

<b>Meeting:</b>	Executive
<b>Meeting date:</b>	14/09/2023
<b>Report of:</b>	Chief Finance Officer – Debbie Mitchell
<b>Portfolio of:</b>	Cllr Katie Lomas – Executive Member for Finance, Performance, Major Projects, Human Rights, Equalities and Inclusion

## **Decision Report: Capital Programme – Monitor 1 2023/24**

### **Subject of Report**

1. The purpose of this report is to set out the projected outturn position for 2023/24 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
2. A decrease of £135.903m is detailed in this monitor resulting in a revised capital programme for 2023/24 of £148.745m. There is a decrease of £10.404m and a re-profiling of budgets to future years totalling £125.499m. This is mainly due to a thorough review of the timings of the capital programme to reflect latest timescales. Key schemes that have been re-profiled within this figure are York Central Infrastructure (£35m), York Outer Ring Road Dualling (£23m), LA Homes – New Build & Burnholme (£27m). Details of these schemes can be found in the body of the report below.
3. Table 1 outlines the variances reported against each portfolio area and a summary of the key exceptions and implications on the capital programme are highlighted in the paragraphs that follow.

<b>Department</b>	<b>Current Approved Budget £m</b>	<b>Projected Outturn £m</b>	<b>Adjustment £m</b>	<b>Reprofile £m</b>	<b>Total Variance £m</b>	<b>Paragraph Ref</b>
Children's services	24.154	16.900	<b>(0.254)</b>	<b>(7.000)</b>	<b>(7.254)</b>	15 - 19
Adult Social Care	1.099	1.236	<b>0.137</b>	-	<b>0.137</b>	-
Housing Services	72.758	41.697	<b>(0.045)</b>	<b>(31.016)</b>	<b>(31.061)</b>	20 - 29
Transport, Highways & Environment	125.601	64.548	<b>(10.497)</b>	<b>(50.566)</b>	<b>(61.053)</b>	30 - 46
Regen, Economy & Property Services	47.909	12.909	-	<b>(35.000)</b>	<b>(35.000)</b>	47
Community Stadium	0.271	0.271	-	-	-	-
ICT	3.722	3.722	-	-	-	48
Customer & Corporate Services	2.290	2.063		<b>(0.277)</b>	<b>(0.277)</b>	-
Communities & Culture	5.383	4.338	<b>(0.255)</b>	<b>(1.300)</b>	<b>(1.045)</b>	49 - 54
Climate Change	1.461	1.061	-	<b>(0.400)</b>	<b>(0.400)</b>	55 - 56
<b>Total</b>	<b>284.648</b>	<b>148.745</b>	<b>(10.404)</b>	<b>(125.499)</b>	<b>(135.903)</b>	

**Table 1 Capital Programme Forecast Outturn 2023/24**

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

<b>Gross Capital Programme</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's services	16.900	6.020	5.400	0.920	-	<b>29.240</b>
Adult Social Care	1.236	0.682	0.705	0.728	0.752	<b>4.103</b>
Housing Services	41.697	54.249	35.181	45.044	14.638	<b>190.809</b>
Transport, Highways & Environment	64.548	69.337	41.296	27.564	17.698	<b>220.443</b>
Regen, Economy & Property Services	12.909	36.250	0.275	0.275	0.275	<b>49.984</b>
Community Stadium	0.271	-	-	-	-	<b>0.271</b>
ICT	3.722	2.820	3.170	2.820	2.820	<b>15.352</b>
Customer & Corporate Services	2.063	0.427	0.200	0.200	0.200	<b>3.090</b>
Communities & Culture	4.338	2.026	-	-	-	<b>6.364</b>
Climate Change	1.061	0.650	0.250	-	-	<b>1.961</b>
<b>Revised Programme</b>	<b>148.745</b>	<b>172.461</b>	<b>86.477</b>	<b>77.551</b>	<b>36.383</b>	<b>521.617</b>

**Table 2 Revised 5 Year Capital Programme**  
**Funding the 2023/24 – 2027/28 Capital Programme**

5. The revised 2023/24 capital programme of £521.617 m is funded from £184.044m of external funding and £337.533m of internal funding. Table 3 shows the projected call on resources going forward.

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>148.745</b>	<b>172.461</b>	<b>86.477</b>	<b>77.551</b>	<b>36.383</b>	<b>521.617</b>
Funded by:						
External Funding	67.058	53.854	41.394	15.243	6.495	<b>184.044</b>
Council Controlled Resources	81.687	118.607	45.083	62.308	29.888	<b>337.533</b>
<b>Total Funding</b>	<b>148.745</b>	<b>172.461</b>	<b>86.477</b>	<b>77.551</b>	<b>36.383</b>	<b>521.617</b>

**Table 3 – 2023/24 –2027/28 Capital Programme Financing**

6. The Council controlled figure is comprised of a number of resources that the Council has ultimate control over. These include Right to Buy receipts, revenue contributions, supported (government awarded) borrowing, prudential (Council funded) borrowing, reserves (including Venture Fund) and capital receipts
7. In financing the overall capital programme the Chief Finance Officer will use the optimum mix of funding sources available to achieve the best financial position for the Council. Therefore an option for any new capital receipts would be to use these to replace assumed borrowing, thereby reducing the Councils' borrowing levels and associated revenue costs.

## **Financial Strategy Implications**

8. The Finance and Performance Monitor report elsewhere on this agenda outlines the council's serious financial position with a forecast overspend for 2023/24 of £11.4m. This is a significant overspend that is of serious concern and it is very clear that the council cannot afford to keep spending at this level. The general reserve is £6.9m and, whilst we have other earmarked reserves that we could call on if required, continued spending at this level would quickly see the council exhaust its reserves.
9. Given the scale of the forecast overspend, immediate action is needed to bring spending down to an affordable level, both within the

current financial year and over the next 4 years, to safeguard the council's financial resilience and stability.

10. One of the proposed actions is to review the current capital programme to identify any schemes that can be delayed so that we can also defer borrowing costs to generate a revenue saving in year. This review will also consider whether schemes not yet started should progress and will include a review of ICT expenditure to identify any work that can be reduced or delayed.
11. Subject to the approval of the report by Executive, work will commence on this review and any implications reported back to a future meeting

## **Recommendation and Reasons**

12. Executive is asked to:
  - Recommend to Full Council the adjustments resulting in a decrease in the 2023/24 budget of £135.903m as detailed in the report and contained in Annex A.
  - Note the 2023/24 revised budget of £148.745m as set out in paragraph 6 and Table 1
  - *Note the restated capital programme for 2023/24 – 2027/28 as set Reason: to enable the effective management and monitoring of the Council's capital programme*

## **Background**

13. The 2023/24 capital programme was approved by Council on 23 February 2023 and updated for amendments reported to Executive in the 2022/23 outturn report, which resulted in an approved capital budget of £284.648m.

## **Consultation Analysis**

14. The capital programme was developed under the capital budget process and agreed by Council on 23 February 2023. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes

## **Options Analysis and Evidential Basis**

### **Children and Education Services**

15. The total approved budget within the Children's Services and Education Capital Programme for 2023/24 is £24.154m.
16. At this point in the financial year the only significant updates are regarding the main Basic Need scheme holding the unallocated Basic Need funding provided to the Local Authority by the Department for Education.
17. Firstly an additional amount of £255k is to be transferred to the Communities and Culture Capital programme to fund the provision of a Home Tuition space as part of the Clifton Library scheme.
18. The remaining unallocated Basic Need scheme budget is currently shown in the 2023/24 financial year. At present, although there may be a need to spend some of this funding during 2023/24, a large proportion of this will not be required until later years. At this stage it is proposed to reprofile £7m into 2024/25 and 2025/26, leaving £3.765m in 2023/24
19. The projects within the maintenance programmes are mainly scheduled to be carried out over the summer holiday period and a fuller progress report will be available at Monitor 2

## Housing Services

### Major Repairs

20. The latest valuation of the council house stock increased by 17% in 2022/23. This led to a larger than estimated depreciation charge into the HRA in that year and also a larger than budgeted charge in 2023/24. This depreciation charge (which places a pressure in the revenue operation of the HRA) provides funds that should be spent on capital repairs of the housing stock. The additional resources that it has released is £1.8m and this has been added into the budget following the budget amendment agreed by Full Council on 20<sup>th</sup> July 2023.
21. The additional £1.8m of capital will be utilised to tackle four key priorities. These are: reducing the number of properties with structural damp issues, improving the accessibility of our homes for residents with mobility issues, significantly reducing the number of void council homes, and improving the health and security of our homes.
22. £0.8m has been allocated to tackling damp. This will be used to both repair properties with known structural damp issues as well as commencing a full stock condition survey to support the proactive identification of homes with damp and support a planned investment programme. £0.3m has been allocated to clear the backlog of residents requiring home adaptations, to additionally and proactively increase the accessibility of 10 homes, and to build an evidence base and business plan around increasing the level of accessibility within our housing stock. £0.5m has been allocated to reduce the number of voids and the amount of time it takes to bring empty homes back into use. £0.2m has been allocated to improving the health and security of our homes to ensure all council homes are classified as 'decent'.
23. Much of quarter one activity has been finalising procurement activity and mobilisation for the new contractors. The major of the contracts will be signed and sealed in Q2 and the contractors set up on all systems to allow the works to commence on the majority of workstreams with little spend currently. The programme will be heavily weighted towards the last 6 months of the year. Good progress has been on External doors and Heating Replacements and works have continued on Voids under the previous contract. Quarter 2 sees

priorities focussed on Damp and Voids, the former subject to additional funding from the executive. If there is to be a risk to spend on a workstream and/or programme, this will be realised once Q2 has been analysed.

### Housing Delivery

24. The Housing Delivery Programme continues to progress well through the first quarter of the financial year. Lowfield Green is soon to be fully complete with a further 13 homes handed over in the period, bringing the total to 130 homes across the site with the final 10 homes due to complete by mid-August. In addition to the new village green that was completed in October 2021, a second green space has been completed. The 'pocket park' combines tree planting, soft landscaping and bench seating to create a welcoming space for new residents.
25. Progress at the Duncombe Barracks and Burnholme sites is ongoing with all substructure works complete and timber frame erection ongoing. Whilst significant progress has been made in the period, work is behind programme as a result of challenges faced by the contractor in achieving high quality standards demanded by the project and sourcing adequate labour.
26. Works to utilise OPE Brownfield grant on Ordnance Lane is ongoing, with tender returns for enabling works received in late July. These are currently being evaluated with work due to start late in Autumn 2023.
27. There are currently two grant funded Second Hand Shared Ownership (SHSO) schemes being actively delivered by the Housing Delivery team; 25 SHSO with retrofit funded by Devolution funding and an additional 15 SHSO funded by Homes England. To date 25 homes are either progressing through the conveyancing process or complete and occupied by customers and it is anticipated that all the homes within these two schemes will complete within this financial year.
28. Works to refurbish the original side of Glen Lodge are progressing well and the tender has been issued to procure a contractor for the works. Start on site is anticipated for early 2024.



29. Following the successful bid for Social Housing Decarbonisation Fund, the rebuild and retrofit of the Bell Farm pods has made good progress. RIBA 3 design is complete and work is ongoing to procure a main contractor. Work is due to commence winter 2023/24. These works improve the layouts and increase insulation and energy efficiency ensuring the homes are comfortable and affordable for future residents

### **Transport, Highways & Environment**

30. There has been a thorough review of the phasing of the capital programme across Transport, Highways and Environment to reflect later timescales.

### **Major Schemes**

31. For the York Outer Ring Road the current focus of the project team is to get the planning application for the scheme proposals through the determination period and then to a planning committee. There have been some challenges and clarifications involving statutory consultees and this has led to a series of delays. The expectation is that the application will be considered at an autumn planning committee. If this is achieved the project team will then be seeking to get approval to make a compulsory purchase order (CPO) in order to lodge an application with the Secretary of State for Transport. Preparation of the CPO documents is well under way.
32. In parallel, work is ongoing to acquire land, develop the business case and complete the detailed design for the scheme. The construction stage is expected to start in late 2024. As a result of this the expenditure projection has reduced to £3.5m in the year from £26.5m.
33. For the Station Gateway Scheme the latest programme indicates expenditure of £9.2m in 2023/24 resulting in slippage of £7m. The utility diversion and highways works have started on site, with completion currently programmed for autumn 2025.
34. The Haxby Station scheme is now anticipated to be delivered directly by Network Rail should the scheme be awarded grant funding. The notional grant of £13.1m has been removed from the programme.

Should the scheme receive grant funding, planning for the scheme will be submitted in the coming months. The majority of the council contribution (£3.4m) has also been slipped 2024/25 leaving a contribution of £4m for that year.

35. The Castle Gateway Transport Improvements scheme aims to improve transport infrastructure in the area of the Castle Gateway development, and the timescales for any proposed schemes are dependent on the wider development proposals. This work is not expected to be delivered in 2023/24 therefore the majority of the funding will be carried forward to 2024/25

### Transport

36. The Integrated Transport budget has incorporated a £1.1m grant from Active Travel England to deliver a cycle route alongside the riverside path from the Leeman Road area to Scarborough Bridge
37. The Hostile Vehicle Measures installations are currently progressing with the High Petergate and Lendal sites now completed and the Spurriergate works on site.
38. The STEP programme (funded by DfT) is broadly complete however the remaining contractual liabilities have been rephased resulting in slippage of £461k in 2023/24
39. The council was successful in receiving £10.3m from DfT to support the introduction of additional Zero emission buses. To date £9.5m of this funding has been spent with First York to bring new electric buses to the city.
40. The Castle Gateway Transport Improvements scheme aims to improve transport infrastructure in the area of the Castle Gateway development, and the timescales for any proposed schemes are dependent on the wider development proposals. This work is not expected to be delivered in 2023/24 therefore the majority of the funding £3,000k will be carried forward to 2024/25

## Drainage

41. The Germany Beck scheme is being considered by planning and the other schemes are still in appraisal with the Environment Agency (EA) so it is unlikely that construction work will commence in 2023/24. It is proposed therefore to slip £3,000 of the budget to 2024/25.
42. The budget includes £1.5m contribution to other flood schemes promoted by the EA. It is not currently considered that any drawdown on those funds will be required in 2023/24 so have slipped to the following year.

## Waste Fleet & Public Realm

43. Vehicle Replacement Programme – there is expected spend by the end of this financial year £3,500k. This includes approximately 30 electric powered vans for Building Services, 5 Gritting Vehicles for winter maintenance and numerous pieces of small plant and a number of vehicles across various other services. Due to a delay in some services finalising their orders and long delivery lead in times there is anticipated slippage of £5,000k into 2024/25.
44. Waste replacement budget - Fleet have ordered 2 Recycling trucks and these should be delivered by the end of the financial year. The remaining budget is going to be used to fund small/narrow vehicle replacement (final scope being agreed following vehicle trials)
45. Fleet Workshop – There is anticipated spend of £100k by the end of the financial year on a new commercial HGV ramp (£60k) and a new change facility for the workshop engineers and tachograph office (£40k). The remaining budget (£91k) is to be slipped into 2023/24 to fund an outstanding item of a vehicle weighbridge.
46. The Castle Gateway Transport Improvements scheme aims to improve transport infrastructure in the area of the Castle Gateway development, and the timescales for any proposed schemes are dependent on the wider development proposals. This work is not expected to be delivered in 2023/24 therefore the majority of the funding will be carried forward to 2024/25

## **Regen, Economy & Property Services**

47. The York Central Scheme has seen infrastructure works continuing with Homes England / Network Rail managing the construction of the new bridge across the East Coast Main Line and spine road with access into the site from Water End. The Funding Agreement for allocating £35m of EZ backed borrowing to the delivery of the York Central Infrastructure is still pending but spend is not anticipated until 24/25 and later years. The EZ borrowing has therefore been slipped in the latest programme.

## **Customer & Corporate Services - IT**

48. At Monitor 1 there are plans to spend all of this allocation during the year and a nil variance is reported. Key purchases completed or in hand to date include:
- Additional Citrix nodes to increase capacity and performance ordered via tender.
  - EDRMS Upgrade agreed and ordered with delivery scheduled for October 23.
  - Storage upgrade/replacement tender due early July 23 with works to be completed by October 23.
  - Significant progress being made with the Network upgrade and associated telephony whereupon on successful acceptance and sign off invoices will be released for payment.

## **Communities & Culture**

49. The three library projects are all combined now and reported within a single scheme - FLIP (Future Libraries Investment Programme) under the corporate project management structure. The capital budget this year is £5,378k which includes an education allocation of £255k for Clifton Library. The scheme is now under construction and progressing well, anticipated to be open by Autumn 2024. £1.3m is to be slipped to 24/25 aligning with building continuing until next summer

50. Acomb Library, design feasibility is ongoing following recent consultation with local residents.
51. The new library is open at Haxby and has been very successful.
52. Following preliminary investigation works at the York Acorn Sports and Social Club discussions are continuing on the build of Westfield MUGA (multi-use games area) within the ward.
53. £244k has been awarded to provide two Changing Places toilet facilities, one at Oaken Grove, Haxby and the refurbishment of Silver Street in the city centre. Design sign off has been approved by Muscular Dystrophy UK (MDUK) for Oaken Grove and successful planning determination has been obtained. Delivery of both schemes is expected by March 2024.
54. Work on the Energise roof is expected to be completed this year.

### **Climate Change**

55. The Climate Change programme has a budget of £1,461k for 2023/24. Key achievements include:
  - Adoption of York Climate Change Strategy at full council and publication of the Strategy and Action Plan
  - York being awarded A list status for climate leadership by the global carbon disclosure organisation CDP
  - Completion of the Local Area Energy Plan for York which sets out the requirements and priority projects for decarbonising our energy system
  - Completion of 34 heat decarbonisation plans for our corporate sites, leisure centres and schools
  - Planting of 83,000 trees at the York community Woodland site and handover of delivery and maintenance of the project to Forestry England
  - First school receiving solar panels through the solar for schools scheme
  - Launch of the Green Business Forum as a network for engaging businesses on carbon and climate change

- Launch of York Green Streets project, with ambition for planting 4,000 urban trees
  - Completion of a heat network feasibility study for York Central
56. At Monitor 1 the forecast is that £400k of the Northern Forest Land Purchase budget will need to be slipped to 24/25. This is due to funding being carried over to support any additional land purchase requirements to facilitate increased car parking provision for the woodland site. We are waiting to determine demand at the site for additional parking before a decision is made on the requirement/location for this and as the site will not be open to the public until spring 2024, we will not be in a position to complete a land purchase this financial year.

## Organisational Impact and Implications

57. The report has the following implications:
- **Financial** - are contained throughout the main body of the report. Given the forecast financial position of the Council and the need to reduce expenditure, there will be a review of the capital programme. This review will need to identify ways in which capital expenditure can also be reduced.
  - **Human Resources (HR)** - There are no direct HR implications as a result of this report. Any variations to the capital programme that have staffing implications will follow appropriate consultation and HR policies and procedures.
  - **Legal** - Whilst this report itself does not have any legal implications, the schemes within the capital programme will themselves will be in receipt of legal advice where necessary.
  - **Procurement** – Whilst this report itself does not have any procurement implications, schemes within the capital programme are all procured in accordance with the procurement legislation.
  - **Health and Wellbeing**, reductions in spend in some areas could impact on the health and wellbeing of both our staff and residents. The impact of any reductions in the capital programme will be carefully monitored so that implications can be considered and mitigated where possible.
  - **Environment and Climate action**, as this report is mainly for information to update on the progress of delivery of schemes within

the programme, there are no direct environment and climate action implications as a result of this report.

- **Affordability**, as this report is mainly for information to update on the progress of delivery of schemes within the programme, there are no direct affordability implications as a result of this report.
- **Equalities and Human Rights** — as this report is mainly for information to update on the progress of delivery of schemes within the programme, there are no direct equalities and human rights implications as a result of this report. All individual schemes will be subject to Impact Assessments in the usual way.
- **Data Protection and Privacy**, as this report is mainly for information to update on the progress of delivery of schemes within the programme, there are no direct data protection and privacy implications as a result of this report.
- **Communications**, the information set out in this report does not have any specific communications implications. The finance and performance monitor report elsewhere on this agenda includes details of the communications activity in relation to the overall council finances.
- **Economy**, there are no direct implications related to the recommendations

## Risks and Mitigations

58. 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

## Wards Impacted

59. All

## Contact details

For further information please contact the authors of this Decision Report.

## Author

<b>Name:</b>	Emma Audrain
<b>Job Title:</b>	Technical Accountant
<b>Service Area:</b>	Corporate Finance
<b>Telephone:</b>	01904 551170
<b>Report approved:</b>	Yes/No
<b>Date:</b>	10/08/2023

## Co-author

<b>Name:</b>	n/a
<b>Job Title:</b>	n/a
<b>Service Area:</b>	n/a
<b>Telephone:</b>	n/a
<b>Report approved:</b>	n/a
<b>Date:</b>	n/a

## Background papers

- Capital Budget Report – Full Council 23 February 2023
- Capital Programme Outturn 2022/23 and Revisions to the 2023/24-2027/28 Programme – Executive 15 June 2023

## Annexes

- Annex A – Capital Programme 2023/24 to 2027/28