



Leader's Budget Report 2013-2014

Managing The City In Difficult Times

INTRODUCTION

These are unprecedented times in Local Government.

The huge reduction in the Council's central grant, from the Tory/Lib-Dem Coalition Government is of a scale and size no-one has experienced in living memory. The evidence is already clear that the level of cuts to northern towns and cities like Hull, that have struggled for years and have high levels of unemployment and deprivation is disproportionate when compared to other areas.

This Labour-run Council is on record as opposing the approach of the current Government and does not believe a strategy based on rigid austerity cuts will lead this region or this Country out of recession. The Labour Group on Hull City Council has stated repeatedly that such deep cuts in public sector spending at a time of weakened economic investment can only ever lead to a deeper and prolonged recession. In fact it looks likely that this economic folly will now lead to an unprecedented triple-dip recession and even the loss of Britain's AAA credit rating; an event that was originally given as one of the very reasons for imposing such deep and rapid public sector cuts by the Coalition Government. There is every possibility that their plan will lead to further loss of private sector confidence and jobs in the face of and on top of even more public sector cuts.

In this environment it is essential for local government to take the initiative and be bold. Despite these difficulties we have launched our City Plan, a road-map for jobs and growth, where we will back the City to succeed and chart our own way, the Hull Way, out of recession. These exciting plans are summarised in the Appendix, and hopefully provide some relief from the economic gloom.

SETTLEMENT

The financial settlement provided by the Coalition Government to Hull City Council for the financial year 2013/14 represents a reduction of 8p in every pound in core funding available to Hull City Council when compared to 2012/13. Rolling forward to the year after, 2014/15, that cut in funding from the Government rises by **another** 10p in every pound over that two year period. These are eye-watering sums to take out of public spending in Hull and mean that the Council has had to make genuinely tough decisions, which will change the way the Council operates and the number of people that work in the services that it provides.

Councils up and down the country are being forced into tough choices by the funding decisions taken in Westminster. It is ordinary working people in towns and cities like Hull that are paying the price of this folly and it is against this backdrop that the Council has had to make extremely difficult decisions in the setting of the Hull City Council budget for the forthcoming financial year.

We are also aware that it is not just the Council that faces these cuts to its budgets. Coalition policies around "Welfare Reform", the £3million reduction in Council Tax subsidy, and the "Bedroom Tax" changes to Housing Association/Council tenants, mean that this is an almost "perfect storm" facing many hard-pressed individual Hull households. Taking vital income out of the pockets of many Hull households will also put pressure on retail and leisure in our struggling high streets and neighbourhoods.

SOME THINGS WILL REMAIN...

Day Care Services

We allocated funding in June 2011 to ensure that the City Council's Day Centres remained open for the elderly, and learning disabled clients. This was mainstreamed into the Adult Services budget area for the 2012/13 financial year. We remain committed to ensuring that day care services continue to be provided.

Pensioners and Disability Bus Passes

We reintroduced free bus travel for Pensioners and disabled at all times in October 2011. This scheme was well received and we incorporated £450,000 into the base budget, moving forward, to fund this initiative. The Government's squeeze on public sector funding and welfare reforms will hit the elderly and disabled and so it is important that we continue the funding for this scheme.

Homelessness

The nature of any recession is that the financial pressures on families become more acute, and the spectre of unemployment is a real threat to many people. This can often lead to increased homelessness. It is a regrettable fact that the budget for this had to be increased in 2012/13 by £200,000 to assist us in meeting our statutory duties as we expected to deal with increased pressures and incidence of homelessness as the results of financial pressures and benefit reform took their toll.

We unfortunately expect homelessness to further increase in the coming year as the Government's welfare reforms and the economic downturn impact further upon the residents of this city. We are also setting aside an additional £600,000 contingency fund to meet the potential costs to the Council associated with welfare reform and the economic downturn. We will be investing £170,000 capital into providing extra homeless hostel support for the people facing this predicament.

Fair Share

We will continue to provide Council premises support for the FairShare charitable organisation which provides much needed food supplies for organisations working with families in need in the City.

Looked after Children's (LAC) Pledge

We invested £40,000 funding in 2012/13 to re-open the Café Quattro to provide training apprenticeships for LAC youngsters under the expertise and guidance of the Guildhall Catering Service. We also invested a further £50,000 as a commitment to have LAC young people placed as part of the Park Services.

We remain committed to these schemes and will continue to provide funding to support our LAC youngsters to have the opportunity to access the training opportunities they provide.

Museums

We allocated funding in 2011/12 and agreed funding in 2012/13 to ensure that our Museums remained open for visitors. We remain convinced that these are jewels in our crown, which bring in extra visitors and trade to our City and so will continue to protect the funding of these services.

Leisure Facilities

We remain committed to continuing to provide our many leisure facilities across the city. Many residents in this city are feeling the impact of the Government's austerity measures and welfare reforms and it is important that the Council ensures that they are able to access affordable and high quality leisure services in their communities. We will also keep our nationally acclaimed free holiday swimming for kids.

Charitable Use of Waste Sites

We are pleased to confirm that we will continue to support this funding, to allow Charities to use our Waste Sites. As Charities' donations struggle in the recession, it is our duty to support the excellent local work of charities like Dove House, who also provide affordable recycled furniture to families.

School Music Services

This service is vital to ensuring that Children from all backgrounds have the chance to experience musical opportunities. We made the decision in June 2011 to re-invest £200,000 into the service and a further £75,000 in 2012/13 [over a quarter of a million more than the Liberal Democrat administration had planned to spend].

We will protect our revenue funding of £310,000 for the service and the additional considerable running costs of their building in 2013/2014. The Government's cuts to the Arts Council funding of this service means that there will be a modest tuition charge increase passed through to the schools.

As the Arts Council plans to cut their grant to Hull by a further 30% in 2014/15 we are working up plans to bridge this gap, and will not let music be priced out of the reach of ordinary Hull families.

...BUT OTHER THINGS WILL CHANGE

COUNCIL TAX

This year we intend to raise the council element of the Council Tax by 1.95%, keeping it below the Government's cap of 2% and generating £1.1m income. Given the Coalition have cut their funding to Hull by 8p in the £ for the financial year 2013/14 this merely bridges a tiny part of that funding gap. Taking the Government's one-off extra money instead would mean further Council cuts of £5m in five years as it would not become part of our ongoing base funding. This also comes at a time when the Government are moving huge amounts of extra responsibilities on to the shoulders of local councils.

STAFF AND ORGANISATION COMMITMENTS

Voluntary Early Termination

In June 2010, our administration made the commitment to stop the redundancies that had characterised the dying days of the previous Council [Lib Dem] administration. For the last one and a half years, we have kept that promise.

Moving forward into 2013 we have to recognise that the Government has again dramatically shifted the goal posts nationally, characterised by this latest two year funding settlement of which the figures for 2014/15 are only indicative. This will inevitably lead to the loss of jobs. As a Labour administration we will seek to work closely with the Trade Unions to minimise compulsory redundancies, and use **targeted** voluntary early termination, to assist volunteers.

Terms and Conditions

We remain equally committed to our traditional stance of prioritising the defence of local jobs and services and believe this can be helped by negotiating changes to some staff Terms and Conditions. These changes will save jobs, and better position our services to resist predatory challenge under the current Government's 'Localism' legislation. This is why we believe that current Trade Union negotiations have to succeed and why a savings target has been put into the budget for 2013-14.

Pay and Inflation

While we as a Council supported a local government wage rise for the lowest paid last year, nationally we were unsuccessful, and this was not agreed. It is unlikely that a significant increase will be agreed this year either. We have therefore factored in an assumption that staff wages may only rise by 1%, which has freed extra money to balance the budget. We have also decided to keep the pressure on non-pay inflation. By containing this to 2% per annum, based on tight management of this area last year, this again frees up some funds.

Living Wage

We understand that in austere times it is invariably lower paid employees who are hit the hardest. This is certainly the case under the Coalition Government as the changes to benefits have shown, hitting hard working lower paid people. In these difficult times we remain committed to protecting the lowest paid in our workforce and to demonstrate this we will hope to work towards the introduction of a 'Hull living wage'.

Staff Restructures

This administration gave a commitment to rationalise the Senior Management structure. The changes that we made this year have returned a £0.5m saving in this year's budget.

We also inherited a £3m saving pressure from the previous Lib-Dem administration for 'Business Support', although they had no costed delivery plan as to how this was to be achieved. In the absence of this we are implementing the OSR (Organisational Support Review). This plan will create efficiencies, reduce back office functions and focus on the more extensive use of ICT systems to support HR, and Finance functions.

OSR has to save the £3m the Lib-Dems committed the council to achieving in 2013-14, but our plan generates an additional £2.6m in 2014-15. We recognise this will lead to many posts going in this area, and targeted Voluntary Early Termination will be offered to help achieve this.

Procurement

The Council, faced with less funding is committed to looking to remove the inequalities in quality and cost in how we procure from others. Therefore, we will engage in more thoughtful procurement of services and will engage with local businesses and services in the process.

MAIN SERVICE CHANGES PROPOSED IN 2013/14

Waste Management

In 2013-2014 we will be reducing the weekly black bin collections to fortnightly which will lead to savings of £1million per year. This change in service was made following an extensive public consultation exercise during 2012 to which we received a high response showing that 57% of respondents would prefer fortnightly black bin collections. Not only will this change in service help the Council to make savings but it should also lead to an increase in the recycling levels in the City to more than 55%. Currently requests for free extra Blue and Brown recycling bins are up 15% on last year as the public prepare for this move.

We have resisted the option to introduce charges for all bulky items and the current service will continue with the first item being collected free of charge. We realise that this is a vital service for the elderly, those who are disabled and the many in our City who do not own or have access to a car.

We have also committed £100,000 of additional funding out of the Capital Budget to renew many waste bins throughout the City, recognising this is what the public want. Additionally the Council has agreed to fund £20,000 of new grit bins, recognising the important role they play in our communities during periods of bad weather.

Street Lighting

Following the transfer of Street lighting to KWL, the Council-owned company, we are working with them to put extra temporary staffing resources into clear the backlog. Already 30% more staff are in place than this time last year, to address this pressure. In the Capital Budget, we have allocated a £100,000 for two new LED lighting pilot schemes in the City Centre, to see whether these can return year on year savings, whilst sticking true to our energy saving principles

School Meals

When we took control in 2011 we pledged to work with Primary Schools to reduce the cost of school meals to 50p. We have worked with our Primary Schools, who now set school meal prices, and they have agreed to reduce the cost to £1 from the former proposed rise of £1.60. The funding that has not been used because we could not reach agreement with the Schools to reduce the price further, will be reinvested into other Council services. This contrasts with the £1.90 per meal per day charged at some neighbouring East Riding schools, which is £4.50 more per week per child than ours.

Customer Service Centres and Libraries

The Government's impending welfare reform and the transfer of some of the DWP's functions to the Council, will put many of our front line staff under even greater pressure. Spending pressures, and our need to ensure Customer Service Centres are safe, and secure locations, has regrettably lead to the need to consolidate some services and provide them from fewer sites across the City. We are looking into ending some expensive long leases agreed by the former Lib-Dem administration, but until we do this it reduces the savings we could be making. We therefore have reluctantly agreed to close Calvert Lane, Preston Road, Walker Street, and a partial closure of the Ings CSCs. We will be offering some customer services in a number of libraries, e.g. issuing disabled blue badges which will hopefully reduce the impact on the public.

We will be looking to enhance the customer services offered in the remaining sites. For example there will be additional staff located at our excellent Wilson Centre in the City Centre and also the new advice service to be provided by the Citizen's Advice Bureau and the Council's Welfare Rights Service will be co-located at this site, putting key services under one roof.

Although the level of the funding cuts from the Government will inevitably result in reductions in services we are working hard to minimise the overall impact of these cuts wherever possible; unlike many Councils which are making savage cuts to services like libraries. In striving to protect library services we will have to reduce the opening hours to ensure the core network of library services are maintained.

We have ended the lease on the library operating from the KC stadium, as user numbers showed us that this was being under utilised. This is offset by the recently refurbished and expanded Western Library on the Boulevard. Regrettably we have had to make the decision to close the Anlaby Park Library. We are hoping that the re-routing of the mobile library service will assist in meeting much of this need in this area of the City.

Children's Centres

There are 21 Children's Centres in the city and in 2012/13 we provided a total funding of £4.6 million. We cannot sustain this level of support because the Government has changed its funding formula choosing to give priority to nursery placements for 2 year olds instead. By taking funding from local authorities and giving it directly to schools, they have forced this rethink. We will review Children's Centre provision across the city which will be linked to schools provision and we will look to maintain facilities where there are the highest needs for these services.

Home to School Transport

We are currently undertaking consultation on the discretionary elements of our home to school transport service provision. The Council's current home to school transport policy is far more enhanced than any neighbouring authorities, or indeed most local authority nationally. Children in receipt of free school meals will be protected under any proposals. Unfortunately the Government's continued squeeze on our funding means that we have to look at whether there are options for savings in this area.

Integrated Youth Services

Regrettably we will have to make savings to our current level of funding for integrated youth service provision. We will be looking to make savings of 10% from our own youth service provision which is in line with 10% savings we will be looking to make from our funding for voluntary and community sector organisations. We will adopt an in-depth review of our integrated youth services to identify savings and also look to securing alternative sources of funding and ways of providing services where appropriate.

We have re-modelled the Refresh service and secured funding from the National Treatment Agency to replace the Council's funding of the service. In addition, with the Public Health funding becoming mainstreamed from April 2013, we hope they will potentially fund some health related youth support services.

Unfortunately, losing 8p in the pound of our Government funding means that we can no longer continue to provide subsidies to support the delivery of the three Motor Projects. We are looking to create an alternative delivery model for these projects' sites and services through potential partners in the voluntary/community or training sector.

Wider Service Restructures

The previous Lib Dem Administration had committed Children & Young People's Services to a £1m of "outsourcing" savings in 2013/14. Whilst we found this plan unacceptable, this saving target remains, and we instead are supporting a restructure of Children's Social Care, with an emphasis upon directly working and supporting families, and safely reducing our "looked after" Children's population. We also remain committed to our Children's Homes and in-house Fostering and Adoption Services

Meals on Wheels, Home Care, and Day Care

We have made the regrettable decision to increase charges for the meals on wheels service by 44p per meal. This Council provides a 7 day a week service offering a two course meal at a charge of £2.10. Charges have not increased for several years and even with the 44p increase this will still be we believe the lowest charge of all local councils across the country, with most neighbouring Councils charging double

The Council currently operates a cap on the maximum amount home care service users are charged of £99 per week. This is means tested under a 'fairer charging assessment' that has been in place since 2003. We were the only Council in the region still operating a cap and unfortunately, after 10 years, funding pressures from the Government will mean that from 1st April the cap on the maximum amount charged will be removed. All service users will be subject to the same means based assessment that is currently undertaken, and none will receive less than their required allowance plus 25%. This will help us to preserve these services to the vulnerable.

We will also introduce charges for transport to Day Centres, and for lunches. Again as users are financially assessed, these charges will only be made where users have benefits to afford this contribution, or other means to pay. The option for an individual family to provide their own transport, or pay for this via a Personal Budget, remains and a number already prefer to do this currently.

Voluntary and Community Sector Commissioning

The Council commissions services from the voluntary and community sector and it is only right that in making savings across services, this pain must be shared with our partners. We take no pleasure in doing this but when services are being hit by the funding pressures placed upon us by the Government we have no option but to seek savings in our funding to external organisations wherever possible.

With regret, we will look to make savings of up to 10% of the budget we currently spend on services commissioned from the voluntary and community sector in the city which equates to £1 million. This will be the same burden as Council in-house services face over the same two years period. We will make the savings necessary by undertaking a review of all the services we currently commission, and will look to remove the inequalities in quality and costs across the provision.

We currently provide funding to the Goodwin Development Trust to provide a city wide Community Warden Service. However, the Goodwin Development Trust is seeking alternative sources of funding which will enable the Council to reduce its funding of the service. This saving will be additional to other voluntary sector reductions.

Cross Service Review Savings

The Council has also undertaken an in-depth review of all its budgets across the organisation over the past few months to determine where savings may be made. This process has been time consuming but rewarding as it has identified a further £1 million worth of savings that may not have come to light had we not interrogated each and every budget line.

New Homes Bonus

The Government announced the 'New Homes Bonus' as new funding for Councils to increase the number of new homes built within their area. However, this is not the case. This funding is neither 'new' nor a 'bonus', it has been taken from the overall pot of money that Councils receive each year from the formula grant settlement and it has no additional cost implications to central government.

We will use the New Homes Bonus funding to ease the funding pressures being placed upon us by the Government to fund our Housing Renewal Programmes and to supporting our MTFs revenue position. We will maintain housing schemes at the same level by using Capital Borrowing to replace the contribution from New Homes Bonus.

Humber Local Enterprise Partnership

We remain committed to the Council's role within and support for the Humber Local Enterprise Partnership and are providing the LEP with £50,000 in 2013/14. Our commitment demonstrates the importance attached to partnership working in the private and public sectors to provide strategic leadership for economic growth in the Humber area. This is particularly important as the Government's austerity policies are starving northern cities and regions of much needed public funding. This makes the role of the LEP even more imperative to ensure that it achieves its aim of attracting new investment to the area, generate growth for existing businesses, and directs resources where they will be most effectively used.

Heritage Support for City Routes and Greening the City

Following the success of achieving Lottery funding in the Boulevard, the Council remains committed to funding the main corridor routes into our City. We plan to support the purchase of the Beverley Road Picture Palace, one of the last remaining bombed war monuments, in memory of our civilian dead, whilst also ensuring that roads like Beverley Road get the improved facelift they deserve. We have also allocated £1.2million to "green" the City Centre, and tackle derelict buildings and eyesores.

Councillor Daren Hale [Deputy Leader], Strategic Finance.

On behalf of Councillor Steve Brady, Leader Hull City Council

Appendix A

City Plan- Regenerating Hull and creating jobs and new industry

Hull needs to seize the Siemens opportunity, and the wider potential for green industry jobs. We need 8,000 new jobs just to be on a par with average employment levels, nationally. Jobs drive, aspirations, jobs drive educational achievement, and jobs drive confidence in our City. Our new City Plan commits us to just that.

The deal has to be to ensure that Hull grows and trains its workforce of the future, but that it provides a City with the Housing, leisure, transport, connectivity, and cultural experiences to thrive as a confident citadel in its own right. The jobs of the future lie in green wind energy, but also in both the supply chain and the service and support industries that are its life blood. We must ensure these opportunities help us to drive up employment levels amongst Hull residents. Success breeds success.

With this new optimism must come new cultural experiences, new café and restaurants, and new specialist retail. We have the natural resources of our rivers that can provide the potential for cruise terminals to bring new visitors, and new tourist attractions to put us firmly back on the map. To this end we will bid for the UK City of Culture, promote our staging of iconic events, like the Rugby League World Cup, and commit to improve our infrastructure.

We may be short of Council revenue funding, but we have allocated a Council Capital funding in the bold statement that we will lever in European, Lottery and other grant funding to secure a Cruise Terminal, a refurbished Queens Gardens, and a Fruit Market development to rival Covent Garden. We will also work with the University to see if we could acquire an Aircraft Carrier on the Humber, perhaps incorporating a Conference Centre and to enhance tourist interest in the developing attractions offered by the different quarters of the city centre.

The Deep and the KC Stadium are a living embodiment of daring to dream. Many said they would never happen. Many in this administration, made them happen. As the future has yet to be written, we must ensure that these are merely the staging posts on the journey to a confident and bold City of Hull, restored to its rightful place as one of the great European Cities.