

Executive

9 February 2017

Report of the Deputy Chief Executive/ Director of Customer and Corporate Services (Portfolio of the Leader and Deputy Leader of the Council)

Capital Strategy 2017/18 to 2021/22

Summary

1. This report set out the Capital Strategy for 2017/18 to 2021/22, and in particular sets out new capital schemes.
2. The Council Plan for 2015-19 was formally approved by Full Council on Thursday 8 October 2015 following consultation with residents, businesses and staff, based on our statutory responsibilities and the priorities of our administration. The plan is built around three key priorities:
 - **a prosperous city for all** - where local businesses can thrive and residents have good quality jobs, housing and opportunities
 - **a focus on frontline services** - to ensure all residents, particularly the least advantaged, can access reliable services and community facilities
 - **a council that listens to residents** - to ensure it delivers the services they want and works in partnership with local communities
3. As set out within this report and the Revenue Strategy report also on this agenda, the budget reflects significant investment in a number of critical areas, with a focus on frontline services such as highways, housing, drainage and street lighting, alongside making affordable investment in the developing the economy of York through major regeneration schemes. This report sets out £36.140m of new investment over the 5 year period, of which £6.764m is externally funded, and £10.112m met from the Housing Revenue Account, with £19.264 to be funded by the Council Key priority areas of investment include:

- Highways - Increased investment of £10.179m resulting in a total investment of £20.7m over the next 5 years
 - Housing - new investment of £10.112m with a total investment of £43.114m over the next 5 years
 - Street lighting - Increased investment of £2.890m
 - Heritage and Culture – Increased investment in York City Walls of £2.350m, and Provision for a replacement library in Haxby
 - Drainage – Increased investment of £800k
 - Museums – Increased investment of £1.5m
 - Disabled Facilities Grants – Increased investment of £1.478m
 - Schools – Increased investment of £554k
4. 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 the Guildhall, York Castle Gateway, and York Central Access Road and Station Gateway/ York Outer Ring Road as set out at paragraphs 82-87)

Recommendations

5. The Executive is requested to recommend that Council:
- Agree to the revised capital programme of **£215.036m** that reflects a net overall increase of **£36.140m** (as set out in paragraph 54 table 9 and in Annex B). Key elements of this include
 - Extension of prudential borrowing funded Rolling Programme schemes totalling £8.240m as set out in table 3 and summarised in table 9;
 - New schemes totalling £11.024m including an increase in prudential borrowing of £11.024m as set out in tables 4 & 5 and summarised in table 9;
 - Extension of externally funded Rolling Programme schemes totalling £6.764m as set out in table 5 and summarised in table 9;
 - An increase in HRA funded schemes totalling £10.112m funded from a combination HRA balances/Right to Buy receipts as set out in table 6 and summarised in table 9

- Approve the full restated programme as summarised in Annex A totalling **£215.036** cover financial years 2017/18 to 2021/22 as set out in table 10 and Annex A
- Approve the proposal to allow wards, if required to bring forward their share of the 2018/19 Highways Resurfacing allocation (£250k in total per annum) to allow the potential for higher impact schemes as set out at paragraph 31.

Reason: To set a balanced capital programme as required by the Local Government Act 2003

Background

6. The current 2016/17 –2020/21 capital programme was approved by Council on 25 February 2016. Since then a number of amendments have taken place as reported to the Executive up to and including the 2016/17 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 2016/17 – 2020/21 of £231.324m, financed by £134.499m of external funding and Council controlled resources of £96.825m. Table 1 illustrates the current approved capital programme profile from 2016/17 – 2020/21 as of capital monitor 3 2016/17.

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	52.428	110.160	26.496	20.710	21.530	231.324
Funded by:						
External Funding	24.565	65.177	15.640	13.554	15.563	134.499
Council Controlled Resources	27.863	44.983	10.856	7.156	5.967	96.825
Total Funding	52.428	110.160	26.496	20.710	21.530	231.324

Table 1 – Capital Programme Funding and Receipts Position

Funding Position of approved 2016/17 – 2020/21 programme

7. The capital programme places no reliance on general capital receipts to support its funding going forward, as the level of capital receipts required has now been achieved. There are however some specific earmarked receipts that are critical, in particular in relation to the older persons programme. Should further general capital receipts be realised, these could be utilised to reduce the borrowing costs assumed in the capital programme, and in turn generate revenue savings. This will be reported as part of the normal capital monitoring process.

Options

8. This report sets out the new capital investment proposals for the 5 year period covering 2017/18 to 2021/22. Members can consider the proposals to make additions and amendments to the existing capital programme contained within the report and choose to approve or reject them.. 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 (2017/18) per Local Government Act 2003 (revised).

Summary of Proposed Capital Investment

9. The Capital Budget Process invited proposals from the departments asking to submit requests for the Councils main capital priorities. Of the 34 proposals going forward 25 are asking for direct Council funding, this is comprised of 14 proposals for extensions to existing rolling programme schemes and 11 proposals for new schemes.
10. In total, proposals have been made that would increase the existing 17/18 – 21/22 Capital Programme by **£36.140m**. The proposals are comprised as follows:
 - General Fund schemes requiring financing by Council borrowing **£19.264m**
 - General Fund Schemes financed entirely by external funds **£6.764m** (**£6.764m** Government grant)
 - Housing Revenue Account schemes financed by HRA funds **£10.112m** (**£10.112m** HRA funds)

Key scheme proposals

11. The table below summarises the key proposals that result in a new increase of **£36.140m** 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	
Rolling Programme – Prudentially Borrowed	8.240	Table 3
New Schemes – Prudentially Borrowed	11.024	Table 4
Existing Schemes – Externally Funded	6,764	Table 6
Housing Revenue Account (HRA) Schemes – Funded by HRA balances	10.112	Table 7
Total Increase in Capital Programme	36.140	

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

12. Overall this report proposes new capital schemes totalling **£36.140m** 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 9.

Detailed Consideration of Proposed Investment, and Financial Implications

Rolling Programme Schemes – Prudential Borrowing

13. The 2016/17 – 2020/21 capital programme contained a number of rolling programme schemes that require funding on an ongoing basis. This report extends the rolling capital programme to 2021/22 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:

Scheme Type / Description	Total Value	Financial Year
	£000	
Contingency	250	17/18
Asbestos Removal	250	17/18 - 21/22
Asset Maintenance & Critical Repairs	300	17/18 - 21/22
Concrete Street Lighting Column replacement	2,890	17/18 – 21/22
Project Support Fund	600	17/18 – 21/22
City Fibre Network	100	19/20 – 20/21
Highways Drainage Works	200	21/22
Disability Support Budget	210	21/22
Major Equipment for Disabled Customers	125	21/22

Telecare Equipment	230	21/22
Disabled Facilities Grant	475	21/22
IT Development Plan	1,770	21/22
York City Walls – Repair & Renewal	90	21/22
Highways Resurfacing & Reconstruction	750	21/22
Total Rolling Programme Schemes	8,240	

Table 3 – Summary of Rolling Programme Proposals Requiring Prudential Borrowing Funding

14. All of the £8.240m of rolling programme schemes will require revenue growth to fund (to support the prudential borrowing), the revenue implications are contained in the Financial Strategy 17/18 – 21/22 report on this agenda.
15. An overview of each scheme being proposed is set out in the following paragraphs:
16. **Capital Contingency (£250k 17/18)** – The continuation of a prudent single year capital contingency to address any unexpected capital pressures in year. The current balance remaining in the capital contingency fund for 2016/17 as detailed in the Capital Monitor 3 report also on this Agenda is 323k.
17. **Asbestos Removal (£250k 17/18 – 21/22)** – To continue to fund the removal of any asbestos materials that are identified and deteriorating within CYC premises.
18. **Asset Maintenance & Critical Repairs (£300k 17/18 – 21/22)** – Increase of £20k per year 17/18 – 20/21 and extension of £220k in 21/22 to

increase the rolling programme budget to £220k each year going forward to fund the rolling programme scheme of works to retained buildings. The fund is intended to be directed to fund Maintenance and critical repairs on specific properties which have been identified as being retained for service delivery and/ or delivering Council objectives through the Asset Management Strategy and individual service reviews

19. **Concrete Street Lighting Column Replacement Programme (£2.890m 17/18-21/22)** - Additional funding to fund an ongoing concrete column replacement programme to accelerate the upgrading of age expired street City of York street lighting concrete column stock to tubular steel street lighting columns. Condition data from inspections during 2017/18 will be used to prioritise the replacement of those columns at greatest risk in 2017/18 followed by an ongoing programme of upgrade.
20. **Project Support Fund (£600k 17/18 – 21/22)** – Increase existing Rolling Programme budget by £100k 17/18 to 20/21 and extension of £200k in 21/22. This funding is to allow the continuation of the capacity to provide professional advice to support the Capital programme, and in particular major complex regeneration/building schemes. This includes York Central, Castle Gateway, and the Older Persons Accommodation Programme.
21. The increase will also be used to provide ongoing funding for corporate project management assurance to build on the good work to date to further strengthen assurance around project management and delivery. This has been lead by the Corporate project assurance lead and shaped in the last year through by Council Management Team, Executive and the Audit and Governance committee and there is now a solid foundation in terms of Corporate Programme assurance. To ensure that this is maintained and driven through, particularly with respect to Large and medium sized capital projects, additional resource is required to support the work of the Corporate Programme Assurance group and project teams in ensuing that the reporting process is robust and that as projects progress the necessary governance, risk management, planning and documentation is in place and gateways are observed
22. **City Fibre Network (£100k 19/20 – 20/21)** – To continue to support the city wide roll out of the Dark Fibre network. It was previously anticipated the scheme would take 3 years to install the required infrastructure, however a further provider has now commenced installation of their

infrastructure along the cities footway assets. The provider ensures the footpath assets are restored to their current condition, however where the assets are close to the end of their life the Council is requesting they are improved, This budget will fund the material cost of the upgraded assets while the provider will carry out the work.

23. **Highways Drainage Works (£200k 21/22)** – 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.
24. **Disability Support Budget (£210k 21/22)** – To continue to provide discretionary assistance for disabled customers who need financial help. The assistance (loans and grants) given helps disabled people and parents with disabled children to adapt their homes to continue living there and maintain their independence
25. **Major Equipment for Disabled Customers (£125k 21/22)** - Allows the continuation of the funding for specialist equipment to stock the loans store. The equipment will be purchased by Be Independent but CYC will retain ownership of the assets.
26. **Telecare Equipment (£230k 21/22)** – Allowing the continuation of the installation of sensors in vulnerable customers homes to deal with specific assessed risks. The equipment will be purchased by the new Be Independent but CYC will retain ownership of the assets
27. **Disabled Facilities Grant (£475k 21/22)** - To allow payment of mandatory disabled facilities grants (DFGs) in line with statutory requirements (The Housing Grants, Regeneration and Construction Act 1996). The funding enables older and disabled persons to remain safely in their home and maximises their independence
28. **IT Development Plan (£1.770m 21/22)** – The continuation of the rolling programme IT development plan for an additional year. The funding will support a strong and coordinated approach to the change programme and the fundamental review and redesign of processes and systems to ensure that its services meet the needs of its customers

29. **York City Walls Rolling Repair Programme £90k 21/22)** - Ensuring that continuing essential repairs and restoration are undertaken on York City Walls.
30. **Highways R&R (£750k 21/22)** – The continuation of the programme for the resurfacing and reconstruction of the City's roads and footways established to maintain the asset in the best condition possible with the anticipated level of capital available.
31. Within the Highways Resurfacing & Reconstruction allocation there is £250k per annum for ward committee schemes. It is proposed that in order to allow the potential for higher impact schemes, that the wards will be allowed, if required, to bring forward their share of the 2018/19 allocation to allow for this to happen. If and when this occurs it would be reported to Members through the normal capital monitoring process.

New Schemes – Prudential Borrowing

32. 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 4** below.

Scheme Type / Description	Total Value	Financial Year
	£000	
Silver Street and Coppergate Toilets	70	17/18
York City Walls Restoration Programme	1,600	17/18 – 21/22
Targeted Investment for Highways Improvement	500	17/18-21-22
Drainage Investigation and Renewal	600	17/18-19/20
Highway, Footway & Cycleway Improvement Acceleration	5,000	17/18-21/22

Capital Maintenance Work to Schools – Ventilation & Electrical	554	17/18
Haxby Library Re provision	500	17/18
Litter Bin Replacement Programme	525	17/18-19/20
Registrars	115	17/18
Osbalwick Beck Maintenance	60	17/18
Castle Museum Development Project	700	17/18- 19/20
York Museums Trust Visitor Facilities and Product Development	800	17/18
New Proposals Requiring Prudential Borrowing	11.024	

Table 4 – Summary of New Proposals Requiring Prudential Borrowing Funding

33. An overview of each new scheme being proposed is set out in the following paragraphs:
34. **Silver Street & Coppergate Toilets (£70k in 17/18)** – This proposal would fund improvements to the Toilets at both the Silver Street and Coppergate sites.
- The Silver street site was last refurbished in 2012. This proposal would fund new low maintenance units with a larger flush capacity to replace the existing units which are at the end of their life and have had previous issues caused by their limited flush capacity. The proposal would also fund new urinals and redecoration.

- The Coppergate Toilets site requires remodelling due to the existing layout and low prospects of surveillance attracting antisocial behaviour. The scheme would fund remodelling to reduce these problems and improve the reliability for legitimate users.

35. **York City Walls Restoration Programme (£1.6m total, 300k each year 17/18, 19/20, 20/21 & 21/22, £400k 18/19)** – This funding which is in addition to the budget for repairs already contained within the rolling programme in order to address structural defects . The monitoring programme has identified 10 locations where repair and restoration works are required including:

- Mickelgate Bar Roof
- Monk Bar steps
- Tower 32 structural repairs
- Tower 2 Structural repairs design
- Bootham Bar to Robin hoods Tower,
- St Marys Abbey Walls:
- Road Arch Station Rise:
- Mint Yard:
- Greys Court Pier:

36. **Targeted Investment for Highways Improvement (£500k in 17/18 – 21/22)** – This funding which is in addition to the existing rolling programme budget is required to enable further works to be completed and slow the deterioration of the Cities highway network particularly in the city centre where it has been identified that infrastructure has deteriorated significantly since the last major investment. The additional funding will be utilised to maintain street appearance, targeting areas where asset renewal is required in a planned and proactive way. A further report will be taken to the Executive Member setting out further details in relation to this scheme.

37. **Drainage Investigation & Renewal (£600k in 17/18 – 19/20)** – This funding which is in addition to Highways drainage works already in the rolling programme is required as it has been identified that more than 50% of the gully and receiving pipework network in the City is heavily blocked or damaged meaning these gullys cannot be made operational even with extensive cleaning. Significant engineering works is therefore

required to restore the network to ensure it is draining effectively. A detailed report was presented to the Executive Member in September 2016 outlining details of works required.

38. **Highway, Footway & Cycleway Improvement Acceleration (£5m total, £1m each year 17/18 – 21/22)** – This funding which is in addition to the existing rolling programme budget is required in order to address emerging highway asset defects and fund proactive works to slow deterioration of the cities highway network. The works will be based on the outcome of the new GAIST surveys. An overview of the GAIST data has been produced and identifies potential schemes based on traffic flow, pedestrian flow, schools proximity, population and work densities, defect categorisation, subsidence and impact of defective condition grading over a percentage of the street/ area. This can be used to prioritise scheme delivery to have the greatest impact on the highway network
39. As part of the total funding the service will ensure targeting of footways that also serve as part of the cycle network, in addition to carriageways and footways improvements identified by the GAIST surveys.
40. This additional funding, in addition to existing funds will result in total highways investment over the next 5 years of £20.7 million (including £11.4m of external grant funding).
41. **Capital Maintenance Works to schools – Ventilation & Electrical (£554k in 17/18)** – This proposal is to fund a scheme to:
 - Increase the levels of ventilation to reduce CO2 in seven school kitchens. Temporary measures are currently in place and need to be replaced by permanent solutions.
 - Carry out electrical work in eight schools, comprising of supply upgrades and improvements to fire alarms and emergency lighting. This work continues the good progress made from the utilisation of the previous two year scheme funded by LA capital resources in 2015/16 and 2016/17, approved as part of the capital budget in February 2015.
42. Additional resources are required to fund these works as the existing capital maintenance grant which has fallen significantly in the last 6 years from £2.7m to £1.7m is no longer sufficient to deal with the issues the Council is experiencing in the school estate. Existing Maintenance

funding is being prioritised toward larger schemes to deal with major building fabric issues such as roof replacements and boiler repairs. The Council

43. **Haxby Library Reprovision (£500k in 17/18)** – The permanent library building and service had to close in July 2016 due to structural failure of the current premises. A temporary short term solution has been to fund a mobile library to continue to meet the needs of residents while a permanent solution is sought.
44. A number of different options are being developed, however all options would require capital funding of £500k from the Council to implement. A further report will be brought to Executive setting out the preferred option.
45. **Litter Bin Replacement Programme (£525k in total, £175k each year 17/18 – 19/20)** – The Council currently has approximately 1500 litter and dog waste bins across the city, many of which are more than 10 years old and are starting to attract negative comments due to the poor appearance and poor functionality. Poor appearance in itself discourages people from using the bins, therefore leading to increased litter levels
46. The lifespan of a bin under normal use is approximately five years so the Councils bins are overdue replacement. This proposal is to improve the appearance and functionality of the cities 1,500 litter bins over a 3 year period. This scheme does not propose any new bins.
47. **Registrars (£115k in 17/18)** – This proposal is to fund a scheme to refurbish the existing reception and waiting area within the existing Registrars Building which has a number of problems including the need for separate waiting areas for wedding parties and people registering births and deaths, poor CCTV and Access control systems on doors and general refurbishment needed.
48. A number of solutions have been proposed to respond to these problems including an additional waiting area, upgrades to CCTV, the Door Access system and refurbishment of a number of rooms.
49. This scheme would also allow the potential for further income generation in the future.

50. **Osballdwick Beck Maintenance (£60k in 17/18)** – The condition of Osballdwick Beck through Hull Road Park has caused a number of complaints over recent years due to stagnant water and mud/ silt being an eyesore in the park detracting from the users quality of experience. The Beck Infrastructure is now overdue maintenance and in order to carry out this work an extensive programme of silt removal is required. This proposal will fund works to deliver a range of measures including improving hydrology and removing the potential for sedimentation. This will contribute positively to the requirements of the Water Framework Directive. A further report will be taken to the Executive Member setting out further details in relation to this scheme.

51. **Castle Museum Development Project (£700k in total, £300k in 17/18 and £200k 18/19, 19/20)** – Within this total proposal £600k relates to the provision of a Capital Grant to York Museum Trust (YMT) over 3 years to develop a major capital refurbishment scheme. It is currently estimated that the scheme will be approx £18m in total. If the scheme progresses, the Council may be required to contribute a relatively small proportion of the total cost of the scheme. This would be considered further by Members at a later date. The initial development phase will be to take the scheme to funding application stage. The scheme will provide for major improvement of the Castle Museum including visitor facilities and full disabled access. The scheme is an important element in YMT achieving greater financial independence from the Council through increased income generation allowing reduced revenue contribution from the Council.

52. In addition a further sum of £100k is required in 17/18 to enable CYC to work with a cultural partnership of organisations who have landholdings surrounding the eye of York as part of the Southern Gateway project, including YMT. The funding would enable the development of early concept designs for the connecting public spaces. This work will sit alongside and shape future proposals for commercial development in the area to ensure an integrated design of both open spaces and built environment.

53. A further report will be taken to the Executive Member setting out further details in relation to this scheme

54. **York Museums Trust Visitor Facilities (£800k in 17/18)** – This proposal is to provide a Capital grant to support York Museums Trust (YMT) in developing its visitor facilities and products across its sites from 2017/18 onwards in order to further develop its income streams and reduce its future reliance on Council revenue support. Expenditure will continue to be monitored by the Council to seek assurance funds spent on capital purposes.

Additional Schemes - Externally Funded + HRA Funded

55. In addition to those schemes set out in tables 2 and 3, 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:

Scheme Type / Description	External Funding Value	Financial Year
	£000	
<u>Existing General Fund Schemes</u> <u>New External Funding</u>		
Highways Resurfacing & Reconstruction	2,567	21/22
Local Transport Plan - Integrated Transport	1,570	21/22
Disabled Facilities Grant	1,265	21/22
National Productivity Improvement Fund	626	21/22
Potholes	736	17/18 – 20/21
<u>Total Existing General Fund Schemes</u> <u>New External Funding</u>	6,764	

Table 5 – Summary of New External Funding

56. An overview of the new schemes being proposed is set out in the following paragraphs:
57. **Highways Resurfacing & Reconstruction (£2.567m)** – indicative funding settlement 2017/18 to 21/22
58. **Local Transport Plan – Integrated Transport (£1.570m)** –indicative funding in 21/22
59. **Disabled Facilities Grant (£1.265m)** - indicative funding settlement.
60. **National Productivity Improvement Fund (£626k)** – indicative funding for 21/22. This DfT funding is for local highway and other local transport improvements which aim to reduce congestion at key locations or upgrade or improve the maintenance of local highway assets to improve access to employment and housing, to develop economic and job creation opportunities. Details of proposals for this funding will be brought to the Executive Member at a future meeting.
61. **Potholes (Total of £736k made up of £184k each year 17/18 – 20/21)** – indicative funding from 17/18 to 21/22 to specifically prevent or repair potholes.
62. The latest **Housing Revenue Account (HRA) Business plan 2015 to 2045** report contains 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. Table 7 updates the capital investment strategy and shows the overall movement (growth) against the existing approved expenditure plans.

Scheme Type / Description	Total Scheme Value	HRA/ Reserve Funding Value	Financial Year
	£000	£000	
<u>New Investment for the HRA</u>			
Major Repairs Allowance Schemes	8.979	8.979	17/18 – 21/22
Modernisation of Local Authority Homes	1,596	1,596	17/18 – 21/22
Assistance to Older and Disabled People	400	400	17/18 – 21/22
Water Mains Upgrades	(1,143)	(1,143)	17/18 – 21/22
IT Infrastructure	(570)	(570)	17/18 – 20/21
Housing Environmental Improvement Programme	850	850	17/18 – 21/22
<u>New Investment for the HRA Total</u>	10,112	10,112	

Table 6 – Summary of HRA investment

63. The key investment areas are shown in table 6 and shows new investment of over £10.112m that will see key schemes delivered including:
64. **Major Repairs Allowance (£8.979m in total 17/18 – 21/22)** - 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 17/18 is provided below

65.

	2017/18 budget £'000	Description of works 17/18
Tenants Choice (incl voids)	3,204	Replacement kitchen, bathroom and rewire to 280 properties per year
Heating/Boilers	1,406	Replacement boiler and central heating system to 650 properties per year
Roof Replacements	505	Replacement roofs and removal of asbestos-containing fascias / soffits to c 100 properties
External Doors	309	Replacement of c375 external doors with high performance door sets – the programme will shadow those areas that are included in the painting programme
Other	266	One- off kitchen or bathroom refurbishments, various programmes of repair to the external structure of dwellings and communal areas

Table 7 – Breakdown of MRA scheme types

66. **Modernisation of Local Authority Homes (£1.596m in total 17/18 – 21/22)** – This will see investment in a number of different projects, including:

- Structural damp remediation works to c100 properties in 17/18, with a further couple of hundred properties requiring treatment over the life of the 5 year proposal; Soundproofing to eliminate sound nuisance between flats; Renewal of door access systems and communal corridor lighting to flatted blocks; Various external works to improve such as parking, boundary walls and fences and upgrading drying areas; Health and safety works such as remedial works arising from Fire Risk Assessments and Asbestos surveys
- This budget also includes funding for the major project that concerns 5 blocks of 8 flats on the Bell Farm estate. These properties require major works to the existing defective pre-

fabricated bathrooms that were added on in the 1970's. Current options include a demolish/rebuild of the bathroom, or conversion of 2 flats into one enlarged house

- 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

67. **Assistance to Older and Disabled People (£400k 17/18 – 21/22)** – 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.
68. **Water Mains Upgrade (Reduction of - £1.13m in total 17/18 -21/22)** - Work is currently on going to ascertain the likely costs associated with this complex project. Analysis shows that c75% of the properties affected by this project are owner occupiers who have bought under the RTB scheme, with responsibility for maintenance of the pipes remaining with the Council and owners being obliged to pay for any repairs. The budget figures included represent the Council's liability, as the assumption is that the vast majority of costs will be funded from owner occupiers financial contribution to the works however estimates will require further revision
69. **IT Infrastructure (Reduction of - £570k in 17/18 – 20/21)** – The ICT infrastructure improvements programmed total £1.722m over the period 2017/18 to 2021/22. A major review of the current systems has been undertaken and it is recommended that the current Housing systems are replaced by an integrated housing service that incorporates housing management asset management and repairs. The reduced overall capital budget proposed reflects the initial results of the review
70. The majority of the funding will be allocated towards the acquisition of an integrated housing system would enable the Council to achieve significant opportunities to improve performance and customer satisfaction whilst reducing costs. These include: delivering corporate and strategic objectives, transforming customer service, eliminating waste and duplication, increasing income and cash flow, better informed decision making and planning for the future, using scarce resources wisely and making sound investment choices, targeting people in most need,

partnership working and supporting future initiatives. With careful resource planning and project management implementation costs and churn could be kept to a minimum allowing the benefits to be realised as early as 2018

71. **Housing Environmental Improvement Programme (850k in total, £170k each year 17/18 – 21/22)** – This scheme replaces an existing HRA revenue scheme and will take a more strategic approach to improvements. This new scheme will take a longer term view of works to improve areas for residents and has the potential to link in with other wider schemes to deliver for all residents to make a bigger impact and realise economies of scale. Improvements may include new parking areas, new security fencing or new storage areas in blocks of flats. Residents Associations can link into the ward decision making processes on behalf of residents so that the voice of Council tenants is heard when allocating funding to individual schemes
72. None of the schemes detailed in table 7 have an impact on prudential borrowing.

Funding Position – Council Prudential Borrowing

73. The budget proposals in terms of CYC prudential borrowing adds to existing rolling programme schemes totalling £8.240m (of which £8.240m impacts Council Tax) and adds new schemes totalling £10.224m (of which the £10.224, impact on Council Tax). This results in a total increase in the level of debt (the underlying need to borrow for capital investment purposes only) of £18.464 over the 5 year programme. Table 8 shows the financial impact on a year by year basis and over the 5 year period.

	17/18 £m	18/19 £m	19/20 £m	20/21 £m	21/22 £m	Total £m
Rolling Programme	0.998	0.748	0.798	0.798	4.898	8.240
New Schemes	4.174	2.075	1.975	1.400	1.400	11.024
Net Increase in PB	5.172	2.823	2.773	2.198	6.298	19.264

Table 8 – Net Funding Position of Prudential Borrowing Schemes

74. The revenue costs of the new schemes funded by prudential borrowing is estimated at £1.348m over the 5 year budget period, assuming borrowing of £19.264m. Actual borrowing is likely to not be taken during 2017/18 and therefore costs are unlikely to affect the revenue budget until at the earliest 18/19 therefore no Treasury Management growth is required for 17/18.

Summary of Analysis

75. 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 £36.140m.**

	17/18 £m	18/19 £m	19/20 £m	20/21 £m	21/22 £m	Total £m
1) Rolling Programme Schemes Funded by CYC Pru Brrow (table 3)	0.998	0.748	0.798	0.798	4.898	8.240
2) Existing Schemes Funded Externally by External Grant (table 5)	1.233	653	5777	(99)	4.400	6.764
3) New CYC Schemes Funded by CYC Pru Brrow (table 4)	4.174	2.075	1.975	1.400	1.400	11.024
6) HRA Schemes (table 7) Funded by HRA	0.714	0.336	0.504	0.224	8.334	10.112
Total Net Increase to Capital Programme	7.119	3.812	3.854	2.323	19.032	36.140

Table 9 – Summary of Expenditure and Funding Movements 17/18 – 21/22

76. 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.

Gross Capital Programme	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
Children, Education & Communities	26.421	6.187	4.037	5.081	0	41.726
Health, Housing & Adult Social Care – Adult Social Care	4.885	3.781	0.565	0.565	0.565	10.361
Health, Housing & Adult Social Care – Housing & Community Safety	20.921	10.086	10.108	9.689	9.812	60.616
Economy & Place – Transport, Highways and Environment	17.417	7.590	7.414	6.963	6.415	45.799
Economy & Place – Regeneration & Asset Management	7.077	0.220	0.220	0.220	0.220	7.957
Community Stadium	35.898	0	0	0	0	35.898
Corporate Schemes	2.169	0.419	0.250	0.250	0.250	3.338
IT development plan	2.491	2.025	1.970	1.085	1.770	9.341
Total Capital Programme	117.279	30.308	24.564	23.853	19.032	215.036

Table 10 – Proposed Capital Programme 2017 – 2022

Other Capital Issues

77. There are a range of other major schemes within the Capital programme 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 2017
78. **Built Environment Fund** - There remains a balance of £2.022m on the fund for 2017/18 and it is currently proposed this funding will be used in the following areas:
- **Fossgate Improvements (£500k)** - a scheme to improve the pedestrian environment in Fossgate. There may be possible amendments to the traffic restrictions for the area which have the potential to reduce traffic levels allowing enhancements to be made to the street layout/construction – subject to consultation.
 - **Upgraded Belisha Beacons (£65k)** - to improve safety at Zebra Crossings
 - **White Lining (£70k)** - to renew and replace white line road markings across the strategic entrance roads into the city to improve the safety of road users and to provide a refreshed and updated road network for the benefit of residents, businesses and visitors to the city
 - **Public Realm Improvement Works (1.387m)** - It is proposed that the balance is taken forward as investment to review public realm in the city centre and secondary shopping areas at Haxby and Acomb and complete identified improvement works. A further report will be commissioned for the Executive Member (Economic Development) on the economic renewal of the Public Realm.
79. A further report will be brought to Executive in March/ April for formal approval, setting out further details of proposed allocations.
80. **Older Persons Accommodation Programme** - The Council's Executive on 30th July 2015 approved the Business Case for the Older Persons' Accommodation Programme (the Programme) to:
- fund 24/7 care at Auden House, Glen Lodge & Marjorie Waite Court Extra Care schemes;
 - build a 27 home extension to the Glen Lodge Extra Care scheme;

- build a new Extra Care scheme at Oakhaven in Acomb;
- procure a new residential care facility as part of the wider Health & Wellbeing Campus at Burnholme; and
- encourage the development of additional residential care capacity in York including block-purchase of beds to meet the Council's needs.

81. Executive on 14th July 2016 agreed additions to the programme:

- the development of a care home on the Lowfield School site as part of a wider redevelopment of the site; and
- examination of options for the future of Haxby Hall older persons' home as an alternative to closure

82. A number of further decisions have been approved by Executive at recent meetings in November and December 2016. These are reflected in the Capital Monitor 3 Report also on this agenda and include:

- Investment of £ 4.73m in the new community & library facility at Burnholme and a further £200k on essential and urgent works to the sports facilities.
- Funding for the necessary enabling investment of £993k for Lowfield Green
- Closure of Willow House older persons home and agreement to sell the site

83. Further reports will be brought back to Executive in 2017 to provide an update on this programme.

84. **Community Stadium** – In December 2016 Executive received an update report on progress made and the latest position of the project. A further report will be brought to the Executive in March 2017 in relation to the Yearsley Swimming Pool review. Within this report a brief update on the wider Stadium project will also be given, providing appropriate updates on the progress made following the favourable planning Judicial Review Claim verdict received on the 18th January 2017 and outline future timescales for delivery of the New Stadium Leisure Complex.

Other Major Projects under consideration

85. In addition to the schemes set out in this report, and existing capital projects, there are a number of other projects which will come forward as individual reports, and which contribute significantly to developing the Economic prosperity of the City. These include:-
86. **York Castle Gateway** - At the Executive meeting on 26th January 2017 Members were presented with a report setting out the vision for the regeneration of the York Castle Gateway area, including a potential commercial partnership to deliver the redevelopment of Council land and property assets surrounding development sites and the strategy and resources required to deliver this. Further reports will be brought back to Executive as this project progresses.
87. **Guildhall** - At the Executive meeting on 14th July 2016 Members received a report presenting the latest designs and business case for the development of the Guildhall complex, highlighting the potential for a world class venue for business, alongside retained Council use in one of York's most historic buildings. Executive Members agreed to proceed with the detailed design and planning / listed building consent applications for the scheme, to create a business club / serviced office venue, with supporting commercial development on the riverside. Further reports will be brought back to Executive as this project progresses
88. **York Central Access Road and Station Gateway/ York Outer Ring Road** – In November 2016 the Executive formally decided to join the West Yorkshire Transport Fund to enable Capital Funds to be released to undertake delivery of York's two primary strategic major Transport Projects namely roundabout improvements on York Outer Ring Road and York Central Access Road and Station Gateway. The report identified the risks of joining the fund but also set out a number of mitigations that have been proposed. It also sets out the need to set funds aside to fund the levy that will support the cost of the investment
89. The Council agreed on 15 December 2016 to formally agree to join the West Yorkshire Transport Fund.
90. The York Central Partnership are currently engaged in developing a master plan for the site with a view to launching further consultation later this year. Work to assemble land and clear operational use is ongoing

and the Enterprise Zone is due to be established in April 17. A transport project manager has been appointed and detailed work on the access scheme (funded from WYTF+ moneys) will commence when the master planning is concluded and the consultation exercise has taken place.

91. Further reports will be brought back to Executive in 2017 to provide further updates on this programme.

Future Considerations

92. In addition, some longer term issues that Members should note include ;-
93. **Castle Museum Development Project** – If the scheme progresses, the Council may be required to contribute a relatively small proportion of the total cost of the scheme. This would be considered further by Members at a later date.
94. **Flood Risk – York Five Year Plan** – Whilst no financial contribution to the Environment Agency will be required in 2017/18, there may be potential proposals in subsequent years in relation to the construction phrase 2018/19 – 2020/21. Further reports will be brought back to Members through the Capital Monitoring process when further details are received, and the Capital Programme will be updated accordingly.

Council Plan

95. 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

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

Human Resources Implications

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

Equalities Implications

98. A Communities Impact Assessment (CIA) 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 CIA 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

99. 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.

Crime and Disorder

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

Information Technology

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

Property

102. 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

103. 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.

104. Additional risk exists in relation to new 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. New schemes within this report with this risk include
 - Castle Museum Development Project

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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

Wards Affected:

All

For further information please contact the author of the report

Annexes

Annex A – Capital Programme 2017/18 – 2021/22

Annex B – Growth Summary 2017/18 – 2021/22