



Executive

14 February 2019

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

Capital Budget 2019/20 to 2023/24

Summary

1. This report sets out the Capital Strategy for 2019/20 to 2023/24, 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, schools, drainage and street lighting, alongside investment in developing the economy of York through major regeneration schemes. This report sets out **£185.898m of new investment over the 5 year period**, of which £33.491m is externally funded, £106.022m is met from the Housing

Revenue Account, with **£46.385m** to be funded by Council Borrowing. The Council Key priority areas of investment include:

- Housing - new investment of £106.022m over the next 5 years, £96.450m of which relates to the Local Authority Homes New Build Project
 - Transport schemes – Increased investment of £35.055m over the next 5 years including areas such as the Clean Air Zone, York Outer Ring Road Dualling (£28m) and the Local transport plan road safety scheme.
 - Highways - Increased investment of £13.777m over the next 5 years
 - Guildhall – Increased investment of £7.372m
 - Information Technology Development – Increased investment of £2.470m
 - Schools Building, Mechanical & Electrical work – Increased investment of £5.970m
 - Disabled Facilities Grants – Increased investment of £5.019m
 - Libraries – Increased investment of £4.3m
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 York Castle Museum Delivery Phase, York Castle Gateway, Guildhall, City Centre Access Measures and York Central, as set out at paragraphs 93 – 110.

Recommendations

5. The Executive is requested to recommend that Council:
- Agree to the revised capital programme of **£579.762m** that reflects a net overall increase of **£185.898m** (as set out in paragraph 89 table 13 and in Annex A). Key elements of this include:
 - New Schemes funded by Prudential borrowing totalling £28.960m as set out in tables 3 and summarised in table 13
 - New Schemes funded by a combination of both Prudential borrowing and external funds of £28.7m as set out in table 4 and summarised in table 13;
 - Extension to existing schemes of £7.372m funded by Prudential borrowing as set out in table 5 and summarised in table 13;

- Extension of prudential borrowing funded Rolling Programme schemes totalling £6.903m as set out in table 5 and summarised in table 13;
 - Extension of externally funded Rolling Programme schemes totalling £7.941m as set out in table 6 and summarised in table 13;
 - An increase in HRA funded schemes totalling £106.022m funded from a combination HRA balances/Right to Buy receipts as set out in table 7 and summarised in table 13
- Note the total increase in Council borrowing as a result of new schemes being recommended for approval is £46.385m the details of which are considered within this report and the financial strategy report
 - Approve the full restated programme as summarised in Annex B totalling **£579.762m** covering financial years 2019/20 to 2023/24 as set out in table 13 and Annex B

Background

6. The current 2018/19 – 2022/23 capital programme was approved by Council on 22 February 2018. Since then a number of amendments have taken place as reported to the Executive up to and including the 2018/19 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 2018/19 – 2022/23 of £500.155m, financed by £264.260m of external funding and Council controlled resources of £235.895m. Table 1 illustrates the current approved capital programme profile from 2018/19 – 2022/23 as of capital monitor 3 2018/19.

	18/19	19/20	20/21	21/22	22/23	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	106.291	189.134	120.351	63.407	20.972	500.155
Funded by:						
External Funding	46.126	115.610	73.789	24.139	4.596	264.260
Council Controlled	60.165	73.524	46.562	39.268	16.376	235.895

Resources						
Total Funding	106.291	189.134	120.351	63.407	20.972	500.155

**Table 1 – Capital Programme Funding and Receipts Position
Funding Position of approved 2018/19 – 2022/23 programme**

- The majority of External funding is comprised of Government Grants, including those from the Department for Transport and Department for Education and Skills. Council Controlled resources comprise of HRA funds, Prudential Borrowing and Capital receipts. There are some specific earmarked receipts that are critical, in particular in relation to the older persons programme. Additionally Members decided to ultimately finance the purchase of property at Hospital Fields Road and Swinegate from capital receipts. Therefore all future capital receipts are assumed to be used for this purpose in the medium term. This strategy will deliver significant revenue savings, and reduce the need for service savings within the revenue budget.

Options

- This report sets out the new capital investment proposals for the 5 year period covering 2019/20 to 2023/24. 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 (2019/20) per Local Government Act 2003 (revised).

Summary of Proposed Capital Investment

- The Capital Budget Process invited proposals from the departments asking to submit requests for the Councils main capital priorities. Of the 42 proposals going forward 32 are asking for direct Council funding, this is comprised of 14 proposals for extensions to existing schemes and 19 proposals for new schemes.

10. In total, proposals have been made that would increase the existing 19/20 – 23/24 Capital Programme by **£185.898m**. The proposals are comprised as follows:

- General Fund schemes requiring financing by Council borrowing **£46.385m**
- General Fund Schemes financed by external funds **£33.491m**
- Housing Revenue Account schemes financed by HRA funds **£106.022m)**

Key scheme proposals

11. The table below summarises the key proposals that result in a new increase of **£185.898m** by type. Further details of the individual schemes can be found later in the report at the following references:

Type	Total Value	Further Details
	£000	
New Schemes – Prudentially Borrowed	28,960	Table 3
New Schemes – Match Funded (Element of both External & CYC funding)	28,700	Table 4
Existing Schemes – Prudentially Borrowed	7,372	Table 5
Rolling Programme – Prudentially Borrowed	6,903	Table 6
Rolling Programme – Externally funded	7,941	Table 7
Housing Revenue Account (HRA) Schemes – Funded by HRA resources	106,022	Table 8
Total Increase in Capital Programme	185,898	

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

12. Overall this report proposes new capital schemes totalling **£185,898k** 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 12.

Detailed Consideration of Proposed Investment, and Financial Implications

New Schemes – Prudential Borrowing

13. As part of this year's capital budget process a number of proposals have been received that require discretionary prudential borrowing. These are set out in **table 3** below.

Scheme Type / Description	Total Value	Financial Year
	£000	
Crematorium Waiting Room	250	19/20 – 20/21
Replacement of two Cremators	500	19/20
Libraries as Centres of learning and opportunity for all: Acomb & Clifton	4,000	21/22 – 22/23
Haxby Library	300	19/20
Schools Essential Building work	3,000	19/20 – 20/21
Schools Essential Mechanical & Electrical works	2,970	19/20 – 20/21
Highways Renewal Investment	11,000	19/20 – 22/23

Car Park Improvements	330	19/20
Fleet & Workshop Compliance	300	19/20 – 21/22
A1079 Drainage Improvements (A64 to Kexby Roundabout)	520	19/20 – 20/21
Stonegate Natural Stone Renewal	495	19/20
Flood Scheme Contributions	1,500	19/20 – 21/22
Gully Repair Engineering works	700	19/20
Clean Air Zone	1,640	19/20
Shambles Modernisation – Food Court	25	19/20
Shambles Modernisation – Power	180	19/20
One Planet Council – Energy Efficiency	1,250	19/20 – 23/24
New Proposals Requiring Prudential Borrowing	28,960	

Table 3 – Summary of New Proposals Requiring Prudential Borrowing Funding

14. An overview of each new scheme being proposed is set out in the following paragraphs:
15. **Crematorium Waiting Room (£225k 19/20, £25k 20/21, Total £250k) –** The Crematorium is a critical front line service provided for all residents of York. The facilities need to provide and be in keeping with the service they provide to family and friends of the bereaved.
16. The current facilities for visitors are limited with only a small and inadequate waiting area that is not in keeping with the purpose of the facilities. The effect of this is that it has little if any use; with guests preferring to gather under the front portico. This is not really appropriate and as parties try to leave and others come in can cause congestion issues at the entrance to the Crematorium that is not befitting the purpose of the location.
17. This bid is for a relatively inexpensive solution that will provide a waiting area more befitting the purpose of the service and will also provide a more tranquil setting for all visitors to the site.
18. **Replacement of 2 Cremators (£500k in 19/20) –** The Crematorium is a critical front line service provided for all residents of York. There have been ongoing issues with the existing cremators which were so serious that at the end of 2017 that the crematorium closed for 10 days causing serious issues for all residents and local Funeral Directors.
19. Many of the problems remain unresolved despite working with the provider to try and resolve them. There is a real risk that the facility may be lost for a longer period of time possibly in excess of three months which could have catastrophic consequences for the city. There are also ongoing health and safety risks for both staff and visitors.
20. This bid is to fund the procurement of two new cremators to replace the existing equipment currently in situ at the crematorium. The service, customers and funeral directors cannot continue to be affected by the ongoing issues, the risk to public health by losing the facility for the long term and the risk to health and safety of staff and visitors.
21. **Libraries as centres for learning and opportunities for all: Acomb & Clifton (£2,000k 21/22, £2,000k 22/23, Total £4,000k) –** The Council have agreed a vision for our future library service, which includes the

creation of transformed buildings in co-located premises with multiple partners (like Burnholme). The new library operator contract has been based on this vision with the necessary investment being the responsibility of the Council. The priority is for investment in Acomb, to build on the great success of that Explore Centre, and in Clifton to transform the quality of service in that area. Individual business cases will be brought forward during 19/20 demonstrating how the investment will contribute to delivering service transformation and driving the generation of additional income streams.

22. **Haxby Library (£300k 19/20)** – The purpose of these funds are to increase the amount already in the capital programme for Haxby library replacement. £500k had been previously approved, of which £50k was spent in 17/18 on the demolition of the old library building.
23. The original replacement plan, to invest in the development of Haxby Memorial Hall proved undeliverable due to the terms of the potential collaboration with the Trustees
24. A feasibility study has been carried out on the next most favoured location, Haxby and Wigginton's Scout Headquarters. The scheme would deliver an extension at the rear of the hall to house the new Gateway Library, with a new entrance into a reading cafe, and then into the main hall. There will be a new kitchen to support the cafe style library and an outdoor terrace area for library cafe users, linking to the adjacent park and play areas. In addition various other refurbishments will be carried out to the existing building as part of the development. A Memorandum of Understanding will be written and then formalised into a legal Agreement for Lease.
25. **Schools Essential Building Work (£1,800k 19/20, £1,200k 20/21, Total £3,000k)** – This purpose of this scheme is to carry out urgent maintenance and repair works to address CYC's dilapidating maintained school buildings estate that could otherwise close the remaining maintained primary, secondary and special schools across the City of York. Many of the school buildings are dilapidated and although schools carry out repairs and maintenance on their school buildings this has minimal effect on the fabric of the buildings.
26. **Schools Essential Mechanical & Electrical works (£1,540k 19/20, £1,430k 20/21, total £2,970k)** – This scheme will allow new boilers,

pipework and hot water distribution schemes to be installed where aged equipment has meant the volume and technical intensity of repairs are increasing. This leads to decreased energy efficiency, and an increased risk that more parts will become obsolete therefore rendering systems irreparable. Temporary measures have been put in place, but permanent solutions are essential which will be addressed as part of this scheme.

27. Other work will include rewires, upgrades to electricity supplies, fire alarms and emergency lighting at 11 schools where it has been identified existing systems are at the end of their useful life.
28. **Highways Renewal Investment (£3,500k 19/20, £2,500k 20/21, £2,500k 21/22, £2,500k 22/23, Total £11,000k)** – The purpose of this scheme is to deliver a range of additional highway schemes including carriageway, footway and traffic signal renewal targeted to deliver wholesale repair and renewal of areas of the network to prevent further deterioration in condition. The scheme will present an opportunity to address highway maintenance needs in a planned and proactive way and address the current bias towards reactive response and repair, this updates and addresses the network maintenance requirements evidenced by the TAMP lifecycle analysis. With this investment the total investment for Highways for the next 5 years equates to £28,857k
29. **Car Park Improvements (£330k 19/20)** – This scheme will ensure that all city centre car parks will be assessed and brought up to an acceptable standard. By investing in the surfacing and lining and making the infrastructure more robust, this will consequently reduce ongoing maintenance. This scheme will also review the condition of the lighting and will replace the current sodium lights with timer switches, to LED standards and solar switches which will improve lighting, enhance safety and reduce energy costs in the long term.
30. The car park ticket machines will also be updated through this process, including more card readers and improved car park ticket systems for the two key city centre car parks Marygate and Piccadilly. The York BID and the Retail Forum is keen to work with the Council to improve these car parks to encourage local people in particular to dwell in the city and spend money in retail, which is under pressure. This plan involves better signage, cleaning and security arrangements (including the protecting of the ticket machines from theft). A research study commissioned by CYC and the BID highlighted that directional signage is a issue for users, so

there is an evidence base to support this funding. The York BID supports this scheme and has committed to support it financially, as improving the city's car parking offer is a top priority for BID members.

31. The car parks that will benefit from this include Nunnery Lane, Piccadilly, Marygate, Castle, Bishopthorpe Road, Monk Bar and Union Terrace. A specific item will be ensuring the car parks are at their optimum design to take account of the increased car size since these were first installed.
32. **Fleet & Workshop Compliance (£330k 19/20)** – This scheme would help meet the challenges facing the authority in how to ensure we meet the standards and compliance of the Operator Licence. This will ensure the equipment and tools required to provide information and intelligence specifically for vehicle engineers to carry out component testing which is required to meet the standards required for the vehicle service and MOT test.
33. **A1079 Drainage Improvements (A64 to Kexby Roundabout) (£260k 19/20, £260k 20/21, Total £520k)** – The existing system was poorly designed, with little or no access for maintenance or records of the location of the buried infrastructure. Deep flooding is experienced across the full width of the road during heavy rainfall, posing a safety hazard on this fast, busy trunk road. The road is also a main tourist link into the City, and such flooding casts a poor light on the Council with regards to its maintenance regimes.
34. This scheme will resolve the extensive flooding problems that have been on-going for a number of years. The scheme will significantly improve the operational efficiency of the currently poor drainage infrastructure, be designed to meet modern standards, and address the customer complaints and safety issues regarding flooding of the highway
35. **Stonegate Natural Stone Renewal (£495k 19/20)** – This scheme will address the need to rebuild the highway infrastructure within the Stonegate area, which has deteriorated with severe damage occurring over the winter and requires renewal of the York Stone paving to improve the pedestrian movements of residents and visitors while considering long term maintenance demands. The team will build the infrastructure considering vehicles moving in and around this street. Improving the infrastructure will better enhance the city centre and the overall visiting experience.

36. The existing York Stone in Stonegate will be lifted and stored for maintenance elsewhere in the City. The road will be reconstructed, with the finished surface being of new York Stone paving, with a granite drainage channel linking to larger capacity road gullies
37. **Flood Scheme Contributions (£500k 19/20, £500k 20/21, £500k 21/22, Total £1,500k)** – Following the Boxing Day 2015 floods, CYC are working in partnership with the Environment Agency (EA) in the delivery of flood schemes across the city. Following feasibility work, it has been highlighted some improvement works will be difficult to deliver through the core flood defence funding mechanism and further contributions may be necessary.
38. Further feasibility works will be required to identify individual scheme contributions but the following are likely: Support for the delivery of flood risk improvements across key points of the arterial road network:-
- Shipton Road/Blue Beck
 - Clifton Green/Burdyke
 - Tower Street/River Foss
 - Bishopthorpe Road (Middlethorpe)/River Ouse,
 - B1222 Naburn/River Ouse/Howden Dyke.
39. Investment in flood risk management interventions across the city will ensure we are resilient to the impacts of climate change. This funding will support the identified EA funding to consider wider benefits across the city.
40. **Gully Repair Engineering works (£700k 19/20)** - A rolling programme of capital funded drainage survey and investigation works has led to significant improvements of the city's highway gullies and has provided detailed information to identify the condition of the assets and their long term maintenance needs. 53% of all assets were found to be blocked and in the vast majority of cases (more than 20,000 assets) works left the asset in a free running state after attendance. However, approximately 5% of assets have been found to require more extensive engineering works to leave them in a free running state. In addition to this a number of assets were found to be of a poor design that cannot be easily cleansed.

41. By the end of the current programme it is estimated that of the 44,000 gully assets on the CYC highways network – 1,558 will require further engineering works, 1,250 require replacement ironwork to facilitate easier future cleansing.
42. **Clean Air Zone (£1,640k 19/20)** – A report was considered at Executive on 17th January 2019 which recommended the inclusion of a capital budget of £1.64m to establish a competitive grant fund for bus operators. This fund is to support the introduction of a Clean Air Zone in January 2020 which will require the upgrading or replacement of approximately 82 buses within the York fleet. This is in addition to buses which will be upgraded in any event due to prior commitments (e.g. the introduction of a new fleet on the York Park & Ride network). It is anticipated that the Council would hold a competitive process which all seven operators currently providing local bus services in the City of York area, as well as any others who are actively planning to operate here, would be eligible to bid for. The Council would not be buying any equipment itself.
43. **Shambles Modernisation – Food Court (£25k 19/20)** – This scheme would allow Make It York to engage an architect to carry out a feasibility study to install modern, attractive, adaptable weather resistant structures in a layout that safeguards the future of the market. This would enable flexible trading, introduce secure spaces for traders to keep their stock and encourage new start ups. Providing storage for stock would reduce the need for as many large delivery vehicles entering the city centre twice a day. This dovetails the wider environment/ counter terrorism initiatives in the city and improves existing connections with the centre and future developments such as York Central.
44. **Shambles Modernisation – Power (£180k 19/20)** - Shambles Market was refurbished in 2014 as an open air market with stalls open to the elements. As such only 110v power supply was deemed safe in such an open environment. This level of power only allows basic lighting tailored to utilise only 110v. Open markets across the UK are struggling to attract new traders with many markets closing down. Shambles Market has however seen growth but is still struggling to attract new quality traders, many of whom have power requirements above 110v to allow refrigeration and heating of foodstuffs. To allow future development of Shambles Market, this scheme would provide a 240v supply across the market with a view to introduce more electrically safe lock up units at some stage.

45. **One Planet Council – Energy Efficiency (£250k per year 19/20 – 23/24, Total £1,250k)** – The purpose of these funds is to seek to compliment existing/new capital schemes, to enable the schemes deliver higher environmental benefits than may otherwise be the case in other projects such as the building of homes, or within some of other projects such as the Guildhall or York Central. Specific allocations will be recommended for approval to the Executive as part of the ongoing monitoring processes

New Schemes – Match Funded

46. As part of this year’s capital budget process a number of proposals which would be funded both externally and with a CYC contribution. These are set out in **table 4** below.

Scheme Type / Description	Total External element	Total CYC element	Financial Year
	£000	£000	
Wayfinding	350	350	19/20
York Outer Ring Road (Dualling)	25,200	2,800	19/20
Total New Match funded proposals	25,550	3,150	

Table 4 – Summary of new proposals funded by both external and CYC funding

47. **Wayfinding (£700k total, £350k externally funded, £350 CYC funded)** – This scheme will allow the Council and York BID to proceed with full implementation of a new Wayfinding scheme starting in Spring 2019, following a detailed consultation exercise. Works will include the removal of 60 current heritage fingerposts to reduce street clutter, and installation of 36 new totem signs, 14 fingerpost signs, and 13 wall signs. York BID

have committed £350k to the full implementation, which will be matched by the Council as part of this scheme.

48. **York Outer Ring Road (Dualling) (£28,000k total, £25,200 externally funded, £2,800k CYC funded)** - A report was considered at Executive on 20th December 2018 which recommended the inclusion of match funding in the 2019/20 Capital Programme for dualling of the first phase of the A1237 Outer Ring Road, from the A19 through to Little Hopgrove roundabout. This is following the announcement on 30 September 2018 by the Secretary of State for Transport that upgrading a section of York's Outer Ring Road was to be included in a list of five schemes in England which would be funded by the new Major Road Network fund. Local match funding of approx. 10% (£2.8m) is expected to be required, in accordance with current standard practice, to support the scheme. The match funding will further develop the dualling scheme in advance of confirmation of funding from the Department for Transport.

Existing Schemes – Prudentially Borrowed

49. As part of this year's capital budget process the existing budget for one scheme requires an increase in funding as part of the Capital Budget process. This is set out in **table 5** below.

Scheme Type / Description	Total External element	Financial Year
	£000	
Guildhall	7,372	20/21
Total Existing Schemes – Prudential Borrowed	7,372	

Table 5 – Summary of increase to existing budgets funded by CYC borrowing

50. **Guildhall** – Elsewhere on the Agenda is a report detailing the future redevelopment of the Guildhall. It recommends a comprehensive scheme to refurbish and re-develop the Guildhall complex. The scheme will secure its long-term future as a serviced office and business club venue complimenting ongoing council / civic and community use with a cafe, and new riverside restaurant / riverside courtyard. The proposals include complete renewal of services and the installation of a River Water Source Heat pump bringing significant environment benefits and reduced running costs, while supporting local businesses an increasing public access to a historic building. The financial impact of the scheme is incorporated within this report.

Rolling Programme Schemes – Prudential Borrowing

51. The 2018/19 – 2022/23 capital programme contained a number of rolling programme schemes that require funding on an ongoing basis. This report extends the rolling capital programme to 2023/24 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	19/20
Project Support Fund	200	23/24
Highways Drainage Works	200	23/24
York City Walls – Restoration programme	300	23/24
Highways Resurfacing & Reconstruction	750	23/24

Concrete Street Lighting Column replacement	1,278	19/20 – 20/21 & 23/24
Non illuminated structural asset renewal	100	19/20
Asset Maintenance & Critical Repairs	220	23/24
Disability Support Budget	250	23/24
Major Equipment for Disabled Customers	143	23/24
Telecare Equipment	267	23/24
Disabled Facilities Grant	475	23/24
IT Development Plan	2,470	19/20 – 23/24
Total Rolling Programme Schemes	6,903	

Table 6 – Summary of Rolling Programme Proposals Requiring Prudential Borrowing Funding

52. All of the £6.903m of rolling programme schemes will require revenue growth to fund (to support the prudential borrowing), the revenue implications are contained in the Financial Strategy 19/20 – 23/24 report on this agenda.
53. An overview of each scheme being proposed is set out in the following paragraphs:
54. **Capital Contingency (£250k 19/20)** – 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 2018/19 as detailed in the Capital Monitor 3 report also on this Agenda is £515k.

55. **Project Support Fund (£200k 23/24)** – To extend the existing Rolling Programme into 23/24 to allow the continuation of the capacity to provide professional advice to support the Capital programme, and in particular major complex regeneration/building schemes including York Central, Castle Gateway, and the Older Persons Accommodation Programme. The fund will also continue to be used to provide ongoing funding for corporate project management assurance further strengthen assurance around project management and delivery.
56. **Highways Drainage Works (£200k 23/24)** – 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
57. **York City Walls – Restoration programme (£300k 23/24)** – To extend the existing Rolling Programme into 23/24 to allow the programme of urgent repair and restoration works to continue. To date works have been carried out at Mickelgate Bar, Monk Bar steps, and Tower 39. The plans for the next year are for further works to continue at Tower 39 with the main programme of works being at Bootham.
58. **Highways R&R (£750k 23/24)** – 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.
59. **Concrete Street Lighting Column Replacement Programme (£1,278k 19/20 - 23/24)** - To extend the existing rolling programme into 23/24 and accelerate further in 2019/20 – 2020/21 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 following an ongoing upgrade programme based on inspections condition data.
60. **Non illuminated structural asset renewal (£100k 19/20)** – To extend existing rolling programme into 19/20 to allow the continuation of

replacing or removing un illuminated signage that has been identified as age expired following inspections.

61. **Asset Maintenance & Critical Repairs (£220k 23/24)** – Extend existing rolling programme in 22/23 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
62. **Disability Support Budget (£250k 23/24)** – 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
63. **Major Equipment for Disabled Customers (£143k 23/24)** - 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.
64. **Telecare Equipment (£267k 23/24)** – 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 and CYC will retain ownership of the assets
65. **Disabled Facilities Grant (£475k 23/24)** - 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
66. **IT Development Plan (£100k each year 19/20 – 22/23, £2.070m 23/24)**
– The continuation of the rolling programme IT development plan for an additional year, along with an additional £100k per year for 5 years following a revised assessment of the Councils digital programme. This is anticipated to bring savings for the future and will be essential to ensure the Council can deliver ongoing transformational digital change in a wide range of front line services.

Rolling programme - Externally Funded + HRA Funded

67. In addition to part funded rolling programme schemes, Schemes that are fully externally funded are proposed as part of this budget process. This table shows the level of external funding that is increasing existing schemes and which year the change takes effect in:

Scheme Type / Description	External Funding Value	Financial Year
	£000	
<u>Existing General Fund Schemes</u> <u>New External Funding</u>		
Highways Resurfacing & Reconstruction	1,827	23/24
Local Transport Plan - Integrated Transport	1,570	23/24
Disabled Facilities Grant	4,544	19/20 – 23/24
<u>Total Existing General Fund Schemes</u> <u>New External Funding</u>	7,941	

Table 7 – Summary of New External Funding

68. An overview of the new schemes being proposed is set out in the following paragraphs:
69. **Highways Resurfacing & Reconstruction (£1.827m)** – indicative funding settlement in 23/24
70. **Local Transport Plan – Integrated Transport (£1.570m)** –indicative funding settlement in 23/24
71. **Disabled Facilities Grant (£4.544m 19/20 – 23/24)** - indicative funding settlement.

72. The latest **Housing Revenue Account (HRA)** Business plan 2018 to 2048 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.
73. In January 2019, Executive agreed an investment in new Housing on CYC owned sites totalling £153.9m. The plans will deliver more than 600 new homes including over 250 council and low cost home ownership homes across 8 sites around the city. This is shown to be sustainable in the 30 year business plan.
74. Table 8 updates the capital investment strategy and shows the overall movement (growth) against the existing approved expenditure plans.

Scheme Type / Description	Total Value	Financial Year
	£000	
<u>New Investment for the HRA</u>		
Major Repairs Allowance Schemes	4,899	19/20 – 23/24
Modernisation of Local Authority Homes	4,033	19/20 – 23/24
Assistance to Older and Disabled People	470	23/24
Housing Environmental Improvement Programme	170	23/24
Local Authority Homes – New Build Project	90,750	19/20 – 23/24
Local Authority Homes – Project Team	5,700	19/20 – 23/24
<u>New Investment for the HRA Total</u>	106,022	

Table 8 – Summary of HRA investment

75. The key investment areas are shown in table 8 and shows new investment of £106.022m that will see key schemes delivered including:
76. **Major Repairs Allowance (£4.899m growth in total 19/20 – 23/24) -** 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 2019/20 is provided below

	2019/20 budget £'000	Description of works 2019/20
Tenants Choice (incl voids)	1,678	Replacement kitchen, bathroom and rewire to 234 properties per year
Heating/Boilers	1,255	Replacement heating systems to 580 domestic properties per year.
Roof Replacements	374	Replacement roofs and removal of asbestos-containing fascias / soffits to c67 properties
External Doors	371	Replacement of c515 external doors with high performance door sets
Window Replacements	335	Replacement of windows in c176 properties
Lincoln Court	941	Full modernisation programme
Other	1,356	One- off kitchen or bathroom refurbishments, various programmes of repair to the external structure of dwellings and communal areas

Table 9 – Breakdown of MRA scheme types

77. **Modernisation of Local Authority Homes (£4.033m growth in total 19/20 – 23/24) –** This will see investment in a number of different projects, including:

- Structural damp remediation works to c60 properties in 2019/20, with a further 240 properties requiring treatment over the life of the 5 year proposal
- Soundproofing to eliminate sound nuisance between flats
- Renewal of door access systems
- Upgrading communal corridor lighting to flatted blocks
- Various external works to improve parking, boundary walls and fences and upgrading drying areas
- Energy Conservation projects, focusing on un-insulated vertical hung external wall facades
- Health and safety works such as remedial works arising from Fire Risk Assessments and Asbestos surveys and fixed electrical testing
- Adaptations to Council owned properties to assist existing tenants with physical disabilities to be able to more easily access the property and use the facilities within it, particularly the bathing facilities
- The programme 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.

78. 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
79. **Assistance to Older and Disabled People (£470k 23/24)** – 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.
80. **Housing Environmental Improvement Programme (HEIP) (£170k 23/24)** – This scheme has replaced 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. The process has been running since April 2017 and a variety of schemes have been agreed.

81. **IT Infrastructure (No budget change – Total £850k 19/20 – 23/24) –** The ICT infrastructure improvements programme totals £1.722m over the period 2017/18 to 2021/22. A major review of the current systems has been undertaken and the current Housing systems is to be replaced by an integrated Housing and Building Services management system which incorporates housing management, asset management and building repairs.
82. The majority of the funding will be allocated to the acquisition of an integrated Housing and Building Services management system, which will enable the Council to exploit significant opportunities to improve performance and customer satisfaction whilst reducing costs. These include: delivering corporate and strategic objectives, transforming customer service, it will integrate with the new Customer Relationship Management (CRM) system to offer a single point of contact for all customers, eliminating waste and duplication, increasing income and cash flow, better informed decision making and planning for the future, targeting people in most need, partnership working and supporting future initiatives.
83. Tenders have been returned for the Housing ICT Programme and contract should be awarded by March 2019.
84. **Local Authority Homes – New Build Project (£96,450 19/20- 23/24) -** Executive (17th January 2018) have agreed to a New Home Building Programme on council owned sites totalling £153.9m. The programme is to be funded by a combination of utilising the debt cap to appropriate land into the HRA, capital receipts from sales on the sites, equity sales from shared ownership properties, right to buy receipts as shown below.

	£'000
Land Costs (appropriation)	31,700

Land Cost (purchase)	2,400
Development Cost	114,100
Project Management	5,700
Total Cost	153,900
Potential Funding	
Market Sale	98,600
Equity Sale	9,800
HRA – Debt (Appropriation)	31,700
Other HRA Resources	13,800
Indicative Funding	153,900

Table 10 – Local Authority Homes Funding Analysis

85. In terms of the Capital Programme it is proposed to create two budgets:
86. **Project Team (£5,700k)** - The programme will require a significant increase in the project team employed by the council. Resources required include project managers, site delivery managers as well as programme support officers.
87. **New Home Delivery (£90,750k)** - Executive has already approved budgets for Lowfield Green (£22.5m), Burnholme and Askham Bar development (£700k) and Duncombe Barracks £2.55m. It is proposed therefore to set aside £90,750k to fund the remaining programme. This is analysed below

	£'000
Total Cost	153,900
Less land appropriations	-31,700
Less Previous Budget approvals	-25,750
Less Project Team	-5,700
New Home Delivery budget	90,750

Table 11 – New Home Delivery Budget Analysis

88. The allocation of this budget will be subject to further reports to Executive detailing individual schemes.

89. None of the schemes detailed in table 8 have an impact on prudential borrowing.

Funding Position – Council Prudential Borrowing

90. The budget proposals in terms of CYC prudential borrowing adds to existing rolling programme schemes totalling £6.903m (of which £6.903m impacts Council Tax), adds £7.372m to existing one off schemes (of which £7.372m affects Council Tax) and adds new schemes totalling £32.110m (of which £32.110m, impacts 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 £46.385m over the 5 year programme. Table 9 shows the financial impact on a year by year basis and over the 5 year period.

	19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	Total £000
Rolling Programme	1,028	222	100	100	5,453	6,903
Existing Schemes	-	7,372	-	-	-	7,372
New Schemes	15,345	6,415	5,350	4,750	250	32,110
Net Increase in PB	16,373	14,009	5,450	4,850	5,703	46,385

Table 12 – Net Funding Position of Prudential Borrowing Schemes

91. The revenue costs of the new schemes funded by prudential borrowing is estimated at £3.247m over the 5 year budget period, assuming borrowing of £46.385m. Actual borrowing is likely to not be taken during 2019/20, and there is a one year delay in costs hitting therefore costs are unlikely to affect the revenue budget until at the earliest 21/22 therefore no Treasury Management growth is required for 19/20

Summary of Analysis

92. 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 **£185.898m**.

	19/20 £m	20/21 £m	21/22 £m	22/23 £m	23/24 £m	Total £m
1) New CYC Schemes Funded by CYC Pru Brrw (table 3)	12.195	6.415	5.350	4.750	0.250	28.960
2) New Match funded CYC Schemes Part funded by CYC part funded by External sources (table 4)	28.700	-	-	-	-	28.700
3) Extension of existing Schemes Funded by CYC Pru Brrw (table 5)	-	7.372	-	-	-	7.372
4) Rolling Programme Schemes Funded by CYC Pru Brrw (table 6)	1.028	0.222	0.100	0.100	5.453	6.903
5) Existing Schemes Funded Externally by External Grant (table 7)	0.569	0.619	0.669	0.719	5.365	7.941
6) HRA Schemes (table 8) Funded by HRA	1.180	28.988	29.091	12.609	34.154	106.022
Total Net Increase to Capital Programme	43.672	43.616	35.210	18.178	45.222	185.898

**Table 13 – Summary of Expenditure and Funding Movements
19/20 – 23/24**

93. 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	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m	£m
Children, Education & Communities	20.799	11.746	10.500	2.000	-	45.045
Health, Housing & Adult Social Care – Adult Social Care	4.740	0.595	0.616	0.638	0.660	7.249
Health, Housing & Adult Social Care – Housing & Community Safety	39.103	57.141	42.412	24.069	36.597	199.322
Economy & Place – Transport, Highways and Environment	69.355	24.941	15.965	8.725	5.225	124.211
Economy & Place – Regeneration & Asset Management	83.938	67.484	26.754	1.198	0.220	179.594
Community Stadium	9.287	-	-	-	-	9.287
Corporate Schemes	2.054	0.525	0.500	0.450	0.450	3.979
IT development plan	3.530	1.535	1.870	2.070	2.070	11.075
Total Capital Programme	232.806	163.967	98.617	39.150	45.222	579.762

Table 14 – Proposed Capital Programme 2019/20 – 2023/24

Other Major Capital Projects

94. There are a range of other major schemes either already within the Capital programme, or which may come forward in the future, which will come through as individual reports during the year. Some of the key issues are referred to below, to give members a full picture of the scale of the Capital programme and some of the issues that will need to be considered during 2019.
95. **York Castle Museum Delivery phase** – The Council has already provided York Museums Trust (YMT) with £600k across 2017-20 to support the development of an HLF bid. It is likely a scheme will come forward to Members next year in relation to the delivery phase of this scheme. Members should note this would potentially involve a significant contribution from the Council.
96. **Guildhall** – Elsewhere on the Agenda is a report detailing the future redevelopment of the Guildhall. The report updates Members on the results of the recent procurement exercise.
97. **York Castle Gateway** – The masterplan for the Castle Gateway was approved by Executive in April 2018, with funding allocated to prepare and submit planning applications for work package 1 and 2. Work package 1 includes the new coach and multi-storey car park (MSCP) at St George's Field; junction improvements on Fishergate gyratory; and a new apartment building on the former car park site at Castle Mills.
98. Work package 2 is the heart of the masterplan; replacing Castle Car Park with a new public space and events area; opening up the rear of the Castle Museum with a new pedestrian bridge over the Foss; and new commercial and apartment developments on the rear of the Coppergate Centre and on Piccadilly.
99. There has been significant progress made on the scheme including
 - Preparation of work package 1 planning applications (see below for detailed update)
 - The demolition of the derelict former Castle Mills car park has been carried out by the developer of Ryedale House in return for using the land as a site compound, saving the council £180k in demolition costs

- £1.4m grant funding has been secured towards the redevelopment of the Castle Mills site through Homes England's Accelerated Construction Programme (officers are currently assessing the associated conditions to ensure the funding is beneficial to the project) £150k Leeds City Region funding has been secured to run a programme of events on Castle Car Park throughout 2019 to promote the area as a new public space
- The Rose Theatre on Castle Car Park attracted 80,000 visitors over the summer of 2018 and will return in summer 2019
- £200k Leeds City Region funding has been secured to help York Museums Trust (YMT) bring forward their Heritage Lottery Fund bid proposals for the Castle Museum so that the design work is dovetailed with the surrounding council masterplan A formal partnership between the council, YMT and English Heritage has been established to explore shared visitor centre and ticketing options.

100. **York Central** – The York Central Project has been the subject of a number of recent reports to Executive. In November 2018 Executive approved (subsequently ratified by Council in December 2018) a budget of £155m to progress the infrastructure requirements at York Central. This is to be funded from external sources Housing Infrastructure Funding, WYCA Funding and Local Enterprise Partnership Funding as well as internal sources including budgets previously approved and £35m of council borrowing supported from anticipated Enterprise Zone receipts. In January 2018 Executive approved the Heads of Terms for the York Central Partnership Agreement which establishes the overriding governance and financial mechanisms for how the key partners will work together in developing the site.
101. Executive have agreed to drawdown funding (£1.25m) for the first phase of pre-construction works and £5m (subject to planning and external funding award) for undertaking enabling works on the site.
102. It is envisioned that during spring the council will learn whether it has been successful in regards to funding bids for Housing Infrastructure Fund and West Yorkshire Transport Fund which are key for the project to progress.
103. There is currently an Outline Planning Application submitted and being considered by the Planning Authority. It is anticipated that this will be considered by Planning Committee in early March 2019.

104. Subject to Planning and award of external funding and further Executive approval the first phase of infrastructure (£80-90m) including the building of the bridge over the East Coast Main line into the site will commence in late summer / early autumn 2019.

Council Plan

105. 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

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

Human Resources Implications

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

Equalities Implications

108. 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

109. 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

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

Information Technology

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

Property

112. 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

113. 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.
114. Additional risk exists in relation to existing schemes in the Capital programme whereby costs are incurred in developing a project, however no asset is achieved. Such costs may then need to be written off to the

revenue account. The risks in relation to this are referred to separately in the Revenue Budget Report also on this Agenda.

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

Wards Affected:

All

Annexes

Annex A – Growth Summary 2019/20 – 2023/24

Annex B – Capital Programme 2019/20 – 2023/24