Report to:

Overview and Scrutiny Management – 13 February 2026
Cabinet – 23 February 2026
Council – 26 February 2026

Wards All

Capital Strategy 2026-27 to 2028-29

Report of the Executive Director of Corporate Resources (S151 Officer)

This item is not exempt
Therefore exempt reasons are not applicable

This is a key decision. The matter is in the Forward Plan
Forward Plan Ref: 0001/26.

1. Purpose of the Report and Summary

1.1 To seek approval of the Council's 2026/27 Capital Strategy which incorporates the 2026/27 to 2028/29 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.

1.3 To seek approval to refinance the current outstanding Fruit Market LLP loan of c£2.3M with a new loan of c£1M, and to consolidate this and all current loans into one loan.

2. Recommendations

2.1 That Council approves;

2.1.1 The Capital Strategy as set out in this report.
2.1.2 The Capital Programme 2026/27 to 2028/29 as described at section 11 of the report and detailed at Appendix A.
2.1.3 The refinancing and consolidation of the current Fruit Market LLP Loans into one loan to be actioned prior to 31st March 2026.

3. Reasons for Recommendations

3.1 To ensure the Council adopts the requirements of the Prudential Code for Capital Finance in Local Authorities 2017.

3.2 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.

3.3 To facilitate the implementation of the consolidated loan in respect of the Fruit Market LLP.

4. Key Organisational Impacts

4.1 Impact on other Executive Committees (including Area Committees) and decision makers

There is no impact upon other committees.

4.2 Contribution to the delivery of the Community Plan, the Council Plan and/or Area Plans

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

4.3 Impact on other key strategies/business plans

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

4.4 Equalities Impact Information

There are no equality impacts identified as a result of this report, as outlined in Appendix L of the main budget report.

5. Consultation

5.1 In developing the Capital Strategy and the Capital Programme for 2026/27 to 2028/29, 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.

5.2 Consultation will also be undertaken for specific programmes or individual schemes where appropriate.

6. Background

6.1 The primary purpose of this strategy is to identify and progress schemes to help deliver the Community 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 Community Plan.

6.3 The Capital Strategy became 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.

6.4 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.

6.5 The Council approved the Community Plan for 2024-2034 in November 2023; the Community Plan sets out six ambitions and three commitments which will be the key areas of focus for the Council, along with its partners, over the next ten years: The six ambitions are:

- Safe and Welcoming Neighbourhoods
- A Healthier and Fairer Hull
- Reaching our potential
- Economic Growth that works for all
- Responding to the Climate Emergency
- Our Culture, Our Heritage, Our City

The three Commitments are:

- Engagement of all residents and communities
- Strong, united leadership committed to improving outcomes
- A focus on inclusion

6.6 The Capital Strategy will maintain a strong and ongoing link to the Council's priorities detailed within the Council's Community Plan 2024-2034, and to its key strategy documents notably the Treasury Management Strategy, Asset Management Strategy and Medium Term Financial Plan.

6.7 As detailed in Section 11 of this report, the Council is not subject to prescribed limits on capital expenditure or borrowing, therefore the Council is free to determine the size of its capital programme, and associated borrowing, as part of setting the Medium Term Financial Plan (MTFP). In order to ensure the affordability of the Council's future capital plans it is proposed to continue, for planning purposes, with a cap with regard the level of capital financing costs. By estimating the existing revenue commitments, with regard to interest payable and debt repayment (MRP) due, associated with historic capital expenditure and setting these against a future "affordability" limit of such costs it is possible to maintain an affordable level of future capital investment.

7. Council Objectives and links to the Capital Strategy

7.1 As detailed in the Executive Summary, the Community Plan was approved by Full Council in November 2023. The capital investment plans are linked to the Council's current Corporate Plan as projects are ongoing and in delivery phases and to new priorities in the Community Plan. The Community Plan is the Council's key strategic document and outlines the Council's overall vision, priorities and values for the next ten 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 Community Plan helps us target limited resources and provides a framework against which we can assess our progress.

7.2 The Community Plan is summarised as follows:

Ambition 1 – Safe and Welcoming Neighbourhoods

Our ambition is to create safe, attractive and inclusive neighbourhoods where everyone feels welcome.

Ambition 2 – A Healthier and Fairer Hull

Our ambition is to create a fairer Hull where everyone benefits from real and sustained improvements in health and wellbeing.

Ambition 3 – Reaching for Potential

Our ambition is to make Hull a Child Friendly City and a place where lifelong learning is valued, supporting access to good quality jobs, and ensuring everyone can reach their potential.

Ambition 4 – Economic Growth that Works for All

Our ambition is to build on the city's role as a regional hub for enterprise, growth, and high productivity and skills.

Ambition 5 – Responding to the Cimate and Nature Emergency

Our ambition is for Hull to be an environmentally friendly city at the forefront of the climate change agenda.

Ambiton 6 – Our Culture, Our Heritage, Our City

Our ambition is to continue to build Hull's reputation as a leading UK city in community led culture and heritage.

7.3 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;
- Identification of administration priorities;
- 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; and
- 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:

8.3.1 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; and
- The approach to treasury management and the management of risk as set out in the Treasury Management Strategy.

8.3.2 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; and
- Whether schemes are profiled to the appropriate financial year.

8.3.3 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; and
- 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; and
- 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 programme and profile can be flexible and funding can be brought forward to reflect programme variations, e.g. the Bridges Maintenance Programme, as circumstances may change following updated intelligence and/or external reviews.

8.6 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.

8.7 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 Executive Director of Corporate Resources 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.

8.8 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.

8.9 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.

8.10 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 maybe that some exceptions are unforeseen, unavoidable or outside the control and influence of the Programme Manager or Council. However, a strict change management process is in place to review, consider and approve project variations via specific Programme Boards.

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

10.2 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.

10.3 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

10.4 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.

10.5 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 form the PWLB under the prudential borrowing regime for Authorities that provide improved information on their long term borrowing and associated capital spending plans.

10.6 From 15 June 2023, the government introduced the HRA rate which applies an interest rate of the gilt yield plus 40 basis points (0.40%) which is equivalent to the PWLB standard rate less 60 basis points (0.60%). This rate is solely intended for use in Housing Revenue Accounts and primarily for new housing delivery. Government have announced that the discount rate has been extended beyond its original expiry date of 31st March 2026.

10.7 It has been confirmed that the Council has qualified for the certainty rate for the period 1 April 2025 to 31 March 2026, with the application for 2026/27 to be available prior to the start of the next financial year.

Prudential Borrowing (self-funded schemes)

10.8 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

10.9 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.

10.10 As outlined in the Revenue Budget Report, the Council continues to utilise the Capital Receipts Flexibility Direction to drive service transformation.

Revenue Contributions

10.11 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)

10.12 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.

10.13 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.

Hull and East Yorkshire Mayoral Combined Authority (HEYCA)

10.14 During 2025/26 the Hull and East Yorkshire Mayoral Combined Authority (HEYCA) was established as a strategic authority for the Hull and East Riding of Yorkshire region. Central Government had previously outlined proposals to release funds committed to High Speed 2 (HS2) to support both Council highway infrastructure and the electrification of the Northern Powerhouse Rail infrastructure to city. This funding stream is no longer being allocated to local authorities and, in line with new Government direction, HEYCA will become the authority for funding investment at a strategic level for priorities such as economic growth, transport and infrastructure, skills and jobs and health. Recent announcements have also highlighted concerns regarding the level of commitment to rail electrification.

10.15 The main areas of funding now received by HEYCA involves transport and infrastructure. It is anticipated that a proportion of this funding will be allocated to Hull City Council, however, budget allocations and associated schemes are not included at this time.

11 Capital Programme 2026/27 to 2028/29

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 c£25M of capital investment from available capital resources in the period 2026/27 to 2028/29 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
- Incorporation of agreed/indicative external grant funding allocations
- Support for 'spend to save' schemes funded from revenue savings

11.3 The programme also reflects a continuing transition to funding Council Asset improvements from the ring fencing of the proceeds from asset disposal. This will be practicable given the reduction and ultimate move away from utilising

capital receipts to fund revenue transformation costs via use of the temporary capital receipt flexibility and, importantly, should provide an incentive to optimise the use of the Council's portfolio through the on-going review, disposal and investment programme which will flex over time as the needs of the Council vary on the light of changing demands and funding pattens.

Capital Resources

11.4 The Council is not subject to prescribed limits on capital expenditure or borrowing. Rather the Council is free to determine the size of its capital programme, and associated borrowing, as part of setting the Medium Term Financial Plan (MTFP) and reflective of the need to set balanced revenue budgets and maintain adequate reserves. Whilst the Council is able to access a low level of government (and other) grant support for capital schemes, and to utilise capital receipts generated locally, the affordability of borrowing for capital purposes is the key determinant in establishing size of the Capital Programme. The revenue implications of borrowing are made up of two factors the interest payable on loans and the scheduled repayment of the sums borrowed.

11.5 For Councils the accounting rules and Prudential Code require that Council's set aside, and charge to the revenue budget annually, sums to reduce the Council debt. This is known as the Minimum Revenue Provision (MRP) and is calculated in line with the latest guidance and varies according to the expected life span of the assets funded through borrowing with the intent to "repay" loans over their useful life.

11.6 In order to ensure the affordability of the Council's future capital plans, the Council will continue with the 'cap' set in 2022/23 with regard the level of capital financing costs. By estimating the existing revenue commitments, with regard to interest payable and MRP due, associated with historic capital expenditure and setting these against a future "affordability" limit of such costs it is possible to maintain an affordable level of future capital investment.

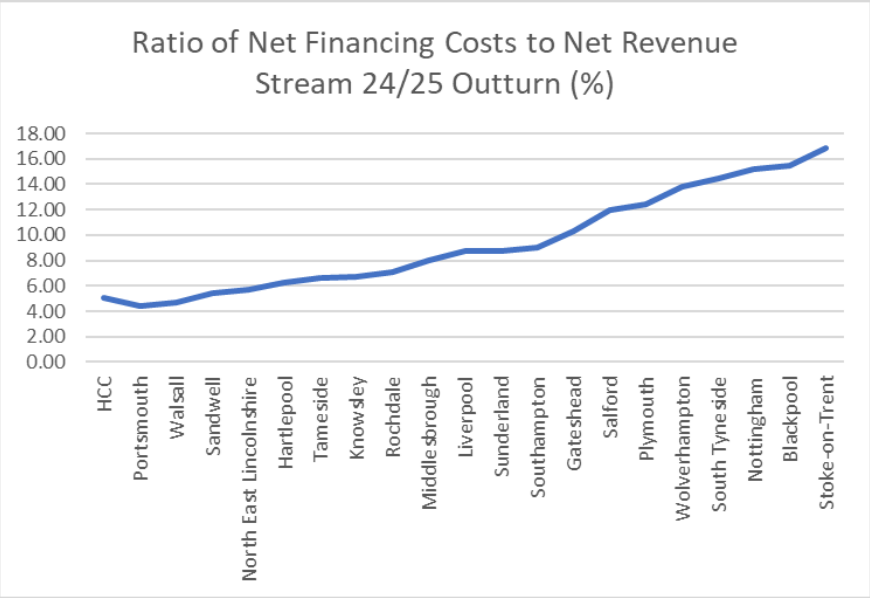
11.7 In setting an "affordability" limit there are 2 factors to be considered:

- Ratio of capital financing costs to total costs
- Wider assessment of the Council's MTFP and risk exposure

Affordability Limit

11.8 The Treasury Management Strategy Statement approved by Council annually sets a series of Prudential Indicators that demonstrate that the Council's capital plans are affordable, prudent and sustainable. The key affordability indicator the Council is required to calculate, monitor and publish is the 'The Ratio of Financing Costs to Net Revenue Stream'. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream (net revenue budget). The ratio is important in assessing "risk" as capital financing costs are largely fixed in their nature and as such high ratios of such costs limit the ability of a Council to flex its costs base and meet future revenue pressures and demands.

11.9 The following graph compares the Council's position against its comparator authorities as at 31/3/25:



11.10 The Council's current exposure as at 31/3/25 is 5.07%. This position compares well against the comparator group and suggests that current capital financing costs are well within manageable tolerances as a proportion of total cost.

11.11 Updated Revenue Projections reflecting the 2026/27 Local Government Settlement and future forecasts, alongside revised forecasts of borrowing / interest costs and the proposed change in MRP profiles confirm that the planned programme can be managed within the Council's funding policy and envelope i.e. capital funding costs to be less than 8% of the projected revenue budget. An additional risk contingency of £25M is built into the programme from 2026/27 to reflect the inevitable variation within the overall programme due to its complex nature and scale.

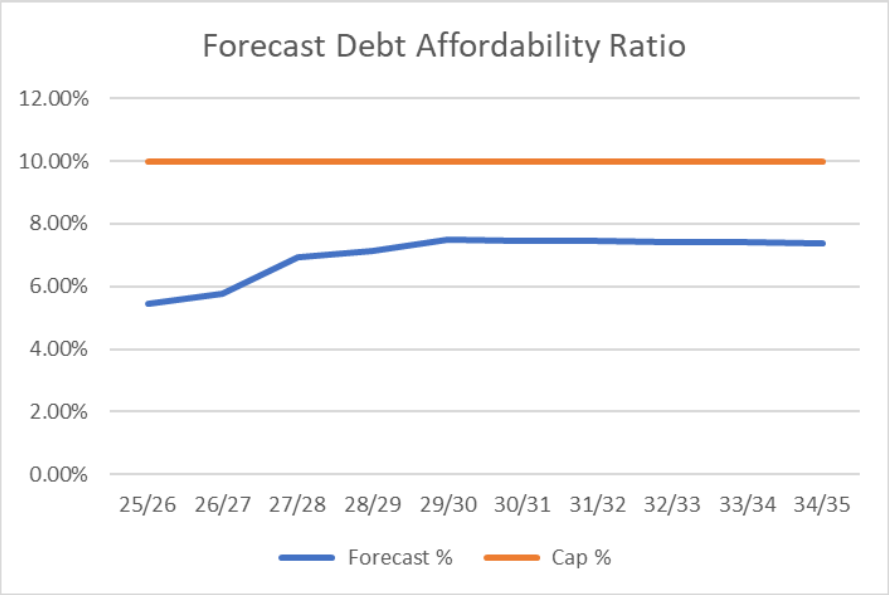
11.12 However, with regard to the affordability of capital financing costs within the MTFP there is, in the short term at least, no room for increase in costs. The Council continues to face future year deficits when comparing the current service cost base against expected funding levels within the MTFP. Accommodation of additional costs or schemes outside of the planned programme will require additional funding or re-prioritisation of schemes. The creation of the Mayoral Combined Authority provides for the potential development of additional capital schemes as would further Government grant.

11.13 There are, and will continue to be, many demands for capital. To ensure these capital demands are affordable the funding envelope defined over the next 3 years is linked to the affordability ratio above and linked to the latest MTFP projections. It is proposed that there are two limits; a baseline affordability ratio confirmed annually and a fixed maximum ceiling of 10% with regard to estimated costs over the medium term.

11.14 The base line ratio limit is designed to ensure that when the programme is approved annually the estimated aggregate capital financing costs of the historic and planned programme can be met within the limit for the next 10 years of the MTFP. It is proposed that for the period of the MTFP this planning limit is set at 8.0% of the net revenue budget.

11.15 The maximum cap of 10% represents the ceiling on capital financing costs which is deemed to be compatible with the Council's MTFP and need to manage the financial risks in line with demand and funding uncertainties and its relative low level of reserves. The headroom of 2.0% above the base line 8.0% provides for both unexpected variations which may arise from the delivery of the capital programme; cost inflation which impact on the MRP charge and variations in interest rates, as well as the potential for additional borrowing relating to self-funding schemes. Individual self funding capital schemes may be deemed to be affordable, and therefore supportable, if costs can be offset by related income streams. However, there is a need to limit the Council's aggregate exposure to long-term borrowing as such schemes will increase the capital financing ratio and therefore such scheme approvals will need to be considered against the 10% ceiling limit.

11.16 Proposals regarding the revised programme are set out below. The following graph provides details of the forecast affordability ratio for the next 10 years based on the proposed programme to 2028/29 and an ongoing assumed level of additional General Fund borrowing of c£15M pa to provide further capital investment from 2029/30 to 2034/35.



11.17 The above graph demonstrates that the current commitments and proposed capital plans are deemed to be affordable and do not place undue pressure on the Medium Term Financial Plan in the medium term. Headroom is sufficient to incorporate flex in current assumptions and to incorporate additional self-funding capital schemes if and when developed.

11.18 As mentioned above there are and continue to be demands on capital resources. A number of schemes are in continuing development and are subject to approval of a detailed business case and funding prior to inclusion in the programme.

Proposed New Allocations

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

Table 1 – Proposed Allocation of Available Resources – 2026/27 to 2028/29

Scheme	Ref	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Ringfenced Resources					
Transformation Schemes	A	1.500	-	-	1.500
Sub Total		**1.500**	**-**	**-**	**1.500**
Programme Enhancements					
Parks and Playgrounds Maintenance	B	0.550	0.200	0.200	0.950
CCTV	C	0.100	0.100	0.100	0.300
Dilapidated Buildings	D	1.266	-	-	1.266
Road Safety Cameras	E	0.200	-	-	0.200
Service Improvements to Buildings	F	0.500	0.500	0.500	1.500
City Treasury Building	G	1.345	-	-	1.345
Victoria Pier	H	0.500	3.000	-	3.500
Citywide Public Conveniences	I	0.250	0.250	0.250	0.750
Love Your Neighbourhood	J	0.250	0.250	0.250	0.750
Corporate Buildings Planned Maintenance	K	0.200	1.550	2.250	4.000
City Hall Vision Feasibility	L	0.225	-	-	0.225
Sub Total		**5.386**	**5.850**	**3.550**	**14.786**
Spend to Save					
Solar Lighting Pilot	M	0.100	-	-	0.100
Sub Total		**0.100**	**-**	**-**	**0.100**
External Grant Funding					
LEVI	N	0.100	1.000	1.740	2.840
Highways	O	(0.927)	(0.152)	0.282	(0.797)
Pride in Place	P	0.360	2.010	4.380	6.750
Sub Total		**(0.467)**	**2.858**	**6.402**	**8.793**
TOTAL INVESTMENT		**6.519**	**8.708**	**9.952**	**25.179**

Note – Allocations arising from passported targeted grants and allocations for Highways and Bridges, Local Community Initiatives, ICT, Corporate Buildings Maintenance, Parks, and Private Sector Housing for 2026/27 to 2028/29 are already contained within the existing approved programme as shown at Appendix A.

11.20 Additional commentary to provide some background to the proposed allocations in Table 1 is as follows:

A – Transformation Schemes – Capital Receipts Flexibility

Reflects latest programme of Revenue Transformation Schemes in line with the Medium Term Financial Plan. See Appendix E to the 2026/27 Revenue Budget Report.

B – Parks and Playgrounds Maintenance

Continued refurbishment programme for parks and playgrounds across the city to ensure they meet with current safety standards and accessibility for all.

C – CCTV Programme

Funding to improve security in parks and to ensure it remains fit for purpose.

D – Dilapidated Buildings

Investment required to various dilapidated buildings.

E – Road Safety Cameras

Funding allocation proposed for the installation of cameras to support the Safer Roads initiative.

F – Service Improvement to Buildings

A new fund, in addition to the annual planned maintenance programme, to provide better facilities to respond to our service user needs.

G – City Treasury Building

Full refurbishment of the City Treasury Building which is a key corporate asset within the Guildhall campus. The scheme is supplemented by external grant funding bid from the SALIX scheme in order to maximise energy efficiency and decarbonisation of the refurbished building. Following the tender exercise additional funding is required to deliver the scheme and satisfy the conditions of the SALIX grant funding.

H – Victoria Pier

Additional funding to support the delivery of a new structure following a consultation process.

I – Citywide Public Conveniences

Funding to address the poor state of the citywide public conveniences. Funding supports works to key public conveniences citywide including those within the Parks areas in need of upgrade.

J – Love Your Neighbourhood – Highways and Footpaths (Enhancement and Upgrades)

An additional responsive fund to provide targeted improvements to a neighbourhood's roads and pavements. A flexible budget that's reactive to the needs of the residents, outside of the Department for Transport regulations.

K – Corporate Buildings Planned Maintenance

Funding to support a programme of key works across the citywide asset portfolio. The main works will focus on Albemarle Music Centre, City Hall, cemeteries, History Centre, New Theatre.

L – City Hall Vision Feasibility

Funding to support the long term development of the key city centre asset.

M – Solar Lighting Pilot

A targeted pilot to improve safety through lighting where traditional streetlight installation is not feasible in poorly lit areas.

N – LEVI Funding

The Department for Transport has created the Local Electric Vehicle Infrastructure Scheme (LEVI) to provide both capability and capital funding to local authorities.

The LEVI Fund is primarily targeted at addressing the need for EV charging in areas with lower levels of residential off-street parking, as EV owners who park on-street will need to rely more heavily on the public charging network.

O – Highways

Government Highways grant funding is now paid to the Hull and East Yorkshire Combined Authority (HEYCA) and in turn to be passported to the constituent authorities. The programme reflects the adjustments to assumed grant allocations for the Highways Maintenance element only. The Local Transport Grant element and Hull City Council's split of the grant funding of c£20m per annum from 26/27 and increasing in each year following, has yet to be confirmed by HEYCA and is therefore not included in the programme at this stage.

P - Pride in Place

During 2025/26 it was confirmed that 'Pride in Place' (PiP) funding would be allocated to three areas within the city, Orchard Park, Greatfield, and Boulevard & St. Andrews Quay. Each of the three areas selected for inclusion in the programme will receive funding of £19.6 million each over the next 10 years. The indicative funding allocations have been included and will be refined as the programmes are developed. Cabinet report to January 2026 Committee refers.

12 Fruit Market LLP Consolidation of Existing Loans 2025/26

12.1 The Fruit Market LLP has previously received a number of loans under the Growing Places fund, which was a loan fund administered at the time by the then Humber Local Enterprise Partnership, and currently the loan is with Hull City

Council totalling c£2.3M which is due to be repaid in full before 31 March 2026. Negotiations between HCC, Fruit Market LLP and Wykeland have resulted in the agreement to refinance the c£2.3M loan and replace with a new loan totalling c£1M.

12.2 The loan repayment and new loan facility is proposed to be actioned before the 31st March 2026, so will be accounted for in the 2025/26 financial statements and the £1M uplift will form part of the 2025/26 Capital Outturn Report due to Cabinet in June 2026.

12.3 To summarise:

	£'M
• Current FM LLP Loan	2.343
• Repayment	(1.300)
• Balance of New Refinanced Loan	1.043

12.4 The HCC contribution to repayment of the original loan amount is £0.500M and will be funded from overage due to HCC from the Fruit Market Development.

12.5 In addition, the Council also has two further loans with the Fruit Market LLP regarding Humber Street and Queens Street property purchases, totalling £0.916M. The proposal is to consolidate both of these loans with new loan and into one easier to manage loan of £1.958M.

13 Options and Risk Assessment

13.1 The Capital Strategy is compiled in line with the requirements of the 2021 CIPFA Prudential Code and 2021 Treasury Management Code.

13.2 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.

13.3 All proposed schemes contained within the body of the report and at Appendix A, are subject to a full risk assessments and ongoing monitoring.

14 Comments of the Monitoring Officer (Assistant Director of Legal and Governance)

14.1 Under Part 1 of the Local Government Act 2003, the revised Prudential Code for Capital Finance 2017 imposes a regulatory requirement upon the Council to have regard to the Prudential Code when carrying out its duties and exercising its functions. The adoption of a capital strategy allows the Council to give greater weight to local circumstances, such as the Community Plan and Levelling Up Partnership and provides a rationale for its approach to borrowing, capital financing and investment.

15 Comments of the Section 151 Officer (Executive Director of Corporate Resources)

15.1 The Executive Director of Corporate Resources (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 Assistant Director OD & HR and compliance with the Equality Duty

16.1 The content of the report is noted. There are no staffing or equality issues arising for the council. KH

17 Comments of the Overview and Scrutiny

17.1 This report is due to be considered by Overview and Scrutiny Management Committee on the 13th of February 2026. Any comments or recommendations agreed by the Committee, will be tabled at Cabinet and Council, for consideration alongside the final report. (Sc9153 – AS)

David Bell
Executive Director of Corporate Resources (S151 Officer)

Background Documents:	CIPFA Prudential Code and Treasury Management Code of Practice (2021) 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 2025 Capital Programme Monitoring Reports 2025/26 Community Plan 2024-34
Officer Interest	None
Contact Officer: Telephone No.:	David Bell/Mike Armstrong 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