

Report to:

Council 28 February 2019

Wards All

Capital Strategy 2019-20 to 2021-22

Report of the Director of Finance and Transformation (S151 Officer)

This item is not exempt
Therefore exempt reasons are not applicable

1. Purpose of the Report

- 1.1 To seek approval of the Council's 2019/20 Capital Strategy which incorporates the 2019/20 to 2021/22 Capital Programme.
- 1.2 The Capital Programme has been compiled in the light of the latest funding assumptions and the financial implications are appropriately reflected within the revenue budget projections contained within the General Fund Revenue Budget relating to the Medium Term Financial Plan and also the Housing Revenue Account (HRA) Budget which are both separate reports on the agenda.

2. Executive Summary

- 2.1 The Capital Strategy is a new requirement for Council's to produce from April 2018 following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017. It requires Local Authorities to demonstrate in the Strategy that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.
- 2.2 The Capital Strategy is a key document for the Council and forms part of the Council's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance process for approval and monitoring of capital expenditure.

- 2.3 The Strategy maintains a strong and current link to the Council's priorities detailed within the Council's Corporate Plan 2018-2022, and to its key strategy documents notably the Treasury Management Strategy, Asset Management Strategy, Medium Term Financial Plan and the Corporate Plan.
- 2.4 Although the intention is for the Capital Strategy to consider a longer term view, it is currently very difficult to look beyond a three year timeframe, which is consistent with the Medium Term Financial Plan, in any detail in terms of funding assumptions in light of Fair Funding. The Council will, however, continue to support capital priorities going forward.

3. Recommendations

- 3.1 That Council approves;
- i. The Capital Strategy as set out in this report.
 - ii. The Capital Programme 2019/20 to 2021/22 as described at section 11 of the report and detailed at Appendix A.
 - iii. The Capital Strategy be adopted as a Policy Framework document within the Council's Constitution

4. Reasons for Recommendations

- 4.1 To ensure the Council adopts the requirements of the revised Prudential Code for Capital Finance 2017.
- 4.2 The Council is required to set a balanced budget and the Capital Strategy and subsequent Capital Programme form part of this process, along with the governance process to monitor and manage the programme.

5. Impact on other Executive Committees (including Area Committees)

- 5.1 The provision of reliable financial information supports the Council's decision making processes and therefore impacts on all Council priorities.

6. Introduction

- 6.1 The primary purpose of this strategy is to identify and progress schemes to help deliver the Corporate Plan and to help make the Council better placed in order to be able to deliver the level of required services.
- 6.2 The Strategy sets out the Council's capital spending programme and the principals which underpin this to deliver the Corporate Plan.

7. Council Objectives and links to the Capital Strategy

- 7.1 The capital investment plans are linked to the Council's Corporate Plan. The Corporate Plan is the Council's key strategic document and outlines the Council's overall vision, priorities and values for the next four years. This will guide everything the Council does as an organisation and how we will go about it as we work towards securing a positive and sustainable future for the city, through decisive leadership and the development of inclusive partnerships and communities. It focuses on major issues that require specific attention rather than listing every activity that we undertake. The Corporate Plan helps us target limited resources and provides a framework against which we can assess our progress.
- 7.2 The Corporate Plan has been refreshed and updated to sharpen its focus and ensure alignment with the City Plan, and was considered by Council on 17 January 2019.
- 7.3 The Corporate Plan is summarised as follows:

Our Vision	Securing a positive and sustainable future for the city, through decisive leadership and the development of inclusive partnerships and communities		
Hull City Council will:	Deliver economic growth that works for all	Create inclusive, resilient and safe communities	Deliver organisational excellence by working in partnership
Our Priorities:	<ul style="list-style-type: none"> Investing in infrastructure, housing, highways and the local environment Delivering sustained cultural and leisure growth Playing a leading role in devolution for Yorkshire and the North Creating a healthy, safe, and environmentally friendly city 	<ul style="list-style-type: none"> Improving health and welfare Supporting children and families Championing education, training and employment Ensuring financial and social inclusion Working with people and communities to live independent and safe lives 	<ul style="list-style-type: none"> Improving access through digitally enabled services Developing new ways of working in partnership Making the best use of our assets and budgets
Our City's Outcomes:	<ul style="list-style-type: none"> Investment and employment will continue to grow, providing opportunities for all Hull will increase its distinctive cultural offer which reflects the spirit of its people and its position Public spaces are clean, vibrant, sustainable, and adapted to respond to climate and environmental changes Ensuring a safe and fair trading environment in which industry and commerce can flourish 	<ul style="list-style-type: none"> All families will feel safe and supported All children and young people have positive mental health and wellbeing and will thrive in their communities and cope with life's challenges People will have the skills and qualifications to fulfil their aspirations for work and life People will be more active, leading healthier lifestyles and improving life expectancies 	<ul style="list-style-type: none"> People will have a better, more coherent experience when interacting with our services Services will be jointly commissioned and funded, with residents receiving a single, seamless service Staff will be healthier, more skilled, and have improved tools to deliver better services Improved outcomes will be able to be delivered for the same or less costs
We will do this by:	<ul style="list-style-type: none"> Working with respect and integrity 	<ul style="list-style-type: none"> Focussing on communities, residents and visitors 	<ul style="list-style-type: none"> Valuing diversity and equality

- 7.4 These objectives reflect the ongoing commitment to ensure the Council works to serve the people of Hull. Aligned to corporate and service priorities, individual capital scheme proposals are included within the approved capital programme or are to be considered for a resource allocation over the period of the capital strategy.

8. The Capital Budget Setting Process

- 8.1 The Capital Programme is developed with consideration to a number of key criteria, these may include:
- Maintenance of the essential infrastructure of the Council (including ICT)
 - Essential health and safety works
 - Essential rolling programmes
 - Whether wholly financed by internal/external resources
 - Match funded investment for regeneration projects
 - The outcome of feasibility studies
 - Spend to save schemes
- 8.2 The need for a capital scheme may be identified through one or more of the following processes:
- Annual Service Delivery Plans identifying any capital investment required to meet future service demands
 - The Asset Management Strategy highlighting any deficiencies in the condition, suitability and sufficiency of the Council's existing building stock and identifying future areas of need
 - The Local Transport Plan (Highways Strategy) tackling the problems of congestion and pollution, and looking at roads and the infrastructure needs of the city
 - Reviews and external inspections may identify areas that need capital investment
 - The need to respond to Government initiatives and new laws and regulations
 - The need to maintain and increase revenue income generation to contribute to the funding of services
- 8.3 Once key capital priorities have been identified, in preparing capital project proposals consideration should be given to the following:
- Prudence
- Recognition of the ability to prioritise and refocus following transformation work
 - Recognition of the capacity in the Council to deliver such a programme
 - Recognition of the knowledge and skills available and whether these are commensurate with the appetite for risk
 - Recognition of the future vision of the Council
 - The approach to treasury management and the management of risk as set out in the Treasury Management Strategy.

Affordability

- Revenue impact of the proposals on the Medium Term Financial Plan
- The borrowing position of the Council, projections of external debt and the use of internal borrowing to support capital expenditure
- The authorised limit and operational boundary for the following years
- Whether schemes are profiled to the appropriate financial year

Sustainability

- A long term view of capital expenditure plans, where long term is defined by the financial strategy of and risk faced with reference to the life of the project/assets
- Provision for the repayment of the debt over the life of the underlying asset/debt as set out in the Minimum Revenue Provision Policy
- An overview of asset management planning including maintenance requirements and planned disposals

- 8.4 Schemes are prioritised based on the above key criteria which results in:
- Identifying essential capital investment for the next three financial year
 - Utilising feasibility studies where needed
 - Adopting a Gateway Review approach for larger strategic schemes to enter the programme at the required time
 - The ability to enter items into the capital programme in a managed way through the annual budget round and in year monitoring processes
 - Being mindful of the current level of the programme in relation to capacity to deliver, the financing of the schemes and any other running costs
- 8.5 The overall capital programme for the next three financial years, once established, is presented to Members in February each year, following scrutiny via all relevant scrutiny committees, and is approved by Full Council.
- 8.6 Members also approve the overall and associated borrowing levels at the February meeting each year as part of the Treasury Management Report. The taking of loans then becomes an operational decision for the Director of Finance and Transformation who will decide on the basis of the level of reserves and money market position whether borrowing should be met internally or whether to enter into external borrowing.
- 8.7 Once the Council has approved the capital programme, then expenditure can be committed against the approved schemes subject to the normal contract procedure rules and terms and conditions of funding.
- 8.8 Whether capital projects are funded from grant, contributions, capital allocations or borrowing, the revenue costs must be able to be met from existing revenue budgets or identified savings or income streams.
- 8.9 Following approval by Council the capital programme expenditure is then monitored on a quarterly basis and reported to Members accordingly.

9. Monitoring of the Capital Programme

- 9.1 The annual capital programme, which is updated for new proposed schemes and revised profiling, is presented to Full Council each year. Council approval of the programme gives an allocation to Programme Managers to support specific schemes and ongoing programmes of work.
- 9.2 A key issue in managing the capital programme is in year movements of budgets from one financial year to another. Capital budgets can be reprofiled across years to reflect delays or spend brought forward to support accelerated schemes. However, reprofiling needs to be managed appropriately to ensure annual capital budgets are as accurate as possible.
- 9.3 The Council will continuously look to ensure that periodic projections during the year (three formal monitoring reports and an outturn report reported to Cabinet) are as accurate as possible, and where projects do slip, a robust process is in place to ensure Programme Managers provide a detailed explanation with evidence as to why the project needs re-phasing. The in year monitoring reports will be focussed around programme exceptions, following on from returns submitted by individual Programme Managers. Whilst the intention is to understand and address the reasons why spend against profile variances arise, it may be that some exceptions are unforeseen, unavoidable or outside the control and influence of the Programme Manager or Council.

10. Methods of Funding Capital Expenditure

- 10.1 There are a range of methods for funding capital expenditure as follows:
- Government Grants and Non-Government Contributions

Capital resources from Central Government can be split into two categories:

- Un-ringfenced – resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose).
- Ringfenced – resources which are ringfenced to particular areas and therefore have restricted uses.

Where there is requirement to make an application to an external agency for external funding and, where appropriate, to commit Council resources as matched funding to any bid for external resources, a business cases must be completed for approval. This must justify the bid for external resources and any Council matched funding required prior to submission of the bid.

- Prudential Borrowing

The Council will investigate opportunities to resource capital projects using prudential borrowing where plans are sustainable, affordable and prudent. Where it is considered that Prudential Borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be reflected in the Medium Term Financial Plan.

Since 2012 the Council has been able to take advantage of the Public Works Loans Board (PWLB) certainty rate, whereby there is a 20 basis points (0.20%) discount on standard loans from the PWLB under the prudential borrowing regime for Authorities that provide improved information on their long term borrowing and associated capital spending plans. It has been confirmed that the Council has qualified for the certainty rate for the period 1 November 2018 to 31 October 2019.

- Prudential Borrowing (self-funded schemes)

For 'spend to save schemes' assistance may be provided to support initial set up costs or feasibility studies, but it is expected that in the longer term these schemes will produce savings and/or additional income that will as a minimum fund any additional operational or borrowing costs.

- Capital Receipts

A capital receipt is an amount of money exceeding £10,000 which is received from the sale of an asset. Capital receipts are usually restricted to use for:

- Financing new capital investment
- Reducing borrowing under the Prudential Framework

They cannot be spent on revenue items.

However, following the 2015 Spending Review, in March 2016 the DCLG published statutory guidance on the flexible use of capital receipts for a three year period covering 2016/17 to 2018/19. This guidance allows Local Authorities to use capital receipts to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings. As part of the 2018/19 Provisional Local Government Finance Settlement, the Secretary of State announced an extension of this flexibility for a further three years to 2022. This was confirmed in the Final Settlement notification received in February 2018. The required Flexible Use of Capital Receipts Policy is laid down at Appendix F of the General Fund Revenue Budget Report.

- Revenue Contributions

Services may use their revenue budgets to fund capital expenditure. This may be via a capital reserve which is an internal fund set up to finance capital expenditure as an alternative to external borrowing.

- Section 106 Agreements/Community Infrastructure Levy (CIL)

In considering an application for planning permission, the Council may seek to secure benefits to an area through the negotiation of a 'planning obligation' with the developer. Such obligations are authorised by Section 106 of the Town and Country Planning Act 1990. The Council may therefore, in some instances, receive funds to enable it to undertake works arising from these obligations. Examples of works include, the provision or improvements of community facilities (parks/play areas), affordable housing and improved transport facilities.

The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force in April 2010. When adopted, a CIL allows the Council to raise contributions from new developments to help pay for infrastructure that is needed to support planning growth. Where a CIL charging schedule is in place, it largely replaces S106 obligations in delivering strategic infrastructure. However, S106 would still be used for affordable housing and site development infrastructure works.

11. Capital Programme 2019/20 to 2021/22

Introduction

- 11.1 The Capital Programme has been subject to review and amendment through the identification of anticipated future funding sources and resource demands.
- 11.2 This report sets out the proposals for the allocation of the available capital resources in the period 2019/20 to 2021/22 and presents an updated Capital Programme at Appendix A for approval. The programme provides for:
- A fully funded Capital Programme
 - Funding of annual demands, including maintaining the Council's assets
 - Support for one-off projects over the next three years
 - Provide feasibility funding to develop schemes/enable external funding bids
 - Support for 'spend to save' schemes funded from revenue savings
- 11.3 The revised programme reflects an additional £106m in planned expenditure over the period. The majority (£89m) of this expenditure is funded from 'ring fenced' resources which have been used for specific purposes (including self-funded schemes) supplemented by the on-going commitment to 'passport' targeted grant allocations, and for limited Prudential Borrowing to provide for on-going maintenance programmes.

Capital Resources

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

Table 1 – Available Resources

Source of Available Resources	£m
Ringfenced and 'Passported' Resources	
- Unringfenced grant allocations 2021/22	8.500
- Prudential Borrowing – annual programmes	4.350
- Prudential Borrowing (Self-funded schemes)	24.805
- HRA	45.790
Sub Total	83.445
Available Resources	
- Prudential Borrowing	8.790
- Capital Receipts – Wawne View	5.530
- Revenue Reserve – Flood Mitigation	1.000
- Existing Capital Programme	1.250
Sub Total	16.570
TOTAL	100.015
External Grant Funding	
- Highways – LEP funded Priory Way Works	1.440
- Disabled Facilities Grants (Better Care Fund) 2021/22	2.200
- S106 Receipts	2.000
Sub Total	5.640
GRAND TOTAL	105.655

Proposed New Allocations

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

Table 2 – Proposed Allocation of Available Resources identified in Table 1 – 2019/20 to 2021/22

Scheme	Ref	2019/20 £m	2020/21 £m	2021/22 £m	2022/23+ £m	Total £m
Unringfenced 'Targeted' Grants						
Highways	A	0.500	0.500	3.500	-	4.500
Schools	B	-	-	4.000	-	4.000
Total		0.500	0.500	7.500	-	8.500
Annual Programmes and Self-Funded Schemes						
Albert Avenue Baths	C	1.200	0.800	-	-	2.000
Albion Square – scheme development	D	1.000	-	-	-	1.000
Beverley Road Baths	E	0.900	0.600	-	-	1.500
Boulevard Unit Factory Estate	F	0.075	1.150	0.075	-	1.300
Bridge Maintenance	G	0.250	0.250	-	-	0.500
Cemeteries – Priory	H	1.750	-	-	-	1.750
City Hall Shops	I	0.050	0.075	-	-	0.125
Coach Park	J	0.200	-	-	-	0.200
Corporate Buildings Maintenance/H&S	K	0.930	0.750	1.000	-	2.680
Disabled Facilities Grant	L	-	-	2.200	-	2.200
District Heating	M	-	-	17.000	-	17.000
Hepworth's Arcade	N	0.250	-	-	-	0.250
Heritage Action Zone	O	0.350	-	-	-	0.350
Highways – potholes/cycle lanes/verges	P	0.750	0.750	-	-	1.500
Holderness Drain Flood Works	Q	1.000	-	-	-	1.000
HRA	R	(8.678)	2.637	51.831	-	45.790
Ice Arena Gas Refrigeration	S	0.250	-	-	-	0.250
ICT	T	-	-	1.000	-	1.000
Library Equipment	U	-	-	0.400	-	0.400
Local Community Initiatives	V	-	-	1.000	-	1.000
Multi Storey Car Parks	W	0.160	0.060	0.060	-	0.280
Parks	X	-	-	0.200	-	0.200
Parks – East Park Water Feature/Splash Boat/Pickering Park Aviary	Y	0.500	0.500	0.500	-	1.500
Priory Way Works	Z	1.800	-	-	-	1.800

Private Sector Housing	AA	1.500	-	0.500	-	2.000
Public Realm Phase 3	AB	0.500	-	-	-	0.500
S106 Funded Schemes	AC	1.000	1.000	-	-	2.000
Scott St & Wawne Bridge	AD	1.300	-	-	-	1.300
Stockholm Road Security	AE	0.150	-	-	-	0.150
Traveller Sites	AF	1.250	1.250	-	-	2.500
Wawne View/Kingswood AAP Infrastructure	AG	0.200	1.800	0.950	1.830	4.780
Wilson Centre Air Con	AH	0.250	-	-	-	0.250
Total		8.887	11.622	76.716	1.830	99.055
GRAND TOTAL		9.387	12.122	84.216	1.830	107.555
Less: Reallocation of existing programme resources						-1.900
TOTAL INCREASE						105.655

Note – the table above identifies the additional resources available. Allocations arising from passported targeted grants and allocations for Local Community Initiatives, ICT, Corporate Buildings Maintenance, Parks and Private Sector Housing for 2019/20 and 2020/21 are contained within the existing approved programme as shown at Appendix A.

11.6 The following table summarises the proposed three year programme incorporating the above additions, and summaries the overall programme funding:

	£m
Existing Programme	223.323
Additional Funding	105.655
Total Proposed Programme	328.978
Funding:	
Grants	70.516
Capital Receipts	13.641
Borrowing	67.710
Revenue Contributions	1.000
NNDR Uplift re Enterprise Zones	18.750
HRA	157.361
Total Funding	328.978

11.7 Additional commentary to provide some background to the proposed allocations in Table 2 is as follows:

A & B – Passporting of Targeted ‘unringfenced’ Grants

The continuation of ‘passporting’ Targeted Grants to fund associated Schools and Transport related programmes. These are indicative allocations only as grants are unconfirmed at this stage.

C – Albert Avenue Baths

Additional funding proposals, complimented by allocations from the existing capital programme, to facilitate improvements to dry side of the former small pool area. In addition proposals are to restore the lido facility. An element of the scheme (£0.8m) is on a spend to save basis and can be funded through additional income generated from the facility.

D – Albion Square - scheme development

Following from the acquisitions of the sites within the Albion Square development, funding is required to support the next stage and to progress the delivery of the Albion Square development and to present a planned and managed proposal to deliver a successful scheme on the site. Funding will be allocated to procure a construction contractor on a phased early contractor engagement basis to develop design, establish timeframes and ascertain real development costs, simultaneously with the procurement of Retail and Housing Investor partners.

E – Beverley Road Baths

Funding, complimented by allocations within the existing capital programme, to facilitate improvements to the changing rooms, a new sauna and new flooring in the downstairs gym. An element of the scheme (£0.4m) is on a spend to save basis and can be funded through additional income generated from the facility.

F – Boulevard Unit Factory Estates

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.

G – Bridge Maintenance

The Council has a duty of care to maintain the bridges to ensure they remain in a safe condition and are fit for purpose. Periodic inspections as outlined in the management of Highway structures is the main way of recording and managing the condition of the bridges. Funding is proposed to support the ongoing maintenance of the bridges of the city.

H – Cemeteries – Priory Woods

The current site at Priory Woods is poorly presented and suffers from continuous flooding problems which results in difficulties in attracting further burials. The proposals are, with the support of additional capital investment, that the site can be re-landscaped with significant improvement to the drainage systems. This will enable additional burial plots to be available along with new business growth and additional memorabilia sales to support the spend to save element (£0.75m) of the overall capital scheme.

I – City Hall Shops

In order to increase the letting capacity of the retail units located under the City Hall, proposals are to subdivide up to 3 large vacant units into separate smaller units to achieve lettings and increased revenue income. Further renewal of shop signage to a higher standard is required in keeping with this important listed building.

J – Coach Park

The city currently has a lack of adequate coach parking facilities. Proposals are to develop a site on Tower Street which will encourage coaches into the city and would support the City of Culture legacy. The income stream from the coach park would repay the cost of investment.

K – Corporate Buildings Maintenance

Continuation of the annual funding stream to support prioritisation of repairs based on ensuring health and safety and other statutory compliance and service need. Further additional targeted funding is also proposed to support backlog maintenance and to support priority health and safety works and improvements required to corporate and public buildings.

L – Disabled Facilities Grant

Estimated annual ring fenced grant allocation for 2021/22 to support means tested mandatory grants to provide adaptations to enable disabled private residents to live independently at home.

M – District Heating

The City and Council needs to reduce its carbon emissions to meet the targets in the Environment and Climate Change Strategy and contribute towards the outcomes of the Climate Change Act and Paris Agreement. The project aims to reduce the carbon emission in the City from the provision of heat and hot water through a district heating network as well as reduce revenue expenses for organisations and business provided with heat and hot water. The Scheme will deliver low carbon heating and reduced costs compared to gas provided heat and hot water. Initial funding is allocated to support feasibility works and working up a detailed business plan is subject to formal approval by Cabinet.

N – Hepworth’s Arcade

Hepworth’s Arcade is a listed building which the Council has a legal responsibility to ensure it does not fall into disrepair and is maintained to the current level of legislation. Works have been undertaken during 2017/18 to repair the roof but further funding is now required to address the internal and external stonework, masonry, mechanical services and ancillary items.

O – Heritage Action Zone

Hull Old Town was designated a ‘Heritage Action Zone’ by Historic England in April 2017. Under the new designation, Historic England and the Council are required to commit funding in order to achieve physical regeneration within and to raise awareness of the importance of Hull Old Town. Funding is required to ‘match’ the external funding commitment of Historic England.

P – Highways – potholes/cycle lanes/verges

Additional funding incorporating the additional £1m grant allocated for Road Repairs to support the ongoing maintenance of the highways network, including potholes, cycle lanes and verge maintenance.

Q – Holderness Drain Flood Works

Funding to support of the significant drainage improvement investment scheme funded via the Environment Agency.

R – Housing Revenue Account

Reflects the updated HRA capital investment plans as per the Housing Revenue Account Budget Setting 2019/2020 and Beyond Report.

S – Ice Arena Gas Refrigeration

This is linked to the Albion Square development and the required investment into the existing Ice Arena for essential works to keep it operational ahead of the anticipated replacement.

T - ICT

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

U – Library Equipment

Continuation of the annual funding steam to support the purchase of resources, both physical and electronic, to enable the Council to provide a comprehensive and efficiency library service.

V – Local Community Initiatives

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

W – Multi Storey Car Parks

The existing MSCP's at Pryme and George Street is limited due to the age of the structures. The Council's property consultants are to be engaged to deliver an asset management plan for the MSCP's scoping the level of interim work required to ensure that the MSCP's can continue to run during the next 5 year period until a more permanent solution can be determined.

It is anticipated that the asset management plan will identify that security enhancements, fire detection and concrete integrity enhancements and remedial works will be required to continue to run the MSCP's. Additional income can also be generated by maximising the current capacity.

X – Parks

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

Y – Parks – East Park Water Feature/Splash Boat/Pickering Park Aviary

East Park Water Feature

Refurbishment of the paddling pool in East Park, including a full redesign and upgrade of the plant equipment that will enhance the leisure facility offering of the park. This will also comply with Heritage Lottery funding requirements.

East Park Splash Boat

Due to the increased requirement of the yearly statutory inspections to ensure the safe use of the ride, a more sustainable approach to access and inspect is required and therefore development of the rides jetty and awning is required to facilitate the removal of the ride from the water for inspection. A programme of safety enhancements is also being generated to ensure the ride can continue to be used in future years.

Pickering Park Aviary

Pickering Park Aviary is currently closed due to significant health and safety risks to both staff and birds. Proposals are to support a comprehensive scheme to refurbish the facility and reopen to the public as therefor will meet current legislation and the requirements of zoo licencing.

Z – Priory Way Works

The project involves the introduction of localised widening on Priory Way to enhance the capacity of the local highway network (Priory Way, Saxon Way and Henry Boot Way). The additional capacity is required to facilitate the development of the remaining 12 acres (5 hectares) of land at Henry Boot Way in West Hull (6 sites) of which approximately 8.5 acres of land are within the Enterprise Zones.

It is currently anticipated that project will cost approximately £1.8m of which £1.44 is being funded from the Local Growth Fund managed by the Local Enterprise Partnership (LEP)

AA – Private Sector Housing

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

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

AB – Public Realm Phase 3

Following the successful completion of the City Centre Public Realm scheme in 2017, it is proposed that this scheme is expanded into other areas of the City Centre.

Brook Street and Prospect Street have been identified as high profile retail areas where poor quality public realm is affecting desirability as well as creating hazards for members of the public.

The extension of the scheme is designed to create improve the link toward St Stephens by increasing footfall.

AC – S106 Funded Schemes

Ringfenced funding to support Area and Community based schemes as agreed through the Area Committee framework.

AD – Scott St Bridge / Wawne Bridge

Funding is required to support essential works at Scott Street Bridge and Wawne Bridge. This links to the further programme of bridge maintenance (ref V above) which is proposed to facilitate the ongoing management and maintenance of the City's bridge network.

AE – Stockholm Road Security

Increased access and security provision is required to the site perimeter to prevent unauthorised access to heavy plant, machinery and vehicles kept overnight at the premises.

AF – Traveller Sites

There is a requirement in the Local Plan for Traveller pitch provision and for a transit site/tolerated stopping place. The provision of sites will reduce the impact of unauthorised encampments on the public in terms of local impact and also financially to the Council. Additional capital investment is required to support the spend to save proposals, as an element of the capital investment (£1.5m) is on a spend to save basis and can be recovered through an annual rental income stream from the permanent sites and stopping places.

AG – Wawne View/Kingswood AAP Infrastructure

The scheme involves amendments to 6 roundabout junctions in the Kingswood area to provide additional highway capacity to mitigate for the predicted traffic impact from the future levels of development, which are planned to occur within the Kingswood Development over the next 14 years, as set out in the Kingswood Area Action Plan.

AH – Wilson Centre Air Conditioning

Funding to support the installation of air conditioning to the public areas of the Wilson Centre.

11.8 Cabinet will note that on 17th January 2018 Council passed a resolution in the following terms:

“Council notes the Home Office’s instruction for all public bodies to risk assess and review their security for all public buildings in response to the potential threat. Council notes that following the review, additional concrete barriers were installed around Queen Victoria Square and new measures were put in place at the Guildhall.

Council notes a further proposal to potentially install security gates for Hanover Square as reported in the Hull Daily Mail on 19th October, 2018.

Council further notes the Leader’s point-blank refusal to consider reintroducing a Community Safety Fund, in response to a Full Council question in September, 2018, committing the further years’ funding of Community Initiative Budgets which Wards can choose to spend on community safety helping to keep residents and their homes safe if they so wish.

Council believes it would be fundamentally hypocritical to invest in protecting itself whilst refusing to help to protect the people the Council is here to serve, fortunately, this is not the case as the Guildhall is a building used widely by the public as a Registry Office, a venue for Police passing out parades, armed forces events and university graduations. With thousands of people working for the Council many of whom live in Hull, this campus remains a public building.

Council therefore calls on the Cabinet, when it comes to consider the allocation of funds to address safety concerns, to address Community Safety, as well as the security of the public in public buildings, through funding which is spent at Ward level, dedicated to combating crime.”

- 11.9 The motion was originally laid in the context of the decision by Council in January 2018 to allocate £250k in the capital programme to Guildhall Security works. The project is referenced within the 2018/19 Capital Monitoring Report which is on the agenda of this Cabinet.

12. Risk Assessment

- 12.1 The Capital Strategy is compiled in line with the requirements of the 2018 CIPFA Prudential Code and 2018 Treasury Management Code.
- 12.2 The S151 Officer views the strategy to be prudent and affordable and is fully integrated with the Council’s Medium Term Financial Plan, Treasury Management Strategy and other Strategic Plans.
- 12.3 All proposed schemes contained within the body of the report and at Appendix A, are subject to a full risk assessments and ongoing monitoring.

13. Consultation

- 13.1 In developing the Capital Strategy and the Capital Programme for 2019/20 to 2021/22, the Council regularly seeks the views of residents and partners on the priorities for investment, service provision and improvement. This is completed through a variety of means to enable participation in the process.
- 13.2 Consultation will also be undertaken for specific programmes or individual schemes where appropriate.

14. Comments of the Town Clerk (Monitoring Officer)

- 14.1 The Prudential Code promotes as a matter of good practice that the Capital Strategy be presented to Council as a separate strategy document to the budget report. The Council’s Auditors, both internal and external, would properly expect that the Council follow the code.
- 14.2 In so doing the Capital Strategy should be adopted by the Council as part of the Council’s policy framework within the Constitution.

15. Comments of the Section 151 Officer

- 15.1 The Director of Finance and Transformation (S151 Officer) is the author of the report. The proposed programme is in line with the strategy and the revenue funding implications are consistent with the capital financing projections included in the revenue budget and MTFP.

16. Comments of the HR City Manager and Compliance with the Equality Duty

16.1 There are no staffing or equality issues arising from the strategy. An equality impact will need to be taken when allocating funds to schemes.

17. Comments of the Overview and Scrutiny

17.1 This report will be considered at the Finance and Value for Money Overview and Scrutiny Budget meeting on Friday, 25 January, 2019. Any comments or recommendations made by the Commission will be tabled at Cabinet. (Ref. Sc5180)

David Bell
Director of Finance and Transformation (S151 Officer)

Background Documents: CIPFA Prudential Code and Treasury Management Code of Practice (2018)
Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008
Medium Term Financial Plan, Housing Revenue Account and Capital Programme – Update and proposals for consultation December 2018
Capital Programme Monitoring Reports 2018/19
Corporate Plan 2018-22

Officer Interest: None

Contact Officer: David Bell/Mike Armstrong
Telephone No.: 613084/613282

Implications Matrix

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant City Manager	Yes
I have included any procurement/commercial issues/implications within the report	n/a
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	There are no equality and diversity implications within the report
Any Health and Safety implications are included within the report	n/a
Any human rights implications are included within the report	There are no human rights implications within the report
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	n/a
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	n/a
I have included information about how this report contributes to the City Plan/ Area priorities within the report	Yes