

**FOREWORD TO THE LABOUR ADMINISTRATION REVENUE AND CAPITAL
BUDGETS FOR THE BUDGET YEAR 2020**

CONTINUING TO DELIVER DESPITE UNCERTAINTY

REVENUE

Local Authorities up and down the country; including Hull City Council, have been awaiting details of Government funding and of the formula for future funding throughout 2019. Unfortunately for local councils and local residents the Government appears to have been solely focused on internal Conservative Party rivalries, manoeuvring around votes in parliament and the General Election. Funding for local services has been an afterthought with the effect that at the last minute; 20th December (4pm - 1hr before everyone broke for Christmas); we were informed that the funding for 2020/21 would be an extension of that of 2019/20. The political turmoil evident in central government has seen the implementation of the Fair Funding Review and the move to 75% Business Rate Retention delayed for one year. This uncertainty is a challenge in terms of future planning although the Government has indicated that it will retain the system of 'top ups and tariffs' relating to Business Rates which are vital to authorities like Hull.

Having said he had a 'plan' to deal with Adult Social Care; (ASC); the Prime Minister, Boris Johnson, did not include any such plan; over ready or otherwise; of additional funding for councils. Having stated that the Government would be putting Billions into ASC it is now revealed that what he actually meant was that Council Tax payers will be doing this instead by forcing councils that need extra funding for the elderly, sick and disabled to add another 2% ASC Precept to bills or fail to provide for the most vulnerable in our communities. Although the Government has given HCC an extra one off sum of £7m for next year this isn't the plan or the resolution to his issue that we were promised.

It needs to be emphasised that Hull has one of the lowest returns for each 1% increase in Council Tax in the country whereas places like Westminster have the highest return. The 'fair funding' councils like Hull City Council we were promised four years ago has not materialised! While this provides no real certainty projecting forward, it at least means there will be no additional cuts to funding, or increases, for the coming year.

As with children's services there has been a well reported national increase in need in ASC which means that we have had to provide for the sudden spike in placement need towards the end of the last financial year; 2018/19; which impacted in 2019/20. This spike requires addition investment of £3M in the coming financial year and a further £3M in the following year.

In terms of the revenue budget for 2020/21 this means we can continue as we have protecting local services and delivering on our established commitments.

We continue to deliver certain revenue funding for key policies that the Labour administration and residents value. We will retain the funding for the anytime bus pass for pensioners, the chronically sick and the disabled, ensuring that these people can travel when they want and need to. The Labour administration understands that many families and young people are struggling and that times have been hard and will continue to get harder. As mentioned in previous years, young people in further education and training benefited from receiving the Education Maintenance Allowance, (EMA), which assisted in getting young people to college but the Coalition Government from 2010 to 2015 stripped this small allowance away and the Conservative Governments since 2015 have ignored their plight. In response to this the Labour administration listened to members of our Youth Parliament who flagged up the unaffordability of transport costs as a major reason young people were struggling to get by. In January 2019 this council launched a 'KAT Card' bus pass which enables any young person aged under 19 years to purchase a weekly rider ticket for £10; a reduction of 33%. The subsidy for this continues to be met jointly by Hull City Council, Stagecoach and East Yorkshire Motor Services with council funding coming from the fines raised from bus lane enforcement. This scheme, flagged up by Young People in Hull and acted upon by the administration, is one of the first such schemes in the country where bus operators and the local council have chipped in together to deliver a reduced cost scheme for young people. Since introduction this has really proved popular and to ensure it continues to meet the needs of local young people labour will commit a further £200,000 in 2020/21 and the same increase in 2021/22.

The Labour administration will continue to deliver the free bulky item collection service for household waste which re introduced in 2011; after it had been cut by the Liberal Democrats; and the extra fly-tipping blitz team which we introduced in 2018. We believe that these excellent policies are contributory factors to Hull continuing to have the highest recycling rates of any City in the UK. Despite these initiatives, fly tipping continues to be a problem and blights some areas of the city where local residents are rightly annoyed. In the six months from April to September 2019 Council Officers carried out 3,705 actions in relation to fly tipping across our city and were able to identify 23 people to issue fixed penalty notices to and additionally prosecute 33 others.

In response to the continued problem of fly tipping in our city this administration is committing an additional £100,000 to create additional capacity in this area and to also respond to removing chewing gum in city centre streets in a more proactive way. There will also be a tougher response to enforcement when individuals continue to drop litter on streets across our city. This is intended to change behaviour and improve the environment in which we all live, work and socialise.

Often it is the case that as soon as an incident of fly tipping is cleared the offender quickly dumps more rubbish in the same spot. We will continue to try to identify those responsible for these environmental crimes, to issue fixed penalty notices and to prosecute wherever possible, because there is no excuse for this type of behaviour especially when accessible alternatives are provided.

The Labour administration is introducing a new ground breaking pilot initiative aimed at making our night time economy safer, especially for more vulnerable people or those travelling alone. We are investing £60,000 to create Street/Taxi Marshals at the city centre taxi ranks on busy weekend nights. This initiative stems from an Overview & scrutiny Commission task and Finish Panel into Taxis which was chaired by Councillor Aneesa Akbar. We know, following the work of the panel, that this initiative will be welcomed by residents, visitors, businesses and taxi drivers alike.

Hull City Council has suffered from reductions in Revenue Support Grant (RSG) and Core Funding of £130M since 2010, which represents a cut in funding of 55%. This process of hollowing out the council's funding began with the Comprehensive Spending Review initiated by the Coalition Government in 2010 which continued after the 2015 and 2017 elections. The cutting of core funding to local councils was part of the imposed ideology of Austerity, welcomed by the Liberal Democrats in Hull and imposed by them in Government. While heavy reductions were imposed across most of local government, authorities like Hull with higher levels of need and also relatively low property values and economic growth have continued to suffer disproportionately as a result of the cuts that have been made. While any funding formula disregards deprivation and need this will continue to be the case and will worsen over time. Budget statements since 2011 have highlighted this concern and we must continue to do so as well as raise the need for a robust and responsive fair funding formula.

One of the most distressing effects of the imposition of 'Austerity' by the Coalition Government which has continued under the Conservatives, is the additional strain on our communities, already hard pushed families and the hollowing out of funding to support services for vulnerable young people and children. In Children's Social Care the national spike in the numbers of children looked after is also reflected in Hull where the Looked After Children, (LAC), number has risen from 796 in March 2019 to 848 in January 2020.

In response to this trend, the Labour administration has rebased the children's services budget twice putting in an additional £13 million since 2016 over and above the budget allocated. This is money taken from other areas of service to counter the failure of government to fund our city appropriately in order to safeguard local children.

This rising need over a protracted period of time means that we have to provision £1.7M to meet placement commitments from 2018/19 as well as an additional £1.5M

for placements in 2019/20. We have a strong commitment to respond to the changing nature of care provision so that we are able to meet the challenges of communities and families under continued pressure and the consequences of this in the real world, which is why we put additional money in last year to provision additional residential placements in our city for our children, including small homes able to meet highly complex needs and why we are committing a further £1.2M in the coming financial year to allow significant transformation of service delivery.

During times of intense pressure and change it is important that Council staff are equipped to continue to deliver. A review of the essential training and development requirements of our staff identifies a shortfall in funding and as a result we will be making an additional £250,000 available in the Training Budget.

Last year this Council, along with our partners in the Private Sector and Renewable Industries funded a celebration of the future renewable opportunities that our close working has made possible in Hull. Hull City Centre held an electric car race which showcased the emerging technology that will be the future of all transport in the world and will contribute to our cities zero carbon target. Many companies and organisations engaged with young people, who are the future, to build and race around a city centre circuit. We think it is important that people experience the possibilities ahead and witness progress first hand so we will be committing our part towards this event being run again in 2020 with a £100,000 contribution towards its success.

In a similar vein we are committing a further £200,000 in the coming financial year and again in the year after to bolster our carbon neutral initiative.

As ever, the Labour administration have managed the City's accounts prudently and have maintained a balanced position, unlike the chaos that ensued during the short but destructive Lib Dem administration"

Without knowing the funding proposals or arrangements that the new government will implement impacting on 2021/22 we are only able to project forward current spending commitments for the budget year 2021/22. When we know the intentions of the new government we will hopefully be able to re-profile and revise these figures; which was what we hoped would be the case throughout 2019/20, as explained previously.

While we have managed to reach a balanced position, the picture for the year 2021/22 is uncertain and unclarified by government. So called 'Fair Funding' was due to be implemented from 2020 but this has not happened and how that will look for cities like Hull remains unclear.

Our careful financial planning has resulted in a balanced financial position, with overspends mitigated against. This administration's approach in Hull contrasts the position of some other local authorities; including Conservative ones. A recent

investigation by the *Times* reported that councils spent a total of £244m on leisure and sports facilities in 2019, less than half the £565m spent in 2009, a cut of two-thirds if inflation is taken into account. Hundreds of leisure centres, pools and other facilities have closed and spending on sports development and community recreation cut from £267m to £93m over the same period. In Hull we have completely bucked this trend and shown the way that not only other councils should invest to regenerate but what government should do to reverse decline across communities in the nation.

It is worth underlining that the Labour administration has achieved financial balance while also delivering services, vast improvements to our city and a massively improved leisure offer, realising its potential as a place to live, work and visit. It is also worth pointing out that the last Liberal Democrat Budget for our city had 55% greater funding than that we have now as well as over £100m in reserves from the second KC shares windfall and they still needed to use £10m of reserves to balance the books while delivering no improvements or transformation of services.

The revenue element of Community initiative budgets will also be maintained, this money along with the Capital element can be used for Crime fighting initiatives, as the Labour controlled wards have proven by spending on average twice as much as Lib Dem controlled wards, proving once again who is serious about crime reductions and who just want sound bites for leaflets.

In terms of fairer funding, the Council and the Labour Group will continue to lobby tirelessly is responding to government consultations, via the LGA and SIGOMA to persuade the government to ensure equity in the distribution of resources and funding to properly reflect local needs and to highlight the impact, long-term, of a decade of imposed austerity on our services and communities.

CAPITAL

Given the pressure on the revenue budgets, the Labour administration continues to use its capital budget to continue the regeneration of the City. We said we would not be passive observers in the imposition of austerity in our city. Our bold regeneration plans, and good partnerships with retailers have seen the footfall figures in Hull City Centre buck the national trend, growing instead of dwindling away. Hull Council has also been shortlisted for the Council of the year. Our opponents have opposed all our major regeneration projects.

Throughout all off this the majority opposition have accused the Labour administration of “Maxing out the Hull Credit Card” and it would have been useful to have used the funds raised by the second KC shares sale which raised £104M but sadly the previous Liberal Democrat Cabinet tore through that sum in just four years from 2007, maxing out the KC windfall.

Beyond the hype the reality is that our decisions have not only turned the ship around but when compared to all other local authorities, the vast majority of whom have not borrowed to invest as we have, we sit almost exactly in the middle in terms of CIPFA financial stress charts, nowhere near the Unitary Authorities most threatened by this. We were and are right to use public money to pump prime growth through regeneration investment and we are seeing these plans coming to fruition.

Continuing to Deliver Improvement in Culture, Leisure and Tourism.

While many local authorities across the nation have been closing culture and leisure facilities and reducing provision we have developed and maintained a strong culture and leisure offer for Hull residents and visitors from outside Hull. We have bucked the trend in doing this having halted the plans of the Liberal Democrats in 2010/11 which would have seen closures and reduced opening times, with facilities staffed by volunteers. This has been against a backdrop of continued financial strain.

Last year we committed to investing £3.75M to deliver projects such as the Lido and kick-start the revamp of the albert avenue site, we also committed to improving Beverley Road Baths and the behind the scenes equipment at Ennerdale, ensuring it continuance.

This year we build upon these commitments and drive forward on delivery of them.

As well as reintroducing the lido at Albert Avenue Baths we are revamping this very popular venue so that it can continue to serve the city and local people. We are investing £1,400,000 in improvements in 2020/21 and a further £1,800,000 in 2021/22, an overall increase in pledged investment of £2M from previously announced funding.

Beverley Road Baths will receive an additional input of £1.5M over 2020/21 and 2021/22 which will see £2.2M in 2020/21 and £400,000 in 2021/22.

We have previously reported the need for a new replacement for our Ice Arena but in the interim we will provide £100,000 in 2010/21 to ensure that the refrigeration system can continue to operate.

Our extensive and popular local library network will receive £400,000 each year for the next three financial years, a total investment of £1.2m which is £400,000 more than previously allotted by us.

Much has been said about how our parks and open spaces need some more attention as they are so well used by local communities so we will be allocation £200,000 to them each year for the next three financial years, an overall increase in that time of £200,000. In addition to this we are investing £500,000 on specific improvements in both East Park and on the Aviary in Pickering Park.

In terms of these areas alone this amounts to increased allocation of funding of £4.1M.

We have continued to deliver and improve services to all communities, which demonstrates our commitment to the city and is one of the reasons that the city council, under this Labour administration, was recognised as the second most improved council in the whole country.

Continuing to Deliver Improvement in Economic Investment, & Regeneration

Residents in Hull are no strangers to the vagaries of the environment, being a 'city on the sea'. Over recent months we have all been reminded of the consequences of ignoring climate change in the vain hope that it will go away or that it does not exist.

The reality for the planet and for all of us must be faced and that means by individuals, communities, councils and the government. In Hull, we are fully committed to reducing our carbon emissions and we have a target of zero carbon emissions by 2030. Having an aim, or vision, is one thing, delivering on it over time takes planning and real change that builds upon change. Towards our commitment on this we have a carbon neutral objective and we will be committing £1,120,000 to it in 2020/21, rising to £3,850,000 in 2021/22 and £13,250,000 in 2022/23. This is a total investment in all our futures of £18,220,000 over the next three financial years.

Green Renewable energy production and investing in saving energy has been a theme in previous Labour Budgets in Hull and this will continue as a major priority.

While planning for a carbon neutral future we must also maintain current facilities for car drivers and we are committing £250,000 on upgrade works to Pryme Street Multi-Story Care Park; (MSCP); to ensure it remains safe and fit for purpose. As well as this we are investing a further £308,000 in 2020/21 and £60,000 in 2021/22 to refurbish other MSCPs and in a feasibility study aimed at planning future parking needs and requirements.

For a number of years now we have been developing a strategy around how best to use our corporate building, minimising cost and ensuring current buildings are able to deliver what is needed and are where they need to be. In furtherance of this we will invest a further £1,318M.

We are continuing proposals to demolish the former vacated ITEC building and develop a further phase of factory units as an extension to the popular Boulevard Unit Factory Estate. The new build would create a new capital asset and would generate an additional annual rental stream, which would offset the cost of investment which in 2020/21 will be £1,150M and £75,000 in 2021/22.

Continuing to Deliver Transformation in Learning Skills & Safeguarding Children

We identified two years ago that there was a shortage of available residential children's placements in the city and in particular in-house provision which left us vulnerable to the vagaries of the market and meant that children were having to be placed further afield, away from their families, friends and communities, when they could be accommodated here. Since then we have committed funding to create three new residential facilities, including two small homes that are better able to provide for young people with more complex needs in a small setting. In furtherance of this we will commit £839,000 in 2020/21 and £400,000 in 2021/22. A spend over the next two financial years of £1,239M which is an increase on previous committed funding of £800,000.

In ensuring that our stock of children's homes are maintained at a good level we will also be spending an additional £500,000 on existing homes.

Similarly we will put a further additional £283,000 investment into schools that we are responsible for under BSF to ensure they continue to be fit for purpose in educating our children. Our Schools Maintenance and Improvement Programme will be increased by £4M seeing a spend of £8,202M in 2020/21, £4M in 2021/22 and another £4M in 2022/23, an overall investment of £16,202M.

As part of our commitment to Special Educational Needs we will invest £288,000 in the Special Provision Fund – SEN.

Continuing to Deliver Improvement in our Neighbourhoods, Communities & Environment

We will continue and extend our commitment to 'Green Space, Area Based Projects'; (S106); and 'Local Community Initiatives' by an addition £1M in each of these areas, an increase over all on previous commitments of £2m. An additional £1,250M is allocated to the improvement and maintenance of the city's traveller sites to ensure they remain fit for purpose.

Continuing to Deliver on Operational Services

In line with recent years our investment in this area is significant as we seek to improve and regenerate both our city centre and many areas around our communities as well.

In any city with a major river and different waterways running through it the investment in bridge maintenance should be a constant and major commitment. Where this has not been maintained in the past there have been greater problems to

deal with further down the line, with greater disruption. This was the case in 2002-03 when the assessed repairs to North Bridge were delayed by the then Liberal Democrat Cabinet for fear of causing annoyance. In order to ensure safety and proper assessment, repair and maintenance we are allocating £12,470M in 2020/21 and £2,000M in 2021/22, an investment uplift in our bridges of £14,220M.

Recognising the significant increase in tourist attraction to our city, and that many coaches that have nowhere to stay simply pass through our city delivering visitors using our port to other destinations, we are providing £180,000 to develop a City Coach Park. This should benefit the local economy and enable many who would otherwise not stop off in our city the benefit of our excellent cultural and heritage offer which is set to be improved further as part of our Martine City status.

Residents feel safer and identifying anti-social behaviour and other criminal activity has been significantly aided by Labour's decision to roll our city wide CCTV in 2003/4. It is now time for the latest round of CCTV Camera replacement and we have allocated £300,000 to achieve this.

Last year we committed to cycling network improvements across the city. In delivering this we commit £500,000 in 2020/21 and a further £450,000 in 2021/22. While restricted by a road network that is overcrowded these improvements are essential in also promoting the reduction of our carbon footprint and increasing health and fitness generally.

Along a similar theme we are providing £230,000 for Park and Ride facilities to try to reduce reliance on individual car journeys.

High Street regeneration has featured large in recent years and continues to do so with investment of a further £23,200M on top of that already committed. This latest stage should complete the face lift in our centre and build on the increased footfall, visitor attraction and local resident enjoyment and pride in our city centre.

The Labour administration has responded to calls for improved highways verge maintenance, sometime is very innovative ways with the planting of bee and wildlife friendly wildflowers. All communities should benefit from maintained verges and so we are committing an additional £500,000.

Highways Projects generally will benefit from an additional £8,951M to improve on the quality of our road network. This means a total spend in this area over the next three financial years of £21,002M. We promised to address the backlog of repairs to our roads and are delivering these to plan.

The total additional investment in Operational Services over the coming three years is £49,371M with £38,171M of that coming from assumed external funding bids.

Continuing to Deliver Hulls World Class Visitor Destination Programme

In the run up to 2017 we determined a list of priorities for the coming years such as the Beverley Road Heritage Project, the developing of the Beverley Road 52a-54 Brunswick Arcade, a Dance Studio, looking into a feasibility study to deliver a District Heating programme and renovating the historic Guildhall Time ball. We are also committed to continued working with partners to deliver the Albion Street regeneration, the Heritage Action Zone and we are starting to see the regeneration of Pearson Park as part of the Pearson Park Heritage Investment.

These priorities along with our 2017 Legacy programme which includes further investment in our Museums, the exciting plan for a Riverside Berth/Cruise Terminal and the revamp of Queens Gardens mean an investment of £53,624M over the next three years with £42,700M coming from assumed external funding bids.

Councillor Webster has already met and consulted with over 50 representatives of the city's voluntary sector and further consultations will be held with the Business Community and the Chamber of Commerce. We will also consult with the Youth Parliament and in previous consultations with them I have found that they often have a better understanding of Budgets and the implications of finance than many on the opposition benches.

Summary

Local Government has now had a decade of unrelenting pressure on Council Revenue budgets which in Hull have seen reductions in funding of 55%, (£130M).

Political turmoil at the heart of central government has resulted in the failure to deliver the much promised implementation of the Fair Funding Review and the move to 75% Business Rate Retention has been delayed for one year. This uncertainty is a challenge in terms of future planning although the Government has indicated that it will retain the system of 'top ups and tariffs' relating to Business Rates which are vital to authorities like Hull.

While we have taken decisions over the last nine years to strengthen our business rate generation and grow our local economy our artificially tight borders and available development space restricts us in a way rarely seen elsewhere and presents us with a problem that has not been dealt with by central government. Revenue generation in areas like Hull are restricted by large numbers of lower banded properties as well. Government reliance on local councils generating their own income in this way severely disadvantages areas like Hull.

It is important, however, for any National Government to ensure they plan to support all areas of the nation fairly and equally and we will continue to call for this alongside many other local authorities.

Unlike other Councils, Hull has managed to safeguard vital services and even enhance key priorities. We have protected libraries, museums, sport centres, welfare advice and parks and will always put the children we are corporate parents for first.

Despite the desperate assertions of the majority opposition group in Hull over a number of years that we have 'Maxed Out The Credit Card' the CIPFA Financial Resilience Index Data that is provided in these budget documents shows this simply not to be the case. Hull sits right in the middle of all Unitary Authorities for 'Interest Payable/Net Revenue Expenditure', and has in fact benefited from many years of the lowest interest rates in generations. This has allowed us to resist the hardest impacts of long-term austerity, attract very significant inward business investments of over £3BN since 2016 and achieve that fastest jobs growth in Yorkshire and the Humber.

The Labour administration's decision to modestly bolster the council's reserves, opposed by the Liberal Democrats, has been validated by this same data set, although we are still classed as very low in comparison to other unitary Authorities. The Liberal Democrats were happy to squander £104M between 2007-11 as well as use up £10M in reserves on top, leaving the council perilously close to danger but still argue each year to divert money away from what little we have in reserves. Their approach presents a serious risk to the city councils ability to defend services and deliver for our residents.

We remain committed to the view that the time to invest is in a recession. Austerity is always a race to the bottom but Hull; under this Labour administration; will continue to offer a different narrative in which the creation of jobs and opportunities demonstrates that there is a better way. People have started to believe in their City, their community and their Council, which seeks to unleash potential for the brighter better future we envision and aim for. One that the people of this City deserve.

We commend our budget for approval.

Cllr. Philip Webster, Portfolio Holder for Finance.

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

January 2020