



COUNCIL BUSINESS PLAN AND FINANCIAL STRATEGY 2016-21 2018 UPDATE

EAST RIDING...WHERE EVERYONE MATTERS

FOREWORD

We are pleased to present the 2018 update of the 2016-21 Council Business Plan which sets out the Council's priorities and progress made on these priorities during 2017/18. The Plan also reflects some of the challenges the East Riding faces over the coming years to meet the needs of local people and supports the wider ambitions for the area as set out in the East Riding Community Plan 2016-21. Also included in the Plan is information on how we will use our resources effectively to achieve our priorities.

We hope you can take the time to read this Plan which, in this period of change and transition explores how we all need to do things differently to ensure we can continue to deliver our priorities and maintain the quality of life we value in the East Riding of Yorkshire.

In the Plan, we refer to a number of other documents or webpages that you may find helpful. If you have any problems with accessing any of these, please contact:

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Councillor Stephen Parnaby OBE
Leader of the Council

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INTRODUCTION: Our challenges

The public sector, and in particular local government, has experienced a period of unprecedented change and uncertainty, with no indication of when this period may end. The pressure on resources, brought about by the largest public sector budget cuts in history, is immense, and comes at a time of continuing increases in demand from vulnerable people, a substantial growth in the number of older people living in and moving to the East Riding, and an increase in extreme climate related events. The East Riding is one of the largest local authority areas in the Country, with around half of our population living in rural and sometimes isolated communities, which provides additional challenges.

Our ability to continue to deliver services and the key actions we plan to prioritise during the life of this Plan is dependent on how well we address the enormous financial pressure the sector is facing. We have made savings of £158.3m since 2010 and need to find at least a further £40.3m from our base budget (i.e. permanent savings) over the next four years. The way councils are funded is currently being fundamentally reviewed by Government, the outcome of this is as yet unknown and at present funding post 2019/20 is unclear.

The Adult Services budget continues to be under significant pressure and has been for a number of years, the key factors being the demographic pressure on social care costs arising from an ageing and growing population of older people in the East Riding and the rising costs of commissioning care from private providers. The annual cost of adult social care in the East Riding is estimated to increase by £12.8 million (16.8%) to £89 million by 2021/22 and this demand cannot be met without additional funding. To help address this issue, the Government has allowed councils to increase council tax for 2018/19 by 3% to support adult social care, in addition to a 2.99% increase for overall service provision to ease the growing cost pressures on local government services and reflect higher levels of inflation.

The council tax increases to support adult social care will, nevertheless, only meet 35% of the estimated increase in costs in adult social care to 2019/20. In recognition of these continued significant pressures, the Government has provided one off funding of £24m over the three year period 2017/18 to 2019/20 from the national Improved Better Care Fund to help support the increased costs of the provision of adult social care and develop new ways of working with Health and Voluntary sector partners. In addition, the Government has provided further one off funding of £0.9m in 2018/19 through the Adult Social Care Support Grant.

The Government will publish a green paper in the near future setting out how it proposes to improve care and support for older people and tackle the challenge of an ageing population. Whilst it is hoped that an outcome from this paper will be long term sustainable funding for adult social care, there is a risk that any proposals made do not adequately meet the Council's funding needs.

Our children generally achieve good educational attainment, above regional and in line with national averages, despite a long history of being one of the worst funded education authorities nationally. However, there is still a significant gap in attainment for some groups of young people, such as those entitled to free school meals or children who are looked after and improvement in achievement and attainment of vulnerable children remains a key priority. Protecting children from harm remains a key priority, children's services continue to sustain the early help offer, delivered through our 18 children's centres. The introduction of the Special Educational Needs and Disability (SEND) reforms outlined in the Children and Families Act (2014) provided an ideal opportunity to improve our support for children and young people with SEND and their families. A key part of this was the transition to Education, Health and Care Plans, and a key priority remains that plans are

implemented successfully and are effectively maintained to ensure families are offered empowering and personalised support

The next milestone in the Welfare Reform agenda saw the introduction of the Universal Credit full service into the East Riding, in July 2018. The impact on customers and the Council will be assessed as the rollout progresses. The migration of existing housing benefit claimants has been delayed by the Government and is now intended to be complete by 2023. Pensioners are not affected by these changes.

The area's propensity to both flooding and coastal erosion due to our complex geography, combined with increasing impacts of extreme weather events, poses a substantial risk to the local infrastructure and the economy. In response, the Council has delivered a number of flood alleviation schemes and has a significant programme of capital investment planned for the future.

The East Riding economy, whilst relatively diverse, remains heavily dependent on small businesses, a limited number of major employers (mainly in manufacturing) and the public sector. These factors contribute to a low 'productivity' rate which is not keeping up with the national average. Providing supporting infrastructure e.g. highways, broadband and flood alleviation schemes, attracting new investment and supporting existing businesses to survive and grow remain key priorities to the Council.

There will be as yet unquantified impacts on local government and its public sector partners from the 'Brexit' process as this progresses. There may also be changes to ongoing government programmes and legislation which have a direct impact on the Council and its partners.

The enormity of the challenges faced by the Council require us to develop new models for service delivery in conjunction with our partners if we are to maintain those services vital to the quality of life in the East Riding and address the needs of the most vulnerable in our communities.

For some services, their longer term future may mean that they need to continue adopting more commercial approaches to cover their operating costs. For example, our leisure centres, including Bridlington Spa, are expected to make a positive contribution to the Council's finances. Other services, such as libraries and community transport, have successfully undertaken detailed consultations with the public to inform both the reshaping of provision and the achievement of savings. In relation to health and social care pressures, our response has been to transform the ways we deliver quality services, as a single System, and to increase the levels of personal, community and system resilience. Our joint 5 year Place Based Plan has a focus on prevention and encouraging self-help and care, and outlines how all partner organisations across the East Riding of Yorkshire System will change the way they work in order to help achieve the agreed health outcomes for our residents.

The Council's five year Plan continues to address these key challenges. In the second year of the Plan we have made good progress across a range of actions, which is set out in the next section.












EAST RIDING OF YORKSHIRE COUNCIL

Our Area -Some Key Facts

<p>337,804 people living in the East Riding of Yorkshire</p> 	<p>84,417 adults aged 65+</p> 	<p>155,057 households in an area covering approximately 930 sq/m</p> 
<p>45,245 school pupils</p> 	<p>198,108 adults of working age</p> 	<p>44% increase expected in people over the age of 60 between 2016 and 2039</p> 

About Our Services

<p>12.75 million bins collected</p> 	<p>Over 3,394 km of road network maintained by the Council</p> 	<p>11,349 Council homes managed (2018) and 39,064 repairs carried out (2016/2017)</p> 
<p>5,749,305 million visits a year to our leisure centres (2017/2018)</p> 	<p>Libraries: Number of books issued 1,077,537 (2017)</p> 	<p>4830 people receiving Adult Social Care</p> 
<p>184,276 enquiries to the Revenues and Benefits service 11,350 Business Accounts</p> 	<p>Childrens Early Help and Safeguarding Hub 1400 contacts per month</p> 	<p>70,620 concessionary bus passes held by East Riding residents</p> 



Our values and behaviours

During the year we have refreshed our values and the behaviours we expect from our staff.

These new values and behaviours help to guide how we work with each other, with our partners and residents and communities to achieve the vision.

Quality	Pride	Respect
We work together to provide the best services possible	We are proud of what we do and we positively embrace change	We treat people fairly and are open, honest and lead by example
<hr/> <p>I do my best for the people I serve</p> <hr/> <p>I make every pound of the public purse count</p> <hr/> <p>I work with colleagues and external partners to achieve the best results</p>	<hr/> <p>I am an ambassador for East Riding of Yorkshire Council</p> <hr/> <p>I am motivated and strive to continually improve services</p> <hr/> <p>I have a flexible attitude and strive to innovate</p>	<hr/> <p>I can be trusted to do the right thing and be ethical in my actions</p> <hr/> <p>I care about my work, my colleagues and the people and communities I serve</p> <hr/> <p>I value people, listen and respect their views</p>

Achievements under our 2017-18 corporate priorities

Maximising our potential

- Ofsted have recognised the continued upward trend of good and outstanding schools in the East Riding. 86% of primary schools and 68% secondary schools have now been assessed as good or outstanding (up from 54% and 33% respectively in 2012).
- A £9m Local Growth Fund has been secured to help deliver key economic growth related infrastructure schemes - £6m to ABP for the Paull Enterprise Zone site and £3m for Goole Intermodal Terminal Consortium, which must be committed and spent by March 2020.
- The £25.7m Green Port Growth programme, now in its sixth year, is over-achieving on its key targets and has created over 1,300 new jobs in Hull and the East Riding.
- A programme of larger transport schemes to improve connectivity and accommodate future planned development has been identified through the Local Plan and Local Transport Plan. Many of these have now been completed (such as the A1079/Holme Road roundabout at Market Weighton) or are on site (Bridlington Integrated Transport Plan phase 2).
- Building on the success of the initial phase 1 campaign, superfast broadband take-up is continuing with over 48,000 residents benefitting.

Valuing our environment

- The Council has continued its success in securing significant additional funding for transport schemes including:
 - £2.98m for an improvement scheme at the A164/Great Gutter Lane/Riplingham Road junction;
 - £1.992m for essential repairs/maintenance at Tickton Bridge, which carries the A1035 over the River Hull;
 - £0.7m towards the new £1.4m 'Get Active East Riding' project to support and encourage sustainable transport in our four principle towns;
- Continued replacement of street lighting, over 35,000 luminaires replaced to date against the target of 38,000 and 9,800 columns replaced. This has seen a 39% reduction in the use of energy since 2010/11.
- The Council has one of the largest flood and coastal risk management capital programmes of a local authority in England. Schemes range from minor culvert improvements to some of the most complex surface water flood alleviation schemes in the country. Through investment in flood alleviation schemes, the Council has reduced flooding risk for 9,000 properties and continued investment will increase this to 21,000 properties by 2021.
- According to the latest Government figures, East Riding of Yorkshire Council recycles more household waste than any other council in England. The latest validated figures show the Council was able to recycle or compost 65.4% of all household rubbish. The national average for England was 45.1%.
- The Council's Annual Environmental Statement received ISO14001:2015 certification, a globally recognised standard achieved by organisations that have implemented robust environmental management practices.

Supporting vulnerable people, reducing inequalities

- Direct payments provide independence, choice and control, by enabling people to commission their own care and support, in order to meet their eligible needs. In September 2017, 1265 direct payments were being paid in the East Riding, 509 being independently managed.
- Through the Council's commitment to assessing the housing needs of more vulnerable people in the community (and supporting the delivery of new housing and related support to meet such

needs), a review of Homelessness in East Riding has been undertaken and a new Strategy developed.

- Ofsted have acknowledged that the Council, working with its partners, provides timely and effective services to ensure children and young people are safeguarded.

Promoting health wellbeing and independence

- The Council has facilitated the introduction of a new 'Health Optimisation' scheme for East Riding CCG. This is an initial 1 year pilot provided by leisure services. It seeks to help patients achieve weight loss goals in preparation for selective surgery.
- A 'Social Prescribing and Asset Based Community Development Service' is being piloted as part of the improved better care fund (iBCF) programme.
- Community drug and alcohol services have now fully adopted a new model of delivery. Performance remains good and the integration of criminal justice and user and carer involvement services have been very successful.
- The Council has worked with partners from the health sector and voluntary & community sector to agree a spending programme for the Improved Better Care Fund, which allocated an additional £6.1m of funding to the Council in 2017/18, to change the way in which people access services, both in and out of hospital, with a reduction in acute hospital based activity and an increased use of home based and community interventions and support. These changes are delivering better integrated care services and improving experiences and outcomes for the East Riding population, as evidenced by a reduction in delayed transfers of care which occur when a patient is ready to leave a hospital or similar care provider but is still occupying a bed.

Reducing costs, raising performance

- New functionality delivered through the corporate website represents another major step forward for the Council's online offer. The major improvements to our online transactions and the supporting website content, combined with the new 'My Account' have made the corporate website a one-stop-shop for customer self-service.
- Work continues to progress in line with the planned programme for Asset Rationalisation and delivery of new Multi Service Centres. The new Cottingham Centre opened in November 2017 following completion of a £0.5m project moving the Library, Customer Services Centre and Registration Services under one roof. This also facilitated the release, via community Asset Transfer, of the Cottingham Civic Hall in early 2018.
- Planned reductions of the revenue budget to meet funding reductions and budget pressures in 2017/18 of £17.357m have been achieved in line with directorates' budget reduction strategies and the Authority's transformation strategy. The inherent risks have been successfully managed and spend in key areas maintained.

Our Corporate Priorities

The council priorities show how we will achieve the vision of **Your East Riding... where everyone matters**. Although the priorities used between 2016-18 were still appropriate, it was agreed they needed to be revised to reflect the importance of children and young people.

GROWING THE ECONOMY
Working with others to support sustainable economic growth and strong communities, ensuring the East Riding is a great place to invest in, live, work and visit.
What we're doing ↻

VALUING THE ENVIRONMENT
Responding to climate change, developing our infrastructure and safeguarding our heritage.
What we're doing ↻

PROMOTING HEALTHY LIFESTYLES
Helping people to stay healthy, strong and fit for the future.
What we're doing ↻

PROTECTING THE VULNERABLE
Supporting in times of need, protecting from harm and improving the quality of life.
What we're doing ↻

HELPING CHILDREN AND YOUNG PEOPLE ACHIEVE
Supporting and inspiring children to raise their aspirations and reach their potential.
What we're doing ↻

“We have simplified the wording of our priorities and included the importance of helping children achieve their full potential.”

The following section outlines the key actions we will take to deliver these priorities in 2018/19. In planning our actions, we have undertaken equality analyses of key policies and strategies which underpin these priorities to ensure that any potential impact is identified. All equality analyses for the Council Business Plan can be found on our website.



- Support economic growth by attracting new investment and enable existing local businesses to survive grow and prosper
- Maintain and enhance our towns and villages as attractive and safe centres for business, homes, services and facilities and good transportation links
- Maximise the area's tourism opportunities
- Transformation of Bridlington town centre and the harbour & marina
- Progress the rollout of superfast broadband
- Ensure the devolution framework and the outcome of the LEP review will benefit the area



- Provide for the sustainable development of the East Riding and protect the built and natural environment in order to support our aspirations for economic growth
- Deliver the Local Transport Plan, source external funding and develop key transport infrastructure
- Maintain the highways and transport network
- Reduce the risk of flooding by developing flood protection infrastructure
- Provide a sustainable approach to managing the impacts of coastal change on communities and businesses
- Manage the environmental impact of our activities and improve our environmental performance
- Promote and encourage improved recycling rates



- Improve services for Carers and ensure that Carers views are taken into consideration as widely as possible.
- Provide robust assessment, review and support services to ensure vulnerable adults are provided with choice over their care and are protected from harm
- Target housing and cultural services to support the needs of the most vulnerable
- Deliver the Council's Housing Revenue Account Business Plan
- Monitor, and further embed, the Care Act, in particular assessment and services for carers, market development and prevention
- Implement the national Transforming Care Agenda – Building the Right Support
- Monitor and implement the actions arising out of the Mental Health Crisis Care Concordat in the East Riding
- In partnership with the local health and social care economy, deliver the Better Care Programme for the integration of health and social care in the East Riding

- Working effectively with our partners and schools, provide early help to support and protect children and young people.



- Develop effective commissioning with partners to deliver health and wellbeing priorities
- Promote wellbeing and community safety through the reduction of drug and alcohol misuse
- Work with local communities to maximise the skills and experience available to support the development of local, integrated health and social care responses to meet emerging needs
- Taking a systems approach, deliver targeted interventions and support to two localities in the East Riding (Withernsea and Bridlington), to test the concept of the 'Community Hub'.



- All schools to become good or better Improve the achievement and attainment of vulnerable children
- Widen access to good, impartial advice about skills development and employment opportunities
- Protect children from harm, including early identification and preventative help for children at risk and children being cared for by the Council
- Develop capacity in communities to support vulnerable families
- Deliver the actions plans which have been developed following the independent strategic review of the continuum of support, services and provision for children and young people aged 0-25 years with SEND in the East Riding.

Financial Strategy

The Financial Strategy sets out how resources will be used to deliver our strategic key outcomes over the medium term, whilst taking account of developments in national priorities. It is key to managing the financial impact of the risks to which the Council is exposed.

As a consequence of the Government's austerity measures, the Council's funding was reduced by £60.5m during the period 2010/11 to 2017/18. A further £20.3m of funding cuts are projected for the period 2018/19 to 2020/21, bringing the total -£80.8m. These funding reductions, together with budget pressures, e.g. increasing demand for services, means that the Council will need to make base budget savings of £40.3m over the next four years.

The Council's financial strategy has four core aspects:

- Transformation of the Council's business processes, utilising technology and enabling digital services to reduce costs.
- Maximising income by taking a more commercial approach to income generation to maximise existing and developing new income streams.
- Cost reduction through a rigorous value for money approach to service delivery. This principle is entrenched in the culture of the Council and examples of its application include fundamental service reviews and driving down costs through robust contracting procedures.
- Using reserves to support the budget as part of a prudent and planned strategy to provide time for services to prepare for budget reductions and to enable further savings which may impact upon service delivery to be delayed until the Council's funding position for future years is more certain.

This planned strategic approach to managing the reductions in Government funding is enabling the Council to continue to meet the objectives and priorities in the Community Plan and the Council's own policies and priorities without imposing blanket cuts to services.

Projected budgets for 2018/19 through to 2021/22 are forecast in the Council's medium term financial plan. However, there is significant uncertainty in respect of funding allocations after 2019/20 due to a combination of continuing Government funding cuts, increasing service demands, a full departmental spending review in 2019 as well as continued political and economic uncertainty arising from Brexit. At this stage, plans are focussed on achieving cost reductions in 2018/19.

Setting the Budget and Council Tax

The Council faces significant pressures on its General Fund revenue budget, including continued funding reductions, increasing service demand (particularly from an ageing population), price inflation, including energy costs, and the impact of wider austerity on our sources of income. In setting the budget for 2018/19, the Council has assessed these pressures and determined where savings can be made so that it can continue to deliver effective services within budget constraints and continue to meet the Council's corporate priorities. For 2018/19, the Council has identified budget savings of £9.4m to help meet cost pressures of £20.9m.

A key area of budget pressure is social care services, which have been and continue to be under significant financial pressure due to the ageing and growing population of older people in the East Riding, the rising costs of fees charged by care providers, and the increasing numbers of Children Looked After. Protecting vulnerable people is a core priority for the Council and underspends have been set aside in reserves whenever possible so that universal provision of these services can be

maintained. However, social care budgets continue to receive significant support from earmarked reserves which are forecast to be exhausted in 2020/21.

The Council has set a balanced budget for 2018/19, although this position is supported by £4.3m from services earmarked revenue reserves. The four-year financial plan currently shows a budget shortfall of £10.2m by 2021/22 mainly due to the pressures on social care spending.

Consultation

Statutory consultation is undertaken with non-domestic ratepayers in accordance with the Local Government Finance Act 1992. Further budget consultations took place throughout January 2018 with trade unions, the political groups, Overview Management Committee and the Schools Forum. Feedback from our budget consultations is taken account of when the Council sets its budget each year.

Council Tax

The 2018/19 General Fund revenue budget is based on an increase of 5.99% to the billing amount of council tax. There are increasing and significant pressures on adult social care budgets nationally, the key factors being the demographic pressure arising from an ageing and growing population of older people and the rising costs of commissioning care from private providers. To help address this issue, the Government has allowed councils to increase council tax for 2018/19 by 3% to support adult social care, in addition to a 2.99% increase for overall service provision to ease the growing cost pressures on local government services and reflect higher levels of inflation. However, increases to council tax for adult social care will meet only 35% of the estimated increase to adult social care costs to 2019/20.

The table overleaf provides a summary of how the council tax requirement is calculated.

Council Tax Calculation

East Riding of Yorkshire Council Budget - 2018/19	
	2018/19
	£m
Gross Expenditure	£ 740,051,010
Income including customer and client receipts and specific grants	-£ 477,949,000
Net Budget	£ 262,102,010
Government Grants	-£ 46,105,000
Retained Business Rates	-£ 51,351,000
Collection Fund Surplus	-£ 2,840,000
Special Expenses	-£ 425,655
Council Tax Requirement	£ 161,380,355
Taxbase	115,045.7
Band D Council Tax	£ 1,402.75

Housing Revenue Account

The Housing Revenue Account shows all expenditure and income relating to the Council's responsibilities as a landlord of dwellings and associated property. It is maintained in accordance with the Local Government and Housing Act 1989, which also sets out the framework for ringfencing the Housing Revenue Account, preventing the subsidisation of rents from our general income.

The Localism Act formally abolished the HRA subsidy system and replaced it with a new self-financing system for local authority housing. This allows the Council to retain 100% of the rental income generated from its housing. As part of the new system, the Council was required to buy its way out of the central system with a payment to Government of £208m.

The introduction of self-financing for council housing and the associated debt allocation of £208m requires the implementation of a detailed HRA Business Plan. The refreshed Business Plan, approved by the Cabinet in January 2018, has been updated with key performance and financial data and reflects the latest policy context set by the Government. It sets out how the Council will invest in the management and maintenance of its housing stock over the longer term with a financial plan which is refreshed annually. The plan aims to find a natural balance of investment between the competing demands for expenditure from the existing housing stock, investment in new affordable housing, servicing debt repayments and investment in housing management services.

The Council has a strong track record of providing new homes in areas of housing need and this will continue through the delivery of the Business Plan. Innovative models are always being explored to bring sites forward for development and the Council has recently entered into two delivery agreements with private developers to build affordable homes in Driffield and Flamborough. This is in addition to acquiring properties through section 106 agreements and direct delivery. This combined approach has seen on average 100 new homes provided per annum for the last 8 years

allocated to people on the housing register. In addition, the Council will deliver its first shared ownership scheme in 2018/19, helping households onto the property ladder who would otherwise be unable to purchase their own home. It is anticipated that demand for low cost home ownership products will grow in the years to come and the Council has established itself to deliver in this emerging market.

In addition to investment in new housing, the Council continues to invest in maintaining and improving existing stock. Planned capital investment of £15.4m will be spent during 2018/19 which includes:

- £1.9m replacing 659 kitchens and 279 bathrooms
- £3.2m replacing 1,137 boilers and central heating systems (including renewable technology)
- £0.3m on maintaining Decent Homes Standards
- £2.4m re-roofing 256 dwellings including new fascias and soffits and checking insulation levels
- £1.1m replacing windows to 350 dwellings
- £1.4m on thermally upgrading 132 houses, bungalows and flats with external wall insulation and upgrading existing heating systems, windows and loft insulation
- £1.6m on disabled adaptations

The Government has made a number of policy statements in respect of social housing which have an impact on the Council's Housing Revenue Account (HRA). However, there still remains a number of uncertainties resulting from the Government's policy changes. Much of the detail contained within Part 4 of the Housing and Planning Act has yet to be determined in secondary legislation or requires further consultation on the detailed implementation.

The Government has prescribed reductions to social housing rents of 1% per annum for the period 2016-17 to 2019-20 via the Welfare Reform and Work Act 2016. Accordingly, the proposed HRA budget for 2018-19 includes a 1% reduction to rents for 2018-19 compared to 2017-18. Following the end of the four year mandatory 1% annual rent reduction in 2019/20, the Government has now confirmed plans to revert to the previous policy of limiting rent increases to CPI +1% for a period of five years.

Based on current assumptions and projections, the Council's HRA remains viable in the short to medium term. It still remains a challenge for the longer term Business Plan as the rent policy announcement only provides certainty up to 2025. The Business Plan continues to support key initiatives such as the sheltered housing review along with maintaining levels of capital and revenue investment in existing stock, to ensure homes are maintained to decent homes standards.

Affordable, quality homes that meet housing need play a key role in improving health and wellbeing of the community, preventing homelessness and encouraging independent living. The HRA Business Plan (2018-48) places the Council in a strong position to deliver the vision to meet housing need and promote independence through the provision of affordable and well-managed quality homes.

Schools

The schools budget is funded by the Department for Education (DfE) through the ring-fenced Dedicated Schools Grant (DSG). The final level of DSG for 2018/19 is £222.2m, based on a pupil number count including pupils at academies. This represents an increase of £7.2m compared to 2017/18, primarily due to an increase in pupil numbers and funding for the expansion of free nursery provision from 15 to 30 hours from September 2017. The DfE recoup an element of DSG from

local authorities to fund academies and free schools. In 2018/19, £56.9m will be recouped for the 21 academies and 1 free school in the East Riding.

In addition, the Schools budget receives funding of around £3.9m from the Education and Skills Funding Agency for school sixth forms. Furthermore, East Riding schools received £8m of pupil premium grant in 2017/18 with a slightly lower amount expected in 2018/19 to reflect any further academy conversions.

Gross Expenditure

The gross revenue expenditure budget for 2018/19 is £740.1m, including the General Fund, Schools, and Housing Revenue Account budgets. The following table shows the allocation of the gross expenditure budget to services.

Gross Revenue Expenditure Budget 2018/19

	£m	%
Education	277.0	37.4%
Adult Social Care	157.8	21.3%
Children's Social Care	27.8	3.8%
Public Health	11.0	1.5%
Planning and Development Management	4.5	0.6%
Economic Regeneration	6.4	0.9%
Leisure, Tourism, Library Services and Customer Service Centres	23.0	3.1%
Housing and Public Protection	51.2	6.9%
Streetscene Services - including waste, recycling, grounds maintenance and street cleansing services	30.7	4.1%
Transport	5.4	0.7%
Highways and Property Maintenance	35.2	4.8%
Benefit Payments	67.8	9.2%
Business Support - including legal, democratic, finance, human resources, procurement and income collection services	42.3	5.7%
	740.1	100.0%

Capital Investment Programme

The Council has a substantial capital programme and new investment has now become very much focused not only on an 'Invest to Save' approach, but also investment in the Council's highways and flooding infrastructure and property assets to ensure future sustainability and continued delivery of key services to the public at the centre of its focus.

This reflects the Council's corporate priorities and the need to reduce revenue expenditure, whilst still trying to improve and sustain access to service provision to communities in the East Riding and assist the local economy. The planned capital investment will not only improve our facilities and infrastructure but has the added benefit of helping to support local contractors and maintain jobs. Over £200m of the current approved programme is supported by funding via external grants and contributions, primarily for new Highways and Transport Infrastructure, Flood Risk Assets, Schools and new Affordable Housing. The Council's future capital programme is substantial, with investment now totalling approximately £467 for 2018/19 and future years.

The approved Asset Management and Capital Investment Strategy (AMCIS) sets out the Council's priorities for investment in its asset base, and the subsequent levels of investment required to keep the asset base sustainable in the future. The level of need for future investment in the Council's assets far outweighs the available resources. One way to bridge some of this gap is to competitively bid for grants which the Council would otherwise not receive. The AMCIS therefore provides a coordinated approach to investment in assets and shapes all capital funding proposals, including the submission of bids for competitive grants which ultimately lead to investment in the asset base.

Competitive bidding for Capital Investment in Infrastructure

As part of the 2015 Autumn budget statement, significant long term capital investment in infrastructure and capital budgets have been set to 2020-21, although there continues to be unprecedented changes to the capital funding structure. The range and extent of national policy change has required considerable amounts of resource to ensure that we continue to be successful in securing external funding into the area.

The introduction of the Single Local Growth Fund from 2015/16 has also meant that a number of capital grants, previously allocated on a formulaic basis, will now be subject to competition within the Local Enterprise Partnerships' (LEPs') framework. This has allowed more opportunity for bidding, resulting in achieving significant levels of investment for Transport, Highways and Flooding Infrastructure, ensuring continued future investment into the East Riding.

Rationalisation of Property assets

The Council has continued with a significant programme of rationalising and aligning assets, along with co-locating and integrating services where possible, including working with our public sector partners such as Clinical Commissioning Groups and GPs. An overall reduction of £2.4m annual revenue expenditure is projected to be delivered through the asset rationalisation programme. Some 60 properties have now been released with around £1m already realised through transformation and efficiency measures. These in turn have also released further capital for reinvestment. We have been one of the few successful councils to receive a Transformation Challenge Grant Award towards investment in shared services with GPs within multi-purpose facilities of around £0.5m and further work around joint service provision with GPs is continuing. Additional bids to contribute towards shared facilities have achieved a number of awards in the order of £4m.

Flood Defence Infrastructure

We continue to have a very well developed Flood and Coastal Risk Investment programme, identifying future needs over a 20 year period. This has allowed us to submit a forward six year investment bidding programme at very short notice, resulting in an indicative allocation of over £100m over the next six years. In addition, we have instigated one of the largest flood and coastal alleviation programmes in the country, securing over 11% of national funding for schemes. In order to make the area sustainable for commerce, insurers must be convinced that an appropriate level of investment is being made in flood risk infrastructure. We are working with the Humber LEP to develop a pipeline of schemes for Growth and European funding.

Highways Infrastructure

We have been recognised as one of nine top performing Highways authorities in respect of Strategic Asset management, which, it is understood, will attract additional investment funding. This is because national investment policy seeks to incentivise proactive asset management which secures best value for money to address the maintenance needs of the highways infrastructure.

In December 2014, the Secretary of State for Transport announced that £6 billion will be made available between 2015/16 and 2020/21 for local highways maintenance capital funding. Of this, £578 million has been set aside for an Incentive Fund scheme to reward councils who demonstrate that they are delivering value for money in carrying out cost effective improvements.

The Council has been successful in securing a Band 3 status, the highest band available from the incentive fund, which has secured the maximum level of grant for Highways maintenance in 2018/19.

Housing

We continue to support capital investment in new housing, including increasing the supply of affordable housing. Investment in housing is key for promoting health, wellbeing and independence and along with a new build programme, significant capital investment is being invested in existing housing stock, as set out in the Housing Revenue Account (HRA) Business Plan.

The Government has announced a number of policy changes on housing that will have wide ranging impacts on the Council's HRA, other registered social landlords and the future delivery of affordable housing for rent. Proposals contained in relevant Bills have not been sufficiently detailed to allow detailed modelling. Proposals relating to reductions in rent, introduction of a reduced benefit cap and a levy on high value housing all have a direct financial impact on the HRA Business Plan.

The reduction in HRA income, both actual and anticipated, has led to revisions in the investment strategy for future years. However, key initiatives such as the sheltered housing review and existing planned capital and revenue investment in maintaining existing housing stock has been protected over the next three years.

Schools

The Priority Schools Building Programme (PSBP) was launched by the Government in July 2012. The capital funding announced under PSBP was to address the needs of those schools in the very worst condition in the country. The Council has been successful in securing investment of £60m for 4 schools as part of the first phase of the PSBP.

In addition to this funding, the Council set aside a further £3m of investment to undertake additional works that would not have been delivered under the PSBP scheme.

A second phase of PSBP was announced with £2bn of funding available. In 2014, the Council submitted bids for the second phase of the PSBP, and has been successful with three of these:

- Longcroft High School, Beverley;
- Withernsea Primary School; and
- Hilderthorpe Primary School, Bridlington.

The value of the funding is yet to be confirmed, but could be up to £20m, making the East Riding the third most successful of the 25 local authorities in the Yorkshire and Humber and North East region in terms of the number of schools to be awarded PSBP funding.

Despite significant reductions in education capital grants nationally, the Council remains committed to securing investment in East Riding schools and will continue to invest through its capital programme and attract additional grants via competitive bidding.

A programme of around £14m is committed to a number of special schools projects with works to improve facilities and provide replacement accommodation whilst advantage has also been taken of energy initiatives to address energy conservation measure within schools.

Digital Infrastructure

Developments in digital technologies over the last decade have generated a period of economic, social and cultural change. The Government has made a commitment to growth in the UK digital economy and one aspect is the provision of superfast broadband. A combined capital funding programme worth £14.6m from a range of funders has been confirmed and, following investment, 42,734 East Riding properties were scheduled to have access to superfast broadband services and around 2,500 properties that currently have less than 2Mbps will be given access to an enhanced broadband service.

Energy Investment

Energy infrastructure is essential for economic growth. A proactive approach has resulted in successful funding bids for alternative energy sources and measures. In 2014, the Council successfully secured funding from the Department of Energy and Climate Change to undertake feasibility studies to explore opportunities for developing heat networks within the authority.

We will continue to explore opportunities to invest in low carbon generation technologies such as renewables and have set aside a programme of £2m to invest in energy schemes. These will not only save on energy bills, but will attract a revenue return on the Council's capital investment. Programmes are also underway to address affordable warmth for housing tenants with the aim of addressing fuel poverty and tackling rising energy bills.

Economic Regeneration

The Council is working with both the Local Enterprise Partnerships in the area to attract investment which aims to address market failures as a result of the challenging economic climate with the purpose of boosting economic growth, job creation and facilitating development and town centre enhancements.

We will continue to seek external funding, prioritising future capital investment on the corporate priorities, particularly invest to save, self-sufficiency, sustainability, reduced energy usage and energy costs for local individuals and improving the aspect for economic growth.

Risk Management

The Council, in delivering its priorities, faces a number of risks which could prevent their achievement. These risks are managed by the Council through its risk management process which includes the management of the strategic risks (those which directly affect the corporate priorities) and operational risks (those which we face in the day-to-day delivery of services). The Council has an effective and efficient control environment to help mitigate the threat from these risks down to an acceptable level. These risks and controls are identified, assessed and monitored by Directors and Heads of Service, and an update on strategic risks is reported to the Cabinet on a quarterly basis.

The financial plan makes certain assumptions in respect of key variables including new legislation, council tax, inflation, interest payable on borrowing, interest receivable on investments, and nationally-set local government pay increases. Sensitivity analysis is undertaken for these items as part of the financial risk assessment of the financial plan, and is used to inform decisions on the level of reserves required to sufficiently mitigate the Council's financial risks.

Budget plans have been developed for each service area to identify how costs can be reduced over the 2018 to 2022 period whilst continuing to deliver our policies and priorities. Savings proposals are risk assessed to ensure they are feasible, achievable and deliverable.