

The Hull City Council Budget 2015/16

Background

As we unveil our Budget proposals for the forthcoming year the scale of the revenue reductions that this Local Authority has to contend with from this Government are breath-taking.

Despite this, through our stewardship this political administration has sought to protect many basic Council services at a time when many other Councils throughout the land are not managing their finances as well as we in Hull. We have also said we will still influence Hull's own destiny by seeking to invest in our capital infrastructure and building a better Hull.

As we said last year, we will not be passive observers in this Coalition Government's doctrine of austerity. Their approach to the public finances offers no help or hope for the people of Hull. Instead we have also chosen to take brave investment decisions to reap rewards whether that is £5m of capital investment to help secure Siemens' huge jobs and business investment, or daring to dream, and successfully bidding and then landing the "2017 UK City of Culture".

Government Central Grant Cuts

In two years, this Council has had its Government grant funding reduced by an eye-watering £41m. This equates to 10p in every £1 in grant funding we spent in 2014/15 and a further 15p reduction in every £1 for 2015/16. The Government grant makes up a far greater proportion of what Hull City Council spends in comparison to others, the effect of such a cut to this funding is therefore far more dramatic than for southern Councils with a far greater Council Tax income.

This is an issue that affects many northern, urban Councils, and although there is pretence that austerity affects us all, the level of the cuts are far greater in deprived Northern urban areas and amongst the most financially deprived areas of the country. Hull is ranked as the 10th most deprived authority area in England out of 326 authorities. Having seen research by Newcastle City Council, provided to the office of Hilary Benn MP, that the funding cut here between 2010/11 to 2015/16 will be £278.94 per head of population. In comparison, the East Riding is the 130th most affluent Council area and only received a cut of £89.69 per head while Epsom and Ewell, the 25th most affluent Council area gained £13.47 per head.

As a Council, we fully support the Local Government Association, which is warning that this level of cuts is damaging the fabric of our communities. As Councils receive cuts on top of further cuts, central government departments fail abysmally to even make much smaller savings. This nails the lie that "we are all in this together", and further shows that this coalition Government continues to water down commitments to localism.

The Year Ahead April 2015-2016

Some Councils have built up reserves by making service delivery cuts before funding cuts were imposed in order to gloss over the savage cuts imposed since 2011 by the Coalition Government. Using artificially bolstered reserves is no solution.

By doing this, authorities simply make the cuts before they need to, depriving local residents of services earlier, in order to spread bigger funding cuts over time. This results in massively depleted reserves and cuts having to be made later anyway. This is the situation faced now elsewhere. Here; we have prioritised funding, trimmed spending, and shared the pain across the organisation since we returned to power in 2011 and although this has resulted in some tough decisions, we have balanced the books and are on line to do so again.

As a Labour Council, we have and will seek to work in partnerships with our residents, our staff, the Trade Unions, the Voluntary and Community Sector and businesses, in implementing this budget. Our record since 2011 has been one of negotiation and consensus, with the overwhelming number of staff who have left the organisation doing so voluntarily. This is the Labour way; contrasting favourably with the scenes prior to the local elections in 2011, when over a thousand staff exited the organisation under the previous Lib Dem administration in a matter of weeks.

Council Tax

It is against this backdrop of these huge Government budget cuts that this Labour Council will reluctantly propose a 1.95% increase. The amount this increase generates in income, for the Council, is dwarfed by the £28m budget cuts we have been forced to make in 2015/16. It means that the base financial position of the Council increases, and by doing so, mitigates against having to make further additional cuts on top of the £28m already imposed on us for 2015/16 by this Coalition Government.

The money raised by the modest council tax rise this year is the income equivalent of keeping the pensioners extended free bus pass, and keeping all branch libraries open.

We have also agreed to extend the Council Tax discounts scheme that means that some volunteer army reservists and special police constables can get Council Tax discounts. At the same time in Hull there will be no second home discounts, and nor will there be perverse disincentives for houses to be left boarded up and empty. Already despite the lame warnings, this has brought in extra Council Tax, and helped see a reduction of empty properties, which blight our neighbourhoods if left unchecked.

Local Neighbourhoods

Despite pressure on budgets, the Council is proposing to keep its seven Area Committees. The Council has committed to protect both the Capital Ward budgets, and the revenue budgets that support local Councillors in working in their neighbourhoods for the next two years, giving security to schemes. The Area Committee model remains popular and we believe remains one of Labour's previous policies of taking local democracy even closer to the community.

We have chosen to protect funding for our nationally renowned Veterans Charter, ensuring that ex-service personnel get the support they deserve in this City.

We will also respond to the increasing public desire to use online and digital ways of contacting and dealing with the Council, to supplement the existing telephone and face-to-face contact. Over time, this will also lead to additional savings.

Despite real budget pressures, this Council is resisting the examples of other Councils and will be keeping the City's public conveniences staffed in 2015/16.

We will also be continuing to allow our local charities, like the Dove House Hospice, to use our household waste recycling sites free of charge, and have been able to keep the first collection of bulky waste items for our residents free too.

Libraries, Culture and Leisure

The central Government budget cuts will mean there is a reduction in library funding. We are proposing a reduction in opening hours, as public consultation has backed such a plan, which retains the existing permanent library sites in 2015/16. We regret even these reductions in opening hours but recognise this keeps these community services alive because they are such vital hubs for people to access internet services free in addition to traditional lending services.

Our commitment to our museums has remained clear since returning to power in 2011, and reversing the cut in the 2011 Lib-Dem budget. Museums are a key component of our 2017 cultural offer. The recent acquisition of Pietro Lorenzetti AD1320 painting "Christ between Saint Paul and Saint Peter", demonstrates such a commitment, which is being currently restored. We are proposing a capital refurbishment of the Gallery this year in time for 2017. The bold commitment to new purchases and this refurbishment has drawn in £1m of Capital funding and also £0.5m towards hosting the "Turner Prize" in 2017. Alongside this, there will be a subsequent refurbishment plan for the New Theatre with the aim of accommodating the larger touring shows assisting its long-term future.

In this budget, we have also continued to protect the School Music service that was saved from effective closure when we reversed the Lib Dem budget cuts upon obtaining power in 2011. We will also continue to support the acclaimed Freedom Festival in 2015/16.

The reduced City Council budget also means that we are proposing to transfer the Council's Leisure Services, and the Library and Cultural facilities into a wholly owned arms-length Council Company. We believe this will enable the facilities to be able to maximise their income and improve their operations.

A Board has been established and we will seek to launch the Company this year. We have given notice of Stage 1 of the review of the leisure facilities, which will involve the building of a new swimming pool at Woodford Leisure Centre, which once open, will replace East Hull Pools. The revenue savings allied with disability access for all residents will provide a brand new opportunity for Hull. Under these proposals there is no change to the status of Ennerdale, or the Ice Arena and our other existing facilities in 2015/16. A further exploration of future opportunities will be considered after the new East Hull facility is developed.

We have kept a £50,000 fund for Community use of schools. We are talking to local Football and Sporting Associations as to how this could be best used.

Adult Services

Given the size of our budget cuts, we have no option but to reduce the funding to Adult Services. We have agreed a project to look at different ways of delivering some of these services.

In addition, we are reviewing the transport that is provided for these services. With many residents having personal budgets, some families are already making their own arrangements to get to day-centres and access other services.

Despite these pressures, the funding is retained to keep the unique Hull "extended-time" pensioners bus pass in 2015/16. We remain concerned that this coalition Government may seek to means test or threaten the funding of the national scheme that supports this and we would oppose any such move as this provides all pensioners with independence and lessens isolation for many.

Proposals for 2015/16 do not include the closure of any Council day-centres, where there is clear demand for the service. The Leader's commitment not to move any resident from our Council-run homes for the elderly without their consent also remains.

We do believe that any strategic discussion regarding the NHS is doomed to failure if it divorces the issues of Adult Social Care and Mental Health. Underfunding the latter just leads to extra pressures at A & E. We will use the additional powers delegated to this authority along with some health commissioning responsibility to ensure there is a more joined up approach to delivering Health services across the City. For example, the proposed new Health facility on the old David Lister site where the Council strategically provided the land to help make this development happen.

Children's Services

We have already launched a restructure of our response to social work services. "Reclaiming Social Work" was on target to save £1m in 2015/16 whilst offering better more joined-up support to local families. We are also confident that this response will reduce the numbers, and costs, of placements for our looked after children. We are committed to freeing up both our Adult and Children's Social Work staff to do more direct work by renewing the outdated computer records systems which mean workers spend too much time recording information. With less money for services nationally and greater demands fuelled by austerity we are responding to our staff's request to set them free to do their job. The recent Ofsted report of Children's Services also identified this as an issue.

We are also looking to review public health services and commissioning arrangements. This has enabled us to protect our voluntary sector youth funding at £1m for the forthcoming years, which has helped to put vital youth services into all areas of the City. We have also managed to get funding from this area to implement the manifesto commitment of 50p school meals for all Hull primary schools. As pricing is now agreed at school level, all but two Governing bodies have taken up the funding from the Council. An invitation remains for these two to engage with this Council programme.

Economic Regeneration and the City Plan

The City Council is committed to helping regenerate Hull and the Humber and will be an active participant in the Local Enterprise Partnership. We also remain committed to becoming one of the 'Core Cities Group' and will work as part of a Combined Authority around key strategic areas if our Humber neighbours will engage. We have to work together to form the "Northern Powerhouse" alternative to the giant that is London, which would otherwise overheat and further cause the lop-sided economic development of the country.

In the City itself, we have still allocated £5m Capital funding to assist and support the Green Port Hull energy investment. £3m has currently been earmarked and with Siemens building their development, our courage has been rewarded as both the supply chain and other related partners seek to also invest in the City.

We are delighted to welcome Siemens to the City and look forward to a long and productive business relationship. They remain committed to local labour and training the workforce of tomorrow, and we will support these initiatives with our ongoing commitment to training and apprenticeships. Our own Company, KWL, will hit the magic 100 mark for its apprentice programme in only 7 years, showing again that you have to invest in youth even when the going is tough, a lesson this Government has failed to learn.

Infrastructure Improvements

We recognise that Capital investment is required to create the City jobs needed as the public workforce is reduced by savage Government cuts. We have also allocated money to drive forward our City Plan.

The Council is keen to regenerate the Fruit Market area and protect it as a cultural jewel in the crown and work has started to transform this cultural heart for the City. The intention will be to encourage take up by niche businesses, to create a unique atmosphere reflecting the area's heritage.

The expansion of the C4DI will enable Hull to remain centre stage for gaming and IT development, enabling the development and expansion of another major new local industry.

The recent investment announcement of the "Sir Ron Dearing" University Training College (UTC) is further evidence that the City is well positioned, and nationally renowned as a place that is moving forward, and ready to exploit the opportunities.

We will also be working with the Highway Agency given their commitment to invest in the upgrade of the A63 and Castle Street to provide improved traffic flow and safer pedestrian crossing points to re-join our Marina to the City Centre. We would prefer the newly funded Bridge across the A63 to be operational before 2017 but as this road is the responsibility of the Highways Agency; i.e. the Government, the Council is not in control of this programme. An alternative to unlock the Marina for pedestrians in 2017 is being considered by the Council to submit in case the Government's scheme slips.

In all our residential communities, we remain committed to improving and repairing our footways and roads, and have protected the budgets for Highway maintenance despite the Government budget cuts.

In the area of Street Lighting, performance has improved dramatically now the Council-owned company KWL delivers the service. The number of lights not working has now reduced as a consequence and the Council has started to introduce LED schemes across the City, which provide brighter and energy efficiency lights. More such schemes will follow.

We have also managed to renew the Park and Ride Contract at no subsidy costs to the Council. This has enabled us to keep the extended pensioner bus pass that operates in Hull before 9.30am, allowing pensioners' freedom, and the opportunity not to be socially isolated. We are also seeking to ensure the private bus companies that run buses in Hull fully involve the Council before they cancel or change routes.

The Council will also improve cycling facilities for staff and the public at the Guildhall to support and encourage our commitment to this form of transport.

City of Culture and Cultural Buildings

We continue to have a soundly-based vision building upon our hugely successful 2017 City of Culture campaign. We have funded and recruited a delivery team and Board to work with the community around delivering the 2017 programme in all our communities.

Our success has put Hull right at the centre of national and international focus and clearly demonstrates what a truly great City we are. In support of this, we have allocated funding to improve areas of the City in critical need and propose to inject a further capital investment to improve the public realm and street scene of the City Centre. This will improve footways and streets, and in addition the Cabinet has already allocated further capital money to match fund a Heritage Lottery bid for Beverley Road's conservation area, securing the future of historic buildings. As an administration, we recently moved to "compulsory purchase" the National Picture Playhouse on Beverley Road and have taken action to ensure the imminent demolition of the New York Hotel and that repairs are completed by the private owners of other historic buildings, such as the Lord Line building.

The Council will seek to dispose of vacant property and land sites to raise capital funding where these do not fit with our priorities. We will, however, continue to buy sites where doing so assists regeneration, whether in the Fruit Market or elsewhere. Our Capital position has been bolstered by the continued profitability in 2014/2015 of the Council's building company KWL and the better than expected dividends they have returned to the Council.

Housing

As well as being committed to being a good social landlord, and direct provider of Council Housing, we also remain committed to allocating some capital investment for private housing initiatives, although the amounts we invest are nothing like as large as those cut from the Hull economy by Central Government cutting the Gateway schemes since 2010.

Our innovative programme of turning some disused estate shops back into housing, along with disused bedsits has received excellent feedback, as has our cluster scheme where we have refurbished disused private terrace housing, where they are now let, as much needed Council Housing

We have received positive public reaction to our investment in private housing areas like Holland Street, Airlie Street and Wellsted Street. We see this transformation as the start of the private sector refurbishments and will allocate money to continue this programme. We will also use our other enforcement powers to stop houses being left empty and boarded up, by first assisting landlords in returning these homes to a rentable standard, but using legal powers where they refuse to engage.

Central Savings, Corporate Housekeeping and Staffing.

This Labour Council will continue to review and shrink its back office, building upon the large “back office” savings that have been made in the last two years thanks to the Organisational Support Review (OSR) programme. In contrast, the previous administration allocated £7m to a ‘Transformation Programme’, which was supposed to save £32m. This was abandoned having failed to reach targets and any savings that may have been made cannot be identified and are largely unquantifiable. In addition £1.3m of costs has already been removed, year on year from Senior Management structures since 2011.

Given the pressure on the Council’s finances, we have sought to restrict the amount of funds that we will allow for inflation for service areas and departments. Given that about 75% of what the Council spends is on staffing, inevitably the scale of these funding cuts from the Tory /Lib Dem Coalition Government will continue to result in the loss of full-time equivalent posts, and less people employed within the City Council. We have removed vacancies and used Voluntary Early Termination and intelligent use of substitution to achieve as many of these reductions as is possible as we seek to avoid or minimise compulsory redundancies.

Benefits and Bedroom Tax/Spare Room Subsidy

Government policy change means we will have to make a minimum 20% charge for all residents. By bringing in additional money from Council Tax levies on empty homes and second property levies we are able to keep the cost down, whereas nearby Councils are charging 25%. We have also reviewed the cost of our summons charges.

Unfortunately, as the so called “bedroom tax” remains a central Coalition Government imposed policy, it remains in place in 2015/16. Fortunately, many national parties are now committed to seeing this draconian policy scrapped so we await the election outcome and hope for policy changes in this area.

The pressure on families is real, and we have maintained a crisis loan fund in 2015/16. We are also looking at how the Council’s services could work more closely with partners like Hull CAB moving forward.

We are also actively looking at partnering our Revenue and Benefits services to ensure a long-term future for this service and its guarantee of protecting and increasing jobs as a regional processing centre, which will expand in the next few years.

Conclusion

We are pleased that despite the large Government grant cut from £161m to £138m, this Council has managed to maintain a viable level of services for the Hull public. At

the same time we show that we have the vision and drive to join with partners in driving development within the City. With dedicated officers, we have worked tirelessly to table a fully costed set of proposals that are fiscally competent, achievable and coherent. In doing so, we have sought to retain many of the policies and elements of services that we hold dear. We have also balanced the books every year, unlike many Councils nationally, an amazing result given the budget pressures.

The public should be under no illusions the very survival of local government and local democracy in this country is under threat, if such national budget cuts continue year on year.

We will not be mere passive observers of 'managed decline' in local government and this Administration has started to show there is a different way; bringing forward policies of hope and regeneration that have already started to change attitudes and perceptions about our great City. Ours remains a bold new future for this City. The horizon is now in reach as is the new Dawn for Hull.

Cllr. Daren Hale, Portfolio Holder Strategic Finance

on behalf of Cllr. Steven Brady the Leader of Hull City Council