



**Executive**

**11 February 2021**

Report of the Chief Finance Officer  
Portfolio of the Executive Member for Finance and Performance

## **Capital Budget 2021/22 to 2025/26**

### **Summary**

1. This report sets out the capital programme for 2021/22 to 2025/26, 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 uncertainty regarding the COVID-19 pandemic, the Council has reviewed the level of capital investment needed. It has been possible to reprioritise some areas of the existing capital budget to invest in the Council's priorities and to support the city's recovery from the impacts of Covid-19. The Council's main focus is to build back better from the pandemic. The schemes outlined in this report continue the transformational capital programme to drive regeneration and accelerate the city's economic recovery.
3. As part of this budget process over £41m 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 £8.8m on highways schemes, £5.3m on fleet infrastructure and vehicles to deliver as many electric vehicles as possible and £3.3m on flood alleviation schemes including Germany Beck. 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 £200k to trial the use of robotics to

improve the quality of social care and to support adult social services, and 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 £200k to fund the development of a Multi Use Games Area at Westfield.
- **A Greener and Cleaner City** – capital investment of over £5m to develop new initiatives to reduce carbon emissions, including £5m to support the Council’s vehicle and infrastructure policy to deliver as many electric vehicles as possible and a further £250k on carbon reduction schemes to fit carbon reduction technology on Council assets.
- **Getting around sustainably** - capital investment of over £18m including over £12m for a range of highways schemes including repairs and improvement to the highways network, investment in gully repair and drainage works and further investment in the Bar Walls, and £3.3m investment in flood alleviation schemes including Germany Beck.
- **Creating homes and world class infrastructure** – capital investment of nearly £12m, including over £10 million to increase the scale of modernisation works to Council housing stock.
- **An Open and effective Council** - capital investment of over £3m to support the Council’s digital programme and support change in a range of front line services.
- **Well Paid Jobs and an Inclusive economy** – capital investment of £1m in a Covid Recovery Fund to ensure that capacity is available within the 2021/22 programme to respond to any capital investment needed to ensure a strong recovery for the city.

4. Further details on the schemes referred to above can be found in the body of this report.

5. 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 support the Council’s response to the Covid-19 pandemic and maintain progress on the objectives outlined in the Council Plan. This report sets out **£41.037m of new investment over the 5 year period**, of which £8.500m is externally funded, £11.954m is met from the

Housing Revenue Account, with **£20.433m** to be funded by Council borrowing.

6. It should be noted that a number of other major schemes not considered in detail within this report will be brought forward as individual reports to members, including York Central, Castle Gateway, York Station frontage and York outer ring road and dualling as set out at paragraphs 111 – 123.

## **Recommendations**

7. The Executive is requested to recommend that Council:
  - Agree to the revised capital programme of **£546.880m** that reflects a net overall increase of **£41.037m** (as set out in table 2 and in Annex A). Key elements of this include:
    - New schemes funded by prudential borrowing totalling £7.513m as set out in tables 3;
    - New schemes funded by a combination of both prudential borrowing and external funds of £3.300m as set out in table 4 and summarised in table 5;
    - New schemes funded by a combination of prudential borrowing and other internal funds of £200k as set out in table 6;
    - Extension of prudential borrowing funded Rolling Programme schemes totalling £10.870m as set out in table 5 and summarised in table 7;
    - Extension of externally funded Rolling Programme schemes totalling £7.200m as set out in table 9;
    - An increase in HRA funded schemes totalling £11.954m funded from a combination HRA balances/Right to Buy receipts as set out in table 10;
  - Note the total increase in Council borrowing as a result of new schemes being recommended for approval is £20.483m 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 **£546.880m** covering financial years 2021/22 to 2025/26 as set out in table 14 and Annex B

## Background

8. The current 2020/21 – 2024/25 capital programme was approved by Council on 27 February 2020. Since then a number of amendments have taken place as reported to the Executive up to and including the 2020/21 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 2020/21 – 2024/25 of £628.552m, financed by £270.380m of external funding and Council controlled resources of £358.172m. Table 1 illustrates the current approved capital programme profile from 2020/21 – 2024/25 as of capital monitor 3 2020/21.

	20/21	21/22	22/23	23/24	24/25	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>119.859</b>	<b>190.412</b>	<b>175.002</b>	<b>119.225</b>	<b>24.054</b>	<b>628.552</b>
Funded by:						
External Funding	28.277	65.283	111.621	59.899	5.300	<b>270.380</b>
Council Controlled Resources	91.582	125.129	63.381	59.326	18.754	<b>358.172</b>
<b>Total Funding</b>	<b>119.859</b>	<b>190.412</b>	<b>175.002</b>	<b>119.225</b>	<b>24.054</b>	<b>628.552</b>

*Table 1 – Funding Position of approved 2020/21 – 2024/25 Capital programme per Monitor 3*

9. 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. There are some specific earmarked receipts that are critical, in particular in relation to the older persons programme. Additionally Members decided to ultimately finance the purchase of property at Hospital Fields Road and Swinegate from capital receipts. Therefore 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 service savings within the revenue budget.

## Options

10. This report sets out the new capital investment proposals for the 5 year period covering 2021/22 to 2025/26. 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 (2021/22) per Local Government Act 2003 (revised).

## Summary of Proposed Capital Investment

11. The capital budget process invited proposals from the departments asking to submit requests for the Councils main capital priorities. Of the 27 proposals going forward 21 are asking for direct council funding, this is comprised of 13 proposals for extensions to existing schemes and 8 proposals for new schemes.
12. In total, proposals have been made that would increase the existing 2021/22 – 25/26 Capital Programme by **£41.037m**. The proposals are comprised as follows:
  - General Fund schemes requiring financing by Council borrowing **£20.483m** (of which £1.219m is self financing)
  - General Fund Schemes financed by external funds **£8.600m**
  - Housing Revenue Account schemes financed by HRA funds **£11.954m**

## Key scheme proposals

13. The table below summarises the key proposals that result in an increase to the capital programme of £41.037m split by type. Further details of the individual schemes can be found later in the report at the following references:

<b>Type</b>	<b>Total Value</b>	<b>Further Details</b>
	<b>£m</b>	
<b>New Schemes – Prudentially Borrowed</b>	7.513	Table 3
<b>New Schemes – Match Funded (Element of both External &amp; CYC funding)</b>	3.300	Table 5
<b>New Schemes – Element of Corporate borrowing and other sources (contribution from HRA)</b>	0.200	Table 6
<b>Rolling Programme – Prudentially Borrowed</b>	10.870	Table 7
<b>Rolling Programme – Externally Funded</b>	7.200	Table 9
<b>Housing Revenue Account (HRA) Schemes – Funded by HRA resources</b>	11.954	Table 10
<b>Total Increase in Capital Programme</b>	<b>41.037</b>	

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

14. Overall this report proposes new capital schemes totalling **£41.037m** 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

15. 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>	
Fleet - Electric Charging Infrastructure	1.800	21/22
Fleet - Replacement Vehicles & Plant	2.294	21/22
Fleet - Replacement Vehicles & Plant (self-financing element)	1.219	21/22
Access Barrier Review	0.100	21/22
Essential Bridge Maintenance	1.100	21/22
Covid Recovery Fund	1.000	21/22
<b>New Proposals Requiring Prudential Borrowing</b>	<b>7.513</b>	

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

16. An overview of each new scheme being proposed is set out in the following paragraphs:

#### Fleet Schemes:

17. As previously agreed by Executive, the council has a vehicle policy to deliver as many electric vehicles as possible. It is proposed that these schemes are funded by combining the Northern Forest and Carbon Reduction (formerly One Planet York) into one Climate Change scheme and releasing funds that are no longer needed since the Northern Forest will secure external funding.

This has the support of the Executive Member for Climate Change. The balance would need to be new borrowing, unless other alternatives can be identified.

<b>Fleet Schemes</b>	<b>Total Value £m</b>	<b>Financial Year</b>
Electric Charging Infrastructure	1.800	21/22
Replacement Vehicles & Plant	2.294	21/22
Replacement Vehicles & Plant (self-financing element)	1.219	21/22

*Table 4 – Summary of new Fleet Schemes*

18. The majority of this programme will need to be funded through Council borrowing, however a proportion of the fleet vehicles element will be able to be recharged to the HRA (building services vehicles) and capital schemes (Highways vehicles). External funding will also be sought and utilised where possible.
19. 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.
20. The purpose of this bid 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 be revisited in next year to ensure that the fleet replacement becomes part of the overall councils capital programme and ensure a continuous cycle of vehicles fit for purpose. Further work will be done on agreeing the list of vehicles for replacement to ensure full debate can take place with portfolio holders before purchases are made.



21. This funding will cover the fleet needs for both operational and support functions, maintaining cost-effective and timely processes for repair and maintenance, commissioning, decommissioning and disposal of fleet assets and to ensure statutory requirements are adhered to. A key element of the investment is to develop an electric charging infrastructure at the depot, satellite depots and home charging to ensure full charging capacity of all vehicles at all times can be met. There is significant investment required for this infrastructure but offset against fuel savings this cost can be recovered over time
22. **City-wide Access Barrier Review (£100k in 21/22)** – This scheme will comprise of several phases. The initial phase will be an audit of the walking and cycling networks to gather data on the types of access barrier currently in use across the city. The next phase will be an assessment of each of those designs against current national guidance on the use of access controls. Stakeholder groups, including those representing users such as people with disabilities, cyclists and pedestrians and the emergency services will then be asked to provide feedback on their particular needs and aspirations. That information will be used alongside national guidance to formulate a suite of standard design solutions which should be used in different scenarios. These will take into consideration requirements such as needing to keep livestock from escaping or to reduce or prevent anti-social abuse by moped or motorbike riders. The barrier sites will then be prioritised and the final phase will see barriers being removed or redesigned as appropriate subject to having been through relevant safety assessments
23. **Essential Bridge Maintenance (£1.100m in 21/22)** – This bid is for a refurbishment and future proofing of essential bridge maintenance, including Lendal Bridge within the city centre. The highway surfacing across this structure has been displaying signs of deterioration for some time. A failing road surface allows water to penetrate into the structure and cause deterioration of protective systems (paint) and structural elements. Water also appears to be getting into the structure via the footways and utility ducts. This scheme will aim to reduce these sources of ongoing deterioration. The protective coating system (paint) will be renewed or refurbished where required. Any necessary structural repairs will be undertaken as part of the works to the bridge
24. **Covid Recovery Fund (£1.000m in 21/22)** – It is recommended that a COVID response and recovery fund is created to ensure that capacity is available within the 2021/22 programme to respond to any capital investment

needed to ensure a strong recovery for the city. This can be funded by reprioritising the ICT capital budget and can be achieved by re profiling when systems are replaced. Any allocations from this fund could be agreed by members or delegated to the Chief Operating Officer and / or Exec Member for finance & performance as appropriate.

### New Schemes – Match Funded

25. The table below sets out proposals which would be funded both externally and with a Council contribution.

<b>Scheme Type / Description</b>	<b>Total External element</b>	<b>Total CYC element</b>	<b>Financial Year</b>
	<b>£m</b>	<b>£m</b>	
<b>Flood Alleviation Schemes including Germany Beck</b>	1.300	2.000	21/22
<b>Total New Match Funded Proposals</b>	<b>1.300</b>	<b>2.000</b>	

*Table 5 – Summary of new proposals funded by both external and CYC funding*

26. **Flood Alleviation Schemes including Germany Beck** (£3.300m Total - £2.000m CYC funding, £1.300m externally funded) – Significant highway flooding occurred in Fulford during the 2015 flood event, further flooding occurred during February 2020 with flooding of properties avoided through operational interventions. City of York Council (CYC) have taken the lead in the development of a flood alleviation scheme in Fulford as it has the potential to deliver wider benefits than property and business protection alone. Consultants working on the wider Environment Agency (EA) led programme have developed a range of options that would better maintain a dry access to the Fordlands community, protect properties in this location and enhance the existing flood protection works on the A19. Consultants working on the wider EA flood programme have been used and have prepared an options appraisal report that has identified a preferred option that isolates high river levels in the River Ouse from Germany Beck and Tunnel Drain, a pumping station would maintain lower river levels in these watercourse protecting the local roads and properties from flooding.

27. The design, construction and whole life maintenance costs of the preferred solution are £4.9m. £0.4m flood defence grant funding is available if the scheme is approved. Current CYC funding of £0.6m is available for works at this location. Additional EA funding of £0.9m is anticipated and £1m of existing CYC capital funding for flood scheme contributions could be targeted to support the works.
28. The works would provide protection to 43 properties in the Fordlands community and maintain access to wider housing in this area. No vehicular access is possible during significant events and residents are dependent on the provision of 4x4 vehicles to access school, work and buy essential provisions. The previous A19 works prevented the road closure in the February 2020 event, the planned works would add resilience and ensure the route remains open to 1,000's of vehicular journeys during future flood events.

New Schemes – Funded part borrowing part other internal sources

29. The table below sets out proposals which would be funded from both borrowing and other internal sources.

<b>Scheme Type / Description</b>	<b>Total Value</b>	<b>Financial Year</b>
	<b>£m</b>	
Westfield Multi Use Games Area (Borrowing element)	0.100	21/22
Westfield Multi Use Games Area (other sources – contribution from HRA)	0.100	21/22
<b>Total Funded part borrowing part other internal sources</b>	<b>0.200</b>	

*Table 6 – Summary of new proposals funded by both borrowing and other sources*

30. **Westfield Multi Use Games Area**– On 18 March 2019 Executive agreed to invest in the redevelopment of Lincoln Court and: "To note that in approving Option 1 a commitment is made for alternative recreational facilities following community consultation including Sport England within Westfield Ward in

mitigation for the loss of the Multi Use Games Area. The alternative facilities provided are to be agreed by Executive and will be subject to a further report and budget approval". This bid provides funding for the construction of a replacement multi-use games area at a total cost of £200k, half of which can be funded from the HRA

### Rolling Programme Schemes – Prudential Borrowing

31. The 2020/21 – 2024/25 capital programme contained a number of rolling programme schemes that require funding on an ongoing basis. This report extends the rolling capital programme to 2025/26 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>	
Highways Schemes	5.070	25/26
Street Lighting	0.550	25/26
Drainage	0.900	25/26
Bar Walls	0.300	25/26
Asset Maintenance	0.250	25/26
Climate Change Schemes including Northern Forest	0.250	25/26
Disabled Facilities Grant	0.475	25/26
Disability Support Budget	0.270	25/26
Major Items of Disability Equipment	0.152	25/26
Telecare Equipment	0.283	25/26
ICT Rolling Programme	2.170	25/26

Project Support Fund	0.200	25/26
<b>Total Rolling Programme Schemes</b>	<b>10.870</b>	

*Table 7 – Summary of Rolling Programme Proposals Requiring Prudential Borrowing Funding*

32. All of the £10.870m 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 2021/22 – 2025/26 report also on this agenda.
33. An overview of each scheme being proposed is set out in the following paragraphs:
34. **Highways Schemes (Total £5.070m 25/26)** – The purpose of this budget is to deliver a range of additional highway schemes including carriageway, footway and traffic signal renewal targeted to deliver wholesale repair and renewal of areas of the network to prevent further deterioration in condition. The scheme will present an opportunity to address highway maintenance needs in a planned and proactive way and address the current bias towards reactive response and repair, this updates and addresses the network maintenance requirements evidenced by the Transport Asset Management Plan (TAMP) lifecycle analysis
35. The Council has invested significant sums in the Highways Network over the last number of years. The new administration added £1m investment for highways in June 2019 and further £12.83m in 2020/21 budget. Since that budget was agreed the council has been awarded further Government Grant for structural maintenance in 2020/21 (£1.8m) as well as £5m for Tadcaster Road. It is therefore proposed that the following additional Highways, Transport and flood alleviation investment (£3.2m) is funded from reductions in future years Highway allocations
  - City Centre access barrier review & replacement £100k
  - Essential Bridge Maintenance £1.1m
  - Flood alleviation scheme – including Germany Beck £2m (total scheme cost £3.3m with £1.3m external funding)

36. The table below shows the five year Highways Investment that have been proposed over the last three budgets. This shows continued increases in Highways investment each year.

	5 Year Highway Investment*		
	CYC Fund £m	Externally Fund £m	Total £m
Budget 2019/20	16.118	9.439	25.557
July 2019 Supplement	+1.000	0	+1.000
Budget 2020/21	25.283	9.433	34.716
Budget 2021/22	24.604	15.544	40.148

*Table 8 – Highway investment over last 3 budgets*

\*The budget includes Highways, Ward Committee Highways and Drainage repairs excluding notional £1.2m pa for Traffic Signal Asset Renewal

37. **Street Lighting (£550k 2025/26)** – Street lighting columns all have manufacturer’s recommended serviceable life in years at date of manufacture both concrete and steel.
38. City of York council have approx 19,000 street lights of various heights and construction of which approx 14,000 are steel and 1700 Concrete. The majority of the steel are age expired and all concrete are expired. Some of the steel have previously been repaired, which makes them unable to be structurally tested at points of the column which are prone to deteriorate.(i.e underground) Steel sign posts as per street lighting columns all have manufacturers recommended serviceable life in years at date of manufacture.
39. The rationale behind the bid is to continue to reduce energy costs, improve the carbon footprint and upgrade the older technology lighting to achieve energy savings on an annual basis through installation of new steel columns with a 35 year life expectancy and fitted with an energy efficient LED lantern.
40. **Drainage (£900k 2025/26)** – 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

41. **Bar Walls (Total £300k 2025/26)** - The monitoring programme continues to identify locations where urgent repair and restoration works are required. The team have been working with structural engineers, employed to monitor the extent of the risk the direction and movement of the Bar Walls and Bar's in various locations across the monument. With the rolling programme approach we have taken we are now on an evidence-based programme for managing repair and restoration on York City Walls. Urgent repair and restoration works continue to be monitored and inspected to target identified structural failures within the Bar Walls and Tower Buildings. It includes schemes which have continuing monitoring to assess the level of movement.
42. York City Walls are a key symbol of the City and protecting the integrity of this asset for users and for the image of the City is a critical objective. Monitoring and inspections have identified the priority locations on York City Walls where there is a clear and urgent need for restoration works. These schemes will address service and Council Plan objectives of creating jobs and protecting the Environment. All schemes will require scheduled monument consent from Historic England
43. **Asset Maintenance (£250k 2025/26)** – There is currently a rolling programme capital scheme for health and safety repairs of £220k 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.
44. 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.
45. There will also need to be substantial other work 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 capital schemes as and when necessary. This scheme therefore is to increase the approved annual rolling programme by £30k and to extend it for a further year (£250k) to help fund these critical repairs to the retained buildings

46. **Climate Change Schemes including Northern Forest (£250k 2025/26)** – This scheme is intended to complement other new or existing capital schemes in order to enable those schemes to deliver higher environmental benefits than may otherwise be the case. This budget has been used in 2020/21 to fund additional environmental improvements at schemes including Guildhall, Lincoln Court as well as purchasing land for the new woodland at Rufforth. Schemes going forward could include building of new homes, carbon reductions schemes benefitting existing property assets or specific projects such as Castle Gateway and Northern Forest.
47. **Disabled Facilities Grant (£475k 2025/26)** – This bid 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.
48. **Disability Support budget (£270k 2025/26)** – This extension request 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.
49. 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.
50. **Major Items of Disability Equipment (£152k 2025/26)** – This bid 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.

51. 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
52. **Telecare equipment (£283k 2025/26)** – This scheme is to extend the current scheme funding Telecare equipment into 25/26. 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.
53. 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.
54. **ICT Rolling Programme (£2.170m 2025/26)** – This 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.
55. 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.

56. **Project Support Fund (£200k 2025/26)** – To extend the existing funding into 2025/26 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 and the Older Persons Accommodation Programme to support the successful delivery of bringing new assets into operation.

Rolling programme - Externally Funded + HRA Funded

57. 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</u></b> <b><u>New External Funding</u></b>		
Highways schemes	3.730	25/26
Local Transport Plan - Integrated Transport	1.570	25/26
Disabled Facilities Grant	1.900	25/26
<b><u>Total Existing General Fund Schemes</u></b> <b><u>New External Funding</u></b>	<b>7.200</b>	

*Table 9 – Summary of New External Funding*

58. The funding for the schemes set out above have been updated to reflect the indicative funding settlements in 2025/26.

59. The latest Housing Revenue Account (HRA) Business plan 2020 to 2050 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.
60. Table 10 updates the capital investment strategy and shows the overall movement (growth) against the existing approved expenditure plans

<b>Scheme Type / Description</b>	<b>Total Scheme Value HRA Funded</b>	<b>Financial Year</b>
	<b>£m</b>	
<b><u>New Investment for the HRA</u></b>		
Major Repairs & Modernisation of Local Authority Homes	10.376	23/24 – 25/26
Housing ICT Programme	0.768	2021/22
Assistance to Older and Disabled People	0.640	2025/26
Housing Environmental Improvement Programme	0.170	2025/26
<b><u>New Investment for the HRA Total</u></b>	<b>11.954</b>	

*Table 10 – Summary of HRA investment*

61. The key investment areas are shown in table 8 and show new investment of £11.954m that will see key schemes delivered including:
62. **Major Repairs & Modernisation of LA Homes (£10,376 growth in 23/24 – 25/26)** - The focus of this area of investment is about ensuring the integrity external fabric of dwellings is maintained in terms of weather resistance, coupled with modernising key internal components of kitchens, bathrooms, heating and electrical wiring. This benefits tenants in a number of way (eg:

having modern facilities, improved safety and security, reduced energy costs etc) whilst ensuring the Council meets the Decent Homes standard. A breakdown of the type and value of works for 2021/22 is provided below

	<b>2021/22 budget £m</b>	<b>Description of works 2021/22</b>
Tenants Choice	2.800	Replacement kitchen, bathroom and rewire to 400 properties.
Modernisation of Void properties	1.285	Major repairs and modernisation of 70 void properties
Heating/Boilers	0.974	Replacement heating systems to 443 domestic properties per year.
Roof Replacements	0.340	Replacement roofs and removal of asbestos-containing fascias / soffits to 50 properties
External Doors	0.150	Replacement of 250 external & lobby doors
Window Replacements	0.065	Replacement of windows in 23 properties
Standing Water Project	1.236	Structural damp remediation works to c60 properties, with a further 240 properties requiring treatment over the life of the 5 year proposal
Structural and external works	0.265	Various programmes of repair to the external structure of dwellings, guttering & down pipes, soffits & fascias to 45 properties
Fire Remedial Works	0.500	Remedial works arising from Fire Risk Assessments – provision for work on c88 properties
Asbestos Removal	0.170	Remedial works following asbestos surveys
Bell Farm Bathroom Ext	0.620	Major works to existing defective pre-fabricated bathrooms that were added on in the 1970's. Several options being considered including a demolish/rebuild of the bathroom.
Other	1.094	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, electric storage heater replacements.
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*Table 11 – Breakdown of Major Repairs & Modernisation of LA Homes 2020/21 Budget*

63. The intention of these projects are to ensure the Council continues to upgrade the overall standard of the housing stock and in doing so meet/exceed customer expectations whilst ensuring legislative requirements are satisfied
64. **Assistance to Older and Disabled People (£640k 25/26)** – 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.
65. **Housing Environmental Improvement Programme (£170k 25/26)** - 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.
66. **IT Infrastructure (£768k 21/22)** The ICT infrastructure improvements programme totals £2.8m over the period 2017/18 to 2021/22. A major review of the current systems has been undertaken and the current Housing systems is to be replaced by an integrated Housing and Building Services management system which incorporates housing management, asset management and building repairs.
67. The Housing ICT Programme suffered some delays as a result of Covid which impacted on the implementation both from the capacity of CYC and the Suppliers. The new system is being configured to the way that CYC wants it to work. Work continues on the business change and empowerment action plan to support the ICT changes.

68. **Local Authority Homes – New Build Project Phase 2 (No budget change - £120,484k 21/22- 24/25)** The Housing Delivery Programme made really significant progress during 2020. Construction work at Lowfields Green saw the completion and handover of Show Homes in December and Sales Reservations are in place on the majority of the first phase Market Sales properties which are scheduled for completion in March 2021.
69. Design work on the next 3 sites has progressed well and planning applications for Duncombe Barracks and Burnholme sites were submitted in September 2020. These sites will deliver the next 118 homes in the programme. In October 2020 Executive agreed the budget for delivery of these schemes, where all homes will be Passivhaus / net zero carbon and where 40% of the homes will be affordable. Design of the Ordnance Lane site has progressed with extensive community engagement and the planning application is being finalised and prepared for submission in early 2021.
70. Detail design work on the Duncombe and Burnholme schemes is now progressing and the procurement strategy is being finalised to select a contractor to build these exciting new homes.
71. When the Housing Delivery Programme was established it identified 8 sites within Programme. In addition to the 4 above: Clifton Without School, the former Askham Bar Park and Ride site, the former Manor School site and the former Woolnough House site, were included. These sites have been reviewed to ensure they are the right sites to achieve our housing objectives and at this stage Willow House and York Central have been added to, and prioritised in the programme, with Executive approving funds for feasibility work in 2021, to inform future programme decisions.

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

72. The budget proposals in terms of Council prudential borrowing adds to existing rolling programme schemes totalling £10.870m and adds new schemes totalling £9.613m. This results in a total increase in the level of debt (the underlying need to borrow for capital investment purposes only) of £20.483 over the 5 year programme. Table 9 shows the financial impact on a year by year basis and over the 5 year period.

	<b>21/22 £000</b>	<b>22/23 £000</b>	<b>23/24 £000</b>	<b>24/25 £000</b>	<b>25/26 £000</b>	<b>Total £000</b>
Rolling Programme	-	-	-	-	10.870	<b>10.870</b>
New Schemes	9.613	-	-	-	-	<b>9.613</b>
<b>Net Increase in PB</b>	<b>9.613</b>	-	-	-	<b>10.870</b>	<b>20.483</b>

*Table 12 – Net Funding Position of Prudential Borrowing Schemes*

73. The revenue costs of the new schemes funded by prudential borrowing is estimated at £1.434m over the 5 year budget period, assuming borrowing of £20.483m. Actual borrowing may be taken during 2021/22, although the costs are not incurred in revenue until the year following any capital expenditure. The Financial strategy report elsewhere on the agenda includes the revenue growth for previous year's capital investment.

### **Summary of Analysis**

74. 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 £41.037m** of which £26.080m relates to the extension of the programme to 2025/26.

	<b>21/22 £m</b>	<b>22/23 £m</b>	<b>23/24 £m</b>	<b>24/25 £m</b>	<b>25/26 £m</b>	<b>Total £m</b>
<b>1) New CYC Schemes</b> Funded by CYC PB <b>(table 3)</b>	7.513	-	-	-	-	<b>7.513</b>
<b>2) New Match funded CYC Schemes</b> Part funded by CYC part funded by External sources <b>(table 4)</b>	3.300	-	-	-	-	<b>3.300</b>
<b>2) New CYC Schemes</b> Part funded by CPB part funded by other internal sources <b>(table 4)</b>	0.200	-	-	-	-	<b>0.200</b>
<b>4) Rolling Programme Schemes</b> Funded by CYC Pru Brow <b>(table 6)</b>	-	-	-	-	10.870	<b>10.870</b>
<b>5) Existing Schemes</b> Funded Externally by External Grant <b>(table 7)</b>	0.380	0.380	0.380	0.380	5.680	<b>7.200</b>
<b>6) HRA Schemes</b> <b>(table 8)</b> Funded by HRA	0.768	-	0.428	1.228	9.530	<b>11.954</b>
<b>Total Net Increase to Capital Programme</b>	<b>12.161</b>	<b>0.380</b>	<b>0.808</b>	<b>1.608</b>	<b>26.080</b>	<b>41.037</b>

*Table 13 – Summary of new expenditure by funding type 21/22 – 25/26*



75. 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>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children, Education & Communities	24.666	3.000	-	-	-	<b>27.666</b>
Health, Housing & Adult Social Care – Adult Social Care	1.129	0.638	0.660	0.682	0.705	<b>3.814</b>
Health, Housing & Adult Social Care – Housing & Community Safety	66.547	41.302	37.218	11.944	11.905	<b>168.916</b>
Economy & Place – Transport, Highways and Environment	76.449	46.722	27.765	8.316	10.600	<b>169.852</b>
Economy & Place – Regeneration & Asset Management	28.868	80.850	51.770	0.500	0.500	<b>162.488</b>
Corporate Schemes	1.854	0.200	0.200	0.200	0.200	<b>2.654</b>
IT development plan	2.810	2.420	2.420	1.670	2.170	<b>11.490</b>
<b>Total Capital Programme</b>	<b>202.323</b>	<b>175.132</b>	<b>120.033</b>	<b>23.312</b>	<b>26.080</b>	<b>546.880</b>

*Table 14 – Proposed Capital Programme 2021/22 – 2025/26*

## Other Major Capital Projects

76. There are a range of other major schemes either already within the Capital programme, or which may come forward in the future, which will come through as individual reports during the year. Some of the key issues are referred to below, to give members a full picture of the scale of the Capital programme and some of the issues that will need to be considered during 2021.
77. **York Central** – 2020 was a really significant year for the York Central Project. Following the granting of the Outline Planning consent in 2019, the Reserved Matters application for the first phase of enabling infrastructure was submitted in April and approved in November. In August the Ministry of Housing, Communities and Local Government (MHCLG) awarded a £77.1m funding package to the landowner partners Homes England / Network Rail for delivery. Detailed Design work for the infrastructure was completed, benefitting from the outcomes of Early Contractor Involvement, and pricing is being confirmed by the contractor. In July delivery of an early phase of enabling works was approved by Executive with CYC / York North Yorkshire & East Riding Local Enterprise Partnerships (YNYER LEP) funding, ahead of the MHCLG announcement. This has now been contracted and starting on site this month to clear areas of the site ahead of the main works.
78. The information necessary to discharge the West Yorkshire Transport Fund Final Business Cases conditionality was submitted in December and formal approval and release of the £23.5 WYCA TF funding is anticipated by March 2021. We should therefore see delivery of the infrastructure commence later in the year to open up the site for development.
79. To ensure that the full potential of the York Central development to deliver wider social and environmental benefits is realised; Executive released £150k in November to undertake a Housing Feasibility study for the initial phase of development, working with the landowner partners. A YNYER LEP funded review has also examined the potential to deliver the standards of Environmental Performance necessary in commercial developments to accord with the Council's net zero carbon ambitions
80. **Guildhall** – The Guildhall project has made significant progress in delivery through 2020 despite the Covid 19 pandemic with the site has remaining open throughout. A number of project risks did manifest, however, and issues were encountered with; high river levels affecting river deliveries to

site, further structural problems being encountered in the existing buildings and archaeological finds affecting the substructure works. In combination these elements delayed the project and resulted in additional costs. These factors and the revised programme were reported to Executive in November 2020

81. As of January 2021 these issues are now mitigated and the project continues to make strong progress with completion of the construction contract now scheduled for Autumn 2021. November Executive also agreed to lease the Guildhall to University of York Science Park Limited, who will operate the serviced office and business club / events venue, as envisaged in the original project approval. This will ensure the availability of much needed office and business space in the City Centre to support the pandemic recovery. The project has also secured a £300k Grant from YNYER LEP to support the office fit-
82. **Castle Gateway** – There has been significant progress on the Castle Gateway project. Planning permission has been secured for both Castle Mills and the new St George’s Field multi-storey car park which are the first key sites in the delivery of the masterplan. Procurement is under way to appoint a contractor to undertake the detailed design of Castle Mills and provide a tender price for construction. At that point a report will be brought to the Executive in the autumn of 2021 to approve the project and allocate the total construction budget, and to decide whether to proceed with the procurement of a contractor for St George’s Field. This would provide the replacement car parking which would allow Castle Car Park to close to be replaced with new public realm. The design work for that public realm is underway, with a planning application due to be submitted in the summer, to create a shovel ready project to give the council the best opportunity of securing external or government funding
83. **York Outer Ring Road and Dualling** – During 2020/21 there has been a period of transition amalgamating the WYCA funded junction scheme and the DfT Major Road Network dualling proposals. The combined scheme of YORR Dualling Phase 1 is on course for a planning submission in late spring 2021. The project team are currently evaluating the public engagement process which finished in November 2020. It is also a key period to address the strategic and political challenges that lie ahead to arrive at the optimum scheme which will satisfy the requirements of the planning authority.

84. There has also been significant activity on the procurement front to get key suppliers in place for ground investigation, design, land acquisition and planning support. Through 2021/22 the project team will be working to enable a smooth transition from getting planning approval to the next key stages of land acquisition and preparing the final business case.
85. **York Station Frontage Scheme** – In November 2020, Council Executive approval was received allowing authority to begin the delivery of a package of enabling works, purchase land and proceed to detailed scheme design. Executive approval of the five-phase project Delivery and Procurement Strategy produced together with project partners Network Rail and LNER was also received.
86. Land negotiations are currently progressing well and a deal with Canada Life for an area of land in front of George Stephenson House is expected in the coming months. Meanwhile orders are to be placed with utility companies to deliver a scheme of diversionary works for services in Queen Street Bridge and the station frontage area to allow demolition of the bridge. This enabling package is valued at c£2m and is expected to begin on site in July 2021. Detailed design of the scheme will progress and a delivery contractor will be sought with an appointment expected in autumn 2021. The second package of highway works will then follow the enabling works package in early 2022. Meanwhile, the station works package (currently expected to be delivered by LNER under a development agreement with CYC) will begin in spring 2022

## **Council Plan**

87. 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**

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

### **Human Resources Implications**

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

### **Equalities Implications**

90. 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**

91. 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**

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

### **Information Technology**

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

## Property

94. 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

95. 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.
96. 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>
<b>Wards Affected:</b> <i>All</i>			

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

Specialist Implications:

**Legal – Not Applicable**

**Property – Not Applicable**

**Information Technology – Not Applicable**

**Wards Affected:**

**All**

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

Annexes

Annex A – Growth Summary 2021/22 – 2025/26

Annex B – Capital Programme 2021/22 – 2025/26