

4.0 CAPITAL FIVE YEAR SPENDING PLAN 2023/24

4.1 OVERVIEW

4.1.1 The Capital Plan sets out the Council's longer term capital investment plans. These plans support the Council's strategic and service objectives by maximising the assets and infrastructure necessary to support service delivery whilst minimising the impact on the revenue budget. Sitting behind the Plan is the Council's Capital Strategy which provides a high-level overview of how capital expenditure, capital financing and treasury management contribute to this end.

4.1.2 Following reorganisation, and an expanded capital works programme, it has been recognised that there is a need for even stronger capital governance arrangements which has resulted in four functional capital boards and an overarching programme board (Management Board) being established to provide delivery assurance and strengthen existing reporting structures. Chaired by a Corporate Director and supported by Finance, each functional board is responsible for one of the following areas:

- Economic Development
- Highways and Infrastructure
- Housing
- Corporate Property/Other

This quarter's capital update reflects the new Capital Board structure.

4.1.3 Given the ongoing transition from a directorate to Capital Board monitoring approach, the format of this report is also undergoing transition with programme and scheme updates structured around the new boards and presented on an 'exceptions only' basis.

4.2 REFRESHING THE CAPITAL PLAN

4.2.1 The schemes and programmes within the Capital Plan are reviewed regularly to track whether they are being delivered to both schedule and budget. Refreshed on a quarterly basis, this report details the Capital Plan for Q2 2023/24, 1 July to 30 September 2023, and reflects the additions and adjustments, including the reprofiling of budgets, since the last version was approved. This quarter, the financial year 2026/27 has been added to the Capital Plan to return it to a five-year programme.

4.2.2 The Council is currently planning to invest £326.4m on capital schemes across the County in 2023/24 and £629.5m, in total, over the next 5 years.

4.2.3 The latest Capital Plan is set out, by capital board, at Appendices A-D. A summary of gross expenditure, by board, is summarised in the following table:

Capital Board	2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	Later Years £k
Economic Development	24,520.3	21,614.7	3,534.1	-	-
Highways & Infrastructure	118,144.6	109,536.4	19,028.9	1,759.2	1,353.3
Housing	62,650.7	25,673.4	20,851.4	2,366.0	12,038.0
Corporate Property & Other	121,082.3	24,293.2	27,937.7	7,187.0	25,953.4
Total Capital Plan	326,397.9	181,117.7	71,352.1	11,312.2	39,344.7

Additions to the Capital Plan this Quarter

4.2.4 Only individual additions to the Capital Plan that are of a value in excess of £250k are detailed in this report.

4.2.5 The following table highlights updates referred to in earlier reports and new additions that have been added to the Capital Plan this quarter:

Capital Board	Scheme	Detail	£k
Highways & Infrastructure	LED Street Lighting Upgrade Project	To address ongoing maintenance and energy issues associated with footway and amenity lighting that has transferred to the new council. Funded from Strategic Capacity Reserve and revenue contributions.	2,539.0
Highways & Infrastructure	Transforming Cities	Addition of TCF projects at Harrogate, Selby and Skipton. Project Outline Business Cases have been approved and funding included in capital plan. Final Business Cases are not yet been submitted due to delays. DfT funding will be confirmed following approval of Final Business Case by WYCA.	20,339.5
Housing	Local Authority Housing Fund	DLUHC grant for rehousing Ukrainian and Afghan refugees	2,539.0
Corporate Property/Other	Children's Social Care	Revenue reserve funding contribution to property acquisition to accommodate unaccompanied asylum seeker children.	250.0
Corporate Property/Other	Self Help Schemes (schools)	Additional grant allocation for Connect the Classroom programme	374.2

CAPITAL BOARD UPDATES

4.3.1 Every effort is made to identify, assess and minimise the level of risk associated with a scheme or programme within the Capital Plan. Larger schemes and programmes are subject to assessment and monitoring under the Council's Risk Management Strategy.

- 4.3.2 Inflationary pressures are currently the most common risk factor across the capital plan. Construction costs and tender prices are being carefully monitored to assess the potential impact on the delivery of the programme. Whilst funds have been earmarked for potential general price rises, should the need arise, the scaling back of programmes may still be necessary.
- 4.3.3 Capacity for delivery is also a significant risk as a result of organisational change and wider transformation.

4.4. **ECONOMIC DEVELOPMENT**

- 4.4.1 As at the reporting date, actual expenditure was £3.54m, this equates to 15% of the £24.37m planned programme. This indicates that there may be significant slippage in the programme into 24/25. Where the programme slips, and if external grant funded, work is being carried out to ensure they are not time limited, so as the burden does not fall onto the Council to fund project works that fall outside of the government's initial timetable.

Levelling Up Fund – Catterick

- 4.4.2 Project delivery is forecasting a one month delay due to the need to reissue the Expression of Interest for the Construction tender, completion date of July 2025. This updated forecast moves nearly £6m of the original £14.9m for 24/25 into the 25/26 financial year.

4.5 **HIGHWAYS & INFRASTRUCTURE**

A59 Kex Gill Diversion

- 4.5.1 Since the main works contract was signed in June 2023 with a value of £50.8m, work activity on site has been focusing upon establishing the main site village, 2km of drystone walling works, construction of a 3km long temporary haul road to access the works areas and earthworks related to underpass structures. The spend profile for 2023/24 currently forecasts expenditure of £19.435m.
- 4.5.2 Value Engineering detail designs have been issued to the contractor and they have been building up a revised works programme and associated detailed costing schedule. These are expected by mid-December. The new road is forecast to open to the public in August 2025, with the overall scheme to complete in March 2026. There is a risk that there may be additional costs above budget associated with the scheme which will not be known until the detailed costings schedule is received and the impact of the value engineering work is costed.

4.5.3 Planning Conditions are now substantially discharged, including Condition 4 (Ecological Impact). The remaining planning conditions are expected to be discharged within the next couple of weeks.

Transforming Cities Fund

4.5.4 Final Business Cases for the three schemes are now scheduled to be submitted to the West Yorkshire Combined Authority (WYCA) in the new year as scheme development work continues. Currently, finalised ECI cost information is being sought to inform the FBC and enable calculation of the Benefit Cost Ratio.

4.5.5 Following legal challenge to the originally proposed scheme in Harrogate, a revised scope is currently being developed with updated costs awaited.

4.5.6 Updated proposals have been received in relation to both the Selby and Skipton schemes and work is currently being undertaken to review the schemes for deliverability and funding availability.,

4.5.7 The Benefit / Cost Ratios of each scheme will be recalculated as designs are updated and discussions are ongoing with WYCA to understand what is deliverable within the funding available.

4.6 HOUSING

4.6.1 £3.0m has been added to the capital programme in relation to the scheme to support accommodation for Ukrainian and Afghan refugees approved. The scheme will be funded by £1.3m DLUHC grant and £1.7m internal funding (the internal funding approach is currently being considered and will be confirmed as part of future updates).

4.6.2 There is potential for slippage on schemes across Housing Improvement Programmes, although a significant contract award has been achieved in Q2 which is likely to mitigate the risk of the rephasing on schemes in some areas.

4.6.3 In addition, in-house resources have diverted from new build developments temporarily to support void works. New build developments are now progressing through Align Property Partners

4.6.4 A Countywide joint case meeting has been instigated with HAS/CYPS to ensure Disabled Facilities Grant works are carried out consistently to make best use of the grant allocation.

4.7 CORPORATE PROPERTY / OTHER

4.7.1 Property related schemes cover a variety of assets from leisure centres to civic buildings and schools as well as IT infrastructure hardware and systems. The majority of schemes have been rolled over from the former district and boroughs with works on-going. As with other schemes there are cost pressures arising from inflation and some scoping issues and delays are being experienced. Investigations into some sensitive matters are in progress and further information will be available for the quarter 3 report.

4.8 CAPITAL FORWARD PLAN

4.8.1 The intention of the Capital Forward Plan is to ensure that there is a methodical approach to developing proposals for new capital schemes to be added to the Capital Plan and, in particular, the process for securing funding.

4.8.3 In light of the new capital boards, the Capital Forward Plan and procedures for (i) proposing new schemes for capital investment and for (ii) seeking approval to apply for and accept external funding are currently under review. In the short term, proposals for investment are being considered as they emerge. Elsewhere on this agenda there is a report on a proposed scheme for outdoor learning and should this be approved the scheme will be added to the capital plan. In addition, the following scheme is put forward for approval:

Invest to save bid – Scarborough chalets:

4.8.4. The project relates to the reinstatement of a block of 11 early C20 Grade II Listed timber chalets which were demolished in 2019 following serious damage caused by two landslip events in 2018. The former Scarborough Borough Council commenced a project to reinstate the chalets with a view that the works would be funded on an invest to save basis, with borrowing funded by rental income.

4.8.5 The chalets have been designed to be facsimiles of those lost to the landslip and the surviving identical block to the north, thereby returning the former symmetry to the group of buildings. Planning permission was granted in June 2023 and a competitive tendering exercise for a main contractor to undertake the works was instigated to inform the costings for the final business case. Those tenders have now been received and evaluated.

4.8.6 The costings provided indicate that the capital investment required would be £580k which includes a 10% contingency. Assuming external borrowing is undertaken from PWLB over 15 years, the project would have a payback of 15 years. This is assuming rental performance is in line with current performance of chalet operations in the same location and also accommodates for on costs including utilities and maintenance. It is anticipated that the additional servicing of the chalets can be delivered within

existing staffing levels. The specification includes for premium certified timbers that are warrantied >50years so the chalets would be expected to continue in operation beyond the 15 year payback period.

- 4.8.7 It is recommended that the funding is approved on a spend to save basis and the preferred contractor is appointed to rebuild the chalets for the Summer 2024 season.

4.9 CAPITAL FINANCING

- 4.9.1 The financing of the Capital Plan is realised, primarily, through the receipt of Government grants. In addition, the Council can utilise revenue contributions, reserves, capital receipts from the sale of assets such as surplus land and buildings, and, as a last resort, it can borrow from either the Public Works Loan Board or money markets.

- 4.9.2 The main grants received and included in the Capital Plan relate to Highways, Housing and Schools and, as such, the Council's Capital Plan can be heavily influenced by Government department priorities. Grants, in total, fund 53% of the total 2023/24 Capital programme. Where confirmed, grants have been added to the Capital Plan in the years to which they are due to be received.

- 4.9.3 Revenue contributions to capital budgets are also reflected in the associated revenue budgets.

Financing the Refreshed Capital Plan

- 4.8.4 The following table sets out the latest position on the 'Corporate Capital Pot' and indicates that there is potentially £23.0m of unallocated capital funding that might become available over the Capital Plan period (depending upon the realisation of forecast capital receipts).

Source	2023/24 £k	2025/26 £k	2026/27 £k	2027/28 £k	Later Yrs £k
Forecast Sources of Finance					
Borrowing	43,736	-9,933	6,641	462	-4,577
Grants and Capital Contributions	196,543	148,065	29,798	4,122	30,030
Schemes financed from Revenue	74,683	27,126	32,984	6,530	2,245
Capital Receipts	19,319	21,340	2,229	197	20,969
= Total Forecast Capital Funding	334,281	186,598	71,652	11,311	48,667
- Updated Capital Plan	-326,398	-181,118	-71,352	-11,312	-39,345
= Potential Unallocated Capital Resources	7,883	5,480	300	-1	9,322
Total potentially unallocated available over full capital reserves resources Capital Plan period	 22,984				

- 4.8.5 Some of the forecast receipts making up this 'Corporate Capital pot' are not expected to be realised for some time yet. As a result, the availability of this

unallocated funding is speculative in terms of both timing and amount. Against this background, any material spending of the 'pot' combined with significant reductions in the expected value of potential capital receipts in the pipeline could result in it becoming 'overdrawn'. Such a scenario would result in the requirement for additional Prudential Borrowing to finance the existing Capital plan.

4.8.6 In order to provide stronger capital governance and further clarity in relation the funding of the programme, in line with the new capital board arrangements, from Q3 the current presentation of the Corporate Capital Pot will be withdrawn. As a result, the Corporate Capital Pot presentation will be replaced by a specific unallocated receipt reserve

4.8.7 Consequently, the current position, as previously agreed by Members, remains to retain any surplus capital funding for the time being.

4.9 RECOMMENDATIONS

4.9.1 The Executive is recommended to:

- (a) Approve the refreshed Capital Plan summarised at **paragraph 4.2.3**;
- (b) Approve the addition of £580k to the capital plan for the Scarborough chalets, on an invest to save basis; and officers be given delegated authority to proceed with the scheme (**paragraph 4.4.7**);
- (c) Agree that no action be taken at this stage to allocate any additional capital resources (**paragraph 4.8.7**).

APPENDICES TO THE CAPITAL PLAN

CAPITAL BOARD PLANS

- A HIGHWAYS & INFRASTRUCTURE
- B HOUSING
- C ECONOMIC DEVELOPMENT
- D CORPORATE PROPERTY / OTHER

FINANCING

- E FINANCING OF THE CAPITAL PLAN

CAPITAL PROJECT BOARD - HIGHWAYS & INFRASTRUCTURE							
CAPITAL PLAN HEADING	PROGRAMME	Budgets as at Q2 2023/24					
		2023/24	2024/25	2025/26	2026/27	Later Years	Total
		£k	£k	£k	£k	£k	£k
Highway & Transportation, Parking Services, Street Scene, Parks & Grounds	New & Replacement Road Lighting Columns	1,280.1	837.5	1,032.5	589.1	-	3,739.2
	Structural Maintenance - Roads	29,280.2	4,267.3	58.6	-	-	33,606.1
	Structural Maintenance - Bridges	3,532.4	780.4	1,315.0	-	-	5,627.8
	Integrated Transport Block Provision	1,661.8	30.0	-	-	-	1,691.8
	Central Overheads	12,463.6	-	-	-	-	12,463.6
	Other Grant Funded Highways	11,008.0	8,977.1	-	-	267.9	20,253.0
	Other Funded Highways Programme	4,225.4	36.0	36.0	-	-	4,297.4
	Other Programme Items	- 3,584.3	34,870.3	- 58.6	-	-	31,227.4
	Total Highways Programme	59,867.2	49,798.6	2,383.5	589.1	267.9	112,906.3
	Parking, Street Scene, Parks & Grounds	3,334.1	800.4	315.0	325.0	255.0	5,029.5
	Major Projects & Infrastructure	26,947.7	57,642.8	15,326.4	725.3	238.1	100,880.3
	Coastal Protection	6,377.0	739.0	735.0	-	-	7,851.0
	Flood Risk Management	1,788.2	235.0	-	-	-	2,023.2
Total Highways & Transportation, Parking Services, Street Scene, Parks & Grounds	98,314.2	109,215.8	18,759.9	1,639.4	761.0	228,690.3	
Environmental Services & Climate Change	Waste Management	294.4	112.0	109.0	49.0	592.3	1,156.7
	Climate Change & Natural Capital	161.5	208.6	160.0	70.8	-	600.9
	Total Environmental Services & Climate	455.9	320.6	269.0	119.8	592.3	1,757.6
Public Rights of Way & Harbours	Countryside Access Services	50.5	-	-	-	-	50.5
	Harbours	19,324.0	-	-	-	-	19,324.0
	Total Public Rights of Way & Harbours	19,374.5	-	-	-	-	19,374.5
Capital Board Expenditure Totals		118,144.6	109,536.4	19,028.9	1,759.2	1,353.3	249,822.4
FUNDING SOURCES		£k	£k	£k	£k	£k	£k
	Grants	- 103,073.3	- 101,097.5	- 8,736.6	-	- 411.1	- 213,318.5
	Revenue Funding	- 15,124.0	- 5,215.9	- 9,947.3	- 1,493.4	- 669.1	- 32,449.7
	Capital Contributions (external)	- 1,152.1	- 303.0	- 285.0	- 255.8	- 267.9	- 2,263.8
	Capital Receipts	- 188.6	- 2,860.0	-	- 10.0	-	- 3,058.6
Capital Board Funding Totals		- 119,538.0	- 109,476.4	- 18,968.9	- 1,759.2	- 1,348.1	- 251,090.6
Capital Board Net Total		- 1,393.4	60.0	60.0	-	5.2	- 1,268.2

CAPITAL PROJECT BOARD - HOUSING							
CAPITAL PLAN HEADING	PROGRAMME	Budgets as at Q2 2023/24					
		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	Later Years £k	Total £k
Housing	Housing (HRA)	30,069.7	15,510.8	17,122.0	2,042.0	10,418.0	75,162.5
	Disabled Facilities Grant Funded Programme	5,709.6	4,742.4	3,714.4	309.0	1,545.0	16,020.4
	Housing Programmes (Non-HRA)	26,871.4	5,420.2	15.0	15.0	75.0	32,396.6
	Total Housing	62,650.7	25,673.4	20,851.4	2,366.0	12,038.0	123,579.5
Capital Board Expenditure Totals		62,650.7	25,673.4	20,851.4	2,366.0	12,038.0	123,579.5
FUNDING SOURCES		£k	£k	£k	£k	£k	£k
	Grants	- 22,342.7	- 11,856.6	- 5,565.4	- 2,316.0	- 11,988.0	- 54,068.7
	Revenue Funding	- 22,000.0	- 13,676.8	- 15,236.0	-	-	- 50,912.8
	Capital Contributions (external)	- 10,521.4	-	-	-	-	- 10,521.4
	Capital Receipts	- 7,371.5	- 90.0	-	- 50.0	-	- 7,511.5
	Capital Board Funding Totals	- 62,235.6	- 25,623.4	- 20,801.4	- 2,366.0	- 11,988.0	- 123,014.4
	Capital Board Net Total	415.1	50.0	50.0	-	50.0	565.1

CAPITAL PROJECT BOARD - ECONOMIC DEVELOPMENT							
CAPITAL PLAN HEADING	PROGRAMME	Budgets as at Q2 2023/24					
		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	Later Years £k	Total £k
Economic Development	General	3,037.0	90.0	-	-	-	3,127.0
	UK Shared Prosperity Fund	567.8	2,200.0	-	-	-	2,767.8
	Rural England Prosperity Fund	1,354.3	4,062.8	-	-	-	5,417.1
	Total Economic Development	4,959.1	6,352.8	-	-	-	11,311.9
Regeneration	General	6,757.5	-	-	-	-	6,757.5
	Programme for Growth (P4G - Selby area)	1,647.9	384.0	-	-	-	2,031.9
	Towns Fund (Scarborough area)	9,977.0	-	-	-	-	9,977.0
	Levelling Up Fund - Catterick Garrison	1,048.8	14,877.9	3,534.1	-	-	19,460.8
	Total Regeneration	19,431.2	15,261.9	3,534.1	-	-	38,227.2
Local Enterprise Partnership	Local Enterprise Partnership	-	-	-	-	-	-
	Total Local Enterprise Partnership	-	-	-	-	-	-
Capital Board Expenditure Totals		24,390.3	21,614.7	3,534.1	-	-	49,539.1
FUNDING SOURCES		£k	£k	£k	£k	£k	£k
	Grants	- 13,114.4	- 21,140.7	- 3,152.0	-	-	- 37,407.1
	Revenue Funding	- 7,686.8	- 474.0	- 382.1	-	-	- 8,542.9
	Capital Contributions (external)	- 50.0	-	-	-	-	- 50.0
	Capital Receipts	- 161.4	-	-	-	-	- 161.4
Capital Board Funding Totals		- 21,012.6	- 21,614.7	- 3,534.1	-	-	- 46,161.4
Capital Board Net Total		3,377.7	-	-	-	-	3,377.7

CAPITAL PROJECT BOARD - CORPORATE PROPERTY, OTHER							
CAPITAL PLAN HEADING	PROGRAMME	Budgets as at Q2 2023/24					Total £k
		2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	Later Years £k	
Property	Corporate Property (inc social care and non-schools)	13,026.4	285.0	140.0	-	6,778.5	20,229.9
	Commercial Property	4,818.8	120.0	110.0	10.0	50.0	5,108.8
	Schools	42,068.7	18,489.4	17,298.0	4,290.0	16,723.5	98,869.6
	Cemeteries, Cremation & Mortuary	962.9	510.0	425.9	-	635.0	2,533.8
							-
	Total Property	60,876.8	19,404.4	17,973.9	4,300.0	24,187.0	126,742.1
Technology	Technology	5,047.7	2,202.4	1,251.0	1,335.0	1,491.4	11,327.5
	Total Technology	5,047.7	2,202.4	1,251.0	1,335.0	1,491.4	11,327.5
Loans & Investments	Company Loans	11,708.8	-	4,716.4	-	200.0	16,625.2
	Other Loans	-	-	-	-	-	-
	Investments	-	-	-	-	-	-
	Total Loans & Investments	11,708.8	-	4,716.4	-	200.0	16,625.2
Other	Fleet / Transport Projects	16,957.1	1,761.4	3,181.4	1,037.0	-	22,936.9
	Leisure (combination of property and IT)	25,535.9	425.0	315.0	15.0	75.0	26,365.9
	Community Safety	352.0	-	-	-	-	352.0
	Material Damage Provision	500.0	500.0	500.0	500.0	-	2,000.0
	Social Care Grant Funded Equipment	104.0	-	-	-	-	104.0
	Total Other	43,449.0	2,686.4	3,996.4	1,552.0	75.0	51,758.8
	Capital Board Expenditure Totals	121,082.3	24,293.2	27,937.7	7,187.0	25,953.4	206,453.6
FUNDING SOURCES		£k	£k	£k	£k	£k	£k
	Grants	- 35,330.1	- 12,247.0	- 9,374.5	- 1,050.0	- 3,785.5	- 61,787.1
	Revenue Funding	- 29,742.1	- 7,759.2	- 7,418.9	- 5,037.0	- 1,575.5	- 51,532.7
	Capital Contributions (external)	- 10,959.4	- 1,420.1	- 2,685.9	- 500.0	- 13,577.3	- 29,142.7
	Capital Receipts	- 7,577.8	- 13,634.5	- 2,078.5	- 138.3	- 20,668.9	- 44,098.0
	Capital Board Funding Totals	- 83,609.4	- 35,060.8	- 21,557.8	- 6,725.3	- 39,607.2	- 186,560.5
	Capital Board Net Total	37,472.9	- 10,767.6	6,379.9	461.7	- 13,653.8	19,893.1

FINANCING OF CAPITAL PLAN					
Q2 2023/24					
	2023/24	2024/25	2025/26	2026/27	Later Yrs
	£000s	£000s	£000s	£000s	£000s
A FORECAST FUNDING AVAILABLE					
1 Borrowing					
Prudential (Unsupported) Borrowing	34,678	-2	1,710	592	-46,152
Rephased borrowing (capital expenditure & receipts slippage)	9,058	-9,931	4,931	-130	41,575
	43,736	-9,933	6,641	462	-4,577
2 Capital Grants and Contributions					
	196,543	148,065	29,799	4,122	30,030
3 Schemes financed from Revenue					
	74,683	27,126	32,984	6,530	2,245
4 Capital Receipts available to finance Capital Spending					
Other capital receipts from sale of properties	4,020	4,755	150	0	300
Company & Other Loan Repayments (treated as capital receipts)	15,299	16,585	2,079	198	20,669
	19,319	21,340	2,229	198	20,969
= Total Forecast Funding Available	334,282	186,597	71,653	11,313	48,666
B CAPITAL PLAN Updated gross spend	-326,398	-181,118	-71,352	-11,312	-39,345
C FUNDING REMAINING	7,884	5,480	301	0	9,322
D TOTAL FUNDING REMAINING					22,987