 The 2019/20 capital programme approved by Council on 28 February 2019, updated for amendments reported to Executive and Council in the 2018/19 outturn report resulted in an approved capital budget of £136.870m.

Recommendations

- 3 Executive is asked to:
 - Recommend to Full Council the adjustments resulting in a decrease in the 2019/20 budget of £68.608m as detailed in the report and contained in Annex A.
 - Note the 2019/20 revised budget of £136.870 as set out in paragraph 6 and Table 1.
 - Note the restated capital programme for 2019/20 – 2023/24 as set out in paragraph 17, Table 2 and detailed in Annex A.
 - Approve the increase in the Shared Ownership Programme to reflect the sales receipts of £761k
 - Note the budget allocated to Askham Bar for detailed design work and planning submission is to be re-allocated to the Hospital Fields/ Ordnance Lane Site as per Executive 26th September 2019
 - Note the Modernisation and Major Repairs Schemes have now been consolidated as per Monitor 1 report, Executive 29th August 2019.

- Approve the appropriation of land from the general fund to HRA for the building of dwellings at the Lowfield site at a market value of £4m
- Approve that the YCK interim first team arrangements financial support continues for the 2020 Rugby League season until YCK play their first game from the Stadium on all the same principles as the previous 2017 - 2019 Rugby League seasons financial support

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 28 February 2019. 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 £68.608m is detailed in this monitor resulting in a revised capital programme of £136.870m. There is an increase of £113k in 2019/20 offset by a £68.721m decrease in 2019/20 due to re-profiling of budgets to future years. The majority of this re-profiling is due to a review of the York Central budget to reflect a more appropriate and accurate scheduling of when the costs are likely to be incurred. Progress has been made across a number of key areas of the capital programme, including work beginning on the restoration of the Guildhall and the appointment of a contractor build 140 new homes at Lowfield.

6 Table 1 outlines the variances reported against each portfolio area.

Department	Current Approved Budget £m	Projected Outturn £m	Increase (decrease) £m	Reprofile £m	Total Variance £m	Paragraph Ref
Children, Education & Communities	16.979	14.377	0.263	(2.865)	(2.602)	8-17
Health, Housing & Adult Social Care – Adult Social Care	6.670	5.254	(0.671)	(0.745)	(1.416)	20-23
Health, Housing & Adult Social Care – Housing & Community Safety	39.258	39.258	0.761	(0.761)	-	24-29
Economy & Place – Transport, Highways & Environment	41.468	41.268	-	(0.200)	(0.200)	30-33
Economy & Place – Regeneration & Asset Management	82.876	18.606	(0.240)	(64.030)	(64.270)	34-37
Community Stadium	10.143	10.143	-	-	-	38-46
Customer & Corporate services	2.999	2.999	-	-	-	47
IT Development Plan	5.085	4.965	-	(0.120)	(0.120)	48
Total	205.478	136.870	0.113	(68.721)	(68.608)	

Table 1 Capital Programme Forecast Outturn 2019/20

Analysis

- 7 A summary of the key exceptions and implications on the capital programme are highlighted below.

Children, Education & Communities

- 8 Amendments to this area of the capital programme have resulted in a net decrease to the capital programme for 2019/20 of £2.602m. Further details on variance schemes can be found below.

Scheme	Amendment	Amount 19/20 £m	Amount 20/21 £m	Further Details – Paragraph ref
DfE Maintenance	Adjustment	(0.137)	-	
DfE Maintenance	Re-profile	(0.669)	0.669	13
Basic Need	Adjustment	-	(0.263)	15
Expansion & Improvement of facilities for pupils with SEND	Adjustment	-	0.263	15
Capital Maintenance Works to Schools – Ventilation & Electrical	Re-profile	(0.330)	-	12
Schools Essential Building Works	Re-profile	(0.628)	0.628	13
Schools Essential Mechanical & Electrical	Adjustment	0.330	-	12
Schools Essential Mechanical & Electrical	Re-profile	(0.868)	0.868	13
Haxby Library Reprovision	Re-profile	(0.700)	0.700	17
Children in Care Residential Commissioning plan	Adjustment	0.400	0.960	18

- 9 A significant programme of maintenance and condition works has been carried out in schools over the summer holiday period with some remaining works scheduled for the October half-term
- 10 The major scheme of investment at Huntington School has been carried out, including the second phase of major roofing and windows improvements, and further rewiring and hot water boiler improvements
- 11 Works have also been completed at Fishergate Primary School (rewiring and boiler replacement), St Paul's Nursery School (roof and structural improvements and some rewiring work), St Paul's Primary School (rewiring and boiler renewal), Westfield Primary School (roofing, door and guttering improvements) and Wigginton Primary School (roof and window replacement).
- 12 A virement is proposed to move the remaining budget of £330k within the Schools Ventilation and Electrical Work scheme to the new Essential

Mechanical and Electrical Works Scheme so that individual schemes can be developed under this single heading

- 13 A total of £2.165m across the School Maintenance, School Building and School Mechanical and Electrical Works schemes is now proposed to be re-profiled into 2020/21. Following CRAM approval in the 2019/20 Capital Budget it was felt that the most strategic use of this opportunity to expand the programme of essential works in the school estate was to carefully plan an expanded programme in 2020/21 and 2021/22. This work has been carried out over the summer and a report seeking approval for this programme will be presented to the Executive on 12th December 2019.
- 14 A separate report at this meeting seeks approval for a scheme to create a specialist Enhanced Resource Provision Unit at Millthorpe School for Applefields pupils at a budgeted cost of £410,000
- 15 Further schemes have been developed within this overall heading to be carried out in 2019/20 and 2020/21. As a result of this planning the overall remaining resource in the scheme is insufficient to fund this programme, so a virement of £263k from the Basic Need programme is proposed in 2020/21 to fund this
- 16 The Centre of Excellence is currently still progressing to the timetable previously reported, with the main build due to be completed in January 2020 and opening scheduled for May 2020
- 17 The scheme for the re-provision of Haxby Library is now scheduled for summer 2020 so the majority of this scheme budget, an amount of £700k, has been transferred from 2019/20 into 2020/21
- 18 Funds totalling £1.360m (£400k 2019/20, £960k 2020/21) have been added to the capital programme as per the recommendations of the report to Executive on 18th July 2019. The purpose of this scheme to be funded by departmental borrowing is to develop the city's residential provision for children in care, creating nurturing environments informed by evidence based therapeutic practice, supported by step down foster care, which will better meet the current and future needs of children and young people in care aged between 9-18 years of age.
- 19 The proposals will ensure the council meets the statutory sufficiency responsibility outlined in Securing Sufficient Accommodation for Looked After Children, Department for Education (DfE) 2010, which places a duty on the local councils to have sufficient placements for children in care

Adult Social Care

- 20 Amendments made as part of this report have resulted in a net reduction in the capital programme of £1.416m in 2019/20.
- 21 Funds of £200k have been transferred from 19/20 into 20/21 in relation to Telecare Equipment & Infrastructure. Be independent is currently undergoing a review of its IT systems and a review of the catalogue of equipment. It is highly likely that investment will be needed to update some areas such as the call handling system but this is unlikely to be incurred until 2020/21.
- 22 Work at the Burnholme Sports Facilities site is progressing in line with expectations. Works are due for completion at the end of November 2019, with the sports centre due to transfer over to GLL on 1 January and to open to customers early January 2020.
- 23 Works started on the pitches at Ashfield on 10th July 2019 and are due to be completed in 2019/20. Work on the pavilion is likely to start in 2019/20 and complete by September 2019 allowing teams to play football in the venue in the 2020/21 season. The site was affected by flooding for a number of weeks therefore funds of £120k have been transferred into 20/21 to reflect the delayed in work being carried out.

Housing & Community Safety

- 24 Amendments to this area of the capital programme have resulted in a net nil adjustment for 2019/20 at monitor 2. Further details on variance schemes can be found below.

Scheme	Amendment	Amount 19/20 £m	Amount 20/21 £m	Further Details – Paragraph ref
Shared Ownership Scheme	Adjustment	0.761	-	23
Shared Ownership Scheme	Re-profile	(0.761)	0.761	23

- 25 In quarter 2 within the Shared Ownership Scheme the Council has acquired five properties and sold equity shares in seven properties. Capital receipts from the equity sales are to be reinvested in to the shared ownership programme, as such the budget is to be increased by £761k at quarter 2 and the same amount is to be reprofiled to 2020/21 for future purchases.

- 26 Within the LA Homes schemes the budget previously allocated to Askham Bar for detailed design work and planning submission is to be re-allocated to the Hospital Fields/Ordnance Lane Site per the Executive 26th September 2019.
- 27 Land relating to the building of new dwellings on the Lowfields site has been valued by an independent valuer at a market value of £4m. Land will be appropriated from the general fund to the HRA at this amount.
- 28 James House is nearing completion, approximately 9 months after the initial contractual completion date of 21st January 2019. This delay has led to inevitable increase in costs both in terms of contractor claims as well as project management. Whilst it is too early to determine the value of the additional costs as these have been disputed, it is clear that there will be an overspend on the overall project. The updated position in terms of spend and funding will be reported in future monitoring reports.

Transport, Highways & Environment

- 29 There have been a number of amendments to this area as part of this report resulting in a net decrease to the capital programme in 19/20 of £200k. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 19/20 £m	Amount 20/21 £m	Further Details – Paragraph ref
Better Play Areas	Re-profile	(0.200)	0.200	29
Clean Air Zone	Adjustment	0.240	-	30
Hyper Hubs	Adjustment	-	0.700	31

- 30 Within the Better Play Areas scheme, funds of £200k have been transferred from 19/20 into 20/21. There was £250k of additional budget allocated in July for play areas. This slippage is to allow for assessment of works required before completion of works in 2020/21
- 31 The council was successful in a bid for £240k grant funding from the Department for Environment, Food, and Rural Affairs (DEFRA) towards the Clean Air Zone proposals for York city centre. It is therefore proposed to replace £240k of the existing £1.640m CYC funding with this grant funding. As set out in the report to the 17 January 2019 Executive meeting, this

funding will allow bus companies to bid for funding to carry out conversion work on their bus fleet to meet Euro VI standards

- 32 As reported to Executive on 26th September the cost for the Hyper hubs scheme is going to be significantly higher than first estimated. In order to meet this potential increase in cost of around £700k further funding is being sought through several sources (including Local Enterprise Partnership (LEP) funding and additional ERDF). In order to match this funding the Council will need to provide a contribution to the costs (£400k).

Regeneration & Asset Management

- 33 A number of amendments have been made as part of this report resulting in a net decrease to the capital programme of £64.270m in 2019/20. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 19/20 £m	Amount 20/21 £m	Further Details – Paragraph ref
LCR Revolving Investment Fund	Re-profile	(0.300)	0.300	33
York Central Infrastructure	Re-profile	(63.730)	63.730	34

- 34 Funds of £300k have been re-profiled from 2019/20 into 2020/21 under the LCR Revolving Investment as due to a major loan repayment, it is unlikely there will be a contribution to the RIF this year.
- 35 In line with the October Executive report, funds of £63.730m have been transferred from 19/20 to 20/21. This is due to the main infrastructure delivery now not expected to be delivered this financial year.
- 36 In line with the October Executive report, and the positive commitments from both Executive and YNYER LEP to jointly fund further short term project activity (maintaining project momentum in the absence of HIF funding determination), and also informed by Early Contractor Engagement with the appointed infrastructure delivery contractor – John Sisk & Son, spend on York Central has been re-profiled to reflect both the short-term investment, and the current assumed capital delivery programme.
- 37 Whilst capital spend has been delayed due to HIF not being determined (and funds of £63.730m therefore transferred from 19/20 to later years), the joint 2019/20 investment will allow for all early design, planning and associated activities to be undertaken, putting the scheme in a state of

readiness to deliver, on confirmation of the full infrastructure funding package. Phase 1 infrastructure delivery is now programmed to commence in 2020/21

Community Stadium

- 38 The Community Stadium capital scheme has an outturn position of £22.586m in 2018/19. On site building construction is due for completion by the end of the year. A period will then follow early in 2020 for our leisure operator to mobilise the site ready for public opening. This post build mobilisation period will include the Stadium gaining all required safety and licence certification prior to the opening of the Community Stadium Leisure Complex
- 39 The adjacent Commercial Development to the Stadium is also well advanced in its construction and has confirmed lettings for; IMAX Cineworld, Hollywood Bowl, Adventure Mini Golf Centre, Zizzi's and TGI Friday restaurants, with all of these, together with the Council leisure facilities, representing a significant leisure offering for residents
- 40 Executive are reminded of the outstanding capital funding risk relating to the East Stand Restaurant Units Capital Land Receipt, which has been reported previously. There are 3 restaurants units within the Stadium East Stand and if at build practical completion 2 of these 3 units are let the full outstanding Capital Land Receipt sum of C.£3.8m will be received by the Council. If at build practical completion no East Stand Restaurant Units are let a reduced Capital Land Receipt of C.£2.4m will be received (a reduction of C.£1.4m on full anticipated receipt). If 1 East Stand Restaurant Unit is let by build practical completion a Capital Land Receipt of C.£3.1m will be received (a reduction of C.£700k on full anticipated receipt). Currently none of these East Stand Restaurant Units are let and this risk remains as highlighted and approved by Executive in the October 2017 Stadium Executive Report. The Council is working closely with the developer, Wrenbridge who are responsible for letting of the units prior to build practical completion. Discussions are currently ongoing with several potential tenants for these East Stand Restaurant Units.

York City Knights RLFC (YCK) Interim First-Team Playing Arrangements

- 41 In the June 2019 Capital Monitor Report Executive approved financial support for all YCK first team home fixtures played at Bootham Crescent within the whole of the 2019 Rugby League season, not just part of the

season. At the time of such approval, it was anticipated the Stadium would be fully operational before the start of the 2020 Rugby League season and YCK would be playing all 2020 first team home fixtures from the Stadium, therefore the funding approval reflected this and as such would cease at the end of the 2019.

- 42 Current build completion dates and subsequent post build mobilisation periods should still enable YCK to be in the new Stadium for the start, if not the vast majority, of all their 2020 home first team fixtures. It is however prudent that existing arrangements remain in place at Bootham Crescent should they be required for YCK first team fixtures at the start of 2020. To ensure this can happen an extension to the previous license between the Council and YCFC has already been signed to ensure the continued use of Bootham Crescent for hosting YCK first team fixtures for the period from 1st January 2020 until the Stadium is operational. An extension to the existing user agreement between the Council and YCK, which provides YCK rights to occupy Bootham Crescent, will be formalised ahead of the 2020 Rugby League season. This following Member approval to the Officer recommendation here of continued Council financial support to the YCK interim first-team playing arrangements until the new Stadium is operational.
- 43 The YCK financial support over the previous three Rugby League seasons (2017 - 2019), where all YCK first team home fixtures were played at Bootham Crescent, has been for Council financial support payable per Rugby League season up to a net cost of £45,000, with a total cap of £60,000 as YCK contribute towards 25% of the Bootham Crescent costs through rental payments to the Council.
- 44 It is proposed that the YCK interim first team arrangements financial support continues for the 2020 Rugby League season until YCK play their first game from the Stadium and that this is on all the same principles as the previous 2017 - 2019 Rugby League seasons financial support.
- 45 Any additional costs to the Council from this YCK financial support extending into the 2020 Rugby League Season, if required, will be met from within the existing approved Project budget. It has always been noted that interim financial support will cease once the new Stadium is operational for YCK.
- 46 In considering making this financial support available, as with the original financial support, the Council has had to satisfy itself that it does not amount to unlawful State Aid. Appropriate internal and external legal advice has therefore been sought on this matter that provides Officers with assurance that the financial support proposed above would be lawful.

Customer & Corporate Services

47 The final payment to the contractor for the MH refurbishment is expected to be made in November 2019 and will be within the revised approved budget for 2019/20 of £257k.deb

Customer & Corporate Services - IT

48 It is currently forecast that the IT Development plan will spend all of its budget in 2018/19, totalling £4.96m. Progress to date includes:

- Replacing our aged firewalls with future proof and more robust Cisco next generation firewall estate that will provide much superior e-protection services underpinning the councils "business as usual" services and its future Digital Service aspirations.
- Migrated 95% of customers to the new Citrix farm providing access to a more up to date desktop and Microsoft office experience and combined with the replacement or upgrade of our thin clients we have enabled a much faster and effective logon experience.
- Renewed our corporate anti-virus/security solution
- Replaced our aging Smartphone device estate as part of continuing refresh policy to support agile working and also to improve the security of our mobile devices.
- Worked with colleagues to identify and procure new Parking and Waste systems
- Worked with North Yorkshire County Council to implement their new Health & Safety system across the council.
- SX3 Housing Revenues and Benefits were successfully split into 2 separate systems in preparation for the new Housing system that we have worked with colleagues to procure.
- Upgraded all staff and public PC's at Explore locations to Windows 10 on new hardware
- Currently rolling out Wifi services to the Stadium and Coppergate
- delivered 1Gb superfast broadband connectivity to businesses on the Shambles as part of our work to support York's small and medium enterprises community.
- Undertaking Microsoft O365 trials as part of 2 year phased migration programme

Summary

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

Gross Capital Programme	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m	£m
Children, Education & Communities	14.377	22.671	10.500	2.000	-	49.548
Health, Housing & Adult Social Care – Adult Social Care	5.254	2.157	1.396	0.638	0.660	10.105
Health, Housing & Adult Social Care – Housing & Community Safety	39.258	66.515	46.054	24.282	36.390	212.499
Economy & Place – Transport, Highways & Environment	41.268	57.206	20.469	11.923	5.225	136.091
Economy & Place – Regeneration & Asset Management	18.606	134.533	27.004	1.448	0.470	182.061
Community Stadium	10.143	-	-	-	-	10.143
Customer & Corporate Services	2.999	0.318	0.250	0.200	0.200	3.967
IT Development Plan	4.965	1.655	1.870	2.070	2.070	12.630
Revised Programme	136.870	285.055	107.543	42.561	45.015	617.044

Table 2 Revised 5 Year Capital Programme

Funding the 2019/20 – 2023/24 Capital Programme

50 The revised 2019/20 capital programme of £136.470m is funded from £46.510m of external funding and £89.960m of internal funding. Table 3 shows the projected call on resources going forward.

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	136.870	285.055	107.543	42.561	45.015	617.044
Funded by:						
External Funding	46.510	172.639	29.498	8.486	5.598	262.731
Council Controlled Resources	90.360	112.416	78.045	34.075	39.417	354.313
Total Funding	136.870	285.055	107.543	42.561	45.015	617.044

Table 3 – 2019/20 –2023/24 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 During Executive meetings in October 2016 and July 2017, Members decided to ultimately finance the purchase of property at Hospital Fields Road and Swinegate from Capital receipts. Therefore it should be noted that all future capital receipts are assumed to be used for this purpose in the medium term. This strategy will deliver significant revenue savings, and reduce the need for savings within the revenue budget.

Council Plan

- 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** - There are no Legal implications as a result of this report.
 - **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. In addition, the Capital Asset Board meet monthly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised

Contact Details

Authors:	Chief Officer responsible for the report:		
Emma Audrain Technical Accountant Corporate Finance 01904 551170 emma.audrain@york.gov.uk	Debbie Mitchell Corporate Finance & Commercial Procurement Manager (Interim S151 officer) 01904 554161		
	Report Approved	√	Date
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 2019/20 to 2023/24