
Executive

8 February 2018

Report of the Deputy Chief Executive / Director of Customer & Corporate Services
Portfolio of the Executive Leader (incorporating Finance & Performance)

CAPITAL PROGRAMME – MONITOR 3 2017/18

Summary

- 1 The purpose of this report is to set out the projected outturn position for 2017/18 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
- 2 The 2017/18 capital programme approved by Council on 23 February 2017, updated for amendments reported to Executive and Council in the July Outturn Report resulted in an approved capital budget of £111.638m.

Recommendations

- 3 Executive is asked to:
 - Recommend to Full Council the adjustments resulting in a decrease in the 2017/18 budget of £19.324m as detailed in the report and contained in Annex A.
 - Note the 2017/18 revised budget of £88.586m as set out in paragraph 6 and Table 1.
 - Note the restated capital programme for 2017/18 – 2021/22 as set out in paragraph 17, Table 2 and detailed in Annex A.

Reason: to enable the effective management and monitoring of the Council's capital programme.

Consultation

- 4 The capital programme was developed under the Capital Budget Process and agreed by Council on 23 February 2017. Whilst the capital programme as a whole is not consulted on, the individual scheme

proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

Summary of Key Issues

- 5 A decrease of £19.324m is detailed in this monitor resulting in a revised capital programme of £88.586m. £20.3m of this decrease is due to a re-profiling of budgets to future years. There is also a net increase of £983k in 2017/18.
- 6 Table 1 outlines the variances reported against each portfolio area.

Department	Current Approved Budget £000	Projected Outturn £000	Variance £m	Paragraph Ref
Children, Education & Communities	8,843	5,965	(2,878)	8-20
Health, Housing & Adult Social Care – Adult Social Care	5,137	6,038	901	21
Health, Housing & Adult Social Care – Housing & Community Safety	25,848	25,758	(90)	22-26
Economy & Place – Transport, Highways & Environment	19,977	19,084	(893)	27- 35
Economy & Place – Regeneration & Asset Management	29,198	20,505	(8,693)	36-42
Community Stadium	14,241	7,284	(6,957)	43-46
Customer & Corporate services	2,579	2,142	(437)	47-50
IT Development Plan	2,087	1,810	(277)	52
Total	107,910	88,586	(19,324)	

Table 1 Capital Programme Forecast Outturn 2017/18

Analysis

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

Children, Education & Communities

- 8 There have been a number of amendments as part of this report, resulting in a net decrease to the capital programme of £2.878m in 2017/18. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £000	Amount 18/19 £000	Amount 19/20- 20/21 £000	Amount 20/21- 21/22 £000	Amount 21/22- 22/23 £000	Further Details – Paragraph ref
DfE Maintenance	Adjustment	(100)	40	(100)	(1,400)	-	14-16
DfE Maintenance	Re-profile	(500)	500	-	-	-	14-16
Basic Need	Re-profile	(950)	(21,050)	6,500	7,000	8,500	9-12
Family Drug & Alcohol Recovery facility	Re-profile	(100)	100	-	-	-	17
Improvement of facilities for pupils with SEND	Re-profile	(100)	100	-	-	-	
Southbank Expansion	Re-profile	(1,000)	1,000	-	-	-	18-19
Castle Museum Development Project	Adjustment	(100)	-	-	-	-	20

- 9 In 2017/18 The main Basic Need programme has delivered the provision of some portacabins at Acomb Primary to support the increased number of pupils, plus additional works at the two PSBP schools.
- 10 The authority is currently experiencing differing demographic pressures in areas across the city, and the implications of this need to be considered carefully and continually updated to reflect emerging and changing pupil number projections to plan and prioritise the use of basic need funding. A high level strategic assessment has been carried out to indicate where and when such future pressures may emerge to enable schemes to be developed in advance of these pressures becoming critical.
- 11 As a result of this assessment it is now proposed to re-profile the Basic Need scheme in the capital programme. The majority of the

scheme budget is currently in the 2018/19 programme (£26.5m), but it is now expected that only about £5.5m will be required in that year. It is therefore proposed to reprofile £21m over the following three years of the programme to more accurately reflect updated expectations of need and timing of schemes. This profiling is still provisional and may still be subject to change, particularly due to dependencies on other factors, particularly around the timing of planned housing developments

- 12 Funds of £800k for any new works has not been required in 17/18 and £150k for expansion works at St Marys have not progressed therefore total funds of £950k are to be transferred into 18/19.
- 13 The Fulford School Expansion Scheme has now been completed with only some retentions and minor payments outstanding.
- 14 Over the winter, the majority of work within the Maintenance budget will be responding to any requirement for emergency repairs needed to keep schools open, warm and dry. There has been little additional work to report since the last update at monitor 2.
- 15 A small amount of this budget (£100k) needs to be re-profiled into 2018/19 to fund retentions on contracts which are complete but where the final payment will not be due until after 31st March 2017. In addition, it is currently expected that the overall position across all the schemes in the Maintenance programme will be a saving on the budgets allocated. At present this position cannot be fully quantified but is expected to be a minimum of £300k. It is proposed that this be carried forward into 2018/19 and be added to the resources available for the maintenance programme currently being developed.
- 16 In addition to the amendments outlined above, the amount of estimated maintenance funding has been amended in future years of the programme. These amounts have been reduced to reflect the expected impact of further academy conversions on the amount of funding allocated to the local authority.
- 17 The Family Drug and Alcohol Assessment and recovery facility development, linked to existing housing development plans, is intended to respond to national Family Drug and Alcohol Court (FDAC) requirements. The full budget now needs to be transferred into 2018/19. The reason for the delay in commencing this scheme is due to the intention to use this budget to match fund with bids for external funding, the results of which are not yet known.
- 18 The Southbank Provision scheme is supporting the Southbank Multi-Academy Trust to assist the local authority to alleviate some place

pressures in that area of the city. The funding is being used to allow some changes to Scarcroft Primary's buildings to accommodate additional pupils, and to create additional outdoor play space.

- 19 The works to Scarcroft Primary are in progress and are expected to cost up to £251k. The major funding in the scheme (£1m), is for a full size Multi-Use Games Area on the Millthorpe Secondary site with access for other schools in the area. This work is now planned to be carried out over the summer 2018, so this element of the scheme needs to be transferred into 2018/19
- 20 As part of the Castle Museum Development Project an amount of £200k has already been paid to York Museums Trust (YMT). The remaining £100k was requested to provide a contribution to the Castle Gateway Project in the Place Capital Programme. It is proposed to transfer this amount from the CEC programme into the Place programme where the full expenditure on this scheme will be accounted for.

Adult Social Care

- 21 The budget for the Older Persons Accommodation review has been updated to reflect better than expected progress at the Burnholme site. As reported in monitor work was started later than planned however significant progress has been made and it is anticipated the project will be back on schedule at year end. Funds of £912k have therefore been transferred back into 17/18 from 18/19.

Housing & Community Safety

- 22 Four amendments have been made as part of this report resulting in a net decrease to the capital programme of £90k in 2017/18. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £000	Amount 18/19 £000	Further Details – Paragraph ref
Local Authority Homes Phase 1	Re-profile	(1,000)	1,000	23
Disabled Facilities Grant	Adjustment	110	-	24
IT Infrastructure	Re-profile	(0,400)	400	25
Shared Ownership Scheme	Re-profile	1,200	(1,200)	26

- 23 Within the Local Authority Homes scheme, Fenwick Street site of 8 two bedroom flats was completed and opened to residents in July 2017. Chaloners Road revised planning application for 5/6 two bed houses will be submitted in January 2018 and will go to planning committee in March/April 2018. Proposals are to build 5 bungalows on the Newbury Avenue site which will have planning submitted in January 2018 and will go to planning committee in March/April 2018. Although the full costs of planning and survey fees are still unknown, the build costs for the new sites will be incurred in 2018/19, therefore £1m of funds are to be transferred from 2017/18 into 2018/19.
- 24 The Disabled Facilities Grant scheme budget has been increased by £110k to reflect additional government funding received in the Autumn statement.
- 25 The Housing ICT Programme is now in the Initiate phase and detailed business requirements and a technical specification are being developed. The intention is to issue an Invitation To Tender (ITT) for a new integrated ICT solution in April 2018 so, the full budget allocated for 2017/18 will not be spent until 2018/19 therefore funds of £400k are to be transferred into 2018/19 to reflect this.
- 26 At the Decision Session for Executive Member for Housing and Safer Neighbourhoods on 18 December 2017 members gave approval for the council to purchase 15 homes on the open market before the end of March 2018 that will then be sold on to shared-owners when the scheme is formally launched early in the new year. Purchasing these homes will enable the council to meet its obligations to the Homes and Communities Agency to spend £637,500 (£42,500 per unit) of the of the grant funding awarded to it. Based on an average price of £180,000 per home it will mean that the HRA will have to commit approximately £2.062m to these first purchases of which £622,500 is committed funding for programme from the HRA and the remaining balance £1.44m will be a short-term commitment that will be repaid as shared-owners purchase an overall average of 50% shares in the homes . The remaining balance is match funding from the HCA grant and part of the approved grant funding of £2.76m. The balance of front-funding from the HRA will, as each home is sold on to individual purchasers, be repaid to the HRA.

Transport, Highways & Environment

- 27 There have been a number of further achievements in this area since last reported at monitor 2. Within the Local Transport Plan scheme, work to remove trees and vegetation and carry out the required utility diversions was carried out in November and December, to allow the main works to

widen the carriageway at the A19/ Crockey Hill junction to start in January. Six of the Traffic Signals Asset Renewal (TSAR) schemes have been completed, and work on the Lendal Arch Gyratory scheme will start later in January

28 Funding from WYCA and York, North Yorkshire and East Riding Local Enterprise Partnership has been secured for the Scarborough Bridge Footbridge Upgrade. A planning application has been submitted with the scheme due to be completed by the end of 2018/19.

29 There have been a number of amendments to this area as part of this report resulting in a net decrease to the capital programme in 17/18 of £893k. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £000	Amount 18/19 £000	Further Details – Paragraph ref
Built Environment Fund	Re-profile	(1,337)	1,337	30
Fleet Acquisition	Adjustment	1,610	-	31
Knavesmire Culverts	Re-profile	(266)	266	32
Better Bus area fund	Re-profile	(200)	200	33
Flood Defences	Re-profile	(317)	317	34
Scarborough Bridge	Re-profile	(450)	450	35
Scarborough Bridge	Adjustment	-	1,590	35

30 The Executive are to consider a review of the city centre access points to restrict vehicle access during certain hours. This will have a fundamental affect on how the projects within the Built Environment Fund are detailed. As such funds of £1.337m are to be transferred into 18/19 to allow consideration of the review of city centre access points

31 The options for the financing of the fleet acquisitions for 17/18 have been reviewed and it is considered that leasing does not offer the best value option therefore a budget is required to be added to the capital programme to allow the financing by departmental prudential borrowing. Funds of £1.610m have therefore been added to the programme in 17/18 to be financed by departmental prudential borrowing.

- 32 In relation to the Knavesmire Culverts scheme, Investigations were carried out in late 2017/18 which identified that significant works are required to the outfall in Nunthorpe Ings and at varying points along the system. Works could not be coordinated with the horse racing programme and the Holgate Beck Flood Study was still in development, linkages between the two river systems are now better understood. Further planning will be required to ensure the works can be carried out in 2018/19 therefore funds of £266k are to be transferred from 17/18 into 18/19.
- 33 Completion of the feasibility and initial design for the North York Bus Priorities scheme was delayed as additional traffic modelling work was required to assess the impact of the proposed improvements at the Haxby Road/ Wigginton Road junction. A report on the proposed scheme will be presented to the Executive Member later in the year and the scheme will be implemented in 2018/19, therefore funds of £200k are to be transferred into 2018/19 to reflect this.
- 34 The Environment Agency (EA) appraisal of works in the flood cell is now expected in April 2018, and it is essential that the Council reviews the appraisal and ensure it aligns with out priorities before the Councils contributions can be made. Therefore the Councils £317k contribution to the Clementhorpe Flood Alleviation scheme is proposed to be re-profiled into 2018/19.
- 35 The profile of the Scarborough Bridge scheme has been updated to reflect the latest delivery timescales now that funding has been secured from West Yorkshire Combined Authority, CityConnect programme – Cycle City Ambition Grant (CCAG) and York North Yorkshire East Riding Local Enterprise Partnership (YNYER LEP) – Local Growth Fund. Funds of £450k have been transferred into 2018/19 from 17/18 and additional £1.590m of government funding has been added to the programme in 18/19.

Regeneration & Asset Management

- 36 The York Central Project is progressing well achieving a major milestone in November 2017 with Executive approval of the York Central Partnership's (YCP) preferred access option following public consultation and technical evaluation undertaken by the YCP. This approval also released a further £1.9m of development funding from CYC's agreed £10m allocation. The YCP is now focussed on progressing the Master Planning work with further Public Engagement in early 2018 and detail design work on the agreed access option progressing, alongside further

stages of consultation, towards the submission of planning applications (outline for the Masterplan and detail for the access) in August 2018.

- 37 Early pre-application engagement with the council's Planning / Highways teams is also underway. The consultancy fees for this work are forecast to meet the project spend targets enabling the drawdown of external grant / loan match funding. An exception report has been submitted to West Yorkshire Combined Authority to advise on the revision to the proposed access option to safeguard the Transport Funding committed to this project. The York Central scheme budget has been updated to reflect the latest expenditure profile and funding requirement as reported to members at Executive on 15th November 2017
- 38 Within the overall Guildhall project, the procurement period for selecting a construction contractor for this complex project was extended, in response to the market, and finally concluded in late August 2017. The Project Board agreed a 2 stage tender process to mitigate project risk. Interserve Construction Ltd ICL commenced the Early Contractor Involvement ECI phase (the 2nd stage of the tender process) on 2 Oct 2017 with a target for completion by 18th December 2017. The Contractor advised that this deadline was at risk in mid November, and because of the impact of the construction industry Christmas shut down period a date in late January is now expected. There is a knock on impact on the construction start date now likely to be March 2018. The proposed project spend profile assumed a January construction start date and therefore expenditure in quarter four will be behind schedule. The Council are in dialogue with West Yorkshire Combined Authority about the impact of this slippage in the profile of their grant contribution. £1.943m of funds are to be transferred into 2018/19 where the majority of expenditure is now expected to occur.
- 39 Following the event of Carillion entering liquidation, the council is continuing to undertake due diligence with regard to the financial capacity of the Guildhall contractor, Interserve. This includes determining the exposure to Carillion of both the main contractor and supply chain. Officers are also seeking a performance bond in order to provide further guarantees that the contract can be completed in accordance with the contract requirement.
- 40 Officers are finalising the tender evaluation to determine the restaurant operator for the facility which will provide significant ongoing financial support to the scheme
- 41 A number of other amendments have been made as part of this report resulting in a net decrease to the capital programme of £8.693m in

2017/18. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £000	Amount 18/19 £000	Further Details – Paragraph ref
York Central	Re-profile	(4,549)	4,549	36-37
River bank repairs	Re-profile	(181)	0.181	41
Castle Gateway (Picadilly Regeneration)	Adjustment	100	-	42
Guildhall	Re-profile	(1,943)	1,943	38
Commercial Property Acquisition incl Swinegate	Adjustment	(2,135)	-	40

- 42 The purchase of Swinegate Court is now complete therefore the remaining budget of £2m is no longer required.
- 43 Work on the Riverbanks at Scarborough bridge have been delayed until Summer, therefore the schemes funds of £181k are to be transferred into 18/19.
- 44 Funds of £100k have been transferred from the CEC capital programme scheme the Castle museum development project as discussed at paragraph 20.

Community Stadium

- 45 Significant progress has been made on the Community Stadium Project in recent months with major milestones being achieved. In November 2017 all contracts relating to the build and operation of the new Community Stadium and leisure complex were signed. Alongside these contracts agreement for leases were formality entered into with local charity York Against Cancer and the NHS Trust to take units within the new facilities.
- 46 This marked a major milestone in the Community Stadium project, allowing Greenwich Leisure Ltd and their building contractor Buckingham Group to formally take possession of the Monks Cross site and start construction works in December 2017.
- 47 Greenwich Leisure Ltd the new leisure provider for the Council's leisure centres also smoothly took over the operation of Energise Leisure Centre

and Yearsley Swimming Pool, as part of the wider new stadium and leisure contract, from 1 December 2017.

48 The Stadium budget has been amended to reflect the final contract. This includes the reduction in the cost and contributions (£-2.6m) as reported to Executive in July 2017. The lease with the NHS requires them to fund the fit out costs of the Stadium associated with the area that they are occupying. The total cost of this (£1.98m) is therefore added into the gross cost of the project however this is offset by a corresponding contribution. It is also proposed to gross up the contribution from the developer for costs of the Estate Road and East block restaurants (£2.06m) offset by additional contributions. The CYC contribution towards the costs of the project remains unchanged. The profile of the costs has been updated to reflect GLL's construction profile

Customer & Corporate Services

49 The Mansion House reopened on 2nd December following the successful completion of the refurbishment project. The final completion payment is yet to be settled with the contractor and so the position at Monitor 3 remains within the budget at Monitor 2, £2.695m.

50 A number of amendments have been made as part of this report resulting in a net decrease to the capital programme of £437k in 2017/18. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £000	Amount 18/19 £000	Further Details – Paragraph ref
Fire Safety Regulations - Adaptions	Re-profile	(102)	102	49
Photovoltaic energy programme	Re-profile	(250)	250	48

51 Projects to install photovoltaic panels for energy efficiency at both Hazel Court and the Burnholme site have progressed during 2017/18, resulting in expenditure of £144k. The remaining balance of £250k is to be transferred into the following year to fund further projects in 2018/19

52 No works are planned in 17/18 under the Fire safety regulations scheme therefore the full balance is to be transferred into 2018/19.

IT Development Plan

53 Since the last monitor, the CRM project and work securing our Public Sector Network accreditation as well as other non planned works, such as the NHS digital audit, have impacted resources more than anticipated and resulted in the rescheduling of some projects into 2018/19. Also work on the potential replacement of the Electronic Records and Data Management System (EDRMS) has slipped to 2018. This has resulted in a requirement transfer £277k into 2018/19.

Summary

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

Gross Capital Programme	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£000	£000	£000	£000	£000	£000
Children, Education & Communities	5,965	10,138	8,988	9,142	8,500	42,733
Health, Housing & Adult Social Care – Adult Social Care	6,038	3,145	1,107	565	565	11,420
Health, Housing & Adult Social Care – Housing & Community Safety	25,758	23,664	12,208	9,888	9,812	81,330
Economy & Place – Transport, Highways & Environment	19,084	36,993	29,614	22,363	17,015	125,069
Economy & Place – Regeneration & Asset Management	20,505	14,794	860	220	220	36,599
Community Stadium	14,241	18,266	3,445	-	-	37,391
Customer & Corporate Services	2,142	821	250	250	250	3,713
IT Development Plan	1,810	3,540	1,970	1,085	1,770	10,175
Revised Programme	88,586	119,897	58,302	43,513	38,132	348,430

Table 2 Revised 5 Year Capital Programme

Funding the 2017/18 – 2021/22 Capital Programme

55 The revised 2017/18 capital programme of £88.586m is funded from £38.986m of external funding and £49.600m of internal funding. Table 3 shows the projected call on resources going forward.

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£000	£000	£000	£000	£000	£000
Gross Capital Programme	88,586	119,897	58,302	43,513	38,132	348,430
Funded by:						
External Funding	38,986	61,947	45,446	35,449	29,723	211,551
Council Controlled Resources	49,600	57,950	12,856	8,064	8,409	136,879
Total Funding	88,586	119,897	58,302	43,513	38,132	348,430

Table 3 – 2017/18 –2021/22 Capital Programme Financing

- 56 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
- 57 Overall it is anticipated that net general capital receipts over the next 3 years will be around £5.3m. This includes the expected sales of Ashbank, 29 Castlegate, Stonebow House, Former Manor school- road, Redeness Street and Bootham Row car park. It should be noted that this figure excludes receipts from the Older Persons Programme, an other Earmarked receipts eg Burneholme.
- 58 A further full update on the capital receipts position will be reported in the next capital monitoring report at Outturn.
- 59 During Executive meetings in October 2016 and July 2017, Members decided to ultimately finance the purchase of property at Hospital Fields Road and Swinegate from Capital receipts. Therefore all future capital receipts are assumed to be used for this purpose in the medium term. This strategy will deliver significant revenue savings, and reduce the need for savings within the revenue budget.

Council Plan

- 60 The information contained in this report demonstrates progress in achieving the priorities set out in the Council Plan.

Implications

61 This report has the following implications:

- **Financial** - are contained throughout the main body of the report
- **Human Resources (HR)** – There are no HR implications as a result of this report
- **One Planet Council/ Equalities** – The capital programme seeks to address key equalities issues that affect the Council and the public. Schemes that address equalities include the Disabilities Support Grant, the Schools Access Initiative, the Community Equipment Loans Store (CELS) and the Disabilities Discrimination Act (DDA) Access Improvements. All individual schemes will be subject to Equalities Impact Assessments
- **Legal Implications** - There are no Legal implications as a result of this report.
- **Crime and Disorder** - There are no crime and disorder implications as a result of this report.
- **Information Technology** – The information technology implications are contained within the main body of the report,
- **Property** - The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from capital receipts.
- **Other** – There are no other implications

Risk Management

62 There are a number of risks inherent in the delivery of a large scale capital programme. To mitigate against these risks the capital programme is regularly monitored as part of the corporate monitoring process, and the project management framework. This is supplemented by internal and external audit reviews of major projects. In addition, the Capital Asset Board meet monthly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised.

Contact Details

Authors:	Cabinet Member & Chief Officer Responsible for the report:		
Emma Audrain Technical Accountant Corporate Finance 01904 551170 emma.audrain@york.gov.uk	Ian Floyd Director of Customer & Corporate Support Services (Deputy Chief Executive)		
Debbie Mitchell Corporate Finance Manager 01904 554161	Report Approved	√	Date 26/01/18
Wards Affected: All			
For further information please contact the author of the report			

Specialist Implications:
Legal – Not Applicable
Property – Not Applicable
Information Technology – Not Applicable

Annexes

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