

Report to:

Council 18 January 2018



General Fund Revenue Budget 2018/19, Medium Term Financial Plan 2018/19 to 2020/21 and Capital Programme 2018/19 to 2020/21

Report of the Leader of the Council

Purpose of the Report

1. To present to Council:

The Leader's General Fund Revenue Budget 2018/19 and Medium Term Financial Plan 2018/19 to 2020/21 and Capital Programme 2018/19 to 2020/21.

The following Appendices are attached to the report:

- A (i) - Summary of the Budget Consultation Exercise
- A (ii) - The Leader's Budget Statement 2018/19
- B (i) - Schedules of proposed savings for 2018/19
- B (ii) - Public Health savings
- B (iii) - Analysis of Budget Movements 2017/18 to 2018/19
- C - Schedules of Fees and Charges
- D - Analysis of Business Units' Budgets
- E - 3 year Medium Term Financial Plan 2018/19 to 2020/21
- F - Strategy Regarding Capital Receipts Flexibility
- G - Risk Assessment of level of General Reserves
- H - Schedule of General and Earmarked Reserves
- I (i) - Hull City Council / Clinical Commissioning Group - Integrated Financial Plan
- I (ii) - Schedule of Planned review activity
- J - Capital Programme 2018/19 to 2020/21

Executive Summary

2. The report provides the suite of assumptions and technical underpinnings for the Leader's Budget statement, shown at Appendix A (ii) and the savings proposals included at Appendix B (i).
3. The report also sets out the levels of Council Tax which result from the Leader's Budget Proposals in 2018/19 including a 3% increase for Adult Social Care Precept plus a 1.99% General Fund increase making a 4.99% increase in total which is being proposed.
4. In addition, the report sets out the proposed Capital Programme 2018/19 to 2020/21 which is consistent with the General Fund Medium Term Financial Plan.

Recommendations

5. The Council is recommended to:-
 - i) Note the Leader's Budget Proposals 2018/19 as set out in Appendix A(ii);
 - ii) Approve the Council's 2018/19 Revenue Budget savings and Service expenditure allocations as set out in Appendix B (i) and D; subject to any budget amendments properly notified to and approved by Council in line with the Constitution;
 - iii) Note the proposed fees and charges for services at Appendix C
 - iv) Note the Medium Term Financial Plan as set out at Appendix E;
 - v) Approve the Capital Receipts Flexibility Strategy set out at Appendix F;
 - vi) Note the contribution to/from reserves and levels proposed at Appendix H;
 - vii) Note the Health and Social Care Integrated Financial Plan, showing the expected spend in the City of both the Council and Clinical Commissioning Group (CCG), and the review activity at Appendix I, and support decision making relating to funds within this Plan being subject to consideration and approval by the Committees in Common.
 - viii) Note the comments of the Director of Finance and Transformation and Section 151 Officer on the robustness of the Budget and adequacy of reserves as set out at paragraph 57;
 - ix) Approve the Capital Programme 2018/19 to 2020/21 as described at paragraphs 84 to 92 of the report and detailed at Appendix J;

Revenue Budget 2018/19 - Consultation

6. The Government announced details of the provisional Local Government finance settlement on 19 December 2017 with the final settlement expected in February 2018. These confirmed the indicative figures which have previously been released as part of a four year settlement up to 2019/20. The budget for 2018/19 reflects the cuts in Government funding detailed in the settlement and the resulting service reductions required to produce a balanced position.
7. City Managers have undertaken specific consultations with service users where appropriate as referenced at Appendix B (i).
8. Meetings have also been held with representatives of the Voluntary Sector and Young People of the city as well as the Business Community regarding the Council's budget. The Council has also undertaken a broader exercise regarding meeting Council priorities in an environment of reducing public sector funding.
9. In response to the consultation process, Cabinet at its meeting on 18 December, agreed to amend the savings proposals within Public Health by re-prioritising £0.1m in 2018/19 and £0.2m in 2019/20 to provide additional resources in relation to:
 - Re-procurement of support for infant feeding including a breastfeeding peer support service
 - Re-procurement of outreach support for children and young people affected by domestic abuseMitigating action was also agreed to protect the existing housing improvement budget within Public Health. These changes have been incorporated into this report.
10. A summary of the consultation exercise is shown at Appendix A (i) alongside the Leader's Budget Statement which is attached at Appendix A (ii).

Local Government Finance Settlement – Core Funding and Business Rate Retention

11. The Chancellor's Autumn Statement of November 2015 set out the Government's public spending plans for the anticipated period of Parliament up to 2019/20. Whilst the Chancellor reported better than previously expected economic forecasts with regard to growth, borrowing costs and tax receipts and therefore promised to protect the budgets of the NHS, Schools, Overseas Development, Defence and Police, he confirmed that Councils would face significant cuts in funding over this period. Following the General Election in June 2017, no change is anticipated to this policy.
12. The Provisional Local Government Settlement for 2018/19, which was issued on 19 December 2017, confirmed the indicative funding allocations provided previously as part of the Government's 4 Year Offer. The Council, along with the vast majority of other Councils (97% in total), accepted the Government's 'offer' to provide certainty over the key elements of the Council's funding up to 2019/20. The settlement also amended the level of council tax increase that would require approval by referendum which for 2018/19 is set at 3% rather than 2% together with an additional 3% precept for Adult Social Care.

13. This means that the Council will have lost an estimated £131m in Core Funding between 2010 and 2020, (a 55% reduction) as there will be £10m of future cuts falling in 2018/19 and 2019/20, in addition to the £121m cuts between 2010/11 and 2017/18. Although significant reductions are faced across the whole local government sector, Hull and similar authorities, which have a high level of need but suffer from relatively low property values and economic growth, are set to continue to suffer disproportionately from the cuts in funding.
14. The Government had previously indicated that they wish to move to a position, by 2020/21, whereby Councils retain 100% of locally collected Business Rates under a new system of "Fair Funding". However, following the General Election in June, the Local Government Finance Bill, which was the primary legislation to enable this to happen, was not passed. There is, therefore, currently no planned legislation that will enable 100% Business Rate Retention (BRR) to take place but the Government have reaffirmed their commitment to BRR and are seeking ways to introduce it (or something similar). This has increased the level of uncertainty around future local government funding. The Government has indicated that it intends to retain the system of 'top ups and tariffs' which is vital to cities like Hull, as it provides an element of redistribution from wealthier to poorer areas. As such, the Council's Medium Term Financial Plan (MTFP) presently assumes a neutral impact when the planned change in system is introduced. It is essential for Hull that the Government ensures equity in the distribution of overall resources to adequately reflect comparative local needs and the differing abilities of councils to raise income locally. The Council will continue to lobby to best effect through direct responses to Government consultation proposals as well as the Local Government Association and SIGOMA (the Special Interest Group of Metropolitan Authorities) within it.
15. In Hull the reduction in core funding between over the next two years is 4.6% for 2018/19 and 8.9% by 2019/20 as shown in Table 1 below. It is within this context that the Council must seek to continue to reduce its cost base in order to bring expenditure into line with available resources.

Table 1 – Movement in Core Funding 2017/18 to 2018/19 and 2019/20

	2017/18	2018/19	Change		2019/20	Change - from 2017/18	
	£m	£m	£m	%	£m	£m	%
	A	B			C		
Revenue Support Grant	39.54	31.82	-7.72	-19.5%	23.99	-15.55	-39.3%
Business Rate Funding							
- Top-Up	38.16	39.39	1.23	3.2%	40.79	2.63	6.9%
- Retained Business Rates	38.03	39.25	1.22	3.2%	40.64	2.61	6.9%
	76.19	78.64	2.45		81.43	5.24	
Total Core Funding	115.73	110.46	-5.27	-4.6%	105.42	-10.31	-8.9%

Balancing the 2018/19 Budget

16. The 2017/18 Budget approved by Council in February 2017 included savings of £16.3m with additional planned reductions of £12.4m in 2018/19 and a further £12.2m in 2019/20 - however there remained a £3.6m deficit from 2018/19. The projections set out in the July 2017 MTFP report to Cabinet suggested that the 2018/19 budget could be balanced without the need for significant further reductions beyond the benefit of additional savings from Public Health and "Work Smart". As such, management activity has continued to focus on the successful completion of the existing savings plans and cost reductions as approved at February 2017.
17. The strategy set out in the July report provided, in the light of the latest projections, for a balanced position in both 2018/19 and 2019/20, and elimination of the £3.6m deficit. This reflected the use for one year only additional capital receipts flexibility in 2018/19 to smooth the impact of the funding reductions between years, and a balanced position in 2019/20 which did not rely on use of one off resources.
18. Subsequent to the July report, projections have been updated and whilst the basis of the approach remains largely unchanged, these revised projections alongside the additional cost pressures within Children's Services have necessitated some changes in the approach as set out below.

Implications of 2017/18 Costs and Outturn Projections

19. Both Quarter 1 and Quarter 2 Revenue Monitoring reports have highlighted significant cost pressures affecting Adult Social Care and Children's Services. With regard to the predicted over spends within Adult Social Care analysis of the cost drivers and MTFP assumptions suggests that service spending can be contained within existing budgetary allocations for 2018/19, although the actions to achieve that will need to be kept under close ongoing review. However, the pressures within the CYPS service highlight additional ongoing costs arising from the placement of children in care which will continue to be experienced in 2018/19. As a result the proposed budget and MTFP include additional estimates to reflect the reality of the existing cost base with an additional £2m being included for 2018/19, reducing to £1.5m in 2019/20 in line with an expectation that there will be some reduction in numbers and costs from current levels over the next 2 years.
20. Increasing numbers of looked after children also now mean that it will not be possible to deliver the "Demand Management" saving approved in February 2017 as noted within Appendix B (i).
21. Although the carry forward of some level of costs into 2018/19 is inevitable, it remains necessary that CYPS devise and deliver changes in service delivery in order to minimise the cost implications, improve outcomes for young people and families, and drive down the cost of placements in future years. To this end, it is proposed that additional resources are set aside both to provide additional capacity to deliver the required service transformation and enhance the Special Educational Needs (SEN)

service. The additional resources comprise £0.3m being added to the base budget and an additional £0.5m one year only transformational funding provided in 2018/19.

Savings

22. As part of the budget setting process the savings relating to 2018/19 included in the February 2017 Report have also been reviewed to confirm their deliverability and as a result some savings have been amended. The updated schedule of savings, totalling £11.255m including Public Health and Work Smart are shown at Appendix B (i) with the changes to the savings agreed in February highlighted. Additional information relating to the Public Health Savings is shown at Appendix B (ii).

City of Culture Legacy

23. Following the success of 2017 there are 6 initiatives which have been funded from one –off sources in year but which it is proposed to continue into 2018 and which therefore require adjustment to the MTFP of £0.45m as shown in the table below:

Project	Description	Funding Requirement £
Museum Opening Hours 2018	To maintain increased opening hours at the Maritime Museum and Ferens Art Gallery on Sundays across entire Museum's service from 11.00 to 16.30.	£0.045m p.a. (to retain Sunday opening).
TIC Facility	Future requirements for a Visitor Welcome Tourist Information Facility, post 2017 This includes renting the existing space from Network Rail.	£0.135m p.a. Based on keeping current Interchange provision.
City Dressing Programme - i.e. lamp post banners, empty shops, signage at transport hubs, event branding, eyesore buildings.	Dressing vacant buildings, gateway sites and lamp posts throughout the city centre.	£0.020m p.a. over three years based on replacing city centre lamp post banners, update of shop windows, Castle St. hoarding and signage at transport hubs
Digital and Online Provision	Operation of websites hull2017.co.uk and vistihullandeast yorkshire.co.uk out of a single team within VHEY to a shared content plan, post 2017	£0.080m p.a. including a digital content post
Queens Gardens	To provide an officer presence during daylight hours including litter picking	£0.050m pa

Project	Description	Funding Requirement £
Public Realm Cleaning	Utilising new machinery -street washing, gulley cleaners and gum removers – with 10 x operatives supplemented by 4 x “barrow men”	£0.120m pa additional funding beyond current budget
Total		£0.45m

Joint Commissioning with Clinical Commissioning Group (CCG)

24. As shown at Appendix B(iii) after taking into account the issues noted above and latest projections of corporate costs the Council is faced with budget shortfalls in 2018/19 and 2019/20 of £3m and £5m respectively. This primarily reflects the Council’s rising costs relating to the care of vulnerable children and the demand pressures within the wider adult and children’s care system and the health sector across the city.
25. The Council cannot seek to address these issues and cost pressures in isolation, and so must continue to work with our partners, and specifically the Clinical Commissioning Group (CCG), to manage demand across the system utilising the resources available within the City. The move towards joint commissioning between the Council and CCG is developing at both an Officer (Integrated Commissioning Officer Board) and Member (Committees in Common) level and this provides confidence that efficiencies and improved value for money can be achieved. The total joint funding “envelope” has been agreed with the CCG along with a schedule of commissioning and service reviews to be jointly considered over the coming year, are shown within Appendix I (i) and (ii). The outcome of the review work will be subject to approval by the Committees in Common. Given that the total funding within the system is expected to increase over the coming years, albeit marginally, it is reasonable to move forward on the premise that the Council’s forecast budget gaps can be addressed through the benefits of collaborative commissioning and service development.
26. The move towards closer working with the CCG builds on the national drive to reduce public sector expenditure and improve the quality of care the Government is seeking to encourage closer working between Councils and the NHS. In broad terms there is a nationally recognised desire to reduce the cost of acute health care through better focussed and resourced community services designed to meet the care needs of individuals at an early stage and therefore reduce the call on expensive acute services.
27. To this end the Government introduced the Better Care Funding initiative in 2015/16 which sees significant resources from the NHS, and local Councils, jointly managed under the auspices of Health and Well Being Boards with a formal pooled budget arrangement. The MTFP for 2018/19 reflects the expected level of funding received from the NHS to support services.

2018/19 Budget

28. Appendix B(iii) details the movements in the 2018/19 Budget MTFP since February 2017. The table below summarises the projected movements and identifies sums required to balance the budget in each of the next 3 years. In summary, after factoring in the approved savings, as detailed at Appendix B(i), and the benefits of Joint Commissioning the projections show a balanced budget in the next 2 years and a shortfall in 2020/21. The 2020/21 position will need to be addressed by 2019 by when it is anticipated that the Government's intentions regarding the future funding of Councils should be clearer. The 3 Year MTFP is shown at Appendix E with supporting narrative included in the paragraphs below.
29. Given the level of the projected cuts in government funding and the significant financial challenge faced by the Council over at least the next 2 years, it is imperative that strict budgetary control is exercised across all services. The position within all services will continue to be closely monitored throughout 2018/19.
30. The provisional financial outturn providing details of 2017/18 actual spend against budget will be reported to Cabinet in May 2018 and this will inform the Quarter 1 monitoring for 2018/19. (The provisional outturn figures will be confirmed in July following the completion of the external audit of the Council's accounts).

Table 2 – Year on Year Movements

	2018/19	2019/20	2020/21
	£m	£m	£m
Movement in Resource Base	-3.293	0.431	-0.592
Contingencies and Budget Pressures	17.548	14.047	3.012
Sum Required to Balance Budget	14.255	14.478	2.420
Savings - as at Appendix B(i)	-11.255	-12.478	0
Integrated Commissioning Benefit	-3.000	-2.000	0
Budget Shortfall after applying savings	0	0	2.420

Funding

Council Tax

31. Subject to Cabinet and Full Council approval, Council Tax projections have been reviewed and updated to reflect an assumed:

- Annual increase of 4.99% in 2018/19, reflecting a 1.99% increase plus the additional 3% Adult Social Care Precept to be used to off-set cost pressures within Adult Social Care;
 - Increase of 1.99% in 2019/20 and 2020/21.
32. Robustness of collection rates which have been maintained despite the introduction of the Local Council Tax Support Scheme and subsidy rules and the minimum charge of 20% for working age council tax support cases. The projections also reflect net increases in the number of homes which includes the Kingswood development where c2,500 properties are planned over the next 10 years.
33. The Council Tax projections also reflect the introduction of a new discount for Care Leavers as set out in the associated report elsewhere on this agenda. The estimated cost of £0.050m is built into the MTFP projections from 2018/19 onwards.

Review of Charges for Council Services

34. Fee levels have been set at values consistent with recouping the cost of providing the service and protecting Council revenues whilst ensuring income targets are realistic in the light of the current economic climate. The achievement of income targets will be reflected within the in year monitoring reports, along with the delivery of the approved savings. The proposed charges for 2018/19 are shown at Appendix C.

Business Rates and Enterprise Zones - Uplift in Business Rates

35. The Council is entitled to retain 100% of any increase in Business Rates arising within the designated Enterprise Zones. This additional funding can be used, in agreement with Local Enterprise Partnership (LEP), to support LEP priorities within the City.
36. The MTFP reflects the planned use of the EZ Business Rates uplift to support the Council's regeneration activities through revenue funding of £2.7 m in 2018/19 and future years, with the balance earmarked to fund capital projects as part of the on-going regeneration of the City.

Employer Pension Contributions

37. Following the Triennial valuation of the East Riding Pension Fund as at 31 March 2016, the Actuary advised the value of employer's contributions relating to the funding of future service benefits would be frozen at the rate of 14.8% of pensionable salary for 2017/18 to 2019/20.
38. In line with the Cabinet decision of 18 December 2016 to approve the pre-payment of employer contributions for the period April 2017 to March 2020, the projected employer costs have been reduced to reflect the savings associated with the pre-payment.

Capital Financing

39. The MTFP projections have also been updated to reflect latest information regarding the Capital Programme with Capital Financing Costs revised in line with latest expenditure projections as shown at Appendix J and funding assumptions including the use of capital receipts to meet transformational costs as noted at paragraph 47.

Contingencies

40. Service budgets may be subject to further adjustments including the allocation of contingencies / provisions to meet cost pressures. These are technical adjustments which will not impact on approved service levels. Contingencies are shown within the MTFP at Appendix E and shown below at Table 3.

Table 3 – Contingencies to meet cost pressures

	2018/19	2019/20	2020/21
	£000	£000	£000
- Energy Inflation (5%)	300	600	1,050
- Contractual Inflation – non Pay	1,600	3,150	4,650
- Pay Award (2% / 2% / 2%)	2,553	4,943	7,493
Total – Contingency Budgets	4,453	8,693	13,193

The 3 Year Medium Term Financial Plan 2018/19 – 2020/21

41. The Medium Term Financial Plan shown in summary at Table 4 and in detail at Appendix E has been developed based on the assumptions discussed above and summarised below.
- i) MTFP reflects successive funding reductions from 2018/19 to 2019/20 in line with the indicative data provided in the 2017/18 Settlement. Ahead of any indicative data relating to 2020/21 a neutral funding position has been assumed with funding levels maintained at predicted 2019/20 levels. There is a risk that the reductions could be greater than currently modelled and the forecasts may need to be revisited as the government releases information over the coming years
 - ii) Provision of resources to allow pay increases of 2% in 2018/19, 2019/20 and 2020/21 and an increase in non pay budgets to reflect future contractual price increases.
 - iii) Delivery of the budget savings set out in Appendix B(i)
 - iv) Council Tax increases of 4.99% in 2018/19 and 1.99% in 2019/20 and 2020/21. The 2018/19 position includes a 3% increase hypothecated to support Adult Social Care.

Table 4 – Summary MTFP

	2018/19 £m	2019/20 £m	2020/21 £m
Expenditure			
Directorates (including Public Health)	214.5	206.8	205.8
Schools	48.9	42.0	42.0
Corporate Budgets (including provisions for pay, prices, pensions)	23.0	25.2	36.5
Net Budget requirement	286.4	274.0	284.3
Funding			
Government Grant / Retained Business Rates	-210.0	-200.9	-199.2
Carry Forwards of Re-Organisation Budget and Contribution (to) / Use of Revenue reserves	3.5	8.9	1.5
Contribution (to) / Use of Capital Reserves	0	0	0
Council Tax (Increases of 4.99%/ 4,99% / 1.99% increase)	-79.9	-82.0	-84.2
Total Funding	-286.4	-274.0	-281.9
Surplus(-)/Shortfall +	0	0	2.4

42. In addition to the assumptions set out above the following factors have also been taken into consideration.

Re-Organisation Budget

43. The Council's 2016/17 Budget approved in February 2017 included a sum of £8.9m to meet the costs of re-organisation, primarily those associated with the Council's Voluntary Early Termination (VET) scheme.
44. As set out in the Period 5 Revenue Outturn Projection report considered by Cabinet in October 2017, latest forecasts suggest that there will be headroom against the budget. As such it is anticipated that this budget will fund any overspend recorded at 31 March 2018, which was forecast at c£2m in the same report, as well as meeting termination costs.
45. In order to reduce the cost base it is inevitable that the Council will need to continue to reduce the number of staff it employs. Although the 2018/19 Savings proposals (as detailed at Appendix B (ii)) will result in modest post reductions it is envisaged that there will be further post reductions arising from future changes in service delivery models, although the precise timing is as yet uncertain, as the Council seeks to balance its budget in the face of the reductions in Government funding.

46. Given the inevitable uncertainty over the year end position, the costs of future terminations and the volatility of demand for the Council's care based services, it is prudent to assume the balance of these re-organisation resources are carried forward into 2018/19 to be reviewed in the light of 2017/18 Outturn and early 2018/19 monitoring. In the light of the recent national employer's pay offer of c2% p.a. for each of the next two years, it has also been necessary to allocate £1m of the estimated carried forward budget to fund an increase in the pay award contingency.

Table 5 Re-Organisation Budget

	£m
Budget 2017/18	8.9
Costs (estimate)	-2.9
Funding to meet 2017/18 Overspend (estimate)	-2.0
Carry Forward to 2018/19	4.0
Additional 1% pay award contingency	-1.0
Budget 2018/19	3.0

Transformational Costs (Utilising Capital Receipts Flexibility)

47. The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts can be used to finance expenditure. This Direction allows for the expenditure incurred in delivering revenue savings or service transformation, between 2016/17 and 2018/19, to be treated as capital and not be charged to revenue, subject to generating funding from asset disposals in the same period and Council approval of the planned use of the flexibility.
48. The Council's Strategy is included at Appendix F and reflects a plan to meet £8m of transformation costs from asset disposals between 2016/17 and 2018/19.

Schools Funding

49. The Council's financial position is impacted by the way in which schools are funded and the ongoing transfers to academy status. Schools with Academy status, of which the number in Hull is growing (80 as at November 2017), receive all their funding direct from the Government rather than through the Council.
50. This movement to Academy status is reflected in the anticipated Dedicated Schools Grant (DSG) receivable by the Council in 2018/19 of £48.9m compared to the 2017/18 value of £66.7m.
51. The DSG funding and costs must balance over time and, as highlighted in the 2017/18 monitoring reports to Members some amendments to the pattern of expenditure will be required over the period of the MTFP. Changes impacting on service delivery will be the subject of future reports to Members.

Public Health Grant

52. The Government has confirmed its intention to reduce the value of the Public Health Grant payable to the Council by 2.5% in each of 2017/18, 2018/19 and 2019/20 and this is reflected in the MTFP projections.

Reserves

53. General Balances at April 2017 were £7.97 m and the 2017/18 budget, as approved in February 2017, assumed no movement in the reserve during the year.
54. A detailed risk assessment for the level of reserves is attached at Appendix G. In the light of the required aggregate savings value of c£29m over the next 2 years, the cost pressures recorded in 2017/18 and the very real challenges faced by the Council in maintaining services whilst suffering further cuts in funding, the Risk Assessment reflects the need to bolster General (Un-earmarked) Reserves to c£21m by 2020/21. Similarly, given on-going concerns over business rate income highlighted in the January report, there is a need to set reserves aside to meet the potential impact of Appeals in the future years. The planned increase on general reserves has been enabled through the change in the Council's Minimum Revenue Provision approved by Council during 2016/17.
55. A schedule of Reserves movements is included at Appendix H.

Statutory Officer Comments

56. Under Section 25 of the Local Government Act 2003, and CIPFA Code of Practice, the Authority's Chief Financial Officer (s151 Officer) is required to report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed reserves.

Members are required under the 2003 Act to have regard to the Chief Financial Officer's report when making decisions about the budget calculations.

57. **The Director of Finance and Transformation (section 151 Officer) has made the following statement:**

The robustness of the budget estimates and the adequacy of the reserves are largely dependent on the levels of risk and uncertainty. The principal financial assumptions made in the budgets are noted in this report and attached appendices.

Budget monitoring throughout the year will be an important tool in identifying at an early stage potential problems so appropriate action can be taken.

The delivery of the planned savings and major business projects is critical to the successful delivery of the Council budget strategy. Current activity provides adequate assurance as to the deliverability the 2018/19 budget with future year forecasts representing realistic planning assumptions which will be subject to review as part of the annual budget setting process.

The budget has been prepared reflecting known service pressures and following through reviews by City Managers of planned savings.

A risk based approach to consideration of the level of reserves is a component of the Council's overall risk management framework. Operational risks should be managed within Services' bottom line budgets and thus will not normally result in a call on the Council's reserves.

Appendix G summarises the significant financial risks applicable to Unearmarked Reserves. The total potential risk to the Council is estimated to be £12.4m in 2018/19. The Authority's Unearmarked Reserve was £8.0m at 31 March 2017 and is presently envisaged to be unchanged at 31 March 2018 but in the proposed budget it is planned to rise to £13.0m at 31 March 2019.

My assessment of the process that has been undertaken set alongside the risk assessment above is that the budget calculations used in the preparation of the budget estimates are fair and robust and reserves are adequate to reflect known circumstances.

58. The Town Clerk (Monitoring Officer) has made the following statement:

The case of R (Buck) v Doncaster MBC [2012] the High Court confirmed that the role of Full Council in relation to the budget process is limited to the allocation of resources to meet the authority's potential expenditure for the next financial year, which enables it to set an appropriate level of council tax.

The Town Clerk considers that the Leader's proposals fulfil the statutory requirements set out below with regard to setting the amount of Council Tax for the forthcoming year and to set a balanced budget:-

S30 (6) Local Government Finance Act 1992 (the 1992 Act)

This section requires that Council Tax must be set before 11 March, in the financial year preceding that for which it is set. Failure to set a budget by this date does not of itself render the Council Tax invalid.

S31A the 1992 Act

This section sets out the calculations to be made in determining the council tax requirement, including contingencies and financial reserves. Failure to undertake the required calculations renders any Council Tax void and unenforceable.

S31B the 1992 Act

This section sets out the detail of the calculations required to meet the Council's obligations as at S31A.

S25 (1) Local Governance Act 2003 (the 2003 Act)

The Chief Finance Officer of the Authority (i.e. being the appointed S.151 Officer) must report to it on the following matters:-

- a) the robustness of the estimates made for the purposes of the calculations; and

- b) the adequacy of the proposed financial reserves.

S25 (2) the 2003 Act

When the Council is considering calculations under S31A, it must have regard to a report of the Chief Finance Officer (being the appointed Section 151 Officer) concerning the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

The Local Authorities (Functions & Responsibilities) (England) Regulations 2000 (as amended)

These Regulations set out what are to be the respective functions of Council and of the Executive. With regard to the setting of the budget and Council Tax for the forthcoming year, Regulations provide that the Leader formulates the plan or strategy (in relation to the control of the Council's borrowing or capital expenditure) and the preparation of estimates of the amounts to be aggregated in making the calculations under S31A of the 1992 Act. The approval of such plan or strategy/calculations is the responsibility of full Council.

59. Comments of City Manager for Human Resources

The proposed budget savings this year indicate that there will be redundancies across services. This impacts on the organisations ability to provide services and impacts on those staff who remain in the Council. A full equality impact assessment has been completed for this budget proposal.

The increase in the National Living Wage is likely to create pressure on Local Government Employers to agree pay increases in excess of 1%. Indications at the moment are that it will be around 2% with a loading to lower pay scales for this next year. The following year there may be a redrawing of the payline to accommodate a higher NLW and therefore the pay envelope may need to increase. Modelling by LGA for our region shows this might be as high as 4%.

60. Comments of Overview and Scrutiny

This report was considered by the Finance and Value for Money Overview and Scrutiny Commission at its meeting of Friday, 15 December, 2017 and comments and recommendations agreed at the meeting were tabled at December 18th Cabinet.

Collection Fund and Council Tax Implications

- 61. The Local Government Finance Act 1992 (as amended by the 2003 Act and the Localism Act 2011) sets out the powers and duties of the Council in setting the annual Council Tax. The key requirements are that:-

- i) Council Tax is set at Full Council.
- ii) Council Tax is set at a sufficient level to meet its proposed budget requirements for the ensuing year (see Sections 31A and 31B of the Act).

- iii) The level of Council Tax is set before 11 March to enable circulation of Council Tax bills to enable people to pay on and after 1 April (see Section 30(6) of the Act).
 - iv) The Chief Finance Officer must report on the robustness of estimates and the proposed adequacy of reserves (see Section 25 of the Act and paragraph 56 above).
62. The Council is required to set a Council Tax sufficient to balance the Collection Fund account it maintains. Based on the projections at December 2017 and looking back at the income received in 2017/18, it is forecast that there will be a surplus on this account at year end. The balance is required to be distributed to the contributing or precepting authorities (the Council, Police and Fire & Rescue). Hull City Council's net surplus is forecast to be £0.5 m and will be used in funding the 2018/19 budget as per Appendix E.
63. Under section 52ZB of the Act, each billing authority must determine whether its relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, a referendum must be held in relation to that amount. Using the Governments' principles determined by the Secretary of State under section 52ZC of the Act, the Councils' relevant basic council tax for 2018/19 is not excessive and therefore no referendum is required.
64. The Council is expected to approve a Council Tax Base of 60,039 (Band D equivalents) for 2018/19 at its meeting on the 18 January 2018. Given the Council Tax requirement of £79,938,927, the Band D Council Tax proposed for 2018/19 is £1,331.45. This represents an increase of 4.99% over the 2017/18 charge and includes an additional 3% precept for Adult Social Care. This is below the limit of 6%, above which the Government require a local referendum to take place to confirm such an increase.

Table 6 Proposed Council Tax Charge per Band

Band	Charge 2017/18	Proposed Charge 2018/19	Increase	Increase per week
	£	£	£	£
A	845.45	887.63	42.18	0.81
B	986.35	1,035.57	49.22	0.95
C	1,127.26	1,183.51	56.25	1.08
D	1,268.17	1,331.45	63.28	1.22
E	1,549.99	1,627.33	77.34	1.49
F	1,831.80	1,923.21	91.41	1.76
G	2,113.62	2,219.08	105.46	2.03
H	2,536.34	2,662.90	126.56	2.43
NB These figures exclude the charges for the Police and Fire Services				

65. The precept for the Humberside Police and Crime Commissioner for 2018/19 will be confirmed following the Humberside Police and Crime Panel meeting in February.
66. The precept for the Humberside Fire Authority for 2018/19 will be confirmed following its meeting on the 12 February 2018.

Equality Impact Assessment Analysis

67. Section 149 of the Equality Act imposes a Public Sector Equality Duty on 'public authorities' when exercising public functions to have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
68. Relevant protected characteristics are – age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation and, to a more limited extent, to the protected characteristic of marriage and civil partnership.
69. To 'have due regard' means that in making decisions and in its other day-to-day activities the Council must consciously consider the need to do the things set out in the general equality duty: eliminate discrimination, advance equality of opportunity and foster good relations.
70. The Council will only be able to comply with the general equality duty in relation to a decision, if the ultimate decision maker:
 - understands the Council's obligations under the general equality duty

- has sufficient information
 - demonstrably takes this information fully into account throughout the decision-making process.
71. The courts have stressed the importance of having due regard before and at the time that a particular policy is being considered, and of exercising the duty with an open mind.
72. This paper demonstrates the actions the Council is taking to ensure due regard is taken before, and at the time that a particular policy is being considered.

Issues for Consideration

73. Due regard is being taken before the budget most notably by;
- The development of: The budget report 2018/19, the City Leadership Boards; City Plan, The Health and Wellbeing Boards; 2020 Plan, City of Culture delivery and plans
 - Full equality impact assessment/equality impact analysis reports on high relevance proposals
 - Public consultation and engagement through 'Value Hull', 'Peoples Panel', the Youth Parliament, Voluntary and Community Sectors, Chamber of Commerce, together with the Council's governance mechanisms, such as Area Committees & Scrutiny Commissions.
74. The 2018/19 Budget is set against the progress of the City Plan launched in July 2013. The City Plan is based on a huge evidence base that demonstrates that if the Council focuses on 'Regenerating Hull and Creating jobs and new industry' this will have the most positive impact on our general equality duty.
75. The City Plan aims have enabled services to prioritise what has the most positive impact on protected equality groups, therefore budget proposals are presented with consideration of what will have least negative impact and where this may occur, mitigation is given.
76. Further the 2017 City of Culture has impacted positively on eliminating discrimination, harassment and victimisation and on fostering good community relations for all protected groups. Programmes are in place to ensure that the benefits from this once in a life time opportunity continue to be targeted accordingly to realise these positive outcomes.
77. The significant majority of savings to be delivered during 2018/19 were agreed within the 2017/18 budget in February 2017. Individual equality impact assessments were completed during their development and approval processes. Each of these programmes identified mitigating actions, which will continue to be monitored during their implementation with appropriate actions being taken to reduce adverse impacts.

78. The key new budget changes for the 2017/18 focus on public health budgets, with an overall reduction of £2.55 m by 2019/20. In developing proposals to meet this challenge, the remaining allocation will be targeted towards prevention, early help and early intervention for children and young people and vulnerable adults. There will also continue to be progress in developing a more integrated approach to commissioning and resource allocation across health and social care.
79. The proposals listed below, and set out in more detail within Appendix Biii, will be subject to individual equality impact assessments which will be fully considered during their implementation stages:
- NHS Health Checks - Community-based provision and GP/Pharmacy contracts
 - Tobacco Control - Smokefree Hull service
 - Sexual Health - Sexual Health Open Access and Sexual Health Prevention Services
 - Drugs/Alcohol – Pharmacy Contracts for supervised consumption of Methadone or Buprenorphine
 - Healthy Weight - Whole school nutrition project and Tier-2 Weight Management services
 - Community/Early Intervention - Social Prescribing funding and community grants
 - Best Start in Life - Doula and Breast Feeding Support
 - CYP/Domestic Abuse - Domestic Abuse Women’s Aid Children and Young People Outreach Service
 - Work Place Health
80. In order to address the potential adverse impacts of these changes on protected groups, the Council will also work with partnerships in the voluntary sector, business sector and with partner agencies including the Police, PHE, FSA, HSE, HFRS and DEFRA to ensure all mitigation options are fully explored.
81. It should also be recognised, that there will be positive impacts too from investment in capital projects supporting such as Housing Regeneration, Visitor Destination, Highways, A63 Bridge and infrastructure improvements which will particularly benefit older and disabled people. ICT improvements will likely mean better access for staff and customers particularly disabled, younger people and women.
82. In response to ongoing changes in services design and delivery, services will continue to consider ‘due regard’ for equality and demonstrate this via Equality Impact Analysis assessments when reviews take place, these are to be quality assured by the Equality Policy Team so they are available to Members for decision making.
83. The EIAs will be developed in consultation with stakeholders such as Elected Members, Trade Unions, protected groups, customers and users of services/policies.

Capital Programme 2018/19 to 2020/21

Purpose of the Report and Summary

84. This report sets out the details of the proposed Capital Programme 2018/19 to 2020/21. The programme has been compiled in the light of the latest funding assumptions and the financial implications are appropriately reflected within the revenue budget projections contained within Part I of this report relating to the MTFP and also to the Housing Revenue Account (HRA) Budget which is a separate report on the agenda.

Introduction

85. The Capital Programme has been subject to review and amendment through identification of anticipated future funding sources and resource demands.
86. This report sets out proposals for the allocation of the available capital resources in the period 2018/19 to 2020/21 and presents an updated Capital Programme at Appendix J for approval. The programme provides for:
- A fully funded Capital Programme.
 - Funding of annual demands, including maintaining the Council's assets.
 - Support for one-off projects over the next three years.
 - Provide feasibility funding to develop schemes/enable external funding bids.
 - Support for "Spend to Save" schemes funded from revenue savings.
87. The revised programme reflects an additional £63.5m in planned expenditure over the period. The majority (£51.1m) of this expenditure is funded from "ring fenced" resources which have to be used for a specific purpose (including self-funded schemes) supplemented by the on-going commitment to "passport" targeted grant allocations, and for limited Prudential Borrowing to provide for on-going maintenance programmes. In addition, £12.4m of additional resources have been identified to support other schemes. See Table 7 below.

Capital Resources

88. The following tables presents a summary of the ringfenced resources and additional resources available in the medium term to support the capital proposals:

Table 7 – Available Resources

Source of Available Resources	£m
Ringfenced and 'Passported' Resources:	
- Unringfenced grant allocations 2020/21	7.500
- Prudential Borrowing – annual programmes	5.100
- Prudential Borrowing (Self-Funded Schemes)	16.298
Sub Total	28.898
Additional Resources:	
- Capital Receipts – existing disposal programme	6.380

- Capital Receipts – new disposal programme	4.504
- Community Infrastructure Levy	1.500
Sub Total	12.384
TOTAL	41.282
External Grant Funding:	
- Highways – LEP funded Stoneferry Corridor Works	7.500
- Queens Gardens – HLF Bid	3.000
- City Broadband – DCMS Bid	6.986
- Housing Regeneration – Preston Road	3.000
- Disabled Facilities Grants (Better Care Fund) 2020/21	1.700
Sub Total	22.186
GRAND TOTAL	63.468

89. The Council's capital programme is funded as follows;

- Ring fenced Grants for specific purposes which cannot be used for alternative projects
- Targeted Grants which are provided for specific purposes but which are not ring fenced and can be used for any 'general capital purposes'.
- Capital Receipts arising from the sale of fixed assets owned by the Council.
- Prudential borrowing for investment purposes – where the loan interest and repayments are funded from revenue.
- Self-Funded schemes - funded from revenue resources as revenue savings are directed to fund loan repayments and interest.
- Revenue Contributions - Revenue resources used to fund capital purchases/schemes.

90. Following a review of the programme and the funding assumptions the following available resources have been identified for allocation to new schemes.

i) Unringfenced capital grants - £7.500m

Recent Council practice has been to “passport” Targeted Grants to fund associated programmes and the proposals included in this report reflect the continuation of this practice to the associated programmes for 2020/21, i.e. Schools and Transport. These are as yet unconfirmed allocations and are therefore indicative.

ii) Prudential Borrowing - £5.100m

The continuation of the annual borrowing growth as part of developing the Council's 2018/19 MTFP whereby additional revenue funding of £0.1m per annum has been identified which will provide additional borrowing capacity to support the annual capital programme demands.

iii) Prudential Borrowing (Self-Funded Schemes) - £16.298m

To reflect the capital investment required to support schemes to be funded from associated ongoing revenue savings.

iv) Capital Receipts (Existing Disposal Programme) - £6.380m

The Council's existing asset disposal programme, incorporating the ongoing requirement to support the MTFP in line with the Flexible Usage Policy, provides a balance of available receipts to support capital investment over the next 3 years.

v) Capital Receipts (Reshaping Programme) - £4.504m

A review of the Council's Asset Portfolio has recently been undertaken focussing on reshaping the portfolio in order to improve financial performance, to encourage investment by tenant occupiers and to realise capital receipts. It is anticipated that £4.5m of receipts will become available over the next 3 years to support capital investment.

vi) Community Infrastructure Levy - £1.500m

A new charge to be levied on new buildings and extensions according to floor area – funds raised to be reinvested in infrastructure projects.

Proposed New Allocations

91. The following table details proposed allocations of the available resources with an indicative profile of spend with supporting narrative below.

Table 8 – Proposed Allocation of Available Resources identified in Table 7 – 2018/19 to 2020/21

Scheme	Ref	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Unringfenced 'Targeted' Grants					
Highways (Note 1)	A	-	-	4.000	4.000
Schools (Note 1)	B	-	-	3.500	3.500
Total		-	-	7.500	7.500
Annual Programmes					
Corporate Building Maintenance (Note 1)	C	-	-	1.000	1.000
ICT (Note 1)	D	-	-	1.000	1.000
Library Equipment	E	0.200	0.400	0.400	1.000
Local Community Initiatives (Note 1)	F	-	-	1.000	1.000
Parks	G	-	-	0.200	0.200
Private Sector Housing (Note 1)	H	0.050	0.050	0.800	0.900
Total		0.250	0.450	4.400	5.100
Self-Funded Schemes					
Highways Maintenance (Insurance Savings)	I	1.000	0.500	0.500	2.000
Real Time Bus Timetables (Operation Savings)	J	-	0.500	-	0.500

Water Pumps	K	0.250	-	-	0.250
Housing Regeneration – Preston Road	L	-	0.500	0.500	1.000
EZ Regeneration Sites	M	0.250	-	-	0.250
Agile Working (Work Smart)	N	1.000	2.500	0.500	4.000
ICT Relocation	O	0.410	-	-	0.410
ICT Infrastructure	P	-	0.500	0.500	1.000
Mount Pleasant Library Relocation	Q	0.305	-	-	0.305
Hull Training	R	0.070	0.070	-	0.140
Children’s Homes New Build	S	0.250	0.170	-	0.420
Heart of the City Regeneration (Albion/Bond Street)	T	6.023	-	-	6.023
Total		9.558	4.740	2.000	16.298
Additional Scheme Proposals					
Projects:					
Public Realm Finalisation/Extension	U	1.000	0.750	-	1.750
CCTV Camera Replacement	V	0.050	0.050	0.300	0.400
Highways – match funding for LEP Funded Stoneferry Scheme	W	-	0.500	-	0.500
Highways Scheme Development	X	0.350	-	-	0.350
Parks	Y	0.500	0.500	-	1.000
Pearson Park – additional match funding	Z	0.050	0.500	-	0.550
Queens Gardens – match funding to support HLF Bid	AA	-	-	1.000	1.000
Private Sector Housing – additional targeted funding on top of annual allocation	AB	0.500	0.500	-	1.000
Guildhall Security	AC	0.250	-	-	0.250
Guildhall Roof	AD	-	0.700	0.700	1.400
Corporate Buildings – essential Health & Safety	AE	0.600	0.400	0.400	1.400
Marina Lock Gates	AF	0.050	-	-	0.050
ICT Additional Investment	AG	0.150	0.500	0.600	1.250
City Broadband – match funding to support DCMS bid	AH	0.053	0.107	0.054	0.214
Sub Total		3.553	4.507	3.054	11.114
Feasibility Funding:					
Dance Studio	AI	0.100	-	-	0.100
District Heating	AJ	0.100	0.200	-	0.300
Multi Storey Car Parks	AK	0.200	-	-	0.200
Park and Ride	AL	0.300	-	-	0.300

Walton Street Car Park	AM	0.100	-	-	0.100
Bridge Repairs	AN	0.200	-	-	0.200
Traveller Sites	AO	-	0.070	-	0.070
Sub Total		1.000	0.270	-	1.270
Total		4.553	4.777	3.054	12.384
Grand Total		14.361	9.967	16.954	41.282

Note 1 – the table above identifies the additional resources available. Allocations arising from passported targeted grants and allocations for Local Community Initiatives, ICT, Corporate Building Maintenance and Private Sector Housing for 2018/19 and 2019/20 are already built into the programme as shown at Appendix J.

92. Additional commentary to provide some background to the proposed allocations in Table 8 above is as follows:

Annual Programmes

A & B – Passporting of Targeted ‘unringfenced’ Grants

The continuation of “passporting” Targeted Grants to fund associated Schools and Transport related programmes for 2020/21. These are indicative allocations only as grants are unconfirmed at this stage.

C – Corporate Buildings Maintenance

Continuation of the annual funding stream to support prioritisation of repairs based on ensuring health and safety and other statutory compliance and service need.

D – ICT

The continuation of the annual funding stream to support priority ICT network and infrastructure works to ensure they remain robust and fit for purpose.

E – Library Equipment

The reinstatement of the annual funding stream to support the purchase of resources, both physical and electronic, to enable the Council to provide a comprehensive and efficient library service.

F – Local Community Initiatives

Provides capital for each ward to support community based projects which improve local facilities, support Council priorities and improve the quality of life for local residents. This funding stream is a continuation of the current programme allocation for one further year.

G – Parks

The creation of an annual funding stream to support the ongoing maintenance of the City's parks and open spaces.

H – Private Sector Housing

Continuation of the annual funding stream to tackle category one hazards in privately owned homes through local assistance.

Self-Funded Schemes

I – Highways Maintenance

Additional investment in the highways network, with specific focus on areas incurring insurance claims. Investment will be on a self-funding basis, with revenue savings achieved via insurance savings.

J – Real Time Bus Timetables

To replace the existing real-time bus information systems required as part of the Interchange Contract/Bus Partnership arrangements to one that works and is more suitable to new technologies and smart cities. Operating efficiencies will generate revenue savings to fund the project.

K – Water Pumps

The council are a Lead Local Flood Authority as defined by the Flood and Water Management Act 2010. With this role the Council has a duty to remove water from the highway. The impacts of climate change means that there is a greater risk of flooding both fluvial and pluvial but that isn't the only risk. Incidents such as burst water mains can tie up resources to prevent any flooding whilst they are required elsewhere. The Service looks to increase its pumping capacities as well as the ability to deflect water on the highway and away from properties.

L – Housing Regeneration – Preston Road

Preston Road is one of the final sites to come forward for new housing delivery and the clearance programme has now reached a point to provide significant land to commence a rolling programme of new build. The Council continues to explore external funding options with partners to provide support for the infrastructure and the building of the new homes and therefore Council match funding (from New Home Bonus / Council Tax) would increase the possibility of successfully securing external grants.

M – Enterprise Zone Regeneration Sites

An initial tranche of funding released to establish a revolving fund to promote the development, remediation, servicing and assembly of individual sites primarily focussed within the EZs, where the market is unable to deliver development, through

the recycling of business rate uplift where the Council can seek a return on such investment both financially and through investment outcomes. Some EZ have or are being developed but not all, indicating the need for a financial intervention programme.

N – Agile Working (Work Smart)

The Work Smart Programme is a corporate undertaking to modernise the Council's approach to the way in which staff work. It will address the cultural changes, technological investments and office designs required to maximise the opportunities available for flexible, agile and mobile working. The programme will capture the broader range and scale of change required in order to maximise the opportunities. Working differently enables increased productivity, enhanced reputation and a reduced estate cost, leading to revenue savings and/or capital receipts.

O – ICT Relocation

The current premises occupied by ICT Services are no longer considered fit for purpose. The proposal is to make more effective use of an alternative building whereby reducing the current revenue costs incurred and potentially realising a capital receipts from the sale of the current building.

P – ICT Infrastructure

Additional capital investment to support priority ICT network and infrastructure works to ensure they remain robust and fit for purpose. The investment will be funded from ongoing revenue efficiency savings achieved within the service.

Q – Mount Pleasant Library Relocation

The library facility is currently housed in a leased commercial unit and the lease is due to end in May 2018. It is proposed to relocate the functions of the library into a suitable property within the Council's property portfolio. This would have the potential to offer financial savings over the proposed renewed lease period and in addition there is an opportunity to develop and enhance the current library offer.

R – Hull Training

Hull Training Adult Education is a successful training provider and part of the budget savings proposals is for an increase in income over the next 3 years. To achieve this capital investment is required to facilitate the provision of additional training courses through investment in buildings and equipment to meet increased demand.

S – Children's Homes New Build

The scheme aims to improve the quality of accommodation for the Council's in house Children's Homes provision for looked after children. The majority of the current provision is aging and is generally considered as in poor physical quality and requires

significant backlog maintenance. The Council is also incurring significant revenue expenditure on placements outside of the city due to lack of sufficiency in the current supply. This project seeks to address these issues through the development of new children's homes. The initial scheme is for one main home and a satellite property. If successful the model could be expanded to provide further replacement properties funded through reduced placement expenditure.

T – Heart of the City Regeneration

Funding required supporting the next phase of proposed works to the Albion Street/ Bond Street redevelopment site in terms of the costs associated with the demolition and clearance works necessary to enable future development with the costs recovered as part of the anticipated development agreement.

Additional Scheme Proposals – Projects

U – Public Realm Finalisation/Extension

Further capital investment is required to finalise the completed scheme, and to expand into other areas of the City Centre. The Venue and Events Arena project has identified the need for public realm improvements within this area and the scheme will enhance the Venue project by improving connectivity, providing clear high quality routes to City Hall, the Interchange and other areas of the City Centre.

V – CCTV Camera Replacement

End of life replacements for the CCTV cameras and back office related equipment and to facilitate the upgrade to operate using digital capture.

W – Highways – match funding for LEP Funded Stoneferry Scheme

Match funding required supporting the £7.5m grant funding bid from the LEP for the major Stoneferry Road scheme.

X – Highways Scheme Development

Capital funding to enable development of a number of larger strategic highway schemes to outline design stage, such that they would be ready to submit as a funding bid when an appropriate funding opportunity is identified.

Y – Parks

An initial programme of investment required to support the ongoing maintenance of the City's parks and open spaces, in advance of the provision of an annual funding stream.

Z – Pearson Park

Following a successful bid application in early 2017, Pearson Park is to be restored using funding granted from the HLF Parks and People grant scheme. During the evaluation process, HLF recommended that the scope of the project should be increased to carry out a more comprehensive restoration of the park's assets and landscaping to maximise the wider heritage, people and community benefits for the local area. To cover the additional work, the HLF has awarded the Council an additional grant, however, a confirmation of the increased grant allocation is that additional match funding is also required from the Council.

AA – Queens Gardens

The Queens Gardens scheme seeks to restore the park and improve heritage interpretation on site. This will reposition the site strategically as a hub that connects into the current and future nearby city centre attractions. It is proposed that the works are resourced via an HLF Parks for People funding bid, and as such Council funding is required to cover preliminary surveys, enabling works and Council match funding commitment.

AB – Private Sector Housing

Additional targeted funding into areas with poor quality private sector stock has been provided on top of the annual allocation.

AC – Guildhall Security

Recent external threats and events have evidenced the increased level of concern around the security of staff and visitors within the Council's corporate estate. Works are already planned to enhance internal security arrangements in the Guildhall and the proposal is to carry out a study into the options for improving security for the external parts of the Guildhall campus and to update/review risk assessments for high risk buildings.

AD – Guildhall Roof

Over recent years the City Council has been undertaking a programme of refurbishment of the Guildhall as part of the Building Optimisation Programme and to complement its use as part of the City of Culture programme. This has included works to office areas, kitchens, toilets and the basement in order to provide an enhanced working environment for staff and visitors as well as addressing health and safety issues around fire protection. The proposal is to carry out a 5 year replacement / maintenance programme to ensure that the building and its features are replaced or properly maintained and the external envelope is wind and water tight for the next decade. The need to preserve the building and its features and carry out a proper level of maintenance is key to ensuring that the Council meets its obligations in terms of the public stewardship of one of the City's key grade 2 listed buildings

AE – Corporate Buildings – essential Health & Safety

Additional targeted funding to support backlog maintenance and to support priority health and safety works and improvements required to corporate and public buildings.

AF – Marina Lock Gates

Major repairs are required to the Marina Lock Gates due to issues identified in early 2017 to ensure they can remain operational and allow maritime passage. The scheme is jointly funded with British Waterways.

AG – ICT Additional Investment

Additional programmes of ICT Upgrade and Improvements is proposed to support the delivery of the ICT Strategy from 2017 to 2020, on top of the annual finding stream.

AH – City Broadband – match funding to support DCMS bid

The Council is currently presented with opportunities to undertake projects that could contribute to the aims of the Digital Initiatives Group by helping to improve connectivity in the city. The projects incorporate work streams including Digital Strategy, Full Fibre Network, Wireless Infrastructure and 5G. Funding is required to support the above work streams and to support the DCMS 'Full Fibre Fund' funding bid, where an expression of interest has already been submitted.

Additional Scheme Proposals – Feasibility Funding

AI – Dance Studio

The Humberside Fire Authority have relocated into their new building from the Central Fire Station and as such the vacant building is in need of developing. This development need has now intensified following the recent investment in Kingston Square and proposals are that the building is developed into a space for Dance and Theatre Rehearsal areas and workshops. Feasibility funding is therefore sought to develop the project and engage with possible end users.

AJ – District Heating

The development of a district heating network covering the city centre to be developed in a series of phases. The district heating system scheme involves the connection of all the identified buildings through an underground series of pipes to a single heat generation source to provide building heating and hot water. The scheme enables energy and carbon savings to be achieved. Funding is proposed to support the feasibility works required to initiate the project.

AK – Multi Storey Car Parks

Recent condition surveys have evidenced and confirmed significant structural and health and safety problems with the city centre multi storey car parks. Feasibility funding is therefore proposed to determine the level and timescales of required investment in the car parks, which will complement the City's Car Parking Strategy.

AL – Park and Ride

Feasibility funding to support the Northern Park & Ride scheme.

AM – Walton Street Car park

Feasibility funding required to support a review of the Walton Street Car Park area which would look to identify the level of capital investment required to enhance the broader market area.

AN – Bridge Repairs

Feasibility funding required to undertake a full review of the condition of Sculcoates and Drypool Bridges to determine the level of investment required and to look into alternative funding options to support any required investment.

AO – Traveller Sites

The Traveller Accommodation Needs Assessment recently completed identified the need for increasing the level additional pitches and permanent sites across the city due to the demand from the growing traveller population. Initial funding is proposed to support the feasibility and technical reports, identification of potential site locations, pitch types, alternative external funding streams bids.

Councillor Stephen Brady, Leader of the Council

Contact Officer – David Bell Tel. 01482 613084

Officer Interests: *None*

Background Documents:

- (i) MTFP Cabinet Report July 2017*
- (ii) Cabinet Report Period 5 Outturn Projection – October 2017*
- (iii) Quarter 2 Capital Monitoring Report 2017/18 to Cabinet November 2017*

Implications Matrix

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	n/a
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant City Manager	n/a
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	n/a
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	Yes
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	Yes
I have included information about how this report contributes to the City Plan/ Area priorities within the report	Yes