

## **The Hull City Council Budget 2016/17**

### **Background**

We have said in the previous two budget statements that we would not be passive observers to the Government's doctrine of austerity and we have taken actions to stave off and indeed reverse the effects of central governments' 'managed decline' of local authority services. Others may have accepted that local services and infrastructure had to degenerate and pass away but in Hull we have taken advantage of historically low interest rates to borrow to invest in jobs and regeneration projects that will both strengthen the local economy and generate long-term growth. These objectives have started to pay off and this city has attracted interest and investment and will continue to do so.

It was a brave move to go for UK City of Culture 2017 in the bleakness of the initial rounds of severe funding cuts and it was ambitious to devise a City Plan that aimed to grow an economy that had stalled and was being starved of money and opportunity, but in doing so we have succeeded in revamping existing jewels, such as the New Theatre; which would have closed had we followed the finance plans of our opponents; and improving the Ferens Art Gallery so that it can host internationally renowned events and exhibitions. These, along with other developments, will maintain a spotlight on Hull and its attractions long after 2017 and will be part of the real legacy of that year.

It is important to note, however, the real context of the level of funding and spending cuts that we have had to take and that we face. Much of the detail relating to cuts in the Revenue Support Grant, (RSG), is covered in the next section but in 2010/11 Core Government Funding amounted to £247M and now is £143M, a cut of £104M, or 42%. In 2015/16 the cut in funding per head of population in the city was £278.94, one of the deepest cuts in the country. In 2016/17 this cut grows to £324 per person.

The withdrawal of support grants to community and voluntary organisations which the Council used to support services in the Voluntary and Community Sector by the previous Coalition Government in 2011/12 has been covered in previous Budget Statements.

By 2019/20, on the current trajectory of continued austerity cuts to this Council, Core Government Funding will be a mere £110M which will represent a reduction of 55%, or £137M. This is a continuation of the Governments 'Long Term Austerity Plan'.

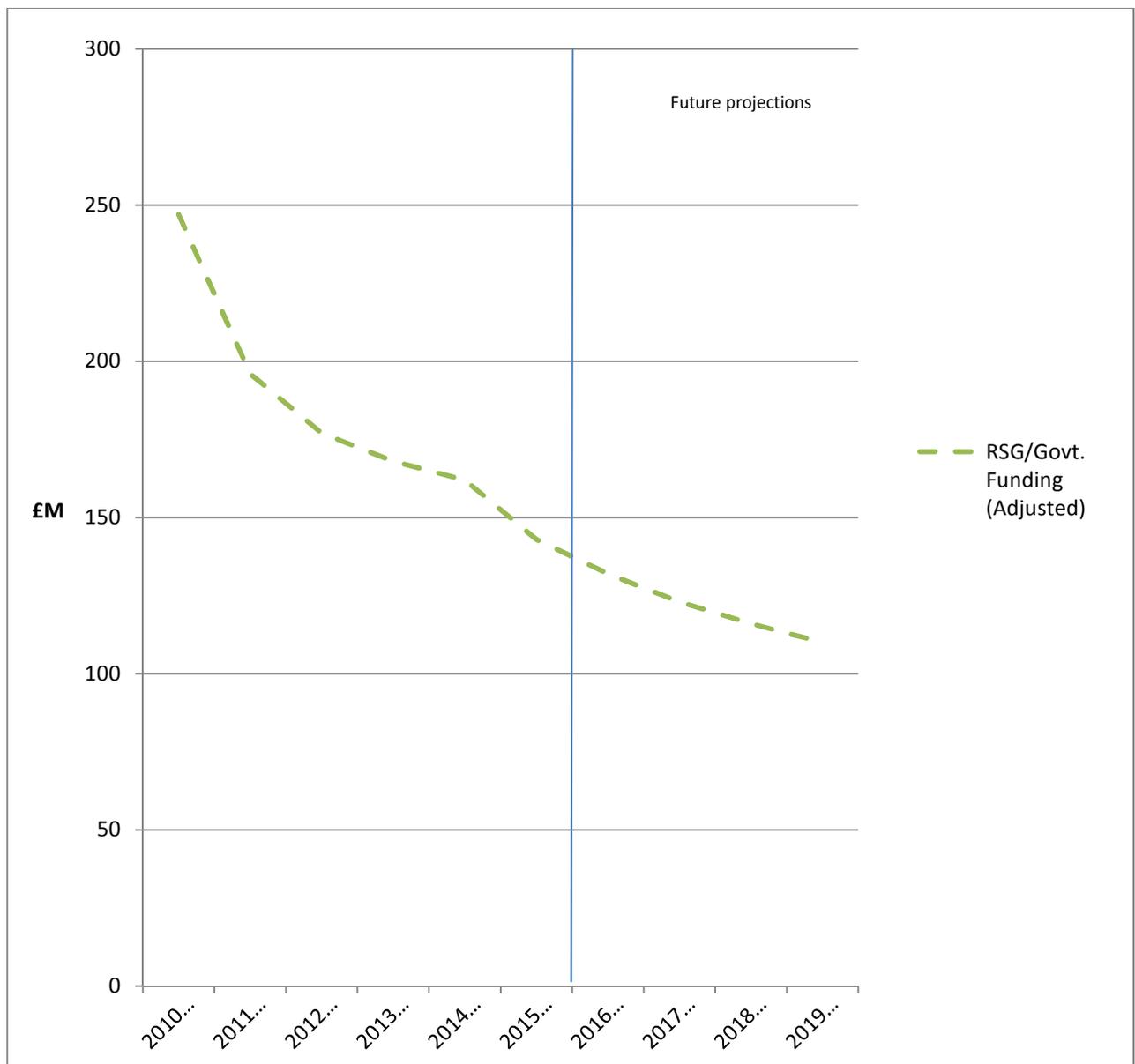
### **Government Central Grant Cuts**

Many media pundits were quick to declare an 'end to austerity' in the immediate wake of the Chancellor's Autumn Statement, but we did not accept this as true, we have seen funding promises turn to dust before and, indeed, this proved to be the case. Far from an end to the cuts, an additional £11M was stripped out of our funding formula. Further cuts were foreseen by the Group and Council Officers but

this additional cut of £11M was higher than we forecast and adds to an already very difficult task of protecting vital services and maintaining services across the board.

It is clear to us that Councils like Hull will, in the next year or so, face the prospect of failing to afford vital and even statutory services, indeed, this may well be the intention of the Government, but it is hard to interpret this from a Government that declares the economy fixed and growing fast in the Autumn and by Winter reveals a very different story altogether.

The undeniable context of the extent of the cuts to the funding to this council is that the Autumn Statement from the Chancellor in November 2015 diminishes the funding to Hull City Council by a further £33M by 2019/20 resulting, as has been stated, in an overall Core Government Funding reduction of 55%, or £137M on the 2010/11 figure. See graph below.



By ‘allowing’ local authorities to raise Council tax by an initial 2%; which has to be ring fenced to Adult Social Care before any further Council tax increase to raise revenue for any other spending area; the Council will need to make cuts of £30M by 2019/20. The implications for Council Tax will be discussed later.

## Council Tax

The Council Tax Income Base was significantly eroded by the previous Lib Dem Administration.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>CT Income (£M)</b>	<b>54</b>	<b>55</b>	<b>55</b>	<b>59</b>	<b>62</b>	<b>65</b>	<b>72</b>

Had Labour followed this freeze the base income budget would be an additional £10M adrift by 2019/20. This type of erosion to the base budget could not continue, especially in the face of such huge RSG funding cuts already mentioned. Freezing the Council Tax this year would have a disastrous impact on budgets already under extreme pressure.

Adult Social Care funding has been reduced to the extent that the Government has moved to ‘allow’ local councils to increase the council tax by an additional 2% which is ring fenced only to this service area **before** any increase to fund any other services can be raised.

If the ‘allowed’ 2% increase to fund Adult Social Care is implemented we can raise an additional £5.7M between 2016/17 and 2019/20 for Adult Social Care, (£1.3M/annum). This means that a freeze to the Council Tax would generate a further £5.7M funding pressure by 2019/20 on Adult Social Care on top of the funding cuts already imposed. Labour has prioritised the protection of this service area as much as possible and so will be raising this £5.7M to safeguard, to a degree, this area. Failure to do so would be a betrayal of our pledges of 2011 and indeed of the vulnerable people who rely on this support.

In addition, we intend to raise the general Council Tax for the same reasons that failure to do so undermines the very funding base of this Council, now and going forward. Given the swingeing cuts to our funding by the previous Coalition Government and the continued Long Term Austerity Plan of the current Conservative Government, we have to safeguard, as much as possible, our income so we can maintain services to local people. We will propose, therefore, to increase the Council Tax this year by 3.95%.

We will maintain our longstanding Council Tax discount offered to Special Constables living in the city to provide some assistance during a period of uncertainty with service cuts due to funding reductions. This policy will also continue to apply for Armed Forces Reservists.

By consistently reducing RSG the Government is forcing local authorities, of all colours, to increase income generation through Council Tax or simply jettison the provision of local services. Hull is not alone in this and it is highly likely that most other Councils will be doing the same as us.

The Government intends to continue diminishing the RSG with the view of allowing local authorities to retain a greater proportion, or all, of the business Rates generated in their area. For some authorities, with large numbers of high yield businesses within their boundaries, this will actually increase their funding. For smaller authorities, and authorities in areas with historically much, much lower levels of investment and industry, this may spell disaster, should these 'top-ups and tariffs' be abolished in a future Government Budget.. We therefore need the details about this scheme, which has thus far not followed the announcement sound-bite. The Government also need to stop shying away from business rate and also Council Tax re-evaluations which become more ridiculous as the years proceed.

This shows how vital it was and remains for Hull City Council to stick to its City Plan to generate jobs and growth in our local economy.

### **Housing Benefit**

Unfortunately, because of Government policy and funding changes, we will still have to make a charge for Council Tax for people in receipt of Housing Benefit. As we have been effective in closing various loopholes in other areas we will be able to keep this at 20% of the total Council Tax charge which is much lower than many other Councils, including our nearest Council Neighbour, where the charge is 25%.

### **Local Neighbourhoods**

We have resisted making some of the 'easier' cuts, if any cuts can be termed 'easy' and so will be keeping our longstanding free bulky item collection policy which helps local people and prevents excessive fly tipping which can be a real blight in our communities. Unlike many other authorities we have also resisted the move to charge for the use of public conveniences.

### **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. Whilst, reluctantly, we will be incorporating the social care precept of 2% into the Council Tax increase of 3.95%, we acknowledge that this represents a shifting burden from 'national taxation' to Council Tax. However, the 2% social care precept will only raise £1.3 million which will only support ASC to meet some of the rising costs of for example the national living wage.

Despite these pressures, the funding is to be retained to keep the unique Hull “extended-time” pensioners bus pass in 2016/17. Although we remain concerned that this Government may seek to means test or threaten the funding of the national scheme that supports this. However, we would oppose any such move as this provides all pensioners with independence and reduces isolation for many.

We will be expanding the Shared Lives Scheme which provides a service to people over the age of 18 with a primary need of learning disability, mental health or physical disability to remain in the community and to live in a small family setting. The scheme approves Shared Lives Carers and matches people who have been referred to appropriate placements, and I liken this to foster care for adults! The investment in this scheme will result in an increase in the number of staff including social workers providing the service.

We will be remodelling social care through the ‘See and Solve Scheme’ which is an early intervention approach. The main principles of this new model of working is it is community based i.e. hubs model, it involves partnership/integrated working with other agencies, resources are diverted to respond to the needs of people earlier, it encourages independence and resilience, people are supported to remain in their own home, they are given an increased choice and control over their care and they are supported to find better value solutions i.e. assisted to get optimal use of assets in the community.

Learning Disability Services will be reformed and improved through the transformational Extra Care facilities which we are building at three locations in the city. The buildings will act as community hubs from which care and support services can be delivered not only to the residents but also the wider community.

Extra care housing will provide an environment where people can live independent active lives for longer and be part of their local communities, and have their own front door with on site care and support provision. These apartments are intended for adults over the age of 18 with care needs, including people with physical needs, learning needs, health problems and/or dementia. The first Extra Care facility will be open early in 2017.

Significant cost pressures were identified during the course of 2015/16 and actions were and will be agreed to address these as we move forward. These cost pressures are the result of several factors that were unforeseen and unavoidable in terms of planning the savings we agreed in 2015/16. Some major tenders for services were delayed as a result of the impact of the Care Act, the new living wage and the travel to work time for carers, which resulted in changes to requirements. Hull City Council is also working towards implementing the Ethical Care Charter which will improve the quality of visits to vulnerable people, although Hull is not an authority that has ever used ‘15 minute’ visits.

In addition, a number of private care providers providing residential and homecare were temporarily suspended by the Care Quality Commission and others suspended themselves voluntarily, which meant we could not use them and added to the delays we faced in tendering.

Hull, like everywhere else, faces rising residential care charges. In Hull the Acute Trust has had to move patients out to accommodate more critically ill patients. Those moving out, while not critical, are often unable to go home immediately and need care and residential packages to support them.

There are also continued increases in care costs for people with mental health issues and dementia as a result of people generally living longer and experiencing such issues due to ill health. This will remain a growing challenge in service provision so long as funding is not provided centrally at an adequate level. It is not just that more people are living longer and so numbers of people in need rise, it is that the specific help and support they require is needed for longer as well. We have, however, resisted the easy option to shut our remaining residential homes. Our 2011 Manifesto commitment to not move any resident from their home, against their will remains.

## **Children's Services**

The Council remains committed to ensuring continuity for the most vulnerable children and families in the city. Linked to this is a determination to secure improved outcomes for those needing our support and reducing the levels of demand wherever possible. The ever present pressures in Children, Young People and Families Services (CYPFS) reflects a high level of demand in the city and also the fact that Hull is the 3rd most deprived city in England. When this is combined with severe cuts in Council funding imposed year on year by central government we have become aware that we need to have a radically different approach to helping those most in need. As a result, we are changing the way we work.

If we can significantly reduce the numbers children in need and families in crisis through positive and pro-active early intervention in a raft of different areas of provision, then we can target our resources to those in most urgent need, while at the same time improving the lives of those children and families we support at the earliest possible opportunity. This will not be easy, but if we are able to resolve the difficulties children and families raise with us at an early stage, then the benefits to those who are the most vulnerable will be enormous. Being effective at the "front door" is the key element of our strategy. This change of focus can only be addressed through changing the services we provide across the council and by working with a wide range of partners. The work to develop really successful "early help" and to make sure specialist services are working with families that most need help, is beginning to take effect.

The savings strategy in Children's Services means we are taking a whole system approach to early help and safeguarding. This aligns available resources, staffing, skills in a way that ensures we more effectively meet the needs of children and families across the city in terms of residential care; through the work we do in our Children's Centres; and in ensuring our youth provision is responsive to the needs of our most vulnerable young people.

Preventing the long term involvement of children and young people with Children Services, and other agencies, is hugely challenging, but has to be the right way forward if we are to offer the children of Hull a better, brighter and safer future.

Although the Government continues its drive to remove Council's from responsibility for the support and control of schools, Hull remains responsible for many non-academies, particular at Primary level. The Government's position is confused. They want Council's to have the accountability but not the real tools and levers, to carry out those responsibilities. We will however use all avenues available to the Council to work with the Hull school community to drive up standards, with attainment despite improvements, remaining too low across the City at Secondary level.

One device we have used to aid learning and concentration has been our intervention around School meals. We will be continuing to provide our 50p primary school meals for those schools who opt to take them. This is a much valued local initiative that supports local families, especially in times like these. Schemes like this are forward thinking and reap rewards going forward.

In Adult Education we have provided a move of facilities to the much newer and better resourced Endeavour building on Beverley Road. This will enhance the delivery and quality of services to adult learners. The previous Adult Education site on Park Avenue will be retained for community use and be used as a base for staff delivering services locally.

## **Transport and Highways**

The maintenance and improvement of cost effective and vital transport and infrastructure in the city has always been a priority for the Labour Group and is also an area where correct targeting of investment can reap financial rewards as well as make tangible and significant improvements. With this in mind an additional £10M has been invested in this area in 2016/17.

Labour's roll out of new improved LED Street lighting, planned to commence in spring/early summer, is intended to directly save almost £900K per annum; (roughly 50%) in the Corporate Energy Budget whilst improving the brightness of streets. It will also save an additional £200K per annum in maintenance costs from the service area budget and an additional £50K of carbon reduction savings. This rollout will take 2 years to complete and will provide improved street lighting with the added bonus of less light pollution.

The Council's overall expenditure on Transport is planned to make up to £1.25M service savings in 2016/17 and to achieve this we will be commissioning Consultants on a tender basis to ensure these savings are achieved with the intention to make improvements in efficiency and delivery. In a similar fashion to the previous 'Operational Support Review', (OSR), in ICT and support services, the commissioning process will require that demonstrable savings are made prior to payment, thereby ensuring, like OSR, that the £1.25M target is met. The previous administration's 'Transformation Programme' spent £7M but no demonstrable savings were achieved. It is regrettable that we have to commission outside

assistance to carry out such managerial tasks but it is a fact that the continued austerity cuts have resulted in a reduction in managerial capacity which, whilst focusing on the 'day job', results in limited resources to design and deliver radical change. Overstretching current capacity would threaten the ongoing priority of effective service delivery.

## **Economic Regeneration and the City Plan**

Much of this supporting statement is about our regeneration plans for this City. In addition the Council is shortly about to introduce a grant scheme within the City Centre, encouraging and enabling business formation and the occupation of city centre properties. The focus will be in the Old Town area.

## **City of Culture and Cultural Buildings**

As Hull prepares to host the UK City of Culture 2017, the largest regeneration programme in living memory has started. The Council's £80m capital investment programme is seeing many of our city centre streets and cultural venues transformed, providing a fitting stage for Hull's year in the spotlight.

The aim is to make Hull a world-class visitor destination that will attract visitors from around the world for generations to come; a place full of culture, enterprise and opportunity: where people want to live, work, play, study and do business, a place we will be proud to call home.

The programme includes a major Public Realm scheme that will transform the city's key streets with new paving and trees, the Ferens Art Gallery, which will provide a state-of-the-art display space for the city's magnificent collections and visiting exhibitions including the Turner Prize 2017. The New Theatre will be extended with improved access enabling the theatre to host bigger, more artistically ambitious shows that would not come to Hull if this work was not undertaken.

A review of the existing supply in the city showed there are several diverse facilities in the city centre, however there isn't a venue capable of hosting concerts and conferences, other events for over 1,800 people, creating a gap in the city's cultural infrastructure. National venue operators indicate that a 3,500 capacity event venue is most suitable. If there is increased demand, bands and acts prefer to play for extra nights than risk either a half-empty venue or the loss of intimacy with the audience. In terms of the conference market, information from Visit Hull & East Yorkshire shows there's a wide range of conference enquiries that could not be met in Hull. If approved, 'The Venue' will address these needs at a capital investment of £35M generated from very affordable prudential borrowing will allow us to build capacity and opportunity for the future at a time of extremely low interest rates. We know this Venue would bring a host of jobs directly in restaurants, hotels, transport and leisure, as well as encouraging a multi-million pound investment by the owners of Prince's Quay, which would not otherwise happen. These are concrete examples of how we are making true on our commitment not to stand idly by and allow the managed

decline of our city, but instead are building regeneration for the present and the future.

## **Libraries, Culture and Leisure**

Last year, in response to funding cuts to Libraries we were forced to reduce opening hours which avoided closures. We remain committed to maintaining a community network of libraries because they are such vital hubs for people to access internet services free in addition to traditional lending services. As cuts to local government continue unabated this will become a real challenge but we will look to how we can protect such services. Other cities have cut libraries severely and we have sought to avoid such actions as we know they are not only valued, but vital.

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.

Woodford Leisure Centre will be extended to create a new six-lane 25metre long swimming pool which will increase the swimming offer available at the centre. There will also be a new learner pool, new sauna and steam facilities and the café is to be relocated from the first floor to the new front of house at the main entrance. The installation of new environmental technologies will reduce longer term operating costs, and give the whole area a new facility for all, allowing disabled users the equality of access that is long overdue.

## **Council and Private Housing**

### **Council Housing**

Government proposals in the Housing Bill are contrary to Labour Group policy and undermine the concept of public housing. Such changes as are proposed run the risk of developing even deeper areas of social and economic deprivation and will not, in our opinion, address the long-term problem of affordable social housing that is vitally needed now and will be more so in the future. The end of security of tenure, the potential of higher rates of rent for those working people who earn above an arbitrary threshold, and the ideological bedroom tax are all policies that are anti-aspirational, and fail to take account of the peaks and troughs in all families lives. The suite of proposals if not amended will likely reduce the level of funds available to continue the popular remodelling of Orchard park, Preston Road and other areas. As these proposals are not fully agreed or amended, there are not major changes for 2016/17 although some of the investment decisions will be delayed. We hope that the Government see sense, and consult with the Housing Sector, that nationally was not even spoken to about the development of these policies. We fear they will not.

### **Private Housing**

We have been able to allocate £500K to Priority Neighbourhoods schemes which will enable us to carry out frontage works to a number of private properties and

significantly improve areas for the people living there between April 2016 and March 2017.

- 136 properties in Granville/Walliker Street will receive external solid wall insulation and frontage improvements beginning in spring 2016.
- 121 properties in Tyne, Ribble and Dee Street will receive frontage improvements and painting. Design is currently underway and procurement will commence in February 2016. The programme is expected to take a year to complete with works due to begin summer 2016.
- 51 properties in Stirling Street will receive frontage improvements and painting. Design is currently underway and procurement will commence in February 2016 with the work due to start in autumn 2016.
- 250 properties in Estcourt Street will receive frontage improvements and painting. Design is currently underway and procurement will commence in February 2016. The programme is expected to take 15 months to complete with work due to start in summer 2016.

## **Landlords**

Previously, we closed the loophole allowing that provided Landlords with breaks in taxation for keeping rentable homes empty because we believed this was a reward for poor behaviour that worked against the needs of people looking for accommodation in the city. There is some evidence that this approach is working as there has been a reduction in empty properties. This approach supports our overall commitment to regeneration in our city and we will be maintained.

## **Conclusion**

As has been the case for several years now, I take no joy in proposing these cuts on behalf of the Labour Administration, given the size of the cuts imposed. Continued, year on year, funding cuts mean that there is less and less leeway in the difficult task of constructing a balanced budget, but we have no alternative but to do just that until such a time as local government is held in higher esteem by the Government and funded appropriately to deliver the important services that we do to local people. We doggedly continue in our efforts to minimise the impacts of these cuts by working closely with the Council's dedicated Officers. All have worked tirelessly to table a fully costed set of proposals that are fiscally competent, flexible, achievable and coherent. In doing so, we have sought to retain many of the policies and elements of services that we hold dear and that other Councils have long since disposed of.

Last year I stated that the public should be under no illusions but that the survival of local government and local democracy in this country is under threat. I see no reason to revise this statement this year. We have seen incoherent financial policy and predictions from the Chancellor which have been revised, almost monthly. The whipping boy for financial instability, as in every year since 2010, has been local government and this continues to be the case, despite enthusiastic and naïve comments hailing the 'end of austerity'. Few people living in the real world, in the

north, in towns and cities like Hull, will recognise such a comment by looking around themselves. Yet, we continue to strive for improvements now and for the future and this will not change. We have seen some great successes and there is still optimism. This is not to say that we face times that will be any easier for the foreseeable future but we will face the challenges and we will work together to present solutions where we can.

We have shown that there is a different way of bringing forward policies of hope and regeneration and these have started to change attitudes and perceptions about our great City across the country and indeed the world. This Labour Council provides a promise of jobs and hope. Ours remains a bold vision for the future of this City.

**Cllr. Daren Hale, Portfolio Holder Strategic Finance**

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