



**Report to the: Overview and Scrutiny Management Committee – 24 October 2025
Cabinet - 27 October 2025**

Wards: All

2025/26 Capital Monitoring and Treasury Management Prudential Indicators – First Formal Update Report

Report of the Executive Director of Corporate Resources (s151 Officer)

This item is not exempt
Therefore exempt reasons are not applicable

Key Decision Reference – 0050/25

1. Purpose of the Report and Summary

- 1.1. To provide an updated Capital Programme for 2025/26 to 2028/29, in light of 2024/25 outturn and project activity in the first 6 months of 2025/26, and a resetting of a deliverable programme over the next 4 years.
- 1.2. To approve a revised programme in light of known pressures identified to ensure the delivery of key project commitments.
- 1.3. To provide Members with an update on Treasury activity and performance for the first quarter of the year.

2. Recommendations

It is recommended that:

- 2.1. Members approve a revised Capital Programme for 2025/26 to 2028/29.
- 2.2. Members approve the amendments to the programme detailed at Section 8 and Appendix A, specifically:
 - Additional funding of £6.7M to be provided through the reallocation of programme contingencies to enable the Ennerdale Leisure Centre, South Blockhouse and Chapman Street Bridge projects to progress to completion.

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- The allocation of £4M of SEND capital funding to be applied, following the agreed allocation of funds from the Department of Education, to enable the Willowfield Special Free School scheme to progress.
 - To authorise the commitment of £0.749M from the Brownfield Land Release Fund (BLRF) grant, administered by the One Public Estate (OPE), to deliver a housing scheme on Balham Avenue, Ings under the terms of the Ings Development Agreement (DA) with Lovell Partnerships Limited (the developer) so as to deliver 84 Affordable new homes.
- 2.3. Members note the revised Prudential Indicators as shown in Appendix B to reflect the latest capital expenditure and financing forecasts.

3. Reasons for Recommendations

- 3.1. The recommendations are to approve the changes to the Capital Programme following the announcement and/or confirmation of additional external grant allocations to support specific programmes.
- 3.2. Enables Members to consider the progress and delivery of the approved Capital Programme within the approved funding envelope.
- 3.3. As required by the Treasury Management Strategy Statement 2025/26 approved by Council in February 2025, delegation for considering the Quarterly Update Report is to the Cabinet Executive Committee.

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 is no equality impacts identified as a result of this report.

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5. Consultation

- 5.1. Following approval of the Capital Strategy by Council in February and the subsequent delivery of the Capital Programme for 2025/26 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 is undertaken for specific programmes or individual schemes where appropriate. The level of consultation required depends on the scheme in question and can vary greatly, however, appropriate standards are followed in line with the Council's Corporate Consultation process.
- 5.3. As an example, Neighbourhoods and Housing are guided by both the Regulator of Social Housing's Transparency, Influence and Accountability Standard and the Council's corporate consultation process. The actual approach undertaken is tailored to the size, scale and scope of the project; remodelling a small block of flats would probably be a single-stage consultation with tenants directly affected whereas the regeneration of a wider estate would be a multi-stage consultation spanning months (if not years) covering those directly affected plus the nearby community stakeholders such as Local Residents, VCS groups, Health, Education, Police.
- 5.4. For projects that are grant funded, many grant giving bodies have broad requirements – sometimes very specific expectations – about how and who the Council consults with and these will be undertaken within the project scheme itself.
- 5.5. For other general maintenance schemes, consultation requirements are derived on a scheme basis.

6. Background

- 6.1. The Capital Programme for 2025/26 to 2028/29 was approved by Council in February 2025, based on the latest funding assumptions and the financial implications are appropriately reflected within the revenue budget projections contained within the reports relating to Medium Term Financial Plan (MTFP) and Housing Revenue Account (HRA).
- 6.2. A Capital outturn position for 2024/25 was reported to Cabinet in June 2025, and this report seeks to reprofile ongoing project commitments in light of 2024/25 outturn and ongoing project activity in the first 6 months of 2025/26.
- 6.3. This report provides members with a resetting of the Capital Programme for 2025/26 to 2028/29.

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Capital Programme Monitoring

6.4. The report provides and updated Capital Programme following 2024/25 outturn and following a detailed review by Programme Managers of scheme delivery profiles. The following appendices are included which incorporate the following:

- Appendix A – Revised Capital Programme 2025/26 to 2028/29 incorporating known changes since the last report to Cabinet on 24 February 2025 (Capital Strategy 2025/26 to 2028/29) and in light of 2024/25 outturn.

6.5. Capital spend up to the end of September is shown in the table below:

Programme Theme	Spend £m
Roads and Infrastructure	4.684
Clean Environment	0.099
Crime Prevention	0.093
Carbon Reduction	12.273
Efficiency and VFM	6.470
Improving Local Areas	19.021
Programme Contingencies	-
Service Transformation	-
Sub Total	42.640
Devolution Funding	-
HRA	27.390
Total	70.030

6.6. The following table highlights the latest spend forecast following Programme Manager review and challenge:

Programme Theme	Forecast Outturn £m
General Fund	161.555
HRA	95.702
Sub Total	257.257
Overprogramming – GF	(30.000)
Overprogramming – HRA	(10.000)
Total	217.257

6.7. The table below summarises the proposed additions to the programme to be funded through the utilisation of programme contingencies.

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Project	Variation £M
Ennerdale Leisure Centre	3.558
South Blockhouse	1.552
Chapman Street Bridge	1.635
Total	6.745

Further details supporting the proposed amendments are included at Section 8 below.

- 6.8. The report also proposes the formal acceptance of external grant funding to support the delivery of affordable new homes in the city.
- 6.9. In addition, the report highlights progress with regard to the development of Willowfield Special Free School, and a proposed way forward, agreed in principle, with the Department for Education with regard to the shared funding of the project.
- 6.10. Taken alongside the reprofiling of the programme reflecting the 2024/25 outturn, the revised 4 year programme remains within the existing approved funding envelope.
- 6.11. A second Capital Monitoring Report will be presented to Members in December 2025.

Treasury Management

- 6.12. The CIPFA Code of Practice for Treasury Management 2021 recommends that Members are updated on treasury management activities at least quarterly. This report ensures the Council is implementing best practice in accordance with the code.
- 6.13. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30th September 2025, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2025/26. The Executive Director of Corporate Resources reports that no difficulties are envisaged for the current or future years in complying with these indicators.
- 6.14. All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.
- 6.15. In terms of investments, officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th September 2025.
- 6.16. As outlined in the Annual Treasury Management Report 2024/25, the Prudential Indicators now reflect the impact of the new leasing standard (IFRS16) from 1 April 2024, where off balance sheet leased assets have now been brought onto the balance sheet. The Prudential Indicators and tables affected are: Authorised

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Borrowing Limit, Operational Borrowing Boundary, Gross Debt and Capital Financing Requirement.

- 6.17. The impact of IFRS16 on 2025/26 Capital Expenditure and associated Prudential Indicators cannot be established at this time.
- 6.18. The updated Prudential and Treasury indicators for 2025/26 are shown at Appendix B and reflect the revised Capital Programme position and associated funding.
- 6.19. A Treasury Management Mid-Year Review Report will be presented to Members in December 2025.

7. Issues for Consideration

- 7.1. This is the first Capital review report of 2025/26 and provides Members with an updated Capital Programme with revised Treasury Prudential Indicators. The following sections provide the overview in more detail.

8. Capital Programme Updates

- 8.1. As summarised in the table at paragraph 6.7, there are 3 programme amendments which it is proposed will be contained within current funding envelope by the utilisation of programme contingencies.

Ennerdale Leisure Centre

- 8.2 Cabinet approved investment of up to £2.2M on works to Ennerdale Leisure Centre in November 2024 following announcement of external grant funding and earlier this year the Council entered an NEC 4 Professional Services contract Option E with Hull Esteem Consortium LEP capped to £240,000 for the provision of specialist multidisciplinary design team services for the development and delivery for a package of refurbishment works. As part of the investment in leisure centre it is now deemed appropriate to bring forward essential planned maintenance due to be carried out over the medium term.
- 8.3 The key objectives of the Council were to address essential maintenance and deliver necessary sustainability improvements at the centre in a coordinated manner to drive the energy efficiency of the building:
 - To carry out essential and backlogged maintenance and repair works to the facility including:
 - Repair the small pool and filtration enabling works (maintenance)
 - Sub metering of the electrics (efficiency)
 - External door replacement (maintenance)
 - Roof strengthening (maintenance)
 - Glazing replacement (efficiency)
 - Pool covers (efficiency)

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- 8.4 Design works commenced in January 2025, progressing through a graduated development aligned with RIBA Plan of Work Stages 1 to 4. This involved evolving from initial spatial coordination to a fully detailed scheme and cost plan. To meet the requirements of Sport England funding and long lead in periods, energy efficiency measures were prioritised, resulting in the early design finalisation and procurement of glazing, which reached Stage 4 by February 2025.
- 8.5 In late May 2025, the centre was closed to the public to allow ESTEEM to carry out invasive surveys, including assessment of steel structure, bore holes to enable design of the pool filtration (which were not possible during public operation) and to facilitate the progression of design works to their final detailed stage.
- 8.6 Following the invasive surveys, significant structural challenges were identified, particularly concerning design load capacity and the future suitability of the roof. These findings have prompted a reassessment to ensure the roofs are:
- Fit for long-term use and ongoing maintenance,
 - Structurally capable of supporting the new glazing, replacement roof coverings, and solar panels.
- 8.7 As a result of the thorough evaluation of the scheme that additional elements of work have been added to the project, which in turn have added additional costs.
- 8.8 Assessment of works costs following completion of the intrusive surveys and progression of the design works completed to date. Details of the most significant increases of work are listed below (full costs including contingency, design and additional prelims are highlighted in the table) :

Sustainability improvements (£1.4M - uplift from £0.9M Cabinet approval)

- 8.9 These works offer a payback period of less than 25 years and include additional works such as:
- Additional areas of glazing to the Sports England funded, including the main central barrel vault and gym glazing to ensure consistent approach
 - Solar PV installation to the dry side roof areas

Essential maintenance (£2.7M – uplift from £1.1M Cabinet approval):

- 8.10 These works have a payback period extending beyond 25 years and are essential or would be required to be completed within the next 5 years, they include:
- Pool repairs to small pool
 - Roof covering replacement to both roofs
 - General maintenance interventions such as emergency lighting

Longevity Works (£0.2M – uplift from £0 cabinet approval):

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8.11 These works are necessary to extend the usable life of the facility, and to facilitate the works listed above and include:

- Proactive replacement of filtration pipework not requiring repair
- Structural enhancements to support future use

8.12 The budget required to complete all works is £5.2M with a recommended client contingency of 10% making the current budget envelope £5.8M.

8.13 The finalisation of the pool repair is due to be complete in October 2025 following the completion of the remaining trial holes and pits required to expose the existing lengths of pool pipe adjacent to the small pool. The completion of the works will allow the design to be fully costed, and the design risk removed from the budget allowance.

8.14 While these three areas can be clearly defined for budget planning purposes, they are intrinsically interconnected. Adjustments in one area (whether additions or omissions) will directly impact the feasibility of others. For example, without the structural strengthening required to extend the building's lifespan, the implementation of glazing and solar PV systems would not be viable.

The table of allowance for the full proposed works is set out below:

Scope	Budget £'000
Original Cabinet Approval	2,200
Additional Inflation	60
Additional Energy saving measures	437
Additional backlog Maintenance inc pool repair	1,600
Correction of existing design defects (longevity works)	244
Preliminary costs	297
Fees	396
Contingency	524
Total	5,758

South Blockhouse

8.15 In order to finalise the Hull Maritime Project, the South Blockhouse scheme has been on hold awaiting finalisation of a potential funding package with negotiations ongoing with the Heritage Lottery Fund and Highways England. Additional funding is required as per the table below.

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Main works Programme (to complete)	Estimate £'000
Community Archaeology Programme	142
Design Programme	46
Main Works Delivery (Visitor Attraction)	967
Artworks	125
Professional Fees	60
Contingency (Artworks 10%)	13
Inflation Allowance (main works 4%)	39
Other Fees	160
Total	1,552

Chapman Street Bridge

- 8.16 The structure was closed to traffic in March 2020 after an inspection due to concerns of collapse to the fixed span. In 2022 bridge Engineers were appointed to carry out the work package 1 (RIBA Stage 1-3 Outline design and consultations). The scheme is split into 3 work packages:
- WP1 – Outline design (Complete)
 - WP2 – Detailed design and permits/licenses with MMO/EA (Next stage)
 - WP3 - Construction
- 8.17 The overall cost of the scheme is now estimated at £8.5m which is based on the original cost analysis from 2021 plus inflation.
- 8.18 The commence of work package 2 is now prioritised and the exploration for alternative funding streams to support the project delivery will continue to be progressed.
- 8.19 The proposed changes to the capital budget demonstrate a commitment to reopen the bridge and mean the work to enable that to happen can begin.

Willowfield

- 8.20 Following ongoing negotiations with the Department for Education, a funding package has now been agreed in terms of grant support totalling £23.6m. The overall project cost is £30.6m therefore the shortfall of £7m is proposed to be funded from existing High Needs capital grants. £3m of which has already been approved by Cabinet so a further £4m is required to deliver the project.

Brownfield Land Release Fund

- 8.21 At a Cabinet meeting of 22 October 2012 (minute 65b) approval was given to select Lovell Partnerships Limited for new housing and regeneration development in the Ings focus area. The Ings Regeneration DA was entered in July 2013 and there are a number of sites identified in the DA located in the Ings Ward. Balham Avenue is the next phase of the Ings DA to deliver a new build housing development programme. Planning permission has been granted for the delivery of

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84 no. new affordable homes. 75 of these homes are being managed by Together Housing Group (THG) for shared ownership (30 homes) and affordable rent (45 homes) all of these rental homes will have nomination rights to HCC. The remaining nine homes are a mix of new 2 and 3 bed homes, for affordable rent, which will be owned, managed and allocated by the Council.

- 8.22 In order to deliver the scheme for 100% affordable housing, external funding from the BLRF was required to help support the viability and ultimate delivery of the proposed scheme. An allocation of £749,147 has been awarded to the Council, to address abnormal costs associated with the delivery of this scheme. The grant funding will enable new road and footpath construction, as well as utility diversion works to be brought forward, thus enabling the acceleration of the development of new housing on this site. By authorising the acceptance and utilisation of the BLRF this would help support the delivery and viability of 84 no. much needed high quality new affordable homes for the City. This will also contribute towards the targets as set out in the Housing Growth Plan and meet the obligations as set out under the BLRF funding agreement.

Capital Programme Reprofiling

- 8.23 In terms of the profile of the Capital Programme, Programme Managers have reviewed schemes and have identified movements to the previous profile for a number of schemes. The key ones to draw out are as follows:

Programme	Budget £'000	Forecast Outturn £'000	Variance £'000
Freetown Way	2,999	600	(2,399)
Drypool Bridge	6,000	4,600	(1,400)
Guildhall Roof/Coroner's Court	3,139	139	(3,000)
Corporate Buildings Planned Main.	4,779	1,157	(3,622)

Freetown Way

- 8.24 The programme of works is scheduled to be on site and underway in late 2025. Therefore the profile requires updating to reflect the latest delivery timeframe.

Drypool Bridge

- 8.25 Works are well underway to the bridge following approval to commence the priority works. The profile of spend has been updated to reflect the latest delivery timeframe of the works.

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Guildhall Roof/Coroner's Court

- 8.26 The delivery timeline for the completion of the works including the final phase to the roofing and internal works to the courts is scheduled for late 2026. The profile requires updating to reflect this.

Corporate Buildings Planned Maintenance

- 8.27 The planned maintenance programme incorporates a series of maintenance, refurbishments and upgrades to properties across the asset portfolio. The revised profile presents a more realistic view of the delivery of the identified schemes.

9. Revised Capital Programme 2025/26 to 2028/29

- 9.1. The Capital Programme approved at February 2025 Council has been updated to reflect the re-profiling of 2024/25 contractual and non-contractual commitments and accelerated programme funding as shown in the table below. A summary analysis of the changes to the 2025/26 to 2028/29 Capital Programme is shown in the following table and is reflected in Appendix A.

- 9.2. Further amendments to the February 2025 approved programme are also shown in the table below under amendments to resources. These relate to additional/confirmation of external grant funding for certain capital schemes, and the progress and refinement of previously approved schemes.
Confirmation/update of External Grant Funding allocations for 2025/26 – 2028/29:

	£M
• Devolved Formula Capital (Schools)	0.028
• Schools Condition Allowance	0.143
• Childcare Expansion	0.307
• Schools Basic Need 2026/27	4.260
• Schools Basic Need 2027/28	2.702
• Schools High Needs	3.801
• Active Travel	0.376
• SALIX 4	4.936
• Willowfield	1.302
• Warm Homes	3.403
• Elmbridge Parade	0.015
• ZEBRA 2	3.824
• Family Hubs	0.085
• HLF Hull Maritime Adjustment	(1.080)
• Highways Local Transport Grant	8.541
• TOTAL -	£32.643M

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Capital Programme 2025/26 to 2028/29 programme amendments:

	£M	£M
Current Approved Programme 2025/26 to 2028/29 - Council 27/02/25		877.737
Amendments to resources proposed:		
- Contractual and non-commitments from 2024/25 brought forward	46.608	
- Accelerated programme funding	(16.358)	
HRA variance already in 25/26 base budget	(2.785)	
Sub Total		27.465
Amendments to resources (Appendix A)		
- Realignment/confirmation of external grant funding	32.643	
- Programme pressures		
		32.643
Cabinet Decisions		
- Centre for Learning (January 2025 Cabinet)	2.437	
- District Heating (May 2025 Cabinet)	15.955	
		18.392
Allocation of programme contingencies:	(6.745)	
Ennerdale Leisure Centre	3.558	
South Blockhouse	1.552	
Chapman Street Bridge	1.635	-
Proposed Revised Programme		956.237

10. Options and Risk Assessment

10.1. This report is to provide Members with an overview of the current progress of delivery of the approved Capital Programme, and to approve variations to the Programme based on additional and revised funding streams.

10.2. Although the content and criteria stated in the Treasury Management Strategy are statutory requirements, there are some options available to the Council in how this is managed, in terms of the following:

- Investment Options – alternative investment products, counterparties, limits and durations.
- Prudential Indicators – alternative limits for certain indicators, i.e., debt maturity profile, interest rate exposure.
- Minimum Revenue Provision – alternative options for the revenue charge.

10.3. The options proposed are based on the Council investing surplus monies with low risk counterparties in line with the Council's low risk appetite. This provides the Council with adequate liquidity and security of funds before considering investment return.

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- 10.4. The need to set and deliver a capital programme over the next three years needs to be realistic and the overall programme will continue to be reviewed with a further update to come back to Members in the Autumn. In light of the programme spending the associated borrowing costs need to be contained within the existing Medium Term Financial Plan.
- 10.5. The main risks surrounding the Council's Treasury operations, mitigated through the Treasury Management Strategy and Investment Policy, are as follows:
- Prudential Indicator limits are breached – set and approved locally and regularly monitored as part of ongoing Treasury Management activity.
 - Investments lost due to the inability of a Bank or Building Society to repay the loan – key criteria as part of the Creditworthiness Policy which ensures investments are made with only high credit quality counterparties for set durations.
 - Too cautious an approach to investments could result in lower investment income being achieved – Investment Policy provides flexibility to use other non-specific investment products if it is considered prudent.

11. Comments of the Monitoring Officer (Town Clerk)

- 11.1. The proposed reprofiling of the Capital Programme is noted and supported. The proposals will each have a significant longer-term impact on revenue costs, whether through reductions in energy utilisation (Ennerdale), SEND placement costs (Willowfield) or the provision of additional social housing (Housing Grant).
[IA]

12. Comments of the S151 Officer (Executive Director of Corporate Resources)

- 12.1. As author of the report the s151 Officer would highlight that the revised year end projections represent a very significant level of capital investment in the City. Whilst it is anticipated that there will be a level of variation against plan, given the scale of the planned activity, a total in year spend of in-excess of £200m appears achievable. The allocation of contingency funding to support the completion of the South Blockhouse and Chapman Street schemes, and the bringing forward of investment which would have been required in the medium term at Ennerdale can also be supported

13. Comments of the Assistant Director OD and HR and Compliance with the Equality Duty

- 13.1. The content of the report is noted. KH

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14. Comments of Overview and Scrutiny

- 14.1. This report is due to be considered by the Overview and Scrutiny Management Committee at its meeting to be held on 24 October 2025. Any comments or recommendations agreed by the Commission will be submitted to Cabinet for consideration alongside the final report. Ref: Sc8970 [MK].

15. Comments of the Portfolio Holder for Strategic Finance

- 15.1. I welcome the report and the expected delivery of the largest capital programme in recent years. Specifically the confirmation of additional investment, and planned delivery, in the priority schemes of South Blockhouse and Chapman Street Bridge schemes reflects their importance. Similarly the bringing forward of additional works at Ennerdale for completion alongside current works is sensible.

David Bell
Executive Director of Corporate Resources (s151 Officer)

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Officer Interests: None

Background Documents:

- 2025/26 Capital Strategy Report
- 2024/25 Capital Outturn Report
- Treasury Management Strategy Statement 2025/26

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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	Yes – see comments from the HR City Manager. Other equality and diversity implications are considered within individual programmes where appropriate.
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 in this 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	n/a